

CITY OF GRAND JUNCTION, COLORADO

ORDINANCE NO. 5310

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY OF GRAND JUNCTION, COLORADO WATER ENTERPRISE REVENUE BONDS, PROVIDING FOR THE SOURCE OF PAYMENT OF SUCH BONDS, AND PROVIDING OTHER DETAILS CONCERNING THE BONDS AND THE CITY'S WATER SYSTEM.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GRAND JUNCTION, COLORADO:

WHEREAS, the City of Grand Junction (the "City") is a municipal corporation and political subdivision of the State of Colorado (the "State") duly organized and existing under the City's home rule charter (the "Charter") adopted pursuant to Article XX of the Constitution of the State; and

WHEREAS, the members of the City Council of the City (the "Council") have been duly elected or appointed and qualified; and

WHEREAS, the City now owns and operates a municipal water system (the "Water System"); and

WHEREAS, the Council has determined and hereby determines that the Water System constitutes an enterprise pursuant to Article X, Section 20 of the Colorado Constitution ("TABOR") and Title 37, Article 45.1, C.R.S. (the "Enterprise Act"); and

WHEREAS, the City is authorized by Article XII, Section 93(c) of the Charter to issue bonds for the purpose of purchasing, constructing, condemning, otherwise acquiring, extending, or improving a water system provided that the bonds shall be made payable solely out of the net revenues derived from the operations of such system; and

WHEREAS, the Council proposes to extend, better, otherwise improve and equip the Water System (as more fully described herein, the "Project"); and

WHEREAS, the City is authorized by the Charter, and the Enterprise Act, to issue revenue bonds authorized by action of the Council; and

WHEREAS, the City intends to issue its "City of Grand Junction, Colorado, Water Enterprise Revenue Bonds, Series 2026" (the "Bonds") to defray in part the costs of the Project; and

WHEREAS, the City is authorized by TABOR, the Enterprise Act and Article XII of the Charter to issue the Bonds without an election; and

WHEREAS, the Council has further determined and hereby further declares that the City is authorized by, and the Bonds shall be issued, pursuant to the provisions of the Charter and the provisions of the Water Enterprise Act, Title 31, Article 35, Part 4, C.R.S., and Title 11, Article 57, Part 2, C.R.S.; and

WHEREAS, except for the Parity Bonds as defined herein (the "Parity Bonds"), the City has not pledged nor hypothecated the revenues derived or to be derived from the operation of the Water System, or any part thereof, to the payment of any outstanding bonds or other financial obligations or for any other purpose, with the result that the Net Pledged Revenues (defined below) may now be pledged lawfully and irrevocably for the payment of the Bonds on a parity with the Parity Bonds, and the Bonds may be made payable from the Net Pledged Revenues; and

WHEREAS, the City intends to privately place the Bonds with the Flagstaff Public Funding Corp. (the "Purchaser"), which Purchaser shall be (a) an "accredited investor," as defined in Rule 501(A)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended (an "Institutional Accredited Investor") or (b) a "qualified institutional buyer," as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (a "Qualified Institutional Buyer") as hereafter named by the Town; and

WHEREAS, pursuant to Section 11-57-205, C.R.S., as amended, the City desires to delegate to any of the President, the City Manager or the Chief Financial Officer the power to accept the proposal to purchase the Bonds and to determine the rate of interest on the Bonds, the redemption provisions of the Bonds, the price at which the Bonds will be sold, the aggregate principal amount of the Bonds to be issued and the amount of principal maturing, or subject to mandatory redemption, in any particular year; and

WHEREAS, there is on file with the City Clerk the form of the Paying Agent Agreement; and

BE IT ORDAINED BY THE CITY OF GRAND JUNCTION, COLORADO:

ARTICLE I
DEFINITIONS, INTERPRETATION,
RATIFICATION AND EFFECTIVE DATE

Section 101. Meanings and Construction.

A. Definitions. The terms in this Section for all purposes of this Ordinance and of any ordinance amendatory hereof or supplemental hereto, or relating hereto, and of any other ordinance or any other document pertaining hereto, except where the context by clear implication otherwise requires, have the meanings herein specified:

“acquire” or “acquisition” means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the Federal Government, the State, any body corporate and politic therein, or any other Person, the endowment, bequest, devise, transfer, assignment, option to purchase, other contract, or other acquisition, or any combination thereof, of any properties pertaining to the Water System, or an interest therein, or any other properties herein designated.

“Bond Counsel” means an attorney or a firm of attorneys, designated by the City of nationally recognized standing in matters pertaining to the tax status of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Fund” means the special fund designated as the “City of Grand Junction, Colorado, Water Enterprise Revenue Bonds, Series 2026, Bond Fund” created pursuant to Section 505 hereof.

“Bond Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds, any Parity Bonds, or other securities payable from the Net Pledged Revenues and heretofore or hereafter issued, if any, or such part of such securities as may be designated.

“Bonds” means City’s Water Enterprise Revenue Bonds, Series 2026, issued pursuant to this Ordinance.

“Business Day” means a day of the year, other than a Saturday or Sunday, other than a day on which commercial banks located in the city in which the principal corporate

trust office of the Paying Agent is located are required or authorized to remain closed and other than a day on which the New York Stock Exchange is closed.

“Capital Improvements” means the acquisition of land, water or water rights, easements, facilities, and equipment (other than ordinary repairs and replacements), and those property improvements or any combination of property improvements which will constitute enlargements, extensions or betterments to the Water System and will be incorporated into the Water System.

“Chief Financial Officer” means the Chief Financial Officer of the City, or his or her successor in functions, if any.

“City” means the City of Grand Junction, Mesa County, Colorado, a municipal corporation and political subdivision of the State.

“City Clerk” means the City Clerk of the City, or his or her successor in functions, if any.

“City Manager” means the City Manager of the City, or his or her successor in functions, if any.

“Charter” means the home rule charter of the City, including all amendments thereto prior to the date hereof.

“Closing Date” means the date of delivery of and payment for the Bonds.

“Combined Maximum Annual Principal and Interest Requirements” means the largest sum of the principal of and interest on the Bonds, any Outstanding Parity Bonds and any additional Parity Bonds proposed to be issued, excluding any securities the principal of which is payable within less than one year from the date on which issued, to be paid during any one Fiscal Year for the period beginning with the Fiscal Year in which such computation is made and ending with the Fiscal Year in which any Bond or other such security last becomes due at maturity or on a Redemption Date, whichever time is later (but excluding any reserve requirement to secure such payments unless otherwise expressly provided), subject in all respects to the following, as applicable:

(1) The word “principal,” as used in this definition, means the principal which must be paid to security Owners, whether on stated maturity dates or on mandatory Redemption Dates, or otherwise.

(2) Any computation made under this definition shall be adjusted for all purposes in the same manner as is provided in Section 703 hereof.

“Commercial Bank” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation (or any successors thereto) and of the Federal Reserve System, which has a capital and surplus of \$10,000,000 or more, and which is located within the United States of America.

“Costs of the Project” means all costs, as designated by the City, of the Project, or any interest therein, which cost, at the option of the City (except as may be otherwise limited by law) may include all, any one or other portion of the incidental costs pertaining to the Project, including, without limitation:

(i) All preliminary expenses or other costs advanced by the City or advanced by the Federal Government, the State or by any other Person from any source, with the approval of the Council, or any combination thereof, or otherwise;

(ii) The costs of making surveys and tests, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries;

(iii) The costs of contingencies;

(iv) The costs of premiums on any builders’ risk insurance and performance bonds during the construction, installation and other acquisition of the Project, or a reasonably allocated share thereof;

(v) The costs of appraising, printing, estimates, advice, inspection, other services of engineers, architects, accountants, financial consultants, attorneys at law, clerical help and other agents and employees;

(vi) The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the Project and the issuance of the Bonds;

(vii) All costs and expenses of issuing the Bonds including, without limitation, fees of the Paying Agent, Bond Counsel, counsel to the Purchaser, counsel to the City, Placement Agent, financial advisor, rating agencies and printers to the extent not defrayed as an Operation and Maintenance Expense;

(viii) The costs of the filing or recording of instruments and the cost of any title insurance premiums;

(ix) The costs of funding any construction loans and other temporary loans pertaining to the Project and of the incidental expenses incurred in connection with such loans;

(x) The costs of demolishing, removing, or relocating any buildings, structures, or other facilities on land acquired for the Project, and of acquiring lands to which such buildings, structures or other facilities may be moved or relocated;

(xi) The costs of machinery and equipment;

(xii) The costs of any properties, rights, easements or other interests in properties, or any licenses, privileges, agreements and franchises;

(xiii) The costs of labor, material and obligations incurred to contractors, builders and materialmen in connection with the acquisition and construction of the Project;

(xiv) The costs of amending any ordinance or other instrument pertaining to the Bonds or otherwise to the Water System; and

(xv) All other expenses pertaining to the Project.

"Council" means the City Council of the City.

"C.R.S." means the Colorado Revised Statutes, as amended and supplemented as of the date hereof.

"Default Rate" means the rate of interest to be borne by the Bonds upon a declaration of an Event of Default, which interest rate shall be set forth in the Sale Certificate.

"Enterprise Act" means Title 37, Article 45.1, C.R.S., as amended.

"Events of Default" means the events stated in Section 903 hereof.

"Federal Government" means the United States of America and any agency, instrumentality or corporation thereof.

"Federal Securities" means bills, certificates of indebtedness, notes, or bonds which are direct obligations of, or the principal and interest of which obligations are unconditionally guaranteed by, the United States of America.

"Fiscal Year" means the calendar year or any other 12-month period hereafter selected by the City as its fiscal year.

"Gross Pledged Revenues" means all income and revenues directly or indirectly derived by the City from the operation and use of the Water System, or any part thereof, including without limitation, any rates, fees (including without limitation plant investment fees and availability fees) and charges for the services furnished by, or for the use of, the Water System, and all income attributable to any past or future dispositions of property or rights or related contracts, settlements, or judgments held or obtained in connection with the Water System or its operations, and including investment income accruing from such moneys; provided however, that there shall be excluded from Gross Pledged Revenues: ad valorem property taxes; any moneys borrowed and used for providing Capital Improvements; any money and securities and investment income therefrom in any refunding fund, escrow account, or similar account pledged to the payment of any bonds or other obligations; and any moneys received as grants or appropriations from the United States, the State of Colorado, or other sources, the use of which is limited or restricted by the grantor or donor to the provision of Capital Improvements or for other purposes resulting in the general unavailability thereof, except to the extent any such moneys shall be received as payments for the use of the System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom. Notwithstanding anything contained above, amounts deposited in a rate stabilization account shall not be deemed Gross Pledged Revenues in the calendar year deposited and amounts withdrawn from the rate stabilization account shall be deemed Gross Pledged Revenues in the year withdrawn.

"Improve" or "Improvement" means the extension, reconstruction, alteration, betterment or other improvement by the construction, purchase or other acquisition of facilities, including, without limitation, appurtenant machinery, apparatus, fixtures, structures and buildings.

"Independent Accountant" means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State:

- (i) Who is, in fact, independent and not under the control of the City;
- (ii) Who does not have any substantial interest, direct or indirect, with the City, and

(iii) Who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

“Independent Engineer” means an individual, firm or corporation engaged in the engineering profession of recognized good standing and having specific experience in respect of business and properties of a character similar to those of the Water System, which individual, firm or corporation has no substantial interest, direct or indirect, in the City and in the case of an individual, is not a member of the Council, or an officer or employee of the City, and in the case of a firm or corporation, does not have a partner, director, officer or employee who is a member of the Council or an officer or employee of the City.

“Investment Securities” means any securities or other obligations permitted as investments of moneys of the City under the laws of the State.

“Net Pledged Revenues” means the Gross Pledged Revenues remaining after the payment of the Operation and Maintenance Expenses of the Water System.

“Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the City, paid or accrued, for operating, maintaining, and repairing the Water System, including without limitation legal and overhead expenses of the City directly related to the administration of the Water System, insurance premiums, audits, professional services, salaries and administrative expenses, labor and the cost of materials and supplies for current operation; provided however, that there shall be excluded from Operation and Maintenance Expenses any allowance for depreciation, payments in lieu of taxes or franchise fees, expenses incurred in connection with Capital Improvements, payments due in connection with any bonds or other obligations, and expenses that are otherwise paid from ad valorem property taxes.

“Ordinance” means this ordinance of the City, which provides for the issuance and delivery of the Bonds.

“Outstanding” when used with reference to the Bonds, the Parity Bonds, or any other designated securities and as of any particular date means all the Bonds, the Parity Bonds, or any such other securities payable from the Net Pledged Revenues or otherwise

pertaining to the Water System, as the case may be, in any manner theretofore and thereupon being executed and delivered:

(i) Except any Bond, Parity Bond, or other security canceled by the City, by any paying agent, or otherwise on the City's behalf, at or before such date;

(ii) Except any Bond, Parity Bond, or other security deemed to be paid as provided in Section 1201 hereof or any similar provision of the ordinance authorizing the issuance of such other security; and

(iii) Except any Bond, Parity Bond, or other security in lieu of or in substitution for which another Bond, Parity Bond or other security shall have been executed and delivered pursuant to Sections 305, 306 or 1008 hereof or any similar provisions of the ordinance authorizing the issuance of such other security.

"Owner" means the registered owner of any designated Bond, Parity Bond, or other designated security.

"Parity Bonds" means the 2010 CWRPDA Loan, the 2016 CWRPDA Loan, the 2017 CWCB Loan, the 2021 CWCB Loan/Purdy Mesa, the 2021 CWCB Loan/Carson Reservoir, the 2022 CWCB Loan, and any securities hereafter issued payable from and having an irrevocable lien upon the Net Pledged Revenues on a parity with the Bonds.

"Parity Bond Ordinances" means the Bond Ordinances authorizing the issuance of the Parity Bonds and any ordinances or agreements hereafter entered into by the City with respect to or authorizing the issuance of Parity Bonds.

"Paying Agent" means Zions Bancorporation, National Association, being an agent of the City for the payment of the Bond Requirements due in connection with the Bonds, the registrar for the Bonds and for other administration of moneys pertaining to the Bonds and includes any successor Commercial Bank as paying agent.

"Paying Agent Agreement" means the Paying Agent Agreement between the City and the Paying Agent.

"Person" means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State, or any other body corporate and politic other than the City), partnership, limited liability company, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

“Placement Agent” means D.A. Davidson & Companies.

“Project” means the acquisition, construction and installation of Capital Improvements to the Water System, the cost of which is to be defrayed with a portion of the proceeds of the Bonds.

“President” means the President of the City Council of the City or his or her successor in functions, if any.

“Project Fund” means the special fund designated as the “City of Grand Junction, Colorado, Water Enterprise Revenue Bonds, Series 2026, Project Fund” created pursuant to Section 401 hereof.

“Purchaser” means Flagstar Public Funding Corp., as the initial Purchaser of the Bonds.

“Rebate Fund” means the special fund designated as the “City of Grand Junction, Colorado, Water Enterprise Revenue Bonds, Series 2026, Rebate Fund” created pursuant to Section 509 hereof.

“Record Date” means the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

“Redemption Date” means the date fixed for the redemption prior to their respective maturities of any Bonds or other designated securities payable from Net Pledged Revenues in any notice of prior redemption or otherwise fixed and designated by the City.

“Sale Certificate” means the sale certificate of the City relating to the Bonds issued pursuant to the Supplemental Public Securities Act and described in Section 213 hereof.

“Special Record Date” means the record date for determining ownership of the Bonds for purposes of paying accrued but unpaid interest, as such date may be determined pursuant to this Ordinance.

“State” means the State of Colorado.

“Subordinate Securities” means securities or other obligations payable from the Net Pledged Revenues subordinate and junior to the lien thereon of the Bonds and any Parity Bonds.

“Supplemental Public Securities Act” means Part 2 of Article 57 of Title 11, C.R.S., as amended.

"Tax Code" means the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds, and the regulations promulgated thereunder.

"Tax Compliance Certificate" means one or more federal tax compliance certificates executed by the City in connection with the initial issuance and delivery of the Bonds.

"Trust Bank" means a Commercial Bank which is authorized to exercise and is exercising trust powers located within or without the State, and also means any branch of the Federal Reserve Bank.

"Water Enterprise Fund" means the special fund maintained by the City and designated as the "City of Grand Junction, Colorado, Water Enterprise Revenue Bonds, Water Enterprise Fund."

"Water System" means the City's system for the collection, treatment and discharge of water and consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City, whether situated within or without the City boundaries, used in connection with such system of the City, and in any way appertaining thereto, including all present or future improvements, extensions, enlargements, betterments, replacements or additions thereof or thereto and administrative facilities.

"2010 CWRPDA Loan" means the loan agreement between the City and the Colorado Water Resources and Power Development Authority dated February 2, 2010.

"2016 CWRPDA Loan" means the loan agreement between the City and the Colorado Water Resources and Power Development Authority dated November 17, 2016.

"2017 CWCB Loan" means the loan contract number 2017-916 between the City and the Colorado Water Conservation Board relating to the Hallenbeck Reservoir No. 1 Project.

"2021 CWCB Loan/Purdy Mesa" means the loan contract no. CT2021-2857 between the City and the Colorado Water Conservation Board relating to the Purdy Mesa Project.

"2021 CWCB Loan/Carson Reservoir" means the loan contract No. CT2021-3110 between the City and the Colorado Water Conservation Board relating to the Carson Reservoir Dam Rehabilitation Project.

"2022 CWCB Loan" means the loan contract No. CT2023-0568 between the City and the Colorado Water Conservation Board relating to the Kannah Creek Project.

Section 102. Parties Interested Herein. Nothing herein expressed or implied confers any right, remedy or claim upon any Person, other than the City, the Council, the Paying Agent, the Owners of the Bonds and the Owners of any Parity Bonds or other securities payable from the Net Pledged Revenues when reference is expressly made thereto. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Council, the Paying Agent, the Owners of the Bonds and the Owners of any such other securities in the event of such a reference.

Section 103. Ratification; Approval of Documents. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the Council, the officers, employees and agents of the City and otherwise taken by the City directed toward the Project and the sale and delivery of the Bonds for such purposes, be, and the same hereby is, ratified, approved and confirmed.

Section 104. Repealer. All bylaws, orders, resolutions and ordinances or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any such bylaw, order, resolution or ordinance, or part thereof, heretofore repealed. All rules of the Council, if any, which might prevent the final passage and adoption of this Ordinance are hereby suspended.

Section 105. Severability. If any section, subsection, paragraph, clause or other provision of this Ordinance for any reason is invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this Ordinance.

Section 106. Ordinance Irrepealable. After any of the Bonds are issued, this Ordinance shall constitute an irrevocable contract between the City and the Owner or Owners of the Bonds and this Ordinance shall be and shall remain irrepealable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled, and discharged, except as herein otherwise provided.

Section 107. Conclusive Recitals. Pursuant to Section 11-57-210 of the Supplemental Public Securities Act, the Bonds shall contain a recital that they are issued pursuant to the Supplemental Public Securities Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

Section 108. Limitation of Actions. Pursuant to Section 11-57-212 of the Supplemental Public Securities Act, no legal or equitable action brought with respect to any legislative acts or proceedings of the City in connection with the authorization or issuance of the Bonds, including but not limited to the adoption of this Ordinance, shall be commenced more than thirty days after the authorization of the Bonds.

ARTICLE II

DETERMINATION OF THE CITY'S AUTHORITY AND OBLIGATIONS; APPROVAL OF RELATED DOCUMENTS; AND ELECTION TO APPLY SUPPLEMENTAL PUBLIC SECURITIES ACT TO THE BONDS

Section 201. Authorization. The Bonds are issued in accordance with the Constitution and laws of the State, the Charter and the provisions of this Ordinance, specifically the Supplemental Public Securities Act; Title 37, Article 45.1, C.R.S., and all other laws of the State thereunto enabling. For the purpose of defraying the Costs of the Project, the City hereby authorizes the Bonds to be issued in the aggregate principal amount provided in the Sale Certificate as approved by the President, the City Manager or the Chief Financial Officer, subject to the parameters and restrictions contained in this Ordinance.

Section 202. Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the City shall be for the equal benefit, protection and security of the Owners of any and all of the Outstanding Bonds and any Outstanding Parity Bonds heretofore or hereafter authorized and issued, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of such securities over any other thereof, except as otherwise expressly provided in or pursuant to this Ordinance.

Section 203. Special Obligations. All of the Bond Requirements of the Bonds shall be payable and collectible solely out of the Net Pledged Revenues which revenues

are so pledged; the Owner or Owners of the Bonds may not look to any general or other fund for the payment of the Bond Requirements, except the herein designated special funds pledged therefor; the Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional, or statutory provision or limitation; and the Bonds shall not be considered or held to be general obligations of the City but shall constitute its special obligations. No statutory, Charter, or constitutional provision enacted after the issuance of the Bonds shall in any manner be construed as limiting or impairing the obligation of the City to comply with the provisions of this Ordinance or to pay the Bond Requirements of the Bonds as herein provided.

Section 204. Character of Agreement. None of the covenants, agreements, representations and warranties contained herein or in the Bonds shall ever impose or shall be construed as imposing any liability, obligation or charge against the City (except the special funds pledged therefor), or against its general credit, or as payable out of its general fund or out of any funds derived from taxation or out of any other revenue source (other than those pledged therefor).

Section 205. No Pledge of Property. The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the City, except for the Net Pledged Revenues and other moneys pledged for the payment of the Bond Requirements of the Bonds. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

Section 206. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the Bonds or for any claim based thereon or otherwise upon this Ordinance or any other ordinance pertaining hereto, against any individual member of the Council or any officer, employee or other agent of the City, past, present or future, either directly or indirectly through the Council, or the City, or otherwise, whether by virtue of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bonds and as part of the consideration of their issuance specially waived and released.

Section 207. Authorization of the Project. The Council, on behalf of the City, does hereby determine to undertake the Project, which is hereby authorized, and the proceeds of the Bonds shall be used therefor.

Section 208. Enterprise Status. The Council, on behalf of the City, hereby confirms its determination that the Water System is an “enterprise” for the purposes of Article X, Section 20 of the State Constitution and the Enterprise Act.

Section 209. Sale of Bonds. The Bonds shall be sold by private placement to the Purchaser. Pursuant to the Supplemental Public Securities Act, the Council hereby delegates to the President, the City Manager or the Chief Financial Officer the authority to accept a term sheet or proposal from the Purchaser, and to execute such proposal for the purchase of the Bonds submitted by the Purchaser and to execute the Sale Certificate confirming the bond details.

Section 210. Paying Agent Agreement. The Council hereby determines to approve the Paying Agent Agreement in substantially the form as is on file with the City Clerk. The Paying Agent may resign at any time on 30 days’ prior written notice to the City. The City may remove the Paying Agent upon 30 days’ prior written notice to the Paying Agent. If the Paying Agent appointed thereunder shall resign, or if the City shall determine to remove the Paying Agent, then the City may appoint a successor Paying Agent, upon notice mailed to each Owner of any Bond at such Person’s address last shown on the registration records maintained by the Paying Agent or by electronic means. No resignation or dismissal of the Paying Agent may take effect until a successor has been appointed and has accepted the duties of the Paying Agent. Every such successor Paying Agent shall be a Commercial Bank.

Section 211. Other Related Documents. The forms, terms and provisions of, and the performance by the City of its obligations under the Paying Agent Agreement, are hereby approved, and the President or President Pro Tem and the City Clerk or Deputy City Clerk are hereby authorized and directed to execute each of such documents on behalf of and in the name of the City, and to deliver each of such documents, in substantially the form on file with the City Clerk, with such changes as are not inconsistent herewith. The President, the City Manager or the Chief Financial Officer are hereby independently authorized to execute and deliver the Sale Certificate. The execution of any instrument by the appropriate officers of the City herein authorized shall be conclusive evidence of the approval by the City of such instrument in accordance with the terms hereof.

Section 212. Election to Apply Supplemental Public Securities Act to the Bonds. Pursuant to Section 11-57-204 of the Supplemental Public Securities Act, a public entity, including the City, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Public Securities Act. The Council hereby elects to apply all of the provisions of the Supplemental Public Securities Act to the Bonds. Pursuant to Section 11-57-205 of the Supplemental Public Securities Act, the Council hereby delegates to any of the President, the City Manager or the Chief Financial Officer the authority to make the following determinations with respect to the Bonds, subject to the parameters and restrictions contained in this Ordinance, without any requirement that the Council approve such determinations:

(i) Interest Rate. The rate of interest to be borne by the Bond, provided that the Bond shall not bear interest at a rate in excess of 6.00%, provided, however, that in an Event of Default the Bond shall bear interest at the Default Rate.

(ii) Redemption Provisions. The prior redemption provisions of the Bonds, provided that the Bonds shall be subject to optional redemption at a redemption price not to exceed 103%.

(iii) Purchase Price. The price at which the Bonds will be sold to the Purchaser, provided that the purchase price of the Bonds shall not be less than 90% of the aggregate principal amount of the Bonds.

(iv) Principal Amount. The aggregate principal amount of the Bonds, provided that the aggregate principal amount of the Bonds shall not exceed \$6,000,000.

(v) Maturity Schedule. The amount of principal of the Bonds maturing, or subject to mandatory sinking fund redemption in any particular year; provided that the maximum annual repayment cost shall not exceed \$400,000 and the maximum total repayment cost shall not exceed \$8,500,000.

(vi) Term of the Bonds. The Bonds shall not mature later than November 1, 2046.

(vii) Capitalized Interest. The existence and amount of any capitalized interest on the Bonds.

Such determinations shall be evidenced by the Sale Certificate signed by the President, the City Manager or the Chief Financial Officer dated the date of the sale of

the Bonds or the Closing Date, and delivered as of the Closing Date, which shall not be more than one year from the date of adoption of this Ordinance.

Section 213. Useful Life of the Project. The Council estimates the useful life of the Project to be financed by the Bonds to be 40 years.

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION AND
ISSUANCE OF BONDS

Section 301. Bond Details.

A. Basic Provisions. The Bonds shall be registered in the name of the Purchaser and shall not be registered in book-entry form. When the Bonds have been duly executed by appropriate City officers and authenticated by the Paying Agent, the City shall cause the Bonds to be delivered as directed by the Purchaser on receipt of the agreed purchase price. The Bonds shall be delivered in such denominations as the Purchaser shall direct and shall initially be registered in such name or names as the Purchaser shall direct. The Bonds shall mature on November 1, in the years and amounts and subject to prior redemption as set forth herein and in the Sale Certificate. The Bonds shall bear interest from the most recent interest payment date to which interest has been paid, or if no interest has been paid, from their date until their respective maturities (or prior redemption) at the rates set forth in the Sale Certificate. No interest shall accrue on any Bonds owned by or on behalf of the City. Interest on the Bonds shall be calculated as set forth in the Sale Certificate, payable semiannually on each May 1 and November 1, commencing on the date provided in the Sale Certificate.

B. Payment of Bonds. The principal of each Bond shall be payable at maturity or upon prior redemption thereof at the principal corporate trust office of the Paying Agent, or at such other office as the Paying Agent directs in writing to the Owner of the Bonds, or at the principal office of its successor, upon presentation and surrender of the Bond. Payment of interest on any Bond shall be made to the Owner thereof by the Paying Agent on or before each interest payment date, (or, if such interest payment date is not a Business Day, on or before the next succeeding Business Day), to such Owner at such Person's address as it appears on the registration records kept by the Paying Agent on the Record Date; but any such interest not so timely paid or duly provided for shall cease to be payable to the Person who is the Owner thereof at the close of business on the Record Date and shall be payable to the Person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such

Special Record Date and the date fixed for payment of such defaulted interest shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owners not less than ten days prior to the Special Record Date by first-class mail to each such Owner as shown on the Paying Agent's registration books on a date selected by the Paying Agent, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make mandatory sinking fund redemption payments and payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Paying Agent. If any Bond is not paid upon its presentation and surrender (if required) at or after its maturity or prior redemption, interest shall continue at its stated rate per annum until the principal thereof is paid in full. All such payments shall be made in lawful money of the United States of America.

So long as the Purchaser is the sole owner of 100% of the Bonds, the Purchaser shall not be required to surrender the Bonds to the Paying Agent to receive mandatory sinking fund payments in accordance with Section 402 hereof, but shall be required to surrender such Bond on the final maturity date or upon prior redemption in accordance with Section 401 hereof to receive such principal payment..

Section 302. Execution of Bonds. The Bonds shall be executed in the name of the City by the manual or facsimile signature of the President, shall be sealed with the corporate seal of the City or a facsimile thereof thereunto affixed, imprinted, engraved or otherwise reproduced and shall be attested by the manual or facsimile signature of the City Clerk. Any Bond may be signed (manually or by facsimile), sealed or attested on behalf of the City by any person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of authentication, issuance or delivery, such person may have ceased to hold such office. The President and the City Clerk may adopt as and for his or her own facsimile signature the facsimile signature of his or her predecessor in office in the event that such facsimile signature appears on any of the Bonds. Before the execution of any Bond, the President and the City Clerk shall each file with the Colorado Secretary of State his or her manual signature certified by him or her under oath.

Section 303. Authentication Certificate. The authentication certificate upon the Bonds shall be substantially in the form and tenor provided in the form of the Bonds set forth in Section 309 hereof. No Bond shall be secured hereby or entitled to the benefit hereof, nor shall any Bond be valid or obligatory for any purpose, unless the certificate of authentication, substantially in such form, has been duly executed by the Paying Agent and such certificate of the Paying Agent upon any Bond shall be conclusive evidence that such Bond has been authenticated and delivered hereunder. The certificate of authentication shall be deemed to have been duly executed by the Paying Agent if manually signed by an authorized officer or employee of the Paying Agent, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds.

Section 304. Registration and Payment. The Paying Agent shall keep or cause to be kept sufficient records for the registration and transfer of the Bonds, which shall at all times be open to inspection by the City. Upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, Bonds as herein provided. The Person in whose name any Bond shall be registered on the registration records kept by the Paying Agent shall be deemed and regarded as the absolute owner thereof for the purpose of making payment of the Bond Requirements thereof and for all other purposes; and payment of or on account of the Bond Requirements of any Bond shall be made only to the Owner thereof or such Person's legal representative, but such registration may be changed upon transfer of such Bond in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

Section 305. Transfer and Exchange. Any Bond may be transferred upon the records required to be kept pursuant to the provisions of Section 304 hereof by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Whenever any Bond or Bonds shall be surrendered for transfer, the Paying Agent shall authenticate and deliver a new Bond or Bonds for a like aggregate principal amount and of the same

maturity and interest rate and of any authorized denominations. The Bonds may be exchanged by the Paying Agent for a like aggregate principal amount of Bonds of the same maturity and interest rate and of other authorized denominations. The execution by the City of any Bond of any denomination shall constitute full and due authorization of such denomination and the Paying Agent shall thereby be authorized to authenticate and deliver such Bond.

The Paying Agent shall not be required to transfer or exchange (a) any Bond subject to redemption during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds and ending at the close of business on the day such notice is mailed, or (b) any Bond so selected for redemption in whole or in part after the mailing of notice calling such Bond or any portion thereof for prior redemption except the unredeemed portion of Bonds being redeemed in part.

The Paying Agent shall require the payment by any Owner requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer and may charge a sum sufficient to pay the cost of preparing each new Bond upon each exchange or transfer and any other expenses of the City or the Paying Agent incurred in connection therewith.

Section 306. Bond Replacement. Upon receipt by the City and the Paying Agent of evidence satisfactory to them of the ownership of and the loss, theft, destruction or mutilation of any Bond and, in the case of a lost, stolen or destroyed Bond, of indemnity satisfactory to them, and in the case of a mutilated Bond upon surrender and cancellation of the Bond, (a) the City shall execute and the Paying Agent shall authenticate and deliver a new Bond of the same date, interest rate and denomination in lieu of such lost, stolen, destroyed or mutilated Bond, or (b) if such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the City may pay such Bond. Any such new Bond shall bear a number not previously assigned. The applicant for any such new Bond may be required to pay all expenses and charges of the City and of the Paying Agent in connection with the issuance of such Bond. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to

the replacement and payment of mutilated, destroyed, lost or stolen Bonds, negotiable instruments or other securities.

Section 307. Bond Cancellation. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Paying Agent for transfer, exchange or replacement as provided herein, such Bond shall be promptly canceled in accordance with the customary practices of the Paying Agent and applicable retention laws.

Section 308. Bond Form. Subject to the provisions of this Ordinance, the Bonds shall be in substantially the following form, with such omissions, insertions, endorsements and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by this Ordinance, be consistent with this Ordinance or be necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF COLORADO
COUNTY OF MESA
CITY OF GRAND JUNCTION, COLORADO
WATER ENTERPRISE REVENUE BOND
SERIES 2026

No. R- _____ \$ _____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED AS OF</u>	<u>CUSIP</u>
_____ % N/A	November 1, 20__	[Date of Delivery]	

REGISTERED OWNER: [PURCHASER]

PRINCIPAL AMOUNT: _____
DOLLARS

The City of Grand Junction (the "City"), in Mesa County, Colorado (the "State"), for value received, hereby promises to pay to the registered owner specified above, or registered assigns, upon the presentation and surrender of this bond, solely from the special funds provided therefor, as hereinafter set forth, the principal amount set forth above on the maturity date specified above (unless this bond shall have been called for prior redemption, in which case on the Redemption Date) and to pay solely from such special funds interest hereon at the interest rate per annum specified above, payable semiannually on May 1 and November 1 in each year, beginning on [May 1, 2026], until the principal amount is paid or payment has been provided for, as described in an ordinance adopted by the City Council of the City on March 4, 2026 (the "Ordinance"). This is one of an authorized series of bonds issued under the Ordinance (the "Bonds"). The Bonds are all issued under and equally and ratably secured by and entitled to the security of the Ordinance. To the extent not defined herein, terms used in this Bond shall have the same meanings as set forth in the Ordinance. This Bond bears interest, matures, is payable, is subject to redemption and is transferable as provided in the Ordinance.

Reference is made to the Ordinance and to all ordinances supplemental thereto, with respect to the nature and extent of the security for the Bonds, the accounts, funds or revenues pledged, rights, duties and obligations of the City, the Paying Agent, and the rights of the Owners of the Bonds, the events of default and remedies, the circumstances under which any Bond is no longer Outstanding, the issuance of additional bonds and the terms on which such additional bonds may be issued under and secured by the Ordinance, the ability to amend the Ordinance, and to all the provisions of which the Owner hereof by the acceptance of this Bond assents.

THE BONDS ARE ISSUED PURSUANT TO AND IN FULL COMPLIANCE WITH THE CONSTITUTION AND LAWS OF THE STATE OF COLORADO, AND PURSUANT TO THE ORDINANCE. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY, SECURED BY THE NET PLEDGED REVENUES. THE BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION DEBT OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE CITY, THE STATE NOR ANY OF THE POLITICAL SUBDIVISIONS THEREOF IS LIABLE THEREFOR. NEITHER THE MEMBERS OF THE CITY COUNCIL OF THE CITY NOR ANY PERSONS EXECUTING THIS BOND SHALL BE PERSONALLY LIABLE FOR THIS BOND.

It is certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the City in the issuance of this Bond; that it is issued pursuant to and in strict conformity with the Constitution of the State, and with the Ordinance and any ordinances supplemental thereto; and that this Bond does not contravene any constitutional, Charter or statutory limitation.

This Bond is one of a series of bonds issued pursuant to the Ordinance designated as the "City of Grand Junction, Colorado, Water Enterprise Revenue Bonds, Series 2026" in the aggregate principal amount of \$6,000,000 (the "Bonds"). The Bonds have been duly authorized for the purpose of providing moneys to defray a portion of the cost of extending, bettering or otherwise improving and equipping the Water System (the "Project").

The bonds of the series of which this bond is one are issued under the authority of the City Charter; Title 37, Article 45.1, C.R.S.; and Title 11, Article 57, Part 2, C.R.S., and in full conformity therewith. Pursuant to Section 11-57-210, C.R.S., this recital shall be

conclusive evidence of the validity and the regularity of the issuance of the Bonds and the Bonds shall be incontestable for any cause whatsoever after their delivery for value.

Payment of the principal of and interest on the Bonds shall be made solely from the Net Pledged Revenues. The Net Pledged Revenues are irrevocably (but not exclusively) pledged as security for such payment pursuant to the Ordinance.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the certificate of authentication hereon shall have been duly executed by the Paying Agent.

IN WITNESS WHEREOF, the City has caused this Bond to be signed and executed in its name and upon its behalf with the facsimile signature of its President, has caused the facsimile of the seal of the City to be affixed hereon and has caused this Bond to be signed, executed and attested with the facsimile signature of its City Clerk, all as of the date specified above.



By: *Cody Kennedy*
Cody Kennedy
President of City Council

Attest:

By: *Selestina Sandoval*
Selestina Sandoval
City Clerk

(FORM OF CERTIFICATE OF AUTHENTICATION)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within mentioned Ordinance.

ZIONS BANCORPORATION,
NATIONAL ASSOCIATION, as Paying
Agent

By _____
Authorized Signatory

Date of Authentication and Registration: _____

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ to transfer the within Bond on the records kept for the registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatever. The signature must be guaranteed by an eligible guarantor institution as defined in 17 CFR § 240.17 Ad-15(a)(2).

Signature Guaranteed:

Signature must be guaranteed by a member of a Medallion Signature Program.

Address of Transferee:

Social Security or other tax identification number of transferee:

TRANSFER FEES MAY BE CHARGED

(END OF FORM OF ASSIGNMENT)

(FORM OF PREPAYMENT PANEL)

PREPAYMENT PANEL

The following installments of principal (or portions thereof) of this Bond have been prepaid in accordance with the terms of the Ordinance.

<u>Date of Prepayment</u>	<u>Principal Prepaid</u>	Signature of Authorized Representative _____

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(END OF FORM OF PREPAYMENT PANEL)

(END OF FORM OF BOND)

Section 309. Optional Redemption and Extraordinary Redemption. The Bonds will be subject to redemption and extraordinary optional redemption, at the option of the City in the time and manner, in the amounts and at the prices, and from any legally available funds all as set forth in the Sale Certificate.

Section 310. Mandatory Sinking Fund Redemption. The Term Bonds, if any, shall be subject to mandatory sinking fund redemption at the times, in the amounts and at the prices provided in the Sale Certificate.

On or before the thirtieth day prior to each such sinking fund payment date, the Paying Agent shall proceed to call the Term Bonds, if any, as provided in the Sale Certificate (or any Term Bond or Term Bonds issued to replace such Term Bonds) for redemption from the sinking fund on the next November 1, and give notice of such call without further instruction or notice from the City.

At its option, to be exercised on or before the sixtieth day next preceding each such sinking fund Redemption Date, the City may (a) deliver to the Paying Agent for cancellation Term Bonds subject to mandatory sinking fund redemption on such date in an aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Term Bonds of the maturity and interest rate subject to mandatory sinking fund redemption on such date, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Paying Agent and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond so delivered or previously redeemed will be credited by the Paying Agent at the principal amount thereof against the obligation of the City on such sinking fund date and such sinking fund obligation will be accordingly reduced. The City will on or before the sixtieth day next preceding each sinking fund Redemption Date furnish the Paying Agent with its certificate indicating whether or not and to what extent the provisions of (a) and (b) of the first sentence of this paragraph are to be availed with respect to such sinking fund payment. Failure of the City to deliver such certificate shall not affect the Paying Agent's duty to give notice of sinking fund redemption as provided in this paragraph.

So long as the Purchaser is the sole owner of 100% of the Bonds, the Purchaser shall not be required to surrender the Bonds to the Paying Agent to receive payment in connection with a mandatory sinking fund redemption, but shall be required to surrender such Bond on the final maturity date thereof to receive payment of the final principal payment thereof.

Section 311. Partial Redemption. In the case of Bonds of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Paying Agent shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof.

Section 312. Notice of Prior Redemption. Notice of optional or mandatory redemption shall be given by the Paying Agent in the name of the City by sending a copy of such notice by first-class, postage prepaid mail or by electronic means, not more than 60 nor less than 30 days prior to the Redemption Date to each Owner at such Person's address as it last appears on the registration books kept by the Paying Agent; but neither failure to give such notice nor any defect therein shall affect the redemption of any Bond. Such notice shall identify the Bonds to be so redeemed (if less than all are to be redeemed) and the Redemption Date, and shall further state that on such Redemption Date there will become and be due and payable upon each Bond to be so redeemed, at the principal office of the Paying Agent, the principal amount thereof, accrued interest to the Redemption Date, and the stipulated premium, if any, and that from and after such date interest will cease to accrue. Notice having been given in the manner hereinabove provided, the Bond or Bonds so called for redemption shall become due and payable on the Redemption Date so designated; and upon presentation thereof at the principal office of the Paying Agent, the Paying Agent will pay the Bond or Bonds so called for redemption. No further interest shall accrue on the principal of any such Bond called for redemption from and after the Redemption Date, provided sufficient funds are deposited with the Paying Agent and available on the Redemption Date.

Notwithstanding the provisions of this Section, any notice of redemption shall either (a) contain a statement that the redemption is conditioned upon the receipt by the Paying

Agent on or before the Redemption Date of funds sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the Owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed, or (b) be given only if funds sufficient to pay the redemption price of the Bonds so called for redemption are on deposit with the Paying Agent in the applicable fund or account.

Section 313. Bonds Owned by the City. Bonds owned by or on behalf of the City shall not be subject to redemption. At any time the City may surrender any Bonds owned by or on behalf of the City to the Paying Agent, which shall promptly cancel such Bonds. Any securities payable from any Net Pledged Revenues held by the City shall not be deemed to be Outstanding for the purpose of redemption nor Outstanding for the purpose of consents hereunder or for any other purpose herein.

Section 314. No Partial Redemption After Default. Anything in this Ordinance to the contrary notwithstanding, if there shall have occurred and is continuing an Event of Default hereunder of which an officer of the Paying Agent has actual knowledge, there shall be no redemption of less than all of the Bonds at the time Outstanding (other than pursuant to Section 311 hereof).

ARTICLE IV

USE OF BOND PROCEEDS AND OTHER MONEYS

Section 401. Disposition of Bond Proceeds.

A. The proceeds of the Bonds, upon the receipt thereof, shall be accounted for in the following manner and priority:

(i) Costs of Issuance. An amount sufficient to pay the costs of issuing the Bonds, as described in the Paying Agent Agreement shall be credited to the fund created in the Paying Agent Agreement and known as the "City of Grand Junction, Colorado, Water Enterprise Revenue Bonds, Series 2026 Costs of Issuance Fund."

(ii) Project Fund. The remaining proceeds derived from the sale of the Bonds shall be credited to the special and separate account hereby created and to be known as the "City of Grand Junction, Colorado, Water Enterprise Revenue Bonds, Series 2026 Project Fund." Except as otherwise provided herein, the moneys in the

Project Fund shall be used solely for the purpose of paying the Costs of the Project and for the purposes set forth in Section 402 hereof.

Section 402. Payment of Expenses. Moneys deposited in the Project Fund pursuant to Section 401 hereof may be used and paid out by the City to defray the Costs of the Project and administrative costs of the Project, including, without limitation, amounts to be paid to the Paying Agent, legal fees, accounting fees, financial advisory fees, printing costs and rating fees. The City may defray any such administrative costs from time to time as Operation and Maintenance Expenses to the extent the moneys deposited in the Project Fund pursuant to Section 401 hereof are insufficient therefor.

Section 403. Completion of Project. When the Project is completed in accordance with the relevant plans and specifications and all amounts due therefor, including all proper incidental expenses and all administrative costs of the Project referred to in Section 402 hereof, are paid, or for which full provision is made, the Chief Financial Officer, to the extent permitted by the Tax Compliance Certificate, shall cause all surplus moneys remaining in the Project Fund, if any, except for any moneys designated in the certificate to be retained to pay any unpaid accrued costs or contingent obligations, to be transferred as follows: (a) to the Rebate Fund so as to enable the City to comply with requirements of the Tax Compliance Certificate with respect to the Bonds, and (b) to the Bond Fund to the extent of any remaining balance of such moneys to be applied against the next principal payment or payments coming due on the Bonds. Nothing herein prevents the transfer from the Project Fund to the Bond Fund, at any time prior to the termination of the Project Fund, of any moneys which the Chief Financial Officer by certificate determines will not be necessary for the Project and will not be designated to be transferred to the Rebate Fund.

Section 404. Lien on Bond Proceeds. Until the proceeds of the Bonds deposited in the Project Fund are applied as herein provided, such Bond proceeds are subject to a lien thereon and pledge thereof for the benefit of the Owners of the Outstanding Bonds as provided in Section 501 hereof.

Section 405. Purchaser Not Responsible. The validity of the Bonds is not dependent upon nor affected by the validity or regularity of any proceedings relating to the application of the Bond proceeds. The Purchaser and any subsequent Owners of any

of the Bonds are not responsible for the application or disposal by the City or by any of its officers, agents and employees of the moneys derived from the sale of the Bonds or of any other moneys herein designated.

ARTICLE V
ADMINISTRATION OF AND ACCOUNTING FOR
PLEDGED REVENUES

Section 501. Pledge Securing Bonds. Subject only to the right of the City to cause amounts to be withdrawn and paid on account of Operation and Maintenance Expenses of the Water System, the Gross Pledged Revenues and, subject to the right of the City to cause amounts to be withdrawn to pay the Costs of the Project as provided herein and other than moneys and securities held in the Rebate Fund to the extent such amounts are required to be paid to the United States, all moneys and securities paid or to be paid to or held or to be held in any fund or account under this Article or under Section 501 hereof are hereby pledged, and a lien thereon is hereby created, to secure the payment of the Bond Requirements of the Outstanding Bonds. The pledge of the Net Pledged Revenues to secure the payment of the Bond Requirements of the Outstanding Bonds and any Outstanding Parity Bonds is on a parity with the pledge of the Net Pledged Revenues for, and lien thereon of the Parity Bonds heretofore issued and any Parity Bonds hereafter issued in compliance with the provisions of Article VII hereof. The pledge of the Net Pledged Revenues and the funds or accounts as described in this section shall be valid and binding from and after the date of the delivery of the Bonds, and the moneys as received by the City and hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the City except any Outstanding Parity Bonds heretofore or hereafter authorized. The lien of the pledge of the Net Pledged Revenues and the funds or accounts as described in this section shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City (except as herein otherwise provided) irrespective of whether such parties have notice thereof.

Section 502. Water Enterprise Fund Deposits. So long as any of the Bonds or any Parity Bonds shall be Outstanding as to any Bond Requirements related to the Bonds or any Parity Bonds, the entire Gross Pledged Revenues, upon their receipt from time to time by the City, shall be set aside and credited immediately to the special and separate account hereby created and known as the “City of Grand Junction, Water Enterprise Revenue Bonds, Water Enterprise Fund.”

Section 503. Administration of Water Enterprise Fund. So long as any of the Bonds or any Parity Bonds shall be Outstanding, as to any Bond Requirements related to the Bonds or any Parity Bonds, the following payments shall be made from the Water Enterprise Fund, as provided in Sections 504 through 511 hereof.

Section 504. Operation and Maintenance Expenses. First, as a first charge on the Water Enterprise Fund, from time to time there shall continue to be held therein moneys sufficient to pay Operation and Maintenance Expenses, as they become due and payable, and thereupon they shall be promptly paid. Any surplus remaining in the Water Enterprise Fund at the end of the Fiscal Year and not needed for Operation and Maintenance Expenses shall be used for other purposes of the Water Enterprise Fund as herein provided.

Section 505. Bond Fund Payments. Second, from any remaining Net Pledged Revenues, there shall be credited, concurrently with each other and with amounts required to meet the Bond Requirements with respect to any Outstanding Parity Bonds, to the special and separate accounts hereby created and to be known as the “City of Grand Junction, Colorado, Water Enterprise Revenue Bonds, Series 2026, Bond Fund,” the following amounts:

A. **Interest Payments.** Monthly, commencing on the first day of the month immediately succeeding the delivery of any of the Bonds, or commencing on the first day of the month six months next prior to the first interest payment date of any of the Bonds, whichever commencement date is later, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the interest due and payable on the Outstanding Bonds on the next succeeding interest payment date.

B. Principal Payments. Monthly, commencing on the first day of the month immediately succeeding the delivery of any of the Bonds, or commencing on the first day of the month one year next prior to the first principal payment date of any of the Bonds, whichever commencement date is later, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the principal and redemption premium, if any, due and payable on the Outstanding Bonds on the next succeeding principal payment date.

If prior to any interest payment date or principal payment date, there has been accumulated in the Bond Fund the entire amount necessary to pay the next maturing installment of interest or principal, or both, the payment required in paragraph A or B (whichever is applicable) of this Section 505 may be appropriately reduced; but the required annual amounts again shall be so credited to such account commencing on such interest payment date or principal payment date.

The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the Bonds then Outstanding, as such Bond Requirements become due, except as provided in Sections 507, 508, 509, 603 and 1201 hereof.

Section 506. Reserved.

Section 507. Termination of Deposits. No payment need be made into the Bond Fund if the amount in the Bond total a sum at least sufficient so that all Outstanding Bonds are deemed to have been paid pursuant to Section 1201 hereof, in which case moneys therein (taking into account the known minimum gain from any investment of such moneys in Investment Securities from the time of any such investment or deposit shall be needed for such payment which will not be designated for transfer to the Rebate Fund) shall be used (together with any such gain from such investments) solely to pay the Bond Requirements of the Outstanding Bonds as the same become due; and any moneys in excess thereof in those two accounts and any other moneys derived from the Net Pledged Revenues or otherwise pertaining to the Water System may be used to make required payments into the Rebate Fund or in any other lawful manner determined by the City, as directed in writing by the Chief Financial Officer.

Section 508. Reserved.

Section 509. Rebate Fund. Fourth, concurrently with any payments required to be made pursuant to any Parity Bond Ordinances with respect to any rebate funds established thereby, there shall be deposited into the special and separate account hereby created and to be known as the “City of Grand Junction, Colorado, Water Enterprise Revenue Bonds, Series 2026 Rebate Fund” moneys in the amounts and at the times specified in the Tax Compliance Certificate so as to enable the City to comply with Section 830 hereof. Amounts on deposit in the Rebate Fund shall not be subject to the lien and pledge of this Ordinance to the extent that such amounts are required to be paid to the United States Treasury. The City shall cause amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury (at the address provided in the Tax Compliance Certificate) at the times and in the amounts set forth in the Tax Compliance Certificate.

If the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, the City shall transfer moneys in the amount of the insufficiency to the Rebate Fund from the Project Fund and, to the extent permitted by Section 508 hereof, from the Bond Fund. Upon receipt by the City of an opinion of Bond Counsel to the effect that the amount in the Rebate Fund is in excess of the amount required to be contained therein, such excess may be transferred to the Water Enterprise Fund.

Section 510. Payment of Subordinate Securities. Fifth, and subject to the provisions hereinabove in this Article, but subsequent to the payments required by Sections 504, 505, 506, and 509 hereof, any moneys remaining in the Water Enterprise Fund may be used by the City for the payment of Bond Requirements of Subordinate Securities, including reasonable reserves for such Subordinate Securities and for rebate of amounts to the United States Treasury with respect to such Subordinate Securities.

Section 511. Use of Remaining Revenues. After the payments hereinabove required to be made by Sections 502 through 510 hereof are made, any remaining Net Pledged Revenues in the Water Enterprise Fund shall be used, first, for any one or any combination of reasonably necessary purposes and in the Council’s discretion relating to the operation, improvement or debt management of the Water System and, second, to the extent of any remaining surplus, for any one or any combination of lawful purposes as the Council may from time to time conclusively determine.

ARTICLE VI
GENERAL ADMINISTRATION

Section 601. Administration of Accounts. The special funds and accounts designated in Articles IV and V hereof shall be administered as provided in this Article (but not any account under Section 1201 hereof).

Section 602. Places and Times of Deposits. Except as hereinafter provided, each of such special funds and accounts shall be maintained by the City as a book account and kept separate from all other accounts as a trust account solely for the purposes herein designated therefor. The moneys accounted for in such special book accounts may be in one or more bank accounts in one or more Commercial Banks. Each such bank account shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes. Each periodic payment shall be credited to the proper book account not later than the date therefor herein designated, except that when any such date shall not be a Business Day, then such payment shall be made on or before the next preceding Business Day. Moneys shall be deposited with the Paying Agent for the Bonds not less than (a) three Business Days prior to each interest payment date and each maturity or mandatory Redemption Date, if funds are delivered by wire transfer, or (b) five Business Days prior to each payment date if funds are delivered by another method of payment, in immediately available amounts sufficient to pay the Bond Requirements then becoming due on the Outstanding Bonds.

Section 603. Investment of Moneys. Any moneys in the Project Fund, the Water Enterprise Fund, the Bond Fund, and the Rebate Fund that are not needed for immediate use shall be invested or reinvested by the Chief Financial Officer in Investment Securities. All such investments shall (a) either be subject to redemption at any time at a fixed value by the holder thereof at the option of such holder, or (b) mature not later than the estimated date or respective dates on which the proceeds are to be expended as estimated by the Chief Financial Officer at the time of such investment or reinvestment; provided that collateral securities of any Investment Securities may have a maturity of more than five years from the date of purchase thereof. For the purpose of any such

investment or reinvestment, Investment Securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

Section 604. Accounting for Investments. The Investment Securities so purchased as an investment or reinvestment of moneys in any such account hereunder shall be deemed at all times to be a part of the account. Any interest or other gain from any investments and reinvestments of moneys accounted for in the Water Enterprise Fund, the Project Fund, the Bond Fund, and the Rebate Fund shall be credited to such account, and any loss resulting from any such investments or reinvestments of moneys accounted for in the Water Enterprise Fund, the Project Fund, the Bond Fund, and the Rebate Fund shall be charged or debited to such fund.

No loss or profit in any account on any investments or reinvestments in Investment Securities shall be deemed to take place as a result of market fluctuations of the Investment Securities prior to the sale or maturity thereof. In the computation of the amount in any account for any purpose hereunder, except as herein otherwise expressly provided or for rebate purposes, as described in the Tax Compliance Certificate, Investment Securities shall be valued at the cost thereof (including any amount paid as accrued interest at the time of purchase of the obligation); provided that any time or demand deposits shall be valued at the amounts deposited, in each case exclusive of any accrued interest or any other gain to the City until such gain is realized by the presentation of matured coupons for payment or otherwise.

Section 605. Redemption or Sale of Investment Securities. The Chief Financial Officer shall present for redemption or sale on the prevailing market at the best price obtainable any Investment Securities so purchased as an investment or reinvestment of moneys in the account whenever it shall be necessary in order to provide moneys to meet any withdrawal, payment or transfer from such account. Neither the Chief Financial Officer nor any other officer or employee of the City shall be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with this Ordinance.

Section 606. Character of Funds. The moneys in any account designated in Articles IV and V hereof shall consist either of lawful money of the United States or

Investment Securities, or both such money and such Investment Securities. Moneys deposited in a demand or time deposit account in a bank or savings and loan association, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States.

Section 607. Payment of Bond Requirements. The moneys credited to any fund or account designated in Article V hereof for the payment of the Bond Requirements of any Bonds shall be used without requisition, voucher, warrant, further order or authority (other than as contained herein), or any other preliminaries, to promptly pay the Bond Requirements of any Bonds payable from such fund or account as such amounts are due, except to the extent any other moneys are available therefor.

ARTICLE VII

SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 701. Lien of Bonds. The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues on a parity with the lien of the Net Pledged Revenues of the Parity Bonds.

Section 702. Equality of Bonds. The Bonds and any Parity Bonds heretofore issued or hereafter authorized to be issued and from time to time Outstanding are equitably and ratably secured by a lien on the Net Pledged Revenues and shall not be entitled to any priority over one another in the application of the Net Pledged Revenues regardless of the time or times of the issuance of the Bonds and any other such Parity Bonds, it being the intention of the Council that there shall be no priority among the Bonds and any such Parity Bonds regardless of the fact that they may be actually issued and delivered at different times, except that (a) moneys in the Project Fund, and the Bond Fund shall secure only the Bonds and the moneys in any acquisition, bond, reserve or similar funds established for other Parity Bonds shall secure only such Parity Bonds; and (b) other Parity Bonds may have a lien on Net Pledged Revenues on a parity with the lien thereon of the Bonds even if no reserve fund is established for such Parity Bonds or a reserve fund is established but with a different requirement as to the amount of moneys required to be on deposit therein or the manner in which such reserve fund is funded or the period of time over which such reserve fund is funded.

Section 703. Issuance of Parity Bonds. Nothing herein prevents the issuance by the City of additional securities payable from the Net Pledged Revenues and constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the Bonds; but before any such additional Parity Bonds, except as provided in Section 708, are authorized or actually issued all of the following conditions must be satisfied:

A. Absence of Default. At the time of the adoption of the ordinance authorizing the issuance of the additional securities, the City shall not be in default in making any payments required by Article V hereof or any Parity Bond Ordinances.

B. Historic Earnings Test. The Net Pledged Revenues for any 12 consecutive months out of the 24 months preceding the month in which such securities are to be issued are at least equal to the sum of 110% of the Combined Maximum Annual Principal and Interest Requirements of the Outstanding Bonds, any Outstanding Parity Bonds and such additional Parity Bonds proposed to be issued.

C. Adjustment of Gross Pledged Revenues. In any computation under paragraph B of this Section, the amount of the Gross Pledged Revenues for the applicable period shall be decreased and may be increased by the amount of loss or gain conservatively estimated by an Independent Accountant, Independent Engineer or the Chief Financial Officer, as the case may be, which results from any changes in any schedule of fees, rates and other charges constituting Gross Pledged Revenues based on the number of users during the applicable period as if such modified schedule of fees, rates and other charges shall have been in effect during such entire time period. However, the Gross Pledged Revenues need not be decreased by the amount of any such estimated loss to the extent the Independent Accountant, the Independent Engineer or the Chief Financial Officer estimates the loss is temporary in nature or will be offset within a reasonable temporary period by an increase in revenues or a reduction in Operation and Maintenance Expenses not otherwise included in the calculations under this Section, and estimates any loss under this sentence will not at any time materially and adversely affect the City's apparent ability to comply with the rate maintenance covenant stated in Section 821 hereof without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

D. Reduction of Annual Requirements. The respective annual Bond Requirements (including as such the required amount of any prior redemption premiums due on any Redemption Date) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective Fiscal Years with moneys held in trust or in escrow for that purpose by any Trust Bank, including the known minimum yield from any investment in Federal Securities and any bank deposits, including any certificate of deposit.

E. Consideration of Additional Expenses. In determining whether or not additional Parity Bonds may be issued as aforesaid, consideration shall be given to any probable increase (but not reduction) in the Operation and Maintenance Expenses of the Water System as estimated by the Chief Financial Officer that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional securities; but the Chief Financial Officer may reduce any such increase in Operation and Maintenance Expenses by the amount of any increase in revenues or any reduction in Operation and Maintenance Expenses resulting from the Capital Improvements to which such expenditure relates and not otherwise included in the calculations under this Section, if the Chief Financial Officer also opines that any such increase in revenues or reduction in any increase in Operation and Maintenance Expenses will not materially and adversely affect the City's apparent ability to comply with the rate maintenance covenant stated in Section 821 hereof without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

Section 704. Certification of Revenues. A written certificate or written opinion by the Chief Financial Officer that the annual revenues required under paragraph B of Section 703 hereof, when adjusted as hereinabove provided in paragraphs C, D, and E of Section 703 hereof, are sufficient to pay such amounts, as provided in paragraph B of Section 703 hereof, shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver additional securities on a parity with the Bonds.

Section 705. Subordinate Securities Permitted. Nothing herein prevents the City from issuing additional securities payable from the Net Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds.

Section 706. Superior Securities Prohibited. Nothing herein permits the City to issue additional securities payable from the Net Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the Bonds.

Section 707. Use of Proceeds. The proceeds of any Parity Bonds or other securities payable from any Net Pledged Revenues shall be used only to finance Capital Improvements and/or to refund all or any portion of the Bonds, Parity Bonds, or other securities payable from Net Pledged Revenues, regardless of the priority or the lien of such securities on Net Pledged Revenues.

Section 708. Issuance of Refunding Securities. The City may issue any refunding securities payable from Net Pledged Revenues to refund any Outstanding Bonds or Parity Bonds, with such details as the Council may by ordinance provide so long as there is no material impairment of any contractual obligation imposed upon the City by any proceedings authorizing the issuance of any unrefunded portion of such Outstanding securities of any one or more issues; but so long as the Bonds, or any part thereof, are Outstanding, refunding securities payable from Net Pledged Revenues may be issued on a parity with the unrefunded Bonds only if:

A. Prior Consent. The City first receives the consent of the Owner or Owners of the unrefunded portion of the Bonds; or

B. Requirements Not Increased. The Combined Maximum Annual Principal and Interest Requirements for the Bonds and Parity Bonds Outstanding immediately after the issuance of the refunding securities is not greater than the Combined Maximum Annual Principal and Interest Requirements for all Bonds and Parity Bonds Outstanding immediately prior to the issuance of the refunding securities and the lien of any refunding Parity Bonds on the Net Pledged Revenues is not raised to a higher priority than the lien thereon of any securities thereby refunded; or

C. Earnings Test. The refunding securities are issued in compliance with Section 703 hereof.

ARTICLE VIII
PROTECTIVE COVENANTS

Section 801. General. The City hereby covenants and agrees with the Owners of the Bonds and makes provisions which shall be a part of its contract with such Owners to the effect and with the purpose set forth in the following Sections of this Article.

Section 802. Performance of Duties. The City, acting by and through the Council or otherwise, shall faithfully and punctually perform, or cause to be performed, all duties with respect to the Gross Pledged Revenues and the Water System required by the Constitution and laws of the State and the various ordinances of the City, including, without limitation, the making and collection of reasonable and sufficient fees, rates and other charges for services rendered or furnished by or from the use of the Water System, as herein provided, and the proper segregation of the proceeds of the Bonds and of any securities hereafter authorized and the Gross Pledged Revenues and their application from time to time to the respective accounts provided therefor.

Section 803. Contractual Obligations. The City shall perform all contractual obligations undertaken by it under any agreements relating to the Bonds, the Gross Pledged Revenues, the Project, or the Water System, or any combination thereof, with any other Persons.

Section 804. Further Assurances. At any and all times the City shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and assurances as may be reasonably necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Gross Pledged Revenues and other moneys and accounts hereby pledged or assigned, or intended to be pledged or assigned, or which the City may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Ordinance and to comply with any instrument of the City amendatory thereof, or supplemental thereto. The City, acting by and through the Council, or otherwise, shall at all times, to the extent permitted by law, reasonably defend, preserve and protect the pledge of the Gross Pledged Revenues and other moneys and accounts

pledged hereunder and all the rights of every Owner of any Bond hereunder against all claims and demands of all Persons whomsoever.

Section 805. Conditions Precedent. Upon the date of issuance of the Bonds, all conditions, acts and things required by the Federal or State Constitution, the Enterprise Act, the Supplemental Public Securities Act, the Charter, this Ordinance, or any other applicable law to exist, to have happened and to have been performed precedent to or in the issuance of the Bonds shall exist, have happened, and have been performed; and the Bonds, together with all other obligations of the City, shall not contravene any debt or other limitation prescribed by the State Constitution.

Section 806. Efficient Operation and Maintenance. The City shall at all times operate the Water System properly and in a sound and economical manner; and the City shall maintain, preserve and keep the same properly or cause the same to be so maintained, preserved and kept, with the appurtenances and every part and parcel thereof in good repair, working order and condition, and shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the Water System may be properly and advantageously conducted. All salaries, fees, wages and other compensation paid by the City in connection with the maintenance, repair and operation of the Water System shall be reasonable and proper.

Section 807. Rules, Regulations and Other Details. The City, acting by and through the Council, shall establish and enforce reasonable rules and regulations governing the operation, use and services of the Water System. The City shall observe and perform all of the terms and conditions contained in this Ordinance, and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Water System or to the City, except for any period during which the same are being contested in good faith by proper legal proceedings.

Section 808. Payment of Governmental Charges. The City shall pay or cause to be paid all taxes and assessments or other governmental charges, if any, lawfully levied or assessed upon or in respect of the Water System, or upon any part thereof, or upon any portion of the Gross Pledged Revenues, when the same shall become due, and shall

duly observe and comply with all valid requirements of any governmental authority relative to the Water System or any part thereof, except for any period during which the same are being contested in good faith by proper legal proceedings. The City shall not create or suffer to be created any lien upon the Water System, or any part thereof, or upon the Gross Pledged Revenues, except the pledge and lien created by this Ordinance for the payment of the Bond Requirements of the Bonds and except as herein otherwise permitted. The City shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Water System, or any part thereof, or the Gross Pledged Revenues; but nothing herein requires the City to pay or cause to be discharged or to make provision for any such tax, assessment, lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Section 809. Protection of Security. The City, the officers, agents and employees of the City, and the Council shall not take any action in such manner or to such extent as might materially prejudice the security for the payment of the Bond Requirements of the Bonds, the Parity Bonds, and any other securities payable from the Net Pledged Revenues according to the terms thereof. No contract shall be entered into nor any other action taken by which the rights of any Owner of any Bond or other security payable from Net Pledged Revenues might be prejudicially and materially impaired or diminished.

Section 810. Prompt Payment of Bonds. The City shall promptly pay the Bond Requirements of the Bonds at the places, on the dates and in the manner specified herein and in the Bonds according to the true intent and meaning hereof.

Section 811. Use of Bond Fund. The Bond Fund shall be used solely for and the moneys credited to such funds and accounts therein are hereby pledged, and a lien thereon is hereby created, for the purpose of paying the Bond Requirements of the Bonds to their respective maturities or any Redemption Date or Dates, subject to the provisions of Sections 505, 506, 507, 508, 509, 603 and 1201 hereof.

Section 812. Other Liens. Other than as provided herein, there are no liens or encumbrances of any nature whatsoever on or against the Water System, or any part

thereof, or on or against the Gross Pledged Revenues on a parity with or superior to the lien thereon of the Bonds.

Section 813. Corporate Existence. The City shall maintain its corporate identity and existence so long as any of the Bonds remain Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the City and is obligated by law to operate and maintain the Water System and to fix and collect the Gross Pledged Revenues as herein provided without adversely and materially affecting at any time the privileges and rights of any Owner of any Outstanding Bond.

Section 814. Disposal of Water System Prohibited. Except for the use of the Water System and services pertaining thereto in the normal course of business, or as provided in Section 815 hereof, neither all nor a substantial part of the Water System shall be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of, until all the Bonds have been paid in full, as to all Bond Requirements, or unless provision has been made therefor, or until the Bonds have otherwise been redeemed, including, without limitation, the termination of the pledge as herein authorized; and the City shall not dispose of its title to the Water System or to any useful part thereof, including any property necessary to the operation and use of the Water System and the lands and interests in lands comprising the sites of the Water System, except as provided in Section 815 hereof.

Section 815. Disposal of Unnecessary Property. The City at any time and from time to time may sell, exchange, lease or otherwise dispose of any property constituting a part of the Water System and not useful in the construction, reconstruction or operation thereof, or which shall cease to be necessary for the efficient operation of the Water System, or which shall have been replaced by other property of at least equal value. Any proceeds of any such sale, exchange, lease or other disposition received and not used to replace such property so sold or so exchanged or otherwise so disposed of, shall be deposited by the City in the Water Enterprise Fund or into a special book account for the betterment, enlargement, extension, other improvement and equipment of the Water System, or any combination thereof, as the Council may determine, provided that any

proceeds of any such lease received shall be deposited by the City as Gross Pledged Revenues in the Water Enterprise Fund.

Section 816. Competing Water System. So long as any of the Bonds are Outstanding, the City shall not grant any franchise or license to any competing facilities so that the Gross Pledged Revenues shall not be sufficient to satisfy the covenant in Section 821 hereof.

Section 817. Loss From Condemnation. If any part of the Water System is taken by the exercise of the power of eminent domain, the amount of any award received by the City as a result of such taking shall be paid into the Water Enterprise Fund or into a capital improvement account pertaining to the Water System for the purposes thereof, or, applied to the redemption of the Outstanding Bonds and any Outstanding Parity Bonds relating thereto, all as the City may determine.

Section 818. Employment of Management Engineers. If the City defaults in paying the Bond Requirements of the Bonds or any Parity Bonds, and any other securities payable from the Gross Pledged Revenues promptly as the same fall due, or an Event of Default has occurred and is continuing, or if the Net Pledged Revenues in any Fiscal Year fail to equal at least the amount of the Bond Requirements of the Outstanding Bonds, Parity Bonds, and any other securities (including all reserves therefor specified in the authorizing proceedings, including, without limitation, this Ordinance) payable from the Net Pledged Revenues in that Fiscal Year, the City shall retain a firm of competent management engineers skilled in the operation of such facilities to assist the management of the Water System so long as such default continues or so long as the Net Pledged Revenues are less than the amount hereinabove designated in this Section.

Section 819. Budgets. The Council and officials of the City shall annually and at such other times as may be provided by law prepare and adopt a budget pertaining to the Water System. A copy of such budget shall be provided to the Purchaser within 30 days of adoption.

Section 820. Reasonable and Adequate Charges. While the Bonds remain Outstanding and unpaid, the fees, rates and other charges due to the City for the use of or otherwise pertaining to and services rendered by the Water System to the City, to its inhabitants and to all other users within and without the boundaries of the City shall be

reasonable and just, taking into account and consideration public interests and needs, the cost and value of the Water System, the Operation and Maintenance Expenses thereof, and the amounts necessary to meet the Bond Requirements of all Bonds, the Parity Bonds, and any other securities payable from the Net Pledged Revenues, including, without limitation, reserves and any replacement accounts therefor.

Section 821. Adequacy and Applicability of Charges. There shall be charged against users of service pertaining to and users of the Water System, except as provided by Section 822 hereof, such fees, rates and other charges so that the Gross Pledged Revenues shall be adequate to meet the requirements of this and the preceding Sections hereof. Such charges pertaining to the Water System shall be at least sufficient so that the Gross Pledged Revenues annually are sufficient to pay in each Fiscal Year:

A. Operation and Maintenance Expenses. An amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year,

B. Principal and Interest. An amount equal to 110% of both the principal and interest on the Bonds and any Parity Bonds then Outstanding in that Fiscal Year (excluding the reserves therefor), and

C. Deficiencies. Any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Gross Pledged Revenues or any securities payable therefrom.

Section 822. Limitations Upon Free Service. No free service or facilities shall be furnished by the Water System, except that if the City elects to use for City purposes any water facilities, or other services and facilities provided by the Water System or otherwise to use the Water System or any part thereof, the City is not required to pay for such use.

Section 823. Levy of Charges. The City shall forthwith and in any event prior to the delivery of any of the Bonds, fix, establish and levy the fees, rates and other charges which are required by Section 821 of this Ordinance, if such action is necessary therefor. No reduction in any initial or existing rate schedule for the Water System may be made:

A. Proper Application. Unless the City has fully complied with the provisions of Article V of this Ordinance for at least the full Fiscal Year immediately preceding such reduction of the initial or any other existing rate schedule; and

B. Sufficient Revenues. Unless the audit required by the Independent Accountant by Section 827 hereof for the full Fiscal Year immediately preceding such reduction discloses that the estimated revenues resulting from the proposed rate schedule for the Water System, after the schedule's proposed reduction, shall be at least sufficient to produce the amounts required by Section 821 hereof.

Section 824. Collection of Charges. The City shall use commercially reasonable best efforts to cause all fees, rates and other charges pertaining to the Water System to be collected as soon as is reasonable, shall reasonably prescribe and enforce rules and regulations or impose contractual obligations for the payment of such charges, and for the use of the Water System, and shall provide methods of collection and penalties, to the end that the Gross Pledged Revenues shall be adequate to meet the requirements of this Ordinance and any other ordinance supplemental thereto.

Section 825. Procedure for Collecting Charges. All bills for water services and all other services or facilities furnished or served by or through the Water System shall be rendered to customers on a regularly established basis. The fees, rates and other charges due shall be collected in a lawful manner, including, without limitation, discontinuance of service.

Section 826. Maintenance of Records. So long as any of the Bonds and any Parity Bonds payable from the Gross Pledged Revenues remain Outstanding, proper books of record and account pertaining to the Gross Pledged Revenues and the Water System shall be kept by the City, separate and apart from all other records and accounts.

Section 827. Audits Required. The City shall cause an audit for each Fiscal Year of the books and accounts pertaining to the Gross Pledged Revenues and the Water System to be completed by an Independent Accountant within 210 days following the close of such Fiscal Year.

Section 828. Accounting Principles. Water System records and accounts, and audits thereof, shall be currently kept and made, as nearly as practicable, in accordance with the then generally accepted accounting principles, methods and terminology followed and construed for utility operations comparable to the Water System, except as may be otherwise provided herein or required by applicable law or regulation or by contractual obligation existing on the effective date of this Ordinance.

Section 829. Insurance and Reconstruction. Except to the extent of any self-insurance, the City shall at all times maintain with responsible insurers fire and extended coverage insurance, worker's compensation insurance, public liability insurance and all such other insurance as is customarily maintained with respect to utilities of like character against loss of or damage to the Water System and against loss of revenues and against public and other liability to the extent reasonably necessary to protect the interests of the City and of each Owner of a Bond. If any useful part of the Water System shall be damaged or destroyed, the City shall, as expeditiously as may be possible, commence and diligently proceed with the repair or replacement of the damaged property so as to restore the same to use. The proceeds of any such insurance shall be payable to the City and (except for proceeds of any use and occupancy insurance) shall be applied to the necessary costs involved in such repair and replacement and to the extent not so applied shall (together with the proceeds of any such use and occupancy insurance) be deposited in the Water Enterprise Fund by the City as revenues derived from the operation of the Water System. If the costs of such repair and replacement of the damaged property exceed the proceeds of such insurance available for the payment of the same, moneys in the Water Enterprise Fund may be used to the extent necessary for such purposes, as permitted by Section 511 hereof.

Section 830. Federal Income Tax Exemption. The City covenants for the benefit of the Owners of the Bonds at any time Outstanding that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the City or any facilities financed or refinanced with the proceeds of the Bonds if such action or omission (a) would cause the interest on the Bonds to lose its excludability from gross income for federal income tax purposes under Section 103 of the Code, (b) would cause interest on the Bonds to become a specific preference item for purposes of federal alternative minimum tax under the Code, except as such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations, or (c) would cause interest on the Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present State law. In furtherance of this covenant, the City agrees to

comply with the procedures set forth in the Tax Compliance Certificate with respect to the Bonds. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code and Colorado law have been met.

ARTICLE IX

PRIVILEGES, RIGHTS AND REMEDIES

Section 901. Owners' Remedies. Each Owner of any Bond shall be entitled to all of the privileges, rights and remedies provided or permitted by this Ordinance, and as otherwise provided or permitted by law or in equity or by any statutes, except as provided in Sections 202 through 206 hereof, but subject to the provisions herein concerning the pledge of and the covenants and the other contractual provisions concerning the Gross Pledged Revenues and the proceeds of the Bonds.

Section 902. Right to Enforce Payment. Nothing in this Article affects or impairs the right of any Owner of any Bond to enforce the payment of the Bond Requirements due in connection with such Person's Bond or the obligation of the City to pay the Bond Requirements of each Bond to the Owner thereof at the time and the place expressed in the Bond.

Section 903. Events of Default. Each of the following events is hereby declared an "Event of Default," provided however, that in determining whether a payment default has occurred pursuant to paragraphs A or B of this Section, no effect shall be given to payments made under the Insurance Policy:

A. **Nonpayment of Principal.** Payment of the principal of any of the Bonds is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption, or otherwise;

B. **Nonpayment of Interest.** Payment of any installment of interest on any of the Bonds is not made when the same becomes due and payable;

C. **Cross Defaults.** The occurrence and continuance of an "event of default," as defined in any Parity Bond Ordinance;

D. **Failure to Reconstruct.** The City unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the Water System which is destroyed or damaged and is not promptly repaired or replaced (whether such failure

promptly to repair the same is due to impracticability of such repair or replacement or is due to a lack of moneys therefor or for any other reason), but it shall not be an Event of Default if such reconstruction is not essential to the efficient operation of the Water System;

E. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the City appointing a receiver or receivers for the Water System or for the Gross Pledged Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or if an order or decree having been entered without the consent or acquiescence of the City is not vacated or discharged or stayed on appeal within 60 days after entry; and

F. Default of Any Provision. The City defaults in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds or in this Ordinance on its part to be performed (other than Section 831 hereof), and such default continues for 30 days after written notice specifying such default and requiring the same to be remedied is given to the City specifying the failure and requiring that it be remedied, which notice may be given by the Paying Agent in its discretion and shall be given by the Paying Agent at the written request of the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding.

Section 904. Remedies for Defaults. Upon the happening and continuance of any Event of Default, the Owner or Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the City and its agents, officers and employees to protect and to enforce the rights of any Owner of Bonds under this Ordinance by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper legal or equitable remedy as such Owner or Owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any Owner of any Bond, or to require the City to act as if it were the trustee of an expressed trust, or

any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of the Bonds. The City shall not be liable for incidental, punitive, exemplary or consequential damages, or for lost profits, whether direct or indirect. Acceleration shall not be a remedy upon the happening or continuance of any Event of Default. Notwithstanding the foregoing provisions of this Section, nothing in this Ordinance shall act as or be deemed to be a waiver by the City of the Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S., as now or hereafter amended.

Upon the declaration of an Event of Default, the Bonds shall bear interest at the Default Rate.

Section 905. Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such Owners hereunder, the consent to any such appointment being hereby expressly granted by the City, may enter and may take possession of the Water System, may operate and maintain the same, may prescribe fees, rates and other charges, and may collect, receive and apply all Gross Pledged Revenues arising after the appointment of such receiver in the same manner as the City itself might do.

Section 906. Rights and Privileges Cumulative. The failure of any Owner of any Outstanding Bond to proceed in any manner herein provided shall not relieve the City, or any of its officers, agents or employees of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such Owner (or trustee thereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any Owner shall not be deemed a waiver of any other right or privilege thereof.

Section 907. Duties upon Defaults. Upon the happening of any Event of Default, the City shall do and perform all proper acts on behalf of and for the Owners of Bonds to protect and to preserve the security created for the payment of the Bonds and to insure the payment of the Bond Requirements promptly as the same become due. While any Event of Default exists, except to the extent it may be unlawful to do so, all Gross Pledged Revenues shall be paid into the Bond Fund and into bond or similar funds established for any Parity Bonds then Outstanding, pro rata based upon the aggregate principal amount

of the Bonds and Parity Bonds then Outstanding. If the City fails or refuses to proceed as in this Section provided, the Owner or Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the Owners of the Bonds as hereinabove provided, and to that end any such Owners of the Outstanding Bonds shall be subrogated to all rights of the City under any agreement, lease or other contract involving the Water System or the Gross Pledged Revenues entered into prior to the effective date of this Ordinance or thereafter while any of the Bonds are Outstanding.

ARTICLE X

AMENDMENT OF ORDINANCE

Section 1001. Privilege of Amendments.

A. Except as hereafter provided, this Ordinance may be amended or supplemented by ordinances adopted by the Council in accordance with law, without receipt by the City of any additional consideration, and the Owners of not less than a majority of aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory or supplemental ordinance excluding, pursuant to Section 314 hereof, any Bonds which may then be held or owned for the account of the City. Notwithstanding the foregoing, no such ordinance shall permit:

(1) Changing Payment. A change in the maturity, terms of redemption or interest payment of any Outstanding Bond; or

(2) Reducing Return. A reduction in the principal amount of any Bond or the rate of interest thereon, without the consent of the Owner of the Bond; or

(3) Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior, superior and senior to the lien or to the pledge created by this Ordinance; or

(4) Modifying Any Bond. A reduction of the principal amount or percentages or otherwise affecting the description of Bonds the consent of the Owners of which is required for any such modification or amendment; or

(5) Priorities Between Bonds The establishment of priorities as between Bonds issued and Outstanding; or

(6) Modification of Less Than All the Bonds. The modification of or otherwise affecting the rights of the Owners of less than all of the Outstanding Bonds.

B. Notwithstanding the foregoing provisions of this Section, this Ordinance and the rights and obligations of the City and of the Owners of the Bonds may also be modified or amended at any time, without the consent of any Owners of the Bonds, but only to the extent permitted by law and only for any or all of the following purposes:

(1) to add to the covenants and agreements of the City contained in this Ordinance other covenants and agreements thereafter to be observed;

(2) to subject to the covenants and agreements of the City in this Ordinance additional Water System revenues, to be defined and treated as Gross Pledged Revenues, for the purpose of providing additional security for the Bonds and any Parity Bonds;

(3) to provide for the appointment of a new Paying Agent;

(4) to make such provisions for the purpose of curing any ambiguity or of curing or correcting any formal defect or omission in this Ordinance, or in regard to questions arising under this Ordinance, as the City may deem necessary or desirable, and which shall not adversely affect the interests of the Owners of the Bonds; or

(5) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest allocable to the Bonds.

Section 1002. Notice of Amendment. Whenever the Council proposes to amend or modify this Ordinance under the provisions of this Article, it shall cause notice of the proposed amendment to be mailed to Owners of all Outstanding Bonds at their addresses as the same last appear on the registration records maintained by the Paying Agent or by electronic means. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory ordinance is on file with the office of the City Clerk for public inspection.

Section 1003. Time for Amendment. If the ordinance is required to be consented to by the Owners of the Bonds, whenever at any time within one year from the date of the giving of such notice there shall be filed with the City Manager an instrument or instruments executed by the Owners of not less than a majority of aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the

proposed amendatory ordinance described in such notice and shall specifically consent to and approve the adoption of such ordinance, the Council may adopt such amendatory ordinance and such ordinance shall become effective. If the ordinance is not required to be consented to by the Owners of the Bonds, the amendatory ordinance may be adopted by the Council at any time.

Section 1004. Binding Consent to Amendment. If the Owners of not less than a majority of aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory ordinance requiring consent of the Owners of the Bonds, or the predecessors in title of such Owners, shall have consented to and approved the adoption thereof as herein provided, no Owner of any Bond, whether or not such Owner shall have consented to or shall have revoked any consent as in this Article provided, shall have any right or interest to object to the adoption of such amendatory ordinance or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions thereof.

Section 1005. Time Consent Binding. Any consent given by the Owner of a Bond pursuant to the provisions of this Article shall be irrevocable for a period of 6 months from the date of the giving of the notice above provided for and shall be conclusive and binding upon all future Owners of the same Bond during such period. Such consent may be revoked at any time after 6 months from the date of such giving of such notice by the Owner who gave such consent or by a successor in title by filing notice of such revocation with the City Manager, but such revocation shall not be effective if the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding as in this Article provided, prior to the attempted revocation, consented to and approved the amendatory ordinance referred to in such revocation.

Section 1006. Unanimous Consent. Notwithstanding anything in the foregoing provisions of this Article, the terms and provisions of this Ordinance or of any ordinance amendatory thereof or supplemental thereto and the rights and the obligations of the City and of the Owners of the Bonds thereunder may be modified or amended in any respect upon the adoption by the City and upon the filing with the City Manager of an ordinance to that effect and with the consent of the Owners of all the then Outstanding Bonds, such consent to be given as provided in Section 1003 hereof; and no notice to

Owners of Bonds shall be required as provided in Section 1002 hereof, nor shall the time of consent be limited except as may be provided in such consent.

Section 1007. Exclusion of City's Bonds. At the time of any consent or of other action taken under this Article, the City shall furnish to the City Manager a certificate of the Chief Financial Officer, upon which the City may rely, describing all Bonds to be excluded for the purpose of consent or of other action or of any calculation of Outstanding Bonds provided for in this Article, and the City shall not be entitled with respect to such Bonds to give any consent or to take any other action provided for in this Article, as provided in Section 314 hereof.

Section 1008. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this Article provided may bear a notation by endorsement or otherwise in form approved by the Council as to such action; and after the approval of such notation, then upon demand of the Owner of any Bond Outstanding and upon presentation of such Person's Bond for that purpose at the principal office of the Paying Agent, suitable notation shall be made on such Bond by the Paying Agent as to any such action. If the Council so determines, new Bonds, so modified as in the opinion of the Council conform to such action, shall be prepared, executed, authenticated and delivered; and upon demand of the Owner of any Bond then Outstanding, shall be exchanged without cost to such Owner for Bonds then Outstanding upon surrender of such Bonds.

Section 1009. Proof of Instruments and Bonds. The fact and date of execution of any instrument under the provisions of this Article, the amount and number of the Bonds held by any Person executing such instrument, and the date of such Person's holding the same may be proved as provided by Section 1203 hereof.

ARTICLE XI - RESERVED

ARTICLE XII
MISCELLANEOUS

Section 1201. Defeasance. If, when the Bonds shall be paid in accordance with their terms (or payment of the Bonds has been provided for in the manner set forth in the following paragraph), together with all other sums payable hereunder, then this Ordinance and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied.

Payment of any Outstanding Bond shall prior to the maturity or Redemption Date thereof be deemed to have been provided for within the meaning and with the effect expressed in this Section if (a) in case said Bond is to be redeemed on any date prior to its maturity, the City shall have given to the Paying Agent in form satisfactory to it irrevocable instructions to give on a date in accordance with the provisions of Section 313 hereof, notice of redemption of such Bond on said Redemption Date, such notice to be given in accordance with the provisions of Section 313 hereof, (b) there shall have been deposited with the Paying Agent or other Trust Bank either moneys in an amount which shall be sufficient, and/or Federal Securities which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Paying Agent or other Trust Bank at the same time, shall be sufficient to pay when due the Bond Requirements due and to become due on said Bond on and prior to the Redemption Date or maturity date thereof, as the case may be, and (c) in the event said Bond is not by its terms subject to redemption within the next sixty days, the City shall have given the Paying Agent in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 313 hereof, a notice to the Owner of such Bond that the deposit required by (b) above has been made with the Paying Agent or other Trust Bank and that payment of said Bond has been provided for in accordance with this Section and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the Bond Requirements of said Bond. Neither such securities nor moneys deposited with the Paying Agent or other Trust Bank pursuant to this Section or principal or interest payments on any such Federal Securities

shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Bond Requirements of said Bond; provided any cash received from such principal or interest payments on such Federal Securities deposited with the Paying Agent or other Trust Bank, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities of the type described in (b) of this paragraph maturing at times and in amounts sufficient to pay when due the Bond Requirements to become due on said Bond on or prior to such Redemption Date or maturity date thereof, as the case may be. At such time as payment of a Bond has been provided for as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Ordinance, except for the purpose of any payment from such moneys or securities deposited with the Paying Agent or other Trust Bank.

The release of the obligations of the City under this Section shall be without prejudice to the right of the Paying Agent to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable expenses, charges and other disbursements incurred on or about the administration of and performance of its powers and duties hereunder.

Upon compliance with the foregoing provisions of this Section with respect to all Bonds then Outstanding, this Ordinance may be discharged in accordance with the provisions of this Section but the liability of the City in respect of the Bonds shall continue; provided that the Owners thereof shall thereafter be entitled to payment only out of the moneys or Federal Securities deposited with the Paying Agent or other Trust Bank as provided in this Section.

Section 1202. Delegated Powers. The officers, employees and agents of the City be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limitation:

A. Final Certificates. the execution of such certificates and closing documents as may be reasonably required by the Purchaser or Bond Counsel;

B. Paying Agent Agreement. the execution and delivery of an agreement with the Paying Agent necessary or desirable to evidence the acceptance by the Paying Agent of its duties hereunder; and

C. Electronic Signatures. the use of electronic signatures to execute any of the documents described in this Section 1202 or elsewhere in this Ordinance, as authorized by Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act.

Section 1203. Evidence of Bond Owners. Any request, consent or other instrument which this Ordinance may require or may permit to be signed and to be executed by the Owners of any Bonds may be in one or more instruments of similar tenor and shall be signed or shall be executed by each such Owner in person or by such Person's attorney appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Ordinance (except as otherwise herein expressly provided) if made in the following manner:

A. Proof of Execution. The fact and the date of the execution by any Owner of any Bonds or such Person's attorney of such instrument may be established by a certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the City Manager or Chief Financial Officer, of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he or she purports to act, that the individual signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer; the authority of the individual or individuals executing any such instrument on behalf of a corporate Owner of any securities may be established without further proof if such instrument is signed by an individual purporting to be the president or vice-president of such corporation with a corporate seal affixed and attested by an individual purporting to be its secretary or an assistant secretary; and the authority of any Person or Persons executing any such instrument in any fiduciary or representative capacity may be established without further proof if such instrument is signed by a Person or Persons purporting to act in such fiduciary or representative capacity; and

B. Proof of Holdings. The amount of Bonds held by any Person and the numbers, date and other identification thereof, together with the date of such Person's

holding the Bonds, shall be proved by the registration records maintained by the Paying Agent.

Section 1204. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the City, the Paying Agent, and the Owners of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Paying Agent, the Surety Provider and the Owners of the Bonds.

Section 1205. Notices. Except as otherwise may be provided in this Ordinance, all notices, certificates, requests or other communications pursuant to this Ordinance shall be in writing and shall be sufficiently given and shall be deemed given by personal delivery or when mailed by first class mail, and either delivered or addressed as follows:

If to the City at:

City of Grand Junction
250 North 5th Street
Grand Junction, Colorado 81501
Attention: Chief Financial Officer

If to the Paying Agent at:

Zions Bancorporation, National Association
7222 E. Layton Ave.
Denver, Colorado 80237
Attention: Corporate Trust and Escrow Services

Any of the foregoing Persons may, by notice given hereunder to each of the other Persons, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 1206. Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any rights, as provided in this Ordinance, shall not be a Business Day, such payment may be made or act performed

or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date.

Section 1207. Effective Date. This Ordinance shall be in full force and effect 30 days after final publication.

Section 1208. Disposition of Ordinance. This Ordinance, as adopted by the Council, shall be numbered and recorded by the City Clerk in the official records of the City. The adoption and publication shall be authenticated by the signatures of the President and City Clerk, and by the certificate of publication.

INTRODUCED, PASSED ON FIRST READING, APPROVED AND ORDERED
PUBLISHED IN PAMPHLET FORM THIS 18TH DAY OF FEBRUARY, 2026.

CITY OF GRAND JUNCTION, COLORADO



Cody Kennedy President of City

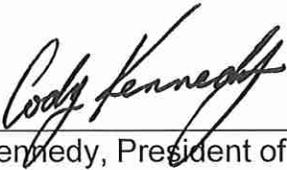
Attest:



Selestina Sandoval, City/Clerk

INTRODUCED, PASSED ON SECOND READING, APPROVED AND ORDERED
PUBLISHED IN PAMPHLET FORM THIS 4th DAY OF MARCH, 2026.

CITY OF GRAND JUNCTION, COLORADO



Cody Kennedy, President of the City Council

Attest:



Selestina Sandoval, City Clerk

STATE OF COLORADO)
)
 COUNTY OF MESA)SS
)
 CITY OF GRAND JUNCTION)

I, Selestina Sandoval, the City Clerk of the City of Grand Junction, Colorado (the "City") and Clerk to the City Council of the City (the "City Council"), do hereby certify that:

1. The foregoing pages are a true, correct and complete copy of an ordinance (the "Ordinance") which was introduced, passed on first reading and ordered published in pamphlet form by the City Council at a regular meeting thereof held on February 18, 2026 and was duly adopted and ordered published in pamphlet form by the City Council at a regular meeting thereof held on March 4, 2026, which Ordinance has not been revoked, rescinded or repealed and is in full force and effect on the date hereof.

2. The Ordinance was duly moved and seconded and the Ordinance was passed on first reading at the meeting of February 18, 2026, an affirmative vote of a majority of the members of the City Council as follows:

<u>City Councilmember</u>	<u>Voting "Aye"</u>	<u>Voting "Nay"</u>	<u>Absent</u>	<u>Abstaining</u>
Cody Kennedy, President	X			
Laurel Lutz, President Pro Tem	X			
Robert Ballard, District E	X			
Jason Nguyen, District B	X			
Anna Stout, District C			X	
Ben Van Dyke, District at Large	X			
Scott Beilfuss, District at Large	X			

3. The Ordinance was duly moved and seconded, and the Ordinance was finally passed on second reading at the meeting of March 4, 2026, by an affirmative vote of a majority of the members of the City Council as follows:

<u>City Councilmember</u>	<u>Voting "Aye"</u>	<u>Voting "Nay"</u>	<u>Absent</u>	<u>Abstaining</u>
Cody Kennedy, President	X			
Laurel Lutz, President Pro Tem	X			
Robert Ballard, District E			X	
Jason Nguyen, District B	X			
Anna Stout, District C	X			
Ben Van Dyke, District at Large	X			
Scott Beilfuss, District at Large	X			

4. The members of the City Council were present at such meetings and voted on the passage of such Ordinance as set forth above.

5. The Ordinance was approved and authenticated by the signature of the President of the City Council, sealed with the City seal, attested by the City Clerk, and recorded in the minutes of the City Council.

6. There are no bylaws, rules or regulations of the City Council which might prohibit the adoption of said Ordinance.

7. Notices of the meetings of February 18, 2026, and March 4, 2026, in the forms attached hereto as Exhibit A were posted by the City Clerk at City Hall and otherwise in accordance with law.

8. The Ordinance was published in pamphlet form in The Daily Sentinel, a daily newspaper of general circulation in the City, on February 21, 2026, and March 7, 2026, as required by the City Charter. Notice of the hearing on the Ordinance was published on February 21, 2026. True and correct copies of the affidavits of publication are attached hereto as Exhibit B.

2026. WITNESS my hand and the seal of the City affixed this 9 day of March,





City Clerk and Clerk to the City Council

EXHIBIT A

(Attach Notices of Meetings of February 18, 2026 and March 4, 2026)

To access the Agenda and Backup Materials electronically, go to [the City of Grand Junction Website](#). To participate or watch the meeting virtually register for the [GoToWebinar](#).



**CITY COUNCIL AGENDA
WEDNESDAY, FEBRUARY 18, 2026
250 NORTH 5TH STREET - AUDITORIUM
5:30 PM – REGULAR MEETING**

Call to Order, Pledge of Allegiance, Moment of Silence

Proclamations

Proclaiming February as Black History Month in the City of Grand Junction

Appointments

To the Horizon Drive Association Business Improvement District

Public Comments

Individuals may comment during this time on any item except those listed under Public Hearings on this agenda.

The public has four options to provide Public Comments: 1) in person during the meeting, 2) virtually during the meeting (registration required), 3) via phone by leaving a message at 970-244-1504 until noon on Wednesday, February 18, 2026 or 4) submitting comments [online](#) until noon on Wednesday, February 18, 2026 by completing this form. Please reference the agenda item and all comments will be forwarded to City Council.

City Manager Report

Boards and Commission Liaison Reports

CONSENT AGENDA

The Consent Agenda includes items that are considered routine and will be approved by a single motion. Items on the Consent Agenda will not be discussed by City Council, unless an item is removed for individual consideration.

1. Approval of Minutes

- a. Summary of the February 2, 2026 Workshop
- b. Minutes of the February 4, 2026 Regular Meeting
- c. Minutes of the February 4, 2026 Special Meeting Executive Session

2. Set Public Hearings

- a. Legislative
 - i. Introduction of an Ordinance Amending Sections of the Zoning and Development Code (Title 21 of the Grand Junction Municipal Code) regarding Right-of-way Dedication, Acceptable Plant Material, and Street Frontage Landscape and Setting a Public Hearing for March 4, 2026
 - ii. Introduction of an Ordinance Regarding Water Enterprise Loan and Setting a Public Hearing for March 4, 2026
 - iii. Introduction of an Ordinance Amending Section 21.05.020 of the Zoning and Development Code Regarding Pedestrian Access and Setting a Public Hearing for March 4, 2026
- b. Quasi-judicial
 - i. Introduction of an Ordinance for a Planned Development (PD) Outline Development Plan (ODP) for the Camelback Gardens Development Proposed on a 25.27 Acres Located a 381 and 409 High Desert Road over a 17-Year Timeframe and Setting a Public Hearing for March 4, 2026

3. Procurements

- a. Authorize Change Order #8 with Burns & McDonnell Engineering Company, Inc. for the Persigo Wastewater Plant Phase 1 Expansion Project
- b. 2026 Liquid Polymer Chemical Purchase for the Persigo WWTP
- c. HVAC Roof Top Unit Replacement at the Grand Junction Convention Center

4. Resolutions

- a. A Resolution Supporting a Grant Application for Highway Safety Improvement Funds for 28 Road & Orchard Avenue Intersection Improvements Project

- b. A Resolution Authorizing the Grand Junction Regional Airport Authority Grant
- c. Resolution Authorizing the City Manager to Sign a Purchase and Sale Agreement with Public Service Company of Colorado for the Acquisition of Real Property for the Four Canyons Parkway Project

REGULAR AGENDA

If any item is removed from the Consent Agenda by City Council, it will be considered here.

5. Public Hearings

- a. Quasi-judicial
 - i. An Ordinance Rezoning Approximately 3.60 Acres from MU-1 (Mixed-Use Neighborhood) and RM-12 (Residential Medium 12) to MU-2 (Mixed -Use Light Commercial), Located at the Northeast Corner of the Intersection of Patterson Road and 29 Road

6. Non-Scheduled Comments

This is the opportunity for individuals to speak to City Council about items on tonight's agenda and time may be used to address City Council about items that were discussed at a previous City Council Workshop.

7. Other Business

8. Adjournment

To access the Agenda and Backup Materials electronically, go to [the City of Grand Junction Website](#). To participate or watch the meeting virtually register for the [GoToWebinar](#).



**CITY COUNCIL AGENDA
WEDNESDAY, MARCH 4, 2026
250 NORTH 5TH STREET - AUDITORIUM
5:30 PM – REGULAR MEETING**

Call to Order, Pledge of Allegiance, Moment of Silence

Presentations

Regional Transportation Planning Office Update

Public Comments

Individuals may comment during this time on any item except those listed under Public Hearings on this agenda.

The public has four options to provide Public Comments: 1) in person during the meeting, 2) virtually during the meeting (registration required), 3) via phone by leaving a message at 970-244-1504 until noon on Wednesday, March 4, 2026 or 4) submitting comments [online](#) until noon on Wednesday, March 4, 2026 by completing this form. Please reference the agenda item and all comments will be forwarded to City Council.

City Manager Report

Boards and Commission Liaison Reports

CONSENT AGENDA

The Consent Agenda includes items that are considered routine and will be approved by a single motion. Items on the Consent Agenda will not be discussed by City Council, unless an item is removed for individual consideration.

1. Approval of Minutes

- a. Minutes of the February 18, 2026 Regular Meeting
- b. Minutes of the February 18, 2026 Special Meeting Executive Session

2. Set Public Hearings

- a. Legislative
 - i. Introduction of an Ordinance Adopting the 2025 Colorado Wildland Urban Interface Code and Map, and Setting a Public Hearing for March 18, 2026
- b. Quasi-judicial
 - i. Introduction of an Ordinance to Rezone Approximately 1.75 acres from Commercial General (CG) Lying Within the Greater Downtown Commercial Overlay and Industrial Light (I-1) Parcels to Mixed-Use Light Commercial (MU-2) Including Lots 1 - 16, and Lots 23 – 32 all Within Block 10 of the Amended Plat of Benton Canon's First Subdivision Less Those Portions Conveyed to the City of Grand Junction. The parcels are Addressed as 711, 717, 721, 739, 741, and 761 Noland Avenue; 706 Kimball Avenue; 1122 S. 7th Street; Along with Parcels Numbered 2945-231-16-004, 2945-231-16-008, 2945-231-16-031, and 2945-231-16-021 and Setting a Public Hearing for March 18, 2026
 - ii. Introduction of an Ordinance to Rezone Approximately 12.89 Acres from RM-8 (Residential Medium 8) to RM-12 (Residential Medium 12), Located at 370 and 374 29 Road and Setting a Public Hearing for March 18, 2026

3. Continue Public Hearings

- a. Quasi-judicial
 - i. Ordinance for a Planned Development (PD) Outline Development Plan (ODP) for the Camelback Gardens Development Proposed on a 25.36 Acre Parcels Located in Sections 17 and 20, Township 1 South, Range 1 West of the Ute Meridian, City of Grand Junction, County of Mesa Being All That Land Within Camelback Gardens Boundary Line Adjustment Same As Recorded at Reception Number 3148907, Portions of the District Open Space Shown On The Following Four (4) Subdivision Plats 1) The Ridges Filing No. Six Same As Recorded At Reception Number 1259706, 2) Cobblestone Ridges Same As Recorded At Reception Number 1778367, 3) Cobblestone Ridges Phase 2 Same As recorded At Reception Number 1778368 and 4) Cobblestone Ridges Phase 2 Replat Same As Recorded At Reception Number 1789624 Said District Open Space Also Known As Mesa County Parcel Number 2945-202-17-020 And Tract A Public Open Space Dedicated On Said Cobblestone Ridges Phase 2 Replat Also Known As Mesa County Parcel Number 2945-174-41-012 - **Rescheduled to April 1, 2026**

4. Procurements

- a. Authorization of Construction Contract for Crosby Avenue Improvement Project

5. Resolutions

- a. A Resolution Vacating a Drainage Easement Segment Known as Orchard Mea Drain I-1 for the City of Grand Junction located at 2651 Stacy Drive on a 7.10 acre parcel in a RH-24 district
- b. A Resolution Authorizing the City Manager to Execute a Funding Agreement with Housing Resources of Western Colorado for a \$400,000 Award for the Acquisition of Property to Help Eligible Households Achieve Homeownership Within the City Limits of Grand Junction

REGULAR AGENDA

If any item is removed from the Consent Agenda by City Council, it will be considered here.

6. Resolutions (Public Comment Accepted)

- a. A Resolution Authorizing the City Manager to Enter into the Lincoln Park Stadium Complex Ground Lease and Ralph Stocker Stadium Use/Operating Agreement with Colorado Mesa University

7. Public Hearings

- a. Legislative
 - i. An Ordinance Regarding Issuance of a Water Enterprise Loan
 - ii. An Ordinance Amending Section 21.05.020 of the Zoning and Development Code Regarding Pedestrian Access
 - iii. An Ordinance Amending Sections of the Zoning and Development Code (Title 21 of the Grand Junction Municipal Code) Regarding Right-of-Way Dedication, Acceptable Plant Material, and Street Frontage Landscape

8. Non-Scheduled Comments

This is the opportunity for individuals to speak to City Council about items on tonight's agenda and time may be used to address City Council about items that were discussed at a previous City Council Workshop.

9. Other Business

10. Adjournment

EXHIBIT B

(Attach Affidavits of Publication)

AFFIDAVIT OF PUBLICATION

State of Florida, County of Broward, ss:

Anjana Bhadoriya, being first duly sworn, deposes and says: That (s)he is a duly authorized signatory of Column Software, PBC, duly authorized agents of Grand Junction Daily Sentinel, a newspaper printed and published 5 days a week in the City of Grand Junction, County of Mesa, State of Colorado, and that this affidavit is Page 1 of 1 with the full text of the sworn-to notice set forth on the pages that follow, and the hereto attached:

PUBLICATION DATES:
Feb. 21, 2026

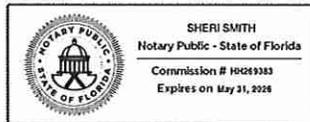
NOTICE ID: 2txHSKIOFuKcymIwEKe5
PUBLISHER ID: COL-102808
NOTICE NAME: Proposed Ordinance Water Revenue Bonds

Anjana Bhadoriya

(Signed) _____

VERIFICATION

State of Florida
County of Broward



Subscribed in my presence and sworn to before me on this: 02/24/2026

S. Smith

Notary Public
Notarized remotely online using communication technology via Proof.

**Proposed Ordinance Water Revenue
Bonds
NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN THAT:

The City Council of the City of Grand Junction, Colorado, at its regular convened meeting on February 18, 2026 passed on first reading the following entitled proposed ordinance:-

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY OF GRAND JUNCTION, COLORADO WATER ENTERPRISE REVENUE BONDS, PROVIDING FOR THE SOURCE OF PAYMENT OF SUCH BONDS, AND PROVIDING OTHER DETAILS CONCERNING THE BONDS AND THE CITY'S WATER SYSTEM

and authorized the publication in pamphlet form.

NOTICE IS FURTHER GIVEN THAT the public hearing will be held March 4, 2026 virtually (see the agenda for credentials at www.gjcity.org/agendas) and in person at 5:30 p.m., in the City Hall Auditorium, 250 N. 5th Street, Grand Junction, Colorado, at which time public comments will be taken and considered before the final adoption of the proposed ordinance.

Copies of the proposed ordinance are available for public inspection in the City Clerk's Office, 250 North 5th Street, City Hall, by appointment, Monday through Friday between the hours of 8:00 a.m. and 5:00 p.m. or at any time on the web at www.gjcity.org.

**BY THE ORDER OF THE CITY
COUNCIL**

/s/ Selestina Sandoval

City Clerk

Published: February 21, 2026. COL-102808

EXHIBIT C

(Affidavit of Publication after Second Reading)

AFFIDAVIT OF PUBLICATION

State of Florida, County of Broward, ss:

Anjana Bhadoriya, being first duly sworn, deposes and says: That (s)he is a duly authorized signatory of Column Software, PBC, duly authorized agents of Grand Junction Daily Sentinel, a newspaper printed and published 5 days a week in the City of Grand Junction, County of Mesa, State of Colorado, and that this affidavit is Page 1 of 1 with the full text of the sworn-to notice set forth on the pages that follow, and the hereto attached:

PUBLICATION DATES:

Mar. 7, 2026

NOTICE ID: J18oFCJ1RQa3naozt17f

PUBLISHER ID: COL-102869

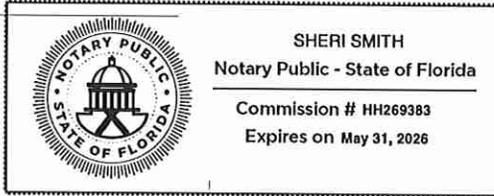
NOTICE NAME: Ordinance No. 5310

Anjana Bhadoriya

(Signed) _____

VERIFICATION

State of Florida
County of Broward



Subscribed in my presence and sworn to before me on this: 03/10/2026

S. Smith

Notary Public

Notarized remotely online using communication technology via Proof.

**Ordinance No. 5310
NOTICE OF ADOPTION OF ORDINANCE NO. 5310**

AN ORDINANCE OF THE CITY OF GRAND JUNCTION TO BE PUBLISHED IN PAMPHLET FORM NOTICE IS HEREBY GIVEN:

That on the 4th day of March 2026, at 5:30 p.m. in the City Hall Auditorium, 250 N. 5th Street, Grand Junction, Colorado, during a meeting held virtually and in person, the City Council of the City of Grand Junction held a public hearing, after proper notice, to consider the final passage of an Ordinance, the title of which is:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY OF GRAND JUNCTION, COLORADO WATER ENTERPRISE REVENUE BONDS, PROVIDING FOR THE SOURCE OF PAYMENT OF SUCH BONDS, AND PROVIDING OTHER DETAILS CONCERNING THE BONDS AND THE CITY'S WATER SYSTEM

Copies of the adopted ordinance are available for public inspection in the City Clerk's Office, 250 North 5th Street, City Hall, by appointment Monday through Friday between the hours of 8:00 a.m. and 5:00 p.m. or at any time on the web at www.gjcity.org.

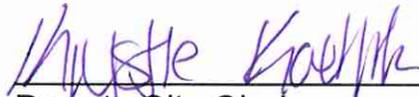
/s/ Selestina Sandoval
City Clerk

Published: March 7, 2026. COL-102869

I HEREBY CERTIFY THAT the foregoing Ordinance, being Ordinance No. 5310 was introduced by the City Council of the City of Grand Junction, Colorado at a regular meeting of said body held on the 18th of February, 2026, and the same was published in The Daily Sentinel, a newspaper published and in general circulation in said City, in pamphlet form, at least ten days before its final passage.

I FURTHER CERTIFY THAT a Public Hearing was held on the day of the 4th of March 2026, at which Ordinance No. 5310 was read, considered, adopted, and ordered published in pamphlet form by the Grand Junction City Council.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City this 9th day of March 2026.


Deputy City Clerk

Published: February 21, 2026
Published: March 7, 2026
Effective: April 6, 2026

