

RESOLUTION NO. MCM 80-172

SERIES 1980

A RESOLUTION AUTHORIZING THE SALE AND ISSUANCE OF MESA COUNTY, COLORADO, SEWER REFUNDING REVENUE BONDS, SERIES 1980B, IN THE PRINCIPAL AMOUNT OF \$805,000, FOR THE PURPOSE OF REFUNDING SEWER REFUNDING REVENUE BONDS, SERIES 1978A, DATED MAY 1, 1978, OF THE CITY OF GRAND JUNCTION, OUTSTANDING IN THE PRINCIPAL AMOUNT OF \$1,080,000; PROVIDING FOR AN ESCROW TO PAY SAID OUTSTANDING BONDS AND THE INTEREST THEREON; PRESCRIBING THE FORM OF SAID BONDS; PROVIDING FOR THE ISSUANCE OF SEWER IMPROVEMENT REVENUE BONDS, SERIES 1980A, IN THE PRINCIPAL AMOUNT OF \$7,420,000, FOR THE PURPOSE OF CONSTRUCTING AND EQUIPPING SEWERAGE COLLECTION AND TREATMENT FACILITIES FOR JOINT USE OF THE COUNTY AND THE CITY OF GRAND JUNCTION; PROVIDING FOR THE APPLICATION OF REVENUES OF THE JOINT SEWER SYSTEM OF THE CITY AND COUNTY TO PAY THE SERIES 1980A, AND 1980B BONDS AND THE INTEREST THEREON; AND PRESCRIBING OTHER DETAILS IN CONNECTION THEREWITH.

WHEREAS, the County of Mesa, State of Colorado (the "County") is a county duly organized and existing under the laws of the State of Colorado; and

WHEREAS, the City of Grand Junction, Mesa County, Colorado (the "City"), is a municipal corporation duly organized and existing as a home-rule city pursuant to Article XX of the Constitution of said State and the Charter of the City; and

WHEREAS, the City presently maintains its own facilities for the treatment of sewage and has, for many years, treated the sewage from areas around the City, including the lands within the Central Grand Valley Sanitation District, the Fruitvale Water and Sanitation District the Orchard Mesa Sanitation District and the Ridges Metropolitan District, and also treats sewage from certain areas outside the City, such sewage being from areas not within special service districts; and

WHEREAS, the Mesa County 201 Plan for wastewater treatment requires, among other things, a new wastewater treatment plant and an interim treatment plant, with abandonment of the old plant, and includes as major parts of the plan the River Road interceptor to run from the old wastewater treatment plant of the City to a new plant, completion of the Paradise Hills interceptor, construction of Independent Avenue interceptor and three interceptors into the River Road line, or the new plant, all coming from the Redlands area; and

WHEREAS, the County and the City have entered into a joint sewerage service agreement dated May 1, 1980 ("Service Agreement") relating to the scope and operation of the joint sewerage system of the City and County ("Joint System") and the use of revenues from the Joint System ("Joint Revenues") which includes all of the revenues and charges for connection to and use of the Joint System from whatever sources derived, including, but not limited to tap fees, plant investment fees and sewer user charges, but excluding surcharges or add-on charges made by the City, County, or any District for services or facilities provided by other than the Joint System.

WHEREAS, the City and the County have determined that the best interests of the City and County will be served by the County's participation in the project of providing adequate wastewater treatment facilities for all residents within the Mesa County 201 Service area (the "Project"); and

WHEREAS, the City has heretofore duly authorized, sold, issued and delivered \$1,080,000 of its Sewer Refunding Revenue Bonds, Series 1978A, dated May 1, 1978 (herein the "1978 Issue"); and

WHEREAS, as of November 1, 1980, there remains outstanding of said 1978 Issue the full amount thereof, being bonds numbered 1 to 216, inclusive, in the denomination of \$5,000 each, bearing interest payable semiannually May 15 and November 15 each year, being numbered and maturing semiannually on May 15 and November 15 as follows:

<u>Bond Numbers</u> <u>(All Inclusive)</u>	<u>Interest Rate</u> <u>(Per Annum)</u>	<u>Amounts</u> <u>Maturing</u>	<u>Years</u> <u>Maturing</u>
1 - 8	6.125%	\$ 40,000	5/15/1991
9 - 46	6.125%	190,000	11/15/1991
----	-0-	-0-	5/15/1992
47	6.125%	5,000	11/15/1992
48	6.125%	5,000	5/15/1993
49	6.125%	5,000	11/15/1993
50	6.125%	5,000	5/15/1994
51	6.125%	5,000	11/15/1994
52	6.125%	5,000	5/15/1995
53	6.125%	5,000	11/15/1995
54	6.125%	5,000	5/15/1996
55	6.125%	5,000	11/15/1996
56	6.20%	5,000	5/15/1997
57	6.20%	5,000	11/15/1997
58	6.25%	5,000	5/15/1998
59	6.25%	5,000	11/15/1998
60	6.25%	5,000	5/15/1999
61	6.25%	5,000	11/15/1999
62	6.25%	5,000	5/15/2000
63 - 216	6.50%	770,000	5/15/2005

Bonds of the 1978A Issue maturing on May 15, 2005, are redeemable prior to maturity in the amount of \$5,000, or any multiple thereof, at the option of the City, on May 15, 2000, and on any date thereafter, at par plus accrued interest; bonds maturing May 15, 1991 to May 15, 2000, are not redeemable prior to maturity.

Principal and interest are payable at United States Bank of Grand Junction, Grand Junction, Colorado; and

WHEREAS, in order to provide part of the funds for the Project, it is necessary that the County, with the approval and consent of the City, issue its refunding and improvement revenue bonds to refund and pay the outstanding bonds of the 1978 Issue of the City, which bonds have a first and prior lien on revenues of the City's sewer system; and

WHEREAS, the Board of County Commissioners of Mesa County, Colorado ("Board"), is authorized to issue sewer refunding revenue bonds and sewer improvement revenue bonds of the County, pledging to the payment of the bonds the Joint Revenues derived and to be derived from the operation of the Joint System; and

WHEREAS, except as aforesaid, the City and County have never pledged nor in any way hypothecated Joint Revenues derived and to be derived from the operation of the Joint System, or any part thereof, to the payment of any bonds or for any other purpose, with the result that the Joint Revenues to be derived from the Joint System may now be pledged lawfully and irrevocably to the payment of the County's Sewer Refunding Revenue Bonds, Series 1980B, and Sewer Improvement Revenue Bonds, Series 1980A; and

WHEREAS, the County finds and determines that it is to the best interests of the County and the health, welfare and safety of its inhabitants, that the Project be constructed and that the City's outstanding 1978 Issue be refunded with the proceeds of the County's Sewer Refunding Revenue Bonds, Series 1980B, in the principal amount of \$805,000, and that the Project be constructed with the proceeds of the County's Sewer Improvement Revenue Bonds, Series 1980A in the principal amount of \$7,420,000

together with the proceeds of an Environmental Protection Agency grant from the U.S. Government;

THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MESA COUNTY, COLORADO:

Section 1. Authority for this Resolution. This Resolution is adopted by virtue of the County's general statutory powers; 30-20-401 et seq.; and 29-1-201 et seq., C.R.S. 1973, as amended, implementing the provisions of §18(2)(a), (b), (c), and (d) of Article XIV of the Colorado Constitution.

Section 2. Resolution to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions hereof shall be deemed to be and shall constitute contracts between the County and the holders from time to time of the Bonds and coupons; and the covenants and agreements herein set forth to be performed on behalf of the County shall be for the equal benefit, protection, and security of the holders of any and all of the Bonds and coupons, 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 the Bonds or coupons over any other thereof, except as expressly provided in or pursuant to this Resolution.

Section 3. Special Obligations. The Sewer Refunding Revenue Bonds, Series 1980B, and the Sewer Improvement Revenue Bonds, Series 1980A, together with the interest accruing thereon and any prior redemption premium, shall be payable and collectible solely out of the Joint Revenues to be derived from the operation of the Joint System, the income of which is so pledged; the holder or holders thereof may not look to any general or other fund for the payment of principal of and interest on such obligations, except the special Funds pledged therefor; and such Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation, and such Bonds shall not be considered or held to be general obligations of the City or County.

Section 4. Authorization. For the purpose of providing funds with which to refund the City's 1978 Issue outstanding in the aggregate amount of \$1,080,000, there are hereby authorized Sewer Refunding Revenue Bonds, Series 1980B, of the County of Mesa, in the principal amount of \$805,000 ("Series 1980B Bonds"), and for the purpose of providing part of the funds to construct and equip the Project, there are hereby authorized Sewer Improvement Revenue Bonds, Series 1980A, in the principal amount of \$7,420,000 ("Series 1980A Bonds"). The Series 1980A and the Series 1980B Bonds are being awarded and sold to Boettcher & Company, Denver, Colorado, at the net effective interest rate of 9.8207%, to the best advantage of the County.

Section 5. Bond Details.

(a) Series 1980A. The Series 1980A Bonds shall be negotiable in form, payable to bearer, shall be dated November 1, 1980, consisting of 1484 bonds in the denomination of \$5,000 each, numbered 1 to 1484, inclusive, and shall bear interest from date to maturity, payable on May 1, 1981, and semiannually thereafter on the 1st day of May and the 1st day of November each year, and shall mature serially on November 1 as follows:

<u>Bond Numbers</u> <u>(All Inclusive)</u>	<u>Interest Rate</u> <u>(Per Annum)</u>	<u>Amounts</u> <u>Maturing</u>	<u>Years</u> <u>Maturing</u>
1 - 9	6.8%	\$ 45,000	1982
10 - 17	7.0%	40,000	1983
18 - 30	7.2%	65,000	1984
31 - 43	7.4%	65,000	1985
44 - 56	7.6%	65,000	1986
57 - 69	7.8%	65,000	1987
70 - 87	8.0%	90,000	1988
88 - 105	8.2%	90,000	1989
106 - 123	8.4%	90,000	1990
124 - 164	8.6%	205,000	1991
165 - 209	8.8%	225,000	1992
210 - 254	9.0%	225,000	1993
255 - 304	9.125%	250,000	1994
305 - 354	9.25%	250,000	1995
355 - 746	8.75%	1,960,000	2000
747 - 1117	10.00%	1,855,000	2003
1118 - 1484	10.00%	1,835,000	2005

Series 1980A Bonds maturing in the years 1996 and thereafter are redeemable at the option of the County on November 1, 1995 and on any interest payment date thereafter, in inverse order of maturity and by lot within any one maturity, upon payment of par and accrued interest.

The Series 1980A Bonds maturing on November 1, 2000, November 1, 2003 and November 1, 2005 are subject to mandatory

November 1 thereafter, upon not less than 30 days notice by publication, to and including November 1, 2005 at par plus accrued interest in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>
1996	\$ 340,000
1997	365,000
1998	395,000
1999	415,000
2000*	445,000
2001	570,000
2002	615,000
2003*	670,000
2004	725,000
2005*	1,110,000

*Stated Maturities

(b) Series 1980B. The Series 1980B Bonds shall be negotiable in form, payable to bearer, shall be dated November 1, 1980, consisting of 161 bonds in the denomination of \$5,000 each, numbered 1 to 161, inclusive, shall bear interest from date to maturity, payable on May 1, 1981, and semiannually thereafter on the 1st day of May and the 1st day of November each year, and shall mature on November 1 as follows:

<u>Bond Numbers</u> <u>(All Inclusive)</u>	<u>Interest Rate</u> <u>(Per Annum)</u>	<u>Amounts</u> <u>Maturing</u>	<u>Years</u> <u>Maturing</u>
1	6.8%	\$ 5,000	1982
2 - 3	7.0%	10,000	1983
4 - 5	7.2%	10,000	1984
6 - 7	7.4%	10,000	1985
8 - 9	7.6%	10,000	1986
10 - 11	7.8%	10,000	1987
12 - 13	8.0%	10,000	1988
14 - 15	8.2%	10,000	1989
16 - 17	8.4%	10,000	1990
18 - 21	8.6%	20,000	1991
22 - 26	8.8%	25,000	1992
27 - 31	9.0%	25,000	1993
32 - 36	9.125%	25,000	1994
37 - 41	9.25%	25,000	1995
42 - 89	8.75%	240,000	2000
90 - 128	10.00%	195,000	2003
129 - 161	10.00%	165,000	2005

Series 1980B Bonds maturing in the years 1996 and thereafter are redeemable at the option of the County on November 1, 1995, and on any interest payment date thereafter, in inverse order of maturity and by lot within any one maturity, upon payment of par and accrued interest.

The Series 1980B Bonds maturing on November 1, 2000, November 1, 2003 and November 1, 2005 are subject to mandatory sinking fund redemption by lot on November 1, 1996 and on each November 1 thereafter, upon not less than 30 days notice by

publication, to and including November 1, 2005 at par plus accrued interest in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>
1996	\$ 35,000
1997	40,000
1998	45,000
1999	55,000
2000*	65,000
2001	60,000
2002	65,000
2003*	70,000
2004	75,000
2005*	90,000

*Stated Maturities

Notice of any optional and mandatory prior redemption of the Series 1980 A and 1980B Bonds shall be given by the County Treasurer:

1) By publication of such notice at least once, not less than thirty days prior to the redemption date, in a newspaper published and of general circulation in the County and City of Grand Junction; and

2) By sending a copy of such notice by registered, first-class mail, at least thirty days prior to the redemption date to:

- a) The original purchaser of the bonds;
- b) The paying agent.

Such notice shall specify the number of each bond to be redeemed and the date fixed for redemption, shall state that on the redemption date, there shall be paid, at the place of payment, the principal amount, accrued interest to the redemption date and the designated 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 bonds called for redemption shall become due and payable; and upon presentation, together with the appurtenant coupons maturing subsequent to the redemption date, the County shall pay the bonds so called for redemption, and thereafter interest on the bonds shall cease to accrue.

The principal amount of and interest on the Series 1980A and 1980B Bonds shall be payable in lawful money of the United States

of America at United States Bank of Grand Junction, Grand Junction, Colorado. ("Paying Agent").

Section 6. Form and Execution of Bonds. The Bonds shall be signed with the facsimile signature of the Chairman of the Board of County Commissioners, sealed with a facsimile of the seal of the County, attested by the manual signature of the County Clerk and countersigned with the facsimile signature of the County Treasurer, and the interest coupons attached thereto shall bear the facsimile signature of the County Treasurer, approved by the facsimile signature of the Director of Finance and City Treasurer of the City. When issued as aforesaid as part of said Bonds, such interest coupons shall be the binding obligations of the County according to their import. The Bonds shall also be approved by the City, such approval being evidenced with the facsimile signature of the President of the City Council, sealed with a facsimile of the seal of the City, and attested by the manual signature of the City Clerk. Should any officer whose manual or facsimile signature appears on said bonds or the interest coupons attached thereto, cease to be such officer before delivery of the bonds to the purchaser, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes.

The Series 1980A and 1980B Bonds and interest coupons shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF COLORADO

COUNTY OF MESA

(*SEWER IMPROVEMENT REVENUE BOND SERIES 1980A)

(**SEWER REFUNDING REVENUE BOND SERIES 1980B)

No. _____

\$5,000

The County of Mesa, State of Colorado, for value received, hereby promises to pay to the bearer hereof, out of the special fund or funds hereinafter designated, but not otherwise, the principal sum of

FIVE THOUSAND DOLLARS

on the 1st day of November, 19___, with interest thereon at the rate of _____ percentum (_____%) per annum, payable on May 1, 1981, and semiannually thereafter on the 1st day of November and the 1st day of May each year, as evidenced by interest coupons attached hereto, both principal and interest being payable in lawful money of the United States of America, at United States Bank of Grand Junction, Grand Junction, Colorado (Paying Agent), upon presentation and surrender of the annexed coupons and this Bond as they severally become due.

Bonds of this series maturing in the years 1996 and thereafter are redeemable at the option of the County, in inverse order of maturity and by lot within any one maturity, on November 1, 1995, and on interest payment dates thereafter, upon payment of par and accrued interest.

*[Bonds of this Series maturing November 1, 2000, November 1, 2003 and November 1, 2005 are also subject to mandatory Sinking Fund redemption by lot from Sinking Fund installments on November 1, 1996 and on each November 1 thereafter, upon not less than 30 days notice by publication, to and including November 1, 2005 at par plus accrued interest without premium in the following years and amounts:

<u>Year</u>	<u>Amount</u>
1996	\$ 340,000
1997	365,000
1998	395,000
1999	415,000
2000*	445,000
2001	570,000
2002	615,000
2003*	670,000
2004	725,000
2005*	1,110,000

**[Bonds of this Series maturing November 1, 2000, November 1, 2003 and November 1, 2005 are also subject to mandatory Sinking Fund redemption by lot from Sinking Fund installments on November 1, 1996 and on each November 1 thereafter, upon not less than 30 days notice by publication, to and including November 1, 2005 at par plus accrued interest without premium in the following years and amounts:

<u>Year</u>	<u>Amount</u>
1996	\$ 35,000
1997	40,000
1998	45,000
1999	55,000
2000*	65,000
2001	60,000
2002	65,000
2003*	70,000
2004	75,000
2005*	90,000

*Stated Maturities]

This Bond is issued by the Board of County Commissioners of Mesa County, Colorado, for the purpose of *[providing part of the funds to construct and install sanitary sewer collection and disposal facilities in the County ("Project")] **[providing funds to refund and pay valid and outstanding sewer revenue bonds of the City of Grand Junction] under the authority of and in full conformity with 30-20-401 et seq.; 29-1-201 et seq., C.R.S. 1973, as amended; and Sec. 18(2)(a), (b), (c) and (d) of the Constitution of Colorado, and pursuant to a Resolution of the County, adopted and approved by the Board of County Commissioners; and also pursuant to an Ordinance of the City of Grand Junction, finally adopted by the City Council approving the actions of the County in the issuance of this Bond.

Both the principal of and the interest on this Bond are payable solely out of a special fund created in full conformity with law and designated "Series 1980A and B Refunding and Improvement Revenue Bond Fund," into which Fund the County and

the City covenant to deposit, from the Joint Revenues of the Joint System and other funds legally available therefor, amounts sufficient to pay the principal of and interest on this Bond, when the same become due and payable.

If necessary, payments of principal and interest shall be made from the reserve funds created for such purpose, all as is more particularly set forth in the Resolution authorizing the issuance of this Bond.

*[The bonds of this issue and series are equitably and ratably secured by a lien on the Joint Revenues of the Joint System of the City and County, and constitute an irrevocable and first lien (but not necessarily an exclusive first lien) on the Joint Revenues on a parity with the lien of Sewer Refunding Revenue Bonds Series 1980B of the County, dated November 1, 1980.]

**[The bonds of this issue and series are equitably and ratably secured by a lien on the Joint Revenues of the Joint System, and constitute an irrevocable and first lien (but not necessarily an exclusive first lien) on the Joint Revenues, on a parity with the lien of the Sewer Improvement Revenue Bonds Series 1980A of the County, dated November 1, 1980.]

It is hereby recited, certified and warranted that for the payment of this Bond, the County of Mesa has created and will maintain said Fund and will deposit therein the amounts and revenues specified in the Resolution, and out of said Fund, as an irrevocable charge thereon, will pay this Bond and the interest thereon in the manner provided by the Resolution. For a description of the Fund and the nature and extent of the security afforded thereby for the payment of this Bond; reference is made to that Resolution.

This Bond does not constitute a debt or indebtedness of the County of Mesa or the City of Grand Junction within the meaning of any charter, constitutional or statutory limitation, and shall not be considered or held to be a general obligation of the County or the City.

It is hereby certified and recited that all the requirements of law have been fully complied with by the proper officers of the County in the issuance of this Bond.

For the payment of this Bond and the interest thereon, the County of Mesa pledges the exercise of all its lawful powers.

IN TESTIMONY THEREOF, the Board of County Commissioners of the County of Mesa, State of Colorado, has caused this Bond to be signed with the facsimile signature of the Chairman, sealed with a facsimile of the seal of the County, attested by the manual signature of the County Clerk and countersigned with the facsimile signature of the County Treasurer; and has further caused this Bond to be approved by the City Council of the City of Grand Junction, Colorado, with the facsimile signature of the President of the Council, sealed with a facsimile of the seal of the City, and attested by the manual signature of the City Clerk; and the attached coupons to be signed with the facsimile signature of the County Treasurer and approved with the facsimile signature of the Director of Finance and Treasurer of the City, as of the 1st day of November, 1980.

COUNTY OF MESA,
STATE OF COLORADO

(Facsimile County Seal)

ATTEST:

By: (Facsimile Signature)
Chairman of the Board of
County Commissioners

(Do Not Sign)
County Clerk

COUNTERSIGNED:

By: (Facsimile Signature)
County Treasurer

By: (Facsimile Signature)
President of the Council,
Grand Junction, Colorado

THIS BOND APPROVED:

(Facsimile City Seal)

ATTEST:

(Do Not Sign)
City Clerk
Grand Junction, Colorado

*Insert in Sewer Improvement Revenue Bonds Series 1980A
**Insert in Sewer Refunding Revenue Bonds Series 1980B

(Form of Interest Coupon)

No. _____

\$ _____

May,
 On the 1st day of November, 19____, unless the Bond to which this coupon is attached, if redeemable, has been called for prior redemption, the County of Mesa, State of Colorado, will pay to bearer the amount shown hereon in lawful money of the United States of America, at United States Bank of Grand Junction, Grand Junction, Colorado, out of the Special Fund or Funds referred to in said Bond, but not otherwise, being interest then due on its
 *[Sewer Improvement Revenue Bond Series 1980A] **[Sewer Refunding Revenue Bond Series 1980B], dated November 1, 1980, bearing

No. _____

(Facsimile Signature)

County Treasurer

THIS COUPON APPROVED:

(Facsimile Signature)

Director of Finance
and City Treasurer
Grand Junction, Colorado

*Insert in Sewer Improvement Revenue Bonds Series 1980A
**Insert in Sewer Refunding Revenue Bonds Series 1980B

Section 7. Disposition of Bond Proceeds.

(a) Series 1980A Bonds. The net proceeds derived from the sale of the Series 1980A Bonds in an amount not less than \$ 7,029,667.83 shall be used together with grant moneys from U. S.

Environmental Protection Agency and other funds on hand of the City and the County, for the construction of the Project, payment of issuance costs, and contributions to the Bond and Operation and Maintenance Expense Reserve Funds, and no part thereof shall be transferred or used for any other purpose whatsoever. Neither the purchaser of the bonds nor the subsequent holder of any of them shall be responsible for the application or disposal by the County or any of its officers, of any of the funds derived from the sale thereof.

(b) Series 1980B Bonds. The net proceeds derived from the sale of the Series 1980B Bonds, in an amount not less than \$ 760,382.17, less issuance costs of \$ 7,340.43, less a deposit to the Sewer Operation and Maintenance Reserve Fund of \$ 21,011.76, plus cash in the amount of \$ -0-, plus \$80,000 of 8-1/4% United States Treasury Bonds, maturing May 15, 2005, callable May 15, 2000, held as a "Sinking Fund" for the City's outstanding 1978 Issue, in accordance with the Federal Securities purchase agreement dated May 11, 1978 between the City and Zions First National Bank of Salt Lake City, Utah, shall be deposited with The First National Bank in Grand Junction, Grand Junction, Colorado ("Escrow Bank"), in a separate fund and escrow account hereby created and known as the "City of Grand Junction Sewer Refunding Revenue Bonds, Series 1978A, Refunding Escrow Account," herein designated as the "Refunding Escrow Account", or "Escrow Account", which account shall be at all times sufficient, together with any interest to be derived from the investment and any temporary reinvestment of the deposits, or any part thereof, in direct obligations of or obligations guaranteed by, or agency obligations of, the United States of America, to pay the principal of and interest on the outstanding bonds of the 1978 Issue to be retired at their respective maturities, as follows:

1978 Issue

Bonds numbered 1 to 216, inclusive, maturing semiannually in the years 1991 to 2005, inclusive, shall be paid and retired at their respective maturity dates, according to their original terms, at the United States Bank of Grand Junction, Grand Junction, Colorado; provided, if the U. S. Treasury Department should call for redemption in the year 2000 or thereafter, the \$80,000 of 8-1/4% Treasury Bonds, maturing May 15, 2005 and callable May 15, 2000, held in the Escrow Account, the Escrow Bank shall call a like amount of the City's outstanding Bonds of the 1978 Issue.

Interest on the bonds of the 1978 Issue shall be paid as the same accrues, according to the original terms of said bonds, until said bonds mature.

If for any reason, at any time, the funds on hand in such Refunding Escrow Account shall be insufficient to meet the payments required as the same shall be about to become due and payable, there shall forthwith be deposited in such Refunding Escrow Account such additional funds as may be required fully to meet the amount so about to become due and payable.

The Escrow Bank shall from time to time redeem all or a portion of the obligations in said Refunding Escrow Account, in sufficient amounts so that the proceeds therefrom and the interest thereon as the same accrues will be sufficient to meet the interest requirements on the outstanding Issue as such accrues, and to pay said bonds at their respective maturities.

Section 8. Pledge of Revenues - Sewer Revenue Fund.

Beginning on January 1, 1980, and so long as any of the Series 1980A and B Bonds shall be outstanding, all the Joint Revenues of the Joint System, except as hereinafter provided, upon their receipt from time to time, shall be set aside and credited immediately to a special account hereby created and to be known as the "Series 1980A and B Sewer Refunding and Improvement Revenue Fund" (herein the "Sewer Revenue Fund"), and so long as any of the Series 1980A and B Bonds shall be outstanding payments shall be made as provided in this Section. From the date of delivery of the Series 1980A and B Bonds until January 1, 1981, all of the Joint Revenues of the Joint System, upon their receipt from time to time by the City and County, shall be set aside and

credited to accounts now in existence or as may be created, in the 1980 Budgets as adopted by the City and County. Such revenues shall be accounted for separately and shall be available for the applicable deposits into the Funds created by this Resolution.

Section 9. Operation and Maintenance Expenses. First, as a first charge on the Sewer Revenue Fund, from time to time there shall be set aside in and credited in separate accounts hereby created and to be known as the "Sewer System Facilities Operation and Maintenance Fund" (herein the "Sewer Operation and Maintenance Fund"), moneys sufficient to pay operation and maintenance expenses as they become due and payable, and thereupon they shall be promptly paid. Any surplus remaining at the end of each month and not needed for Operation and Maintenance expenses shall be transferred to the Bond Retirement Funds and shall be used for the purposes thereof, as herein provided.

Section 10. Bond Retirement Fund. Second, and subject to the aforesaid provisions, from any moneys remaining in the Sewer Revenue Fund (net pledged revenues), there shall be credited to the "Series 1980A and B Sewer Refunding and Improvement Revenue Interest and Bond Retirement Fund" (herein the "Sewer Bond Retirement Fund") from the balance remaining in the Sewer Revenue Fund, as follows:

a) Interest Payments. Monthly commencing the fifteenth day of the month immediately succeeding the delivery of any of the Bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of interest on the Bonds then outstanding, including outstanding sinking fund installments, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary to pay the next maturing installment of interest on the outstanding Bonds, including outstanding sinking fund installments, except to the extent any other moneys are available.

b) Principal Payments Fund. Monthly, commencing on the fifteenth day of the month immediately succeeding delivery of any of the Bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of principal of the outstanding Bonds, including outstanding sinking fund installments, and monthly thereafter, commencing on each principal payment date,

one- eleventh of the amount necessary to pay the next maturin installment of principal the outstanding Bonds, including outstanding sinking fund installments, except to the extent any other moneys are available therefor.

The moneys credited to the Bond Retirement Fund shall be used to pay the bond requirements of the Bonds as the same become due. Future bonds issued on a parity with the Series 1980A and B Bonds herein authorized shall be payable from the Sewer Bond Retirement Fund and future bonds issued with a lien junior to the lien of the Series 1980A and B Bonds herein authorized shall be payable from a fund or funds into which the deposits from the revenues pledged herein shall be made after and subject to the deposits required herein.

Section 11. Bond Reserve Fund. Third, a fund known as "Series 1980A and B Sewer Refunding and Improvement Revenue Bond Reserve Fund" ("Bond Reserve Fund") is hereby created by utilizing \$120,000 of reserve fund moneys on hand deposited in connection with the outstanding 1978 Issue of the City, by utilizing \$20,000 par value 8-1/4% U. S. Treasury Bonds maturing May 15, 2005, callable May 15, 2000, held as a "Sinking Fund" for the City's 1978 Issue in accordance with the Federal Securities Purchase Agreement dated May 11, 1978 between the City and Zions First National Bank, Salt Lake City (the "Sinking Fund Agreement"), and by deposit of \$ 80,000.00 of the Series 1980A Bond proceeds. After the payments to the Operation and Maintenance Fund and the Bond Retirement Fund are made as described above herein, semiannual deposits from the Joint Revenues shall be made to the Bond Reserve Fund in the amounts necessary, when combined with earnings on the initial and subsequent deposits to the Bond Reserve Fund, to purchase the next installment of the remaining sewer portion \$680,000 par value U. S. Treasury Bonds required under the Sinking Fund Agreement. No payments need be made into the Bond Reserve Fund after the last required purchase of U. S. Treasury Bonds is made in 1990, and the amount in the Bond Reserve Fund is equal to the average annual debt service, excluding the final year, of the Series 1980A and B Bonds, and in 1991 and thereafter the earnings from such fund may be used to pay debt service on the Series 1980A and B Bonds. If additional parity lien bonds are issued, the Bond Reserve Fund shall be increased to maintain an amount equal to the average annual combined debt service. The moneys in

continuing reserve to be used to prevent deficiencies in the payment of the bond requirements of all outstanding parity first lien bonds resulting from the failure to deposit into the Sewer Bond Retirement Fund sufficient funds to pay such bond requirements as the same accrue. Any use of the moneys in the Bond Reserve Fund shall cause the County, in addition to making the required payments described above, to re-establish such Fund from available Joint Revenues by equal monthly payments over 36 months back to the amount previously deposited as stipulated above.

Section 12. Operation and Maintenance Expense Reserve Fund.

Fourth, a fund known as "Series 1980A and B Sewer Refunding and Improvement Revenue Bonds Operation and Maintenance Expense Reserve Fund" ("O & M Expense Reserve Fund") is hereby created and funded in the amount of \$ 278,988.24 from proceeds of the Series 1980A Bonds and in the amount of \$ 21,011.76 from proceeds of the 1980B Bonds. Amounts in the O & M Expense Reserve Fund shall be available as a reserve to meet any deficiencies in the payments required to be made to the Bond Retirement Fund or Bond Reserve Fund as may occur, for example, from a drop-off in tap fees and/or plant investment fees. Upon certification by an authorized officer or employee of the County that there are insufficient moneys in the Sewer Revenue Fund to pay any specified amount of Operation and Maintenance Expenses due or to become due within any month, there shall be transferred from the O & M Expense Reserve Fund an amount equal to the Operation and Maintenance Expenses specified by such certification to the County for credit to the Sewer Revenue Fund. If, on any principal or interest payment date of the Bonds, there shall be insufficient funds in the Sewer Bond Retirement Fund and the Bond Reserve Fund to pay all amounts of principal or interest then due and payable, then there shall be transferred into the Sewer Bond Retirement Fund on any such payment date from the O & M Expense Reserve Fund an amount equal to the difference between the amount on deposit in the Sewer Bond Retirement Fund and Bond Reserve Fund prior to the transfer and the total amount needed to pay all amounts of principal and interest on the Bonds due and payable

on such date. After use of the funds in the O & M Expense Reserve Fund, it shall be reconstituted in the following year back to the initial funding level.

Section 13. Termination of Deposits. No payment need be made into the Sewer Bond Retirement Fund or the Bond Reserve Fund if the amount in such funds total a sum at least equal to the entire amount of the outstanding Series 1980A and B Bonds, to their respective maturities, or to any prior redemption date on which the County shall have exercised its option to redeem prior to their respective maturities the Bonds then outstanding, in which case moneys in those accounts shall be used together with any investment earnings to pay debt service for each Series as the same become due; and any moneys in excess thereof in those accounts and any other moneys derived from the pledged revenues may be used in any lawful manner determined by the Commissioners.]

Section 14. The County hereby establishes Sinking Fund installments, for the Series 1980A and Series 1980B Bonds maturing on November 1, 2000, November 1, 2003 and November 1, 2005. Such installments shall be paid from the funds established in Sections 10, 11 and 12 hereof. Such Sinking Fund installments for the bonds maturing on November 1, 2000, 2003 and 2005 shall become due on each of the dates set forth in the following table in the following respective amounts set forth opposite such dates in the table:

Series A:

<u>Year</u>	<u>Amount</u>
1996	\$ 340,000
1997	365,000
1998	395,000
1999	415,000
2000*	445,000
2001	570,000
2002	615,000
2003*	670,000
2004	725,000
2005*	1,110,000

*Stated Maturities

Series B:

<u>Year</u>	<u>Amount</u>
1996	\$ 35,000
1997	40,000
1998	45,000
1999	55,000
2000*	65,000
2001	60,000
2002	65,000
2003*	70,000
2004	75,000
2005*	90,000

*Stated Maturities

On or before the fortieth day prior to the Sinking Fund payment dates, the County Treasurer shall proceed to select for redemption (by lot in such manner as the Board may determine) from all bonds outstanding maturing on November 1, 2000, November 1, 2003 and November 1, 2005, a principal amount of the bonds equal to the aggregate principal amount of the bonds redeemable with the required sinking fund payments, and shall call such bonds for redemption from the Sinking Fund on the next November 1, and shall give notice of such call for redemption, as provided in Section 5 hereof.

Section 15. Payment of Additional Securities. Fifth, and subject to the above provisions, any money remaining in the Sewer Revenue Fund may be used by the County for the payment of additional bonds or other additional securities payable from the Joint Revenues pledged herein and hereafter authorized to be issued; but the lien of such additional bonds or other additional securities on the revenues pledged herein shall either be subordinate to the lien and pledge of the Series 1980A and B Bonds herein authorized or parity bonds issued pursuant to Sections 22 and 23 hereof.

Section 16. Use of Remaining Revenues. After the payments hereinabove required to be made are made, any remaining revenues in the Sewer Revenue Fund may be used for any lawful purposes, as the Commissioners may determine. ¶

Section 17. Places and Times of Deposits. Each of the special accounts and funds shall be maintained as a book account and kept separate from all other accounts as a trust account solely for the purposes designated, which special book accounts shall be in one bank account or more in an insured bank or banks, as determined and designated by the Manager of the Joint System. Each trust account shall be continuously secured to the fullest extent required or permitted by the laws of the State of Colorado 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 account not later than the date designated. Moneys shall be deposited with the Paying Agent in a timely manner prior to each interest payment date sufficient to pay the debt service requirements then becoming due on the outstanding Bonds.

Section 18. Investment of Moneys. Any moneys in any account not needed for immediate use, may be invested or reinvested by the Manager in any lawful investment.

Section 19. Accounting for Investments. The Federal Securities purchased as an investment or reinvestment of moneys in any account shall be deemed at all times to be a part of the account, and any interest accruing thereon and any other gain realized therefrom, as well as any interest and other gain from the deposit of moneys in a depository bank shall be credited to the Sewer Revenue Fund, and any loss resulting from such investment or reinvestment in Federal Securities or in a bank shall be charged to the Operation and Maintenance Fund. No loss or profit on any investment or reinvestment in Federal Securities or certificates of deposit shall be deemed to take place as a result of fluctuations in the market quotations of the investment or reinvestment prior to the sale or maturity. In the computation

of the amount in any such account for any purpose, Federal Securities and certificates of deposit shall be valued at cost (including any amount paid as accrued interest at the time of purchase of the obligation) and other bank deposits shall be valued at the amounts deposited, exclusive of any accrued interest or any other gain until such gain be realized by the presentation of matured coupons for payment or otherwise. The expenses of purchase, safekeeping, sale, and all other expenses incident to any investment or reinvestment shall be accounted for as Operation and Maintenance Expenses of the Joint System.

Section 20. Redemption or Sale of Federal Securities. The Manager shall present for redemption or sale on the prevailing market at the best price obtainable any Federal Securities and certificates of deposit purchased as an investment or reinvestment of moneys in any account whenever it shall be necessary to do so in order to provide moneys to meet any withdrawal, payment or transfer from such account.

Section 21. First Lien Bonds. The Series 1980A and B Bonds authorized herein, subject to the payment of all necessary and reasonable operation and maintenance expenses of the Joint System, constitute an irrevocable and first lien (but not necessarily an exclusive first lien) upon the Joint Revenues.

Section 22. Issuance of Completion Parity Securities. Notwithstanding the provisions of Section 23 hereof, the County may issue additional securities, payable from the Joint Revenues pledged herein and constituting a lien thereon on a parity with, but not prior or superior to, the lien of the Series 1980A and B Bonds, for the purpose of completing the Project, in an amount not to exceed five percent (5%) of the total amount of the Series 1980A and B Bonds. The County may issue such additional parity completion securities during a period from the date of delivery of the Series 1980A and Series 1980B Bonds, up to and including six months following the estimated completion date of the Project, July 1, 1983, for the purpose of completing the Project. Such completion parity securities shall be exempted from the Historical Earnings Test as written in Section 23 (b) hereof.

Section 23. Issuance of Parity Securities. Nothing in this Resolution contained shall be construed in such a manner as to prevent the issuance by the County of additional sewer bonds or other additional securities payable from the Joint Revenues pledged herein and constituting a lien thereon on a parity with, but not prior or superior to, the lien of the Series 1980A and B Bonds authorized herein, nor to prevent the issuance of other bonds or other securities refunding all or a part of the Series 1980A and B Bonds; but before any such additional parity bonds or other additional parity securities are authorized (excluding any parity refunding bonds or other parity refunding securities and, except for Absence of Default, excluding parity completion securities as provided in Section 23):

a) Absence of Default. The County shall not have defaulted in making any payments required herein during the twelve calendar months immediately preceding the issuance of such additional bonds or other additional securities, or if none of the Series 1980A and B Bonds have been issued and outstanding for a period of at least twelve calendar months, for the longest period of either the series of bonds have been issued and outstanding.

b) Historic Earnings Test. The Joint Revenues derived in the fiscal year immediately preceding the date of such additional parity securities shall have been at least sufficient to pay:

1) An amount equal to the Operation and Maintenance Expenses of the Joint System for such fiscal year, and, in addition,

2) An amount equal to 130% of the average combined annual principal and interest requirements to be paid in any one fiscal year of the outstanding Series 1980A and B Bonds and any other outstanding parity securities of the County and the bonds or other securities proposed to be issued as well as 150% of the average combined annual principal and interest requirements to be paid during any one fiscal year of the Outstanding Series 1980A and B Bonds and any other outstanding parity securities of the County and the bonds or other securities proposed to be issued less the amount on deposit in the Operation and Maintenance Reserve Fund (exclusive of any other reserves therefor);

c) Consideration of Additional Expenses and Earnings. In determining whether or not additional parity bonds or other parity securities may be issued as aforesaid,

1) Consideration shall be given to any estimated increase or reduction in Operation and Maintenance Expenses of the sewer system that will result from the expenditure.

of the funds proposed to be derived from the issuance and sale of the additional bonds or other additional securities;

2) The Joint Revenues estimated to be derived from the Joint System operation for any immediately preceding fiscal year shall be increased, if any schedule of rate increases shall have been adopted at any time prior to the issuance of such parity bonds or other parity securities by an amount conservatively estimated to equal the difference between the Joint Revenues actually received and the Joint Revenues which probably would have been received during said fiscal year if the last of any such schedule of rate increases had been in effect during said entire fiscal year; and

3) The Joint Revenues of the Joint System estimated to be derived from its operation for any immediately preceding fiscal year shall be increased by an amount conservatively estimated to equal the additional amount which probably would have been derived during said fiscal year from the operation of any improvements and extensions or other project appertaining to the Joint System, based upon the schedule of rates and charges then in effect.

Section 24. Certification of Revenues. A written certification by an independent professional engineer and the Manager of the Joint System, that such annual Joint Revenues, when adjusted as hereinabove provided, are sufficient to pay such amounts, as provided in Subsection b of Section 23 hereof, shall be conclusively presumed to be accurate in determining the right of the County to authorize, issue, sell and deliver additional bonds or other additional securities on a parity with the Series 1980A and B Bonds authorized herein.

Section 25. Subordinate Securities Permitted. Nothing herein contained shall be construed so as to prevent the County from issuing additional bonds or other additional securities payable from the revenues pledged herein and having a lien thereon subordinate, inferior and junior to the lien thereon of the Series 1980A and B Bonds.

Section 26. Superior Securities Prohibited. Nothing herein contained shall be construed so as to permit the County or the City to issue additional bonds or other additional securities payable from the sewer revenues pledged herein and having a lien thereon prior and superior to the lien thereon of the Series 1980A and B Bonds authorized herein.

Section 27. Parity Securities-Bond Retirement, Bond Reserve and O & M Expense Reserve Funds. The County, in connection with each series of additional parity securities, if any, shall provide that such parity securities shall be payable from the Sewer Bond Retirement Fund, the Bond Reserve Fund, and the O & M Expense Reserve Fund.

Section 28. Performance of Duties. The County, acting by and through the Commissioners, will faithfully and punctually perform or cause to be performed all duties with respect to the revenues pledged herein and the Joint System required by the Constitution and laws of the State, including the proper segregation of the proceeds of the Bonds and the revenues pledged herein and their application from time to time to the respective accounts or funds.

Section 29. Efficient Operation and Maintenance. The County will operate the Joint System in accordance with the Agreement; and, so long as any of the Bonds outstanding, will maintain the Joint System in good operating condition and make such improvements, extensions, enlargements, repairs and betterments thereto as may be necessary or advisable to insure its economical and efficient operation at all times.

City will make improvements, extensions, enlargements & betterments as may be necessary to insure efficient operation.

Section 30. Other Liens. Other than as provided by this Resolution, there are no liens or encumbrances of any nature, whatsoever, on or against the Joint System or the Joint Revenues pledged herein derived or to be derived from the operation of same.

Section 31. Competing Facilities. As long as any of the Bonds hereby authorized are outstanding, the County shall not grant any franchise or license to competing facilities, nor shall it permit during said period (except as it may be legally required to do so) any person, association, firm, or corporation to sell sewer service or facilities to any consumer, public or private, within the area of the Joint System with the County.

Section 32. Alienating Facilities. Neither the County nor the City will sell, lease, mortgage, pledge, or otherwise

encumber, or in any manner dispose of, or otherwise alienate, the Joint System, or any part thereof, including any and all improvements, extensions and additions that may be made thereto, until all the Series 1980A and B Bonds herein authorized to be issued shall have been paid in full, both principal and interest, or unless provision has been made therefor. Either the County or the City may sell any portion of such property which shall have been replaced by other property of at least equal value, or which shall cease to be necessary for the efficient operation of the Joint System, but in no manner nor to such extent as might prejudice the security for the payment of the Bonds herein authorized, provided, however, that in the event of any sale, the proceeds of such sale shall be distributed as Joint Revenue to the Joint System.

Section 33. Management. The City of Grand Junction shall manage and operate the Joint System in accordance with the Service Agreement between the City and County, dated May 1, 1980, such Agreement being incorporated herein by specific reference and attached hereto as Exhibit A.

Section 34. Reasonable and Adequate Charges. While the Bonds or any of them remain outstanding and unpaid, the rates for all services rendered by the Joint System to the City and County and their inhabitants and to all consumers of the Joint System, on a non-discriminatory basis taking into consideration existing contracts, shall be reasonable and just, taking into account and consideration the cost and value of the Joint System and the amounts necessary for the retirement of all Bonds and other securities or obligations payable from the Joint Revenues pledged, the accruing interest thereon and reserves. There shall be charged against all purchasers of service, including the County and the City, such rates, fees and charges as shall be adequate to meet all of the requirements of this and the preceding Sections hereof, and which shall be at a minimum sufficient to produce gross revenues annually to pay the annual Operation and Maintenance Expenses, and an amount equal to 120% of both the principal of and the interest on the Series 1980A and

B Bonds payable annually from the gross revenues (excluding the reserves therefor) and equal to 150% of both the principal of and interest on the Series 1980A and B Bonds payable annually less the amount on deposit in the O & M Expense Reserve Fund. No free service, facilities nor commodities shall be furnished by the Joint System.

Section 35. Periodic Independent Rate Study. Not more than three years from the date of delivery of the Series 1980A and B Bonds and not less than once every succeeding five years therefrom until the Bonds are paid, the Manager of the Joint System will cause an independent professional engineer to prepare an analysis of the rates, fees and charges used in the provision of sewer service by the Joint System. Such analysis shall compare the schedule of rates, fees, and charges and the Joint Revenues produced therefrom by the Joint System to the historical and projected Operation and Maintenance Expenses and the annual principal and interest requirements of the outstanding Series 1980A and B Bonds and any other outstanding parity securities, and based on such comparison propose, if necessary, the Manager shall recommend changes in the rates, fees and charges in order to insure proper compliance with the covenants and requirements stipulated herein.

Section 36. Billing Procedure. All bills for sewer service or facilities furnished or serviced by or through the Joint System shall be rendered to customers in accordance with the Service Agreement.

Section 37. Records. So long as any of the Bonds remain outstanding, proper books of record and account will be kept by the Manager in accordance with the Service Agreement.

Section 38. Audits. Audits of the books and accounts of the Joint System shall be made by an independent accountant. The audit report shall be available for inspection by any holder of any of the Bonds at his or her request, and without request to the purchaser, or any successor thereof known to the Manager. Any such holder or other recipient of such report shall have the right to discuss with the independent account or with the person

making the audit and report the contents thereof and to ask for such additional information as he or she may reasonably require.

Section 39. Insurance. Insurance of the Joint System shall be maintained in accordance with the Service Agreement.

Section 40. Defeasance. When all principal and interest of the Series 1980A and B Bonds have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged and the Series 1980A and B Bonds shall no longer be deemed to be outstanding within the meaning of this Resolution. There shall be deemed to be such due payment when the County has placed in escrow or in trust with an insured bank located within or without the State and exercising trust powers, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all principal and interest payments on the Series 1980A and B Bonds, as the same become due to the final maturities of the Bonds, or upon any prior redemption date as of which the County shall have exercised its prior redemption option by a call of such bonds for payment. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the County and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule.

Section 41. Publication of Notice of Refunding. On or about the date when the Series 1980B Bonds authorized herein are delivered, or within a reasonable time thereafter, the County Clerk is authorized and directed to publish a Notice of Refunding one time in a newspaper published in the City of Grand Junction.

Section 42. Arbitrage. The County covenants and agrees that it will not make or permit any use of the proceeds of the Bonds authorized herein which, if such use had been reasonably expected on the date of issuance of the Series 1980A and B Bonds, would have caused such obligations to be arbitrage bonds within the meaning of Section 102(a) of the Internal Revenue Code of 1954, as amended,

and the Regulations thereunder in effect at the time of such use and applicable to the obligations issued on the date of said Bonds.

Section 43. Bondholder's Remedies. Each holder of any Bond issued hereunder shall be entitled to all of the privileges, rights and remedies provided or permitted in this Resolution and as otherwise provided or permitted by law or in equity or by other statutes, subject to the applicable provisions concerning the Joint Revenues and the proceeds of the Bonds. Nothing herein affects or impairs the right of any holder of any Bond to enforce the payment of the principal and interest payments due in connection with his Bond or the obligation of the County to pay the principal of and interest on each Bond to the holder thereof at the time and the place expressed in such Bond and in the appurtenant coupons.

Section 44. Events of Default. Each of the following events is hereby declared an "event of default," that is to say:

a) Nonpayment of Principal or Premium. Payment of the principal of any of the Bonds, or any prior redemption premium due in connection therewith, or both, is not made when the same becomes due in connection therewith, or both, 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 is not made when the same becomes due and payable or within thirty (30) days thereafter;

c) Incapable to Perform. The County for any reason is, or is rendered, incapable of fulfilling its obligations hereunder;

d) Nonperformance of Duties. The County shall have failed to carry out and to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Joint Revenues, to the Project, to the Joint System, or to all or any combination thereof, or otherwise including, without limitation, this Resolution, and such failure shall continue for

sixty (60) days after receipt of notice from the holders of 10% in principal amount of the Bonds then outstanding;

e) Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction, with the consent or acquiescence of the County, appointing a receiver or receivers for the Joint System or for the Joint Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or both such Joint System and such moneys, or if any order or decree, having been entered without the consent or acquiescence of the County, is not vacated or discharged or stayed on appeal within sixty (60) days after entry;

f) Default of Any Provision. The County makes any default 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 Resolution on its part to be performed, and if such default continues for sixty (60) days after written notice, specifying such default and requiring the same to be remedied, is given to the County by the holders of 10% in principal amount of the Bonds then outstanding.

Section 45. Remedies for Defaults. Upon the happening and continuance of any of the events of default, as provided in Section 43 hereof, then and in every case the holder or holders of not less than 10% in principal amount of the Bonds then outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the County and its agents, officers and employees to protect and to enforce the rights of any holder of Bonds or coupons under this Resolution 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 an operating trustee or for the specific performance of any covenant or agreement contained herein or for any proper legal or equitable remedy as such holder or holders 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 holder of any Bond, or to require the County to act as if it were the trustee of an expressed

c) Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by this Resolution; or

d) Modifying Amendment Terms. A reduction of the principal amount or percentages of Bonds, or any modification otherwise affecting the description of Bonds, or otherwise changing the consent of the holders of Bonds, which may be required herein for any amendment or supplement hereto; or

e) Priorities Between Bonds. The establishment of priorities as between Bonds issued and outstanding under the provisions of this Resolution; or

f) Partial Modification. Any modifications otherwise materially and prejudicially affecting the rights or privileges of the holders of less than all of the Bonds then outstanding.

Whenever the Board proposes to amend or modify this Resolution under the provisions of Sections 49 hereof it shall give notice of the proposed amendment by publication at least one (1) time by one (1) publication, in the Daily Sentinel, Grand Junction, Colorado, if then in business and publishing (and if not, then in a newspaper of general circulation in the County), and in The Daily Bond Buyer, New York, New York, if then in business and publishing (and if not, then in a similar financial newspaper or journal published in New York, New York, as determined by the Board), such notice to be deemed complete upon the last such publication; and copies of such notice shall be mailed within thirty (30) days after such last publication to the Purchaser of the Bonds, or to any successor thereof known to the County Clerk. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the County Clerk for public inspection.

Section 50. Time for Amendment. Whenever at any time within one year from the date of the completion of the notice required to be given by Section 49 hereof there shall be filed in the office of the County Clerk an instrument or instruments executed by the holders of at least 66% in aggregate principal

amount of the Bonds then outstanding, which instrument or instruments shall refer to the proposed amendatory resolution described in such notice and shall specifically consent to and approve the adoption of such resolution, thereupon, but not otherwise, the Board may adopt such amendatory resolution and such resolution shall become effective. If the holders of at least 66% in aggregate principal amount of the Bonds then outstanding, at the time of the adoption of such amendatory resolution, or the predecessors in title of such holders, shall have consented to and approved the adoption thereof as herein provided, no holder of any Bond whether or not such holder shall have consented to or shall have revoked any consent as herein provided shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the County from taking any action pursuant to the provisions thereof. Any consent given by the holder of a Bond pursuant to the provisions hereof shall be irrevocable for a period of six (6) months from the date of the completion of the notice above provided for and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six (6) months from the completion of such notice, by the holder who gave such consent or by a successor in title, by filing notice of such revocation with the County Clerk, but such revocation shall not be effective if the holders of 66% in aggregate principal amount of the Bonds outstanding as herein provided, prior to the attempted revocation, shall have consented to and approved the amendatory resolution referred to in such revocation.

Section 51. Unanimous Consent. Notwithstanding anything in the foregoing provisions contained, the terms and the provisions of this Resolution, or of any resolution amendatory thereof or supplemental thereto, the rights and the obligations of the County and of the holders of the Bonds and coupons thereunder may be modified or amended in any respect upon the adoption by the

County and upon the filing with the County Clerk of an instrument to that effect and with the consent of the holders of all the then outstanding Bonds; and no notice to holders of Bonds, either by mailing or by publication, shall be required, nor shall the time of consent be limited except as may be provided in such consent.

Section 52. Exclusion of County's Bonds. At the time of any consent or of other action taken hereunder the County shall furnish to the County Clerk a certificate, upon which the County Clerk 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 hereunder, and, with respect to such excluded Bonds, the County shall not be entitled or required with respect to such Bonds to give or obtain any consent or to take any other action provided for hereunder.

Section 53. Notation on Bonds. Bonds delivered after the effective date of any action taken as provided in Sections 49 and 50 hereof, or Bonds outstanding at the effective date of such action, may bear a notation by endorsement or otherwise in form approved by the Board as to such action; and if any such Bond so authenticated and delivered after such effective date shall bear such notation, then upon demand of the holder of any Bond outstanding at such effective date and upon presentation of his Bond for such purpose at the principal office of the County, suitable notation shall be made on such Bond by the County Clerk as to any such action. If the Board so determines, new bonds so modified as in the opinion of the Board to conform to such action shall be prepared, authenticated and delivered; and upon demand of the holder of any Bond then outstanding, shall be exchanged without cost to such holder for Bonds then outstanding upon surrender of such outstanding Bonds with all unpaid coupons pertaining thereto.

Section 54. Resolution Irrepealable. After any of the Bonds herein authorized are issued, this Resolution shall constitute an irrevocable contract between the County and the

Holder or Holders of the Bonds; and this Resolution shall be and shall remain irrevocable until the Bonds and the interest thereon shall be fully paid, cancelled, and discharged.

Section 55. Severability Clause. If any provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability thereof shall not affect any of the remaining provisions of this Resolution.

Section 56. Repealer Clause. All by-laws, orders and resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any by-law, order, or resolution, or part thereof, heretofore repealed.

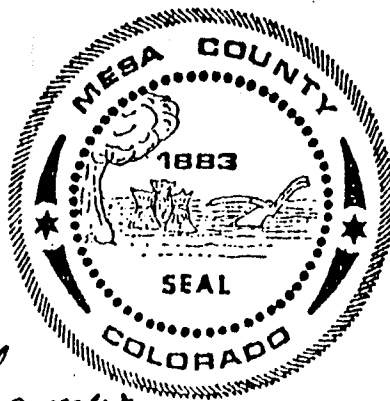
Section 57. Publication and Effective Date. The Board orders that this Resolution, together with Exhibit A attached hereto, shall be recorded in the records of the County kept for that purpose, authenticated by the signature of the Chairman of the Board of County Commissioners and County Clerk, and shall be published once in the Daily Sentinel, a daily newspaper published in Grand Junction, Colorado and of general circulation in the County, and that this Resolution shall be in full force and effect upon its passage.

RESOLUTION adopted and approved this 12th day of November, 1980.

(S E A L)

ATTEST:

Earl Sawyer
County Clerk



[Signature]
Chairman

It was thereupon moved by Commissioner Kelly
and seconded by Commissioner Albers that the
foregoing Resolution No. MCM 80-172 be adopted and that all rules of
this Board which might prevent, unless suspended, the adoption of
said Resolution No. MCM 80-172, at this meeting, be and the same are
hereby suspended, and that said Resolution, including Exhibit A
hereto attached, be published in full in the Daily Sentinel.

The question being upon the adoption of said motion, the
roll was called with the following result:

Those voting AYE:

Commissioners:	Rick Enstrom
	Maxine Albers
	Mike Kelly

Those voting NAY: NONE

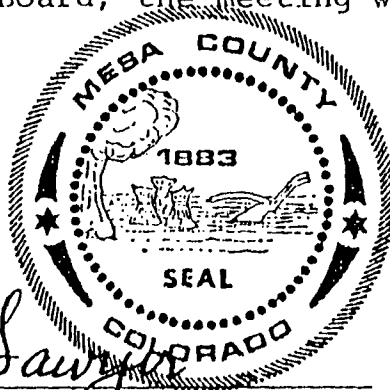
All County Commissioners having voted in favor of said
motion, the presiding officer thereupon declared the motion
carried and the Resolution duly adopted.

Thereupon, after consideration of other business to come
before the Board, the meeting was adjourned.

(S E A L)

ATTEST:

Earl Sawyer
County Clerk



Rick Enstrom
Chairman

STATE OF COLORADO

)

COUNTY OF MESA

) ss.
)

I, Earl Sawyer, County Clerk of Mesa County, Colorado, do hereby certify:

1. That the foregoing pages numbered 1 to 38, inclusive, contain a true and correct copy of the proceedings taken by the Board of County Commissioners of said County at a regular meeting thereof held on Wednesday, the 12th day of November, 1980, insofar as said proceedings relate to Resolution No. MCM 80-172 concerning the sale and issuance of Sewer Refunding Revenue Bonds, Series 1980A, and Sewer Improvement Revenue Bonds, Series 1980B, a copy of which Resolution is therein set forth as adopted at said meeting.

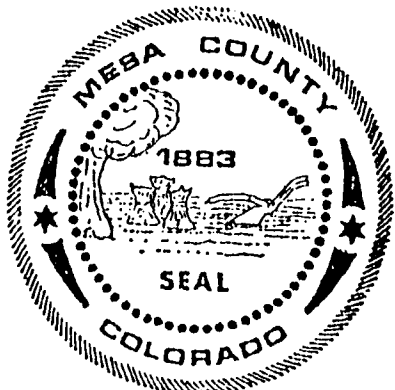
2. That the Resolution has been duly authenticated by the signature of the Chairman of the Board of County Commissioners, as presiding officer of the Board, and myself, as County Clerk of the County, and duly sealed with the corporate seal of the County and recorded in the files of the County.

3. That said Resolution, including Exhibit A attached thereto, was, on the 20th day of November, 1980, published in full in the Daily Sentinel, a legal newspaper published and of general circulation in the City of Grand Junction.

4. That all members of the Board of County Commissioners were present at said meeting, and that all members of said Board voted on the passage of said Resolution as in said minutes set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the County of Mesa, State of Colorado, this 20th day of November, 1980.

(S E A L)



Earl Sawyer
County Clerk