

EMERGENCY ORDINANCE NO. 1281

SERIES 1968

AN ORDINANCE AUTHORIZING THE IMPROVEMENT AND EXTENSION OF THE WATER SYSTEM AND THE SEWER SYSTEM OF THE CITY OF GRAND JUNCTION; AUTHORIZING AN PROVIDING FOR THE ISSUANCE OF THE CITY OF GRAND JUNCTION, COLORADO, JOINT WATER AND SEWER IMPROVEMENT REVENUE BONDS, SERIES A, DATED APRIL 1, 1968, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,500,000.00, AND THE CITY OF GRAND JUNCTION, COLORADO, JOINT WATER AND SEWER IMPROVEMENT REVENUE BONDS, SERIES B, DATED OCTOBER 1, 1969, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,500,000.00, TO PAY THE COST OF SUCH IMPROVEMENT AND EXTENSIONS (EXCLUDING ANY SUCH COST DEFRAID BY SOURCES OTHER THAN REVENUE BOND PROCEEDS); PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS, THE MANNER AND TERMS OF THEIR ISSUANCE, THE MANNER OF THEIR EXECUTION, THE METHOD OF PAYING THEM, AND THE SECURITY THEREFOR; PROVIDING FOR THE COLLECTION AND DISPOSITION OF REVENUES DERIVED FROM THE OPERATION OF THE WATER SYSTEM AND THE SEWER SYSTEM; PROVIDING OTHER DETAILS CONCERNING THE BONDS, THE FACILITIES, AND FUNDS APPERTAINING THERETO, INCLUDING BUT NOT LIMITED TO COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; RATIFYING ACTION HERETOFORE TAKEN TOWARD IMPROVING AND EXTENDING THE WATER SYSTEM AND THE SEWER SYSTEM AND TOWARD ISSUING THE BONDS THEREFOR; PROVIDING OTHER MATTERS RELATING THERETO; DECLARING AN EMERGENCY; AND PROVIDING THE EFFECTIVE DATE HEREOF.

WHEREAS, the City of Grand Junction (herein the "City"), in the County of City and the State of Colorado (herein "State"), is a municipal corporation duly organized and existing as a home-rule city under article XX of the Constitution of the State and the Charter of the City (herein the "Charter"), and

WHEREAS, the City now owns, operates and maintains a municipal water system and a municipal sewer system comprising the City's Department of Water and Sewers (herein sometimes designated as the "Facilities"); and

WHEREAS, the City Council of the City (herein sometimes designated as the "Council" or as the "Governing Body") has determined, and does redeclare its determination:

(a) To improve and extend the Facilities (herein sometimes designated as the "Project" or the "Improvements"), and

(b) To issue joint water and sewer improvement revenue bonds in the principal amount of \$6,000,000.00 to defray the costs of the Project (excluding any such cost defrayed by sources other than revenue bond proceeds),

pursuant to the Charter of the City and to the City's water and sewer revenue bond law, cited as article 52, chapter 139, Colorado Revised Statutes 1963 (herein the "Bond Act"); and

WHEREAS, the City has never pledged nor in any way hypothecated revenues derived and to be derived from the operation of the Facilities to the payment of any bonds or for any other purpose (excluding proceedings authorizing the issuance of any bonds which have heretofore been redeemed in full, both principal and interest), with the result that the revenues to be derived from the Facilities (herein sometimes designated is "Pledged Revenues") may now be pledged lawfully and irrevocably for the redemption of the bonds herein authorized (herein sometimes designated as the "1968 bonds," and the "1969 bonds," or merely as the "bonds"), and they may be made payable from the Pledged Revenues; and

WHEREAS, it is advisable and in the best interests of the City to make appropriate provisions herein for the future issuance of additional bonds or other securities payable from the Pledged Revenues, which additional bonds or other securities, if and when authorized in accordance with law, will, subject to designated conditions, occupy a position of parity and enjoy an equality of lien on the Pledged Revenues with the bonds herein authorized (including the terms and conditions upon which the 1969 bonds shall be sold and delivered), and further to prescribe the restrictions, covenants, and limitations which still govern the issuance of any additional bonds or any other securities payable from the Pledged Revenues; and

WHEREAS, pursuant to notice given in accordance with the Bond Act, sealed bids for the 1968 bonds herein authorized were received on the 21st day of February, 1968, at the hour of 10:00 o'clock a.m., and said bonds were sold to W. H. Morton & Co. of New York City, N. Y., and associates (sometimes referred to herein as the "Purchasers") being the best bidder therefor, the principal amount therefor, and accrued interest to the date of delivery; and

WHEREAS, the interest of the City and of the inhabitants thereof, and the public interest and necessity, demand said improvement and extension; and

WHEREAS, such improvement and extension is necessary for the public peace, health and safety of the City and its inhabitants,

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

ARTICLE I

DEFINITIONS, CONSTRUCTION, RATIFICATION,
PUBLICATION, DECLARATION OF EMERGENCY,
AND EFFECTIVE DATE

Section 101. Meanings and Construction.

A. Definitions. The terms in this section defined for all

purposes of this ordinance (herein sometimes designated as the "Instrument") and of any ordinance amendatory hereof or supplemental hereto, and of any other instrument or any other document appertaining hereto, except where the context by clear implication otherwise requires, shall have the meanings herein specified:

(1) "Bond Act" means the act authorizing the issuance of the bonds herein authorized, sometimes designated as the water and sewer revenue bond law of the State of Colorado, cited as Article 52, Chapter 139, Colorado Revised Statutes 1963, and as sections 139-52-1 through 139-52-17, Colorado Revised Statutes 1963.

(2) "Bond Requirements" means the principal of, any prior redemption premiums due in connection with, and the interest on the outstanding 1968 bonds, the 1969 bonds, and any additional bonds or other additional securities payable from the Pledged Revenues and subsequently issued, or such part of such securities as may be designated.

(3) The term "bonds" means both the 1968 bonds and the 1969 bonds.

(4) The term "1968 bonds" means those issued hereunder and Designated as the "City of Grand Junction, Colorado, Joint Water and Sewer Improvement Revenue Bonds, Series A, dated April 1, 1968."

(5) The term "1969 bonds" means those issued hereunder and designated as the "City of Grand Junction, Colorado, Joint Water and Sewer Improvement Revenue Bonds, Series B, dated October 1, 1969."

(6) "Consulting Engineer" means any registered or licensed professional engineer, or firm of such engineers, as from time to time determined by the Council who has a wide and favorable repute for skill and experience in the field of designing, preparing plans and specifications for, and supervising the construction of similar Facilities; who is entitled to practice and is practicing under the laws of the State; and who is selected, retained and compensated by the Council, in the name and on behalf of the City, but is not in the regular employ or control of the City.

(7) "Cost of the Project," or any phrase of similar import, means all costs, as designated by the City, of improving and extending the municipal water system and the municipal sewer system, and shall include all of the incidental costs.

(8) The term "coupons" means those obligations evidencing, interest and appertaining to the 1968 bonds or the 1969 bonds and any other securities payable from the Pledged Revenues, or such part of such securities as may be designated.

(9) "Facilities" means the municipal water system and the municipal sewer system of the City, consisting of all properties, real, personal, mixed, or otherwise, now owned or hereafter acquired by the City, through purchase construction, or otherwise, and used in connection with either or both of such systems of the City, and in any way appertaining thereto, whether situated within or without its limits, or both within and without its limits.

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

(11) "Fiscal Year" for the purposes of this Ordinance means the twelve (12) months commencing on the first day of January of any calendar year, and ending on the last day of December of the same calendar year.

(12) "Governing Body" or "Council" means the city council of the City, or such councils successor in functions, if any.

(13) The term "gross income", "Gross Pledged Revenues," "income" or "revenues" means all income and revenues derived directly or indirectly by the City from the operation and use of and otherwise pertaining to the Facilities, or any part thereof, whether resulting from improvements, extensions, enlargements, repairs, betterments or other improvements to the Facilities or otherwise, and includes all revenues received by the City from the Facilities.

(14) The term "holder," or any similar term, when used in conjunction with any coupons, any bonds, or any other designated securities, means the person in possession and the apparent owner of the designated item.

(15) "Improvements" means the facilities constructed, installed and otherwise acquired as the Project.

(16) "Independent Accountant" means any certified public accountant, or any firm of such certified public accountants, as from time to time determined by the Council, duly licensed to practice and practicing as such under the laws of the State, appointed and paid by the City who is, in fact, independent and not under the domination of the City, who does not have any substantial interest, direct or indirect, with the City, and 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.

(17) "Insured Bank" means a bank which is a member of the Federal Deposit Insurance Corporation.

(18) "Minimum Bond Reserve" means the amount to be deposited, accumulated and maintained in the Reserve Fund.

(19) "Minimum Capital Reserve" means the amount of not less than \$300,000.00 to be deposited, accumulated and maintained in the Capital Fund.

(20) The term "net income" or "net pledged revenues" means the Gross Pledged Revenues remaining after the deduction of the "operation and maintenance expenses."

(21) The term "operation and maintenance expenses," or any phrase of similar import means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Facilities and shall include, without limiting the generality of the foregoing, legal and overhead expense of the various city departments directly related and reasonably allocable to the administration of the utility, insurance premiums, the reasonable charges of depository banks and paying agents, contractual services, professional services required by this ordinance, salaries and administrative expenses, labor, the cost of materials and supplies used for current operation but shall not include any allowance for depreciation, liabilities incurred by the City as the result of its negligence in the operation of the Facilities, improvements, extensions, enlargements or betterments, or any charges for the accumulation of reserves for capital replacements.

(22) "Outstanding," when used with reference to the bonds or any other designated securities and as of any particular date means all the bonds or any such other securities payable from the Pledged Revenues in any manner theretofore and thereupon being executed and delivered.

(23) The term "parity bonds" or "parity securities" means bonds or securities payable from the Pledged Revenues on a parity with the bonds herein authorized to be issued.

(24) "Paying Agent" means either The Bank of New York, New York, or the First National Bank in Grand Junction, in Grand Junction, Colorado, at the option of the holder, and being an agent of the City for, the payment of the Bond Requirements due in connection with the bonds, and includes any successor paying agent.

(25) "Pledged Revenues" means all or a portion of the Gross Pledged Revenues.

(26) "Project" means the improvement and extension of the Facilities.

(27) "Purchase Proposal" means the proposal dated as of the 21st day of February, 1968, submitted by the Purchaser for the 1968 bonds.

(28) "Purchaser" means the investment banking firm purchasing either tile 1968 bonds or the 1969 bonds, or both as the context of the Ordinance requires; or if the bonds be purchased by more than one such firm, "Purchaser" means the manager of the account purchasing the bonds.

(29) The term "subordinate bonds" or "subordinate securities" means bonds or securities payable from the Pledged Revenues subordinate and junior to the lien of the bonds herein authorized.

(30) The term "superior bonds" or "superior securities" means bonds or securities payable from the Pledged Revenues superior to the lien of the bonds herein authorized.

B. Construction. This Ordinance, except where the context by clear implication herein otherwise requires, shall be construed as follows:

(1) Words in the singular number include the plural, and words in the plural include the singular.

(2) Words in the masculine gender include the feminine and the neuter, and when the sense so indicates words of the neuter gender refer to any gender.

(3) Articles, sections, subsections, paragraphs and subparagraphs mentioned by number, letter, or otherwise, correspond to the respective articles, sections, subsections, paragraphs and subparagraphs of this Ordinance so numbered or otherwise so designated.

(4) The titles or headlines applied to articles, sections, subsections, paragraphs and subparagraphs in this Ordinance are inserted only as a matter of convenience and ease in reference and in no way define, limit or described the scope or intent of any provisions of this Ordinance.

(5) Any bonds 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 provided herein.

Section 102. Ratification. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the Council and the officers of the City, and otherwise taken by the City Directed:

A. Project. Toward the Project,

B. Bonds. Toward the sale and delivery of the City's bonds for that purpose, and

C. Purchase Proposal. Toward the acceptance of the Purchase

Proposal,

be, and the same hereby is, ratified, approved and confirmed, including without limiting the generality of the foregoing, the public sale of the 1960 bonds and giving notice thereof.

Section 103. Ordinance Irrepealable. After any of the bonds herein authorized are issued, this Ordinance shall constitute an irrevocable contract between the City and the holder or holders of the bonds; and this Ordinance, subject to the provisions of Article XI hereof, shall be and shall remain irrepealable until the bonds and the interest thereon shall be fully paid, canceled, and discharged, as herein provided.

Section 104. Severability Clause. If any article, section, subsection, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such article, section, subsection, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 105. Repealer Clause. All by-laws, 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 by-law, order, resolution, or ordinance, or part thereof, heretofore repealed.

Section 106. Emergency Clause, Publication, and Effective Date.

This Ordinance is necessary for the preservation of the public peace, health, and safety. By reason of the fact that the City is not adequately supplied with water and sewer services, and that there is an urgent need for the Project to be undertaken at the earliest possible date, a special emergency is declared to exist and this Ordinance is hereby declared to be an emergency measure on the ground of urgent public need. Therefore, immediately upon its final passage, this Ordinance shall be recorded in the book of ordinances of the City kept for that purpose, authenticated by the signatures of the President of the City Council and of the City Clerk, and shall be published in The Daily Sentinel, a daily newspaper of the City published and of general circulation therein, within three days from its passage in accordance with law; and this Ordinance shall be in full force and effect upon its final passage.

ARTICLE II

DETERMINATION OF THE CITY'S AUTHORITY AND OBLIGATIONS

Section 201. Authority for this Ordinance. This Ordinance is adopted by virtue of the City's powers as a city operating pursuant to article XX of the State Constitution; and the City has ascertained and hereby determines that each and every matter and thing as to which provision is made herein is necessary in

order to carry out and to effectuate the purposes of the City in accordance with such powers in full conformity with the Charter and with the Bond Act.

Section 202. Authorization of Improvement and Extension Project.

The Facilities shall be, and the same is hereby ordered to be improved and extended, at a total estimated cost of \$6,000,000.00 including any such cost defrayed or to be defrayed by any source other than revenue bond proceeds except the same is hereby authorized; and the necessity thereof is hereby so declared.

Section 203. Ordinance 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 City 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 City 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 Ordinance.

Section 204. Special Obligations. All of the bonds, together with the interest accruing thereon and any prior redemption premium, shall be payable and collectible solely out of the net income to be derived from the operation of the Facilities, 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 herein-designated special funds pledged therefor; and such bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional, charter, or statutory provision or limitation, and such bonds shall not be considered or held to be general obligations of the City.

Section 205. Period of Project's Usefulness. It is hereby determined and recited that the period of usefulness of the facilities to be acquired with the proceeds of the bonds for the Project is not less than thirty-three years from the date of said bonds.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION
AND ISSUANCE OF BONDS

Section 301. Authorization of Bonds. For the purpose of defraying in part the cost of the Project, it is hereby declared necessary that the City make and issue, and there are hereby authorized to be issued the "City of Grand Junction, Colorado,

Joint Water and Sewer Improvement Revenue Bonds, Series A, dated April 1, 1968," in the principal amount of \$3,500,000.00, and the "City of Grand Junction, Colorado, Joint Water and Sewer Improvement Revenue Bonds, Series B, dated October 1, 1969," in the principal amount of \$2,500,000.00, payable both as to principal and interest solely out of the net income derived from the operation of the Facilities; and the City pledges irrevocably, but not necessarily exclusively, such net income to the payment of the bonds and the interest thereon.

Section 302. Series A Bond Details. The Series A bonds shall be payable to bearer, shall be dated as of the first day of April, 1968, shall consist of 700 bonds in the denomination of \$5,000.00 each, numbered consecutively in regular numerical order from 1 to 700, both inclusive, shall bear interest until maturity at the rates hereinafter designated, evidenced by one set of interest coupons payable to bearer and attached to the bonds, payable semiannually on the first days of April and October in each year, the first interest payment date being the 1st day of October, 1968, and shall be numbered, bear interest, and mature serially in regular numerical order on the first day of October in each of the designated years and amounts, as follows:

Bond Numbers (All Inclusive)	Interest Rate (Per Annum)	Principal Amounts	Years Maturing
1 - 10	5 1/2%	50,000.00	1971
11 - 20	5 1/2%	50,000.00	1972
21 - 31	5 1/2%	55,000.00	1973
32 - 42	5 1/2%	55,000.00	1974
43 - 54	5 1/2%	60,000.00	1975
55 - 67	5 1/2%	65,000.00	1976
68 - 80	5 1/2%	65,000.00	1977
81 - 94	5 1/2%	70,000.00	1978
95 - 109	5 1/2%	75,000.00	1979
110 - 125	5 1/2%	80,000.00	1980
126 - 142	5 1/2%	85,000.00	1981
143 - 159	5 1/2%	85,000.00	1982
160 - 177	5 1/2%	90,000.00	1983
178 - 196	5 1/2%	95,000.00	1984
197 - 216	5 %	100,000.00	1905
217 - 238	5 %	110,000.00	1986
239 - 261	5 %	115,000.00	1987
262 - 285	5 %	120,000.00	1909
286 - 310	5 %	125,000.00	1989
311 - 337	5 %	135,000.00	1990
338 - 365	5 %	140,000.00	1991
366 - 395	5 %	150,000.00	1992
396 - 426	5 %	155,000.00	1993
427 - 459	5 %	165,000.00	1994
460 - 494	5 %	175,000.00	1995
495 - 531	5 %	185,000.00	1996
532 - 570	5 %	195,000.00	1997
571 - 611	5 %	205,000.00	1998

612 - 654	5 %	215,000.00	1999
655 - 700	4 %	230,000.00	2000

both principal and interest being payable in lawful money of the United States of America, without deduction for exchange or collection charges, at The Bank of New York, New York, New York, or at the First National Bank in Grand Junction, Grand Junction, Colorado, at the option of any holder of any bond or any coupon appertaining thereto. In the event any of said bonds shall not be paid at maturity upon presentation and surrender, it shall draw interest at the rate of six per centum (6%) per annum.

Section 303. Series B Bond Details. The Series B bonds shall be payable to bearer, shall be dated as of the first day of October, 1969, consisting of 500 bonds in the denomination of \$5,000.00 each, numbered consecutively in regular numerical order from 1 through 500, both inclusive, shall bear interest from their date until maturity at the rate or rates hereafter established upon the sale of the bonds, said rate or rates to be designated in a supplemental ordinance to be adopted after the sale of said Series B bonds, interest being evidenced by one set of interest coupons payable to bearer and attached to the bonds, payable semiannually on the first days of April and October in each year, the first interest payment date being the first day of April, 1970, and shall be numbered and mature serially in regular numerical order on the first day of October in each of the designated years and amounts, as follows:

Bond Numbers (All inclusive)	Principal Maturing	Years
1 - 7	35,000.00	1971
8 - 14	35,000.00	1972
15 - 22	40,000.00	1973
23 - 30	40,000.00	1974
31 - 39	45,000.00	1975
40 - 48	45,000.00	1976
49 - 58	50,000.00	1977
59 - 68	50,000.00	1978
69 - 79	55,000.00	1979
80 - 90	55,000.00	1980
91 - 102	60,000.00	1981
103 - 114	60,000.00	1982
115 - 127	65,000.00	1983
128 - 141	70,000.00	1984
142 - 156	75,000.00	1985
157 - 171	75,000.00	1986
172 - 187	80,000.00	1987
188 - 204	85,000.00	1988
205 - 222	90,000.00	1989
223 - 241	95,000.00	1990
242 - 261	100,000.00	1991
262 - 282	105,000.00	1992
283 - 304	110,000.00	1993

305 - 328	120,000.00	1994
329 - 353	125,000.00	1995
354 - 379	130,000.00	1996
380 - 407	140,000.00	1997
408 - 436	145,000.00	1998
437 - 467	155,000.00	1999
468 - 500	165,000.00	2000

both principal and interest being payable in lawful money of the United States of America, without deduction for exchange or collection charges, at The Bank of New York, New York, New York, or at the First National Bank in Grand Junction, Grand Junction, Colorado, at the option of any holder of any bond or any coupon appertaining thereto. In the event any of said bonds shall not be paid at maturity upon presentation and surrender, it shall draw interest at the rate of six per centum (6%) per annum.

Section 304. Series A Prior Redemption Option. The bonds maturing on and before the first day of October, 1982, shall not be subject to redemption prior to their respective maturities. Bonds numbered 160 to 700, both inclusive, maturing on and after the first day of October, 1983, shall be subject to redemption prior to their respective maturities in inverse numerical order, at the option of the City, on the first day of April, 1983, or on any interest payment date thereafter, at a price equal to the principal amount of each bond so redeemed, accrued interest thereon to the redemption date and a premium computed in accordance with the following schedule:

Three per centum (3%) of the principal amount of each bond so redeemed, if redeemed on or before October 1, 1987;

One and one-half per centum (1-1/2%) of the principal amount of each bond so redeemed, if redeemed on or after April 1, 1988, but on or before October 1, 1992; and

No premium if redeemed on or after April 1, 1993.

Section 305. Series B Prior Redemption Option. The bonds maturing on and before the first day of October, 1982, shall not be subject to redemption prior to their respective maturities. Bonds numbered 115 to 500, both inclusive, maturing on and after the first day of October, 1983, shall be subject to redemption prior to their respective maturities in inverse numerical order, at the option of the City, on the first day of April, 1983, or on any interest payment date thereafter, at a price equal to the principal amount of each bond so redeemed, accrued interest thereon to the redemption date and a premium computed in accordance with the following schedule:

Three per centum (3%) of the principal amount of each bond so redeemed, if redeemed on or before October 1, 1987;

One and one-half per centum (1-1/2%) of the principal amount of

each bond so redeemed, if redeemed on or after April 1, 1988, but on or before October 1, 1992; and

No premium if redeemed on or after April 1, 1993.

Section 306. Notice of Prior Redemption. Notice of any prior redemption shall be given by the Treasurer in the name of the City:

A. By publication of such notice at least once, not less than thirty (30) days prior to the redemption date, in a newspaper of general circulation in the City, and

B. By sending a copy of such notice by registered, first-class, postage prepaid mail, at least thirty (30) days prior to the redemption date;

(1) To the Purchaser of the 1968 bonds if any of the 1968 bonds are called, or to the Purchaser of the 1969 bonds if any of the 1969 bonds are called; or

(2) To the manager of each of such purchasing groups, and

(3) To each of the two paying Agents or to any known successor thereof.

Such notice shall specify the number or numbers of the bonds to be so redeemed (if less than all are to be redeemed) and the date fixed for redemption; and such notice shall further state that on such redemption date there will become and will be due and payable upon each bond so to be redeemed at The Bank of New York, New York, New York, or at the First National Bank in Grand Junction, Grand Junction, Colorado, at the option of the holder, the principal amount thereof and accrued interest to the redemption date, together with the designated premium, and 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, at either of the two paying agents, of such called bond or bonds, together with the appurtenant coupons maturing subsequent to the redemption date, the City will pay the bond or bonds so called for redemption.

Section 307. Negotiability. Title to any bond or to any coupon shall pass by delivery merely, as a negotiable instrument payable to bearer. Subject to the provisions expressly made or necessarily implied herein, the bonds and the coupons appertaining thereto shall be fully negotiable and shall have all the qualities of negotiable paper, and the holder or holders thereof shall possess all rights enjoyed by the holders of negotiable instruments under the provisions of the Uniform Commercial Code -- Investment Securities.

Section 308. Execution of Bonds. The bonds shall be executed as follows:

A. Filing Manual Signatures. Prior to the execution of any bond, pursuant to subsection (7), section 139-52-4 of the Bond Act, the President of the Council, the Treasurer and the Clerk shall each forthwith file with the Secretary of State his manual signature certified by him under oath.

B. Signing Bonds. The bonds shall be signed and executed in the name of and on behalf of the city, with the engraved, imprinted, stamped or otherwise reproduced facsimile of the signature of the President, and shall be countersigned with a like facsimile signature of the Treasurer; a printed, engraved, stamped or otherwise placed thereon facsimile of the seal of the City shall be affixed on each Bond; and it shall be signed, manually subscribed, executed and attested by the Clerk.

Section 309. Form and Execution of Coupons. The interest accruing to maturity on the bonds shall be evidenced by interest coupons thereto attached, payable to bearer, consecutively numbered from one upwards; and each coupon shall evidence a semiannual installment of interest and shall be authenticated by such facsimile signatures of such officers as they appear on the bonds, which officers by the execution of the bonds and of a signature certificate appertaining thereto shall adopt as and for their signatures the facsimiles thereof appearing on the coupons. Before the delivery of any bond all coupons appertaining thereto then matured, if any, shall be cut off and canceled. The coupons when so executed and delivered as part of the bonds to which they pertain shall be the lawful obligations of the City, according to their tenor, securing the payment of interest in the hands of all persons to whom they may come.

Section 310. Use of Predecessor's Signature. The bonds and coupons bearing the signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of the City, notwithstanding that before the delivery thereof and the payment therefor any or all of the persons whose signatures appear thereon shall have ceased to fill their respective offices. Each the President, the Treasurer and the Clerk, at the time of the execution of the bonds and of a signature certificate appertaining thereto by the President, the Treasurer and the Clerk, respectively, may adopt as and for his own facsimile signature the facsimile signature of his predecessor in office in the event that such facsimile signature appears upon any of the bonds or any of the coupons appertaining to the bonds.

Section 311. Causes for Reissuance. In case any outstanding bond or coupon shall be lost, apparently destroyed, or wrongfully taken, it may be reissued in the form and tenor of the lost, destroyed or taken bond or coupon as provided in section 155-8-405 of the Uniform Commercial Code -- Investment Securities, as

United States of America without deduction for exchange or collection charges at The Bank of New York, New York, New York, or at the First National Bank in Grand Junction, Colorado, at the option of the holder, of this bond and of any coupon appertaining thereto.

The bonds of the series of which this is one maturing on and after the first day of October, 1983, are subject to prior redemption in inverse numerical order at the option of the City on the first day of April, 1983, or on any interest payment date thereafter, at a price equal to the principal amount of each bond so redeemed, accrued interest thereon to the redemption date and a premium computed in accordance with the following schedule: 3% per centum (3%) of the principal amount of each bond so redeemed, if redeemed on or before October 1, 1987;

One and one-half per centum (1-1/2%) of the principal amount of each bond so redeemed, if redeemed on or after April 1, 1988, but on or before October 1, 1992; and

No premium if redeemed on or after April 1, 1993.

Redemption shall be made upon not less than thirty days prior published and mailed notice in the manner and upon the conditions provided in the ordinance authorizing the issuance of this bond.

This bond does not constitute a debt or an indebtedness of the City within the meaning of any constitutional, charter, or statutory provision or limitation, shall not be considered or held to be a general obligation of the City, and is payable and collectible solely out of the net income derived from the operation of the municipal water system and municipal sewer system, comprising the City's Department of Water and Sewers (herein sometimes designated as the "Facilities"), the income of which is so pledged; and the holder hereof may not look to any general or other fund for the payment of the principal of and the interest on this obligation except the special funds pledged therefor. Payment of the bonds of the series of which this is one (herein "the bonds") and the interest thereon shall be made solely from and as security for such payment there are pledged, pursuant to Ordinance No. 1281, duly adopted on the 21st day of February, 1968, respectively, ** and Ordinance No. , adopted on the day of , 1969, respectively,** the special funds identified as the "City of Grand Junction, Colorado, Joint Water and Sewer Improvement Revenue Bonds, Interest and Bond Retirement Fund" and as the "City of Grand Junction, Colorado, Joint Water and Sewer Improvement Revenue Bonds Reserve Fund" (a common Interest and Bond Retirement Fund and a common Reserve Fund have been established for all parity first lien bonds), into which the City covenants to pay, respectively, from the revenues derived from the operation of the Facilities after provision only for all necessary and reasonable expenses of the operation and maintenance of the Facilities sums sufficient to pay when due the principal of and the interest on

the bonds and to create and to maintain a reasonable and specified reserve for such purpose. For a description of said funds and of the nature and the extent of the security afforded thereby for the payment of the principal of and the interest on the bonds, reference is made to said *ordinance.* **ordinances.**

The bonds are equitably and ratably secured by a lien on the net revenues of the Facilities, and the bonds constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon said net revenues** (on a parity with the lien thereon of the outstanding City of Grand Junction, Colorado, Joint Water and Sewer Improvement Revenue Bonds, Series A, dated April 1, 1968), **for the payment of the principal of and interest on the outstanding bonds of said issue. Bonds in addition to the series of which this is one, subject to expressed conditions, may be issued and made payable from said net revenues of the Facilities having 3 lien thereon subordinate and junior to the lien or, subject to additional expressed conditions, having a lien thereon on a parity with the lien of the bonds of the series of which this is one, in accordance with the provisions of said *ordinance.* **ordinances.**

The City covenants and agrees with the holder of this bond and with each and every person who may become the holder hereof that it will keep and will perform all of the covenants of said ordinance, including without limiting the generality of the foregoing its covenant against the sale or mortgage of the Facilities or any part thereof unless provision shall be made for the payment of the principal of and the interest on the bonds and including its covenant that it will fix, maintain and collect charges for services rendered by and use of the Facilities at least sufficient to produce revenues or earnings annually to pay the annual operation and maintenance expenses and one hundred thirty per centum (130%) of both the principal of and the interest on bonds (including without limitation the bonds of the series of which this bond is one) and any other obligations payable annually from the revenues of the Facilities (excluding the reserves therefor).

This bond is one of a series of *seven hundred* **five hundred** bonds of like tenor, amount and date, except as to number, interest rate, prior redemption option, and maturity, authorized for the purpose of paying in part the costs of improving and extending the Facilities.

This bond is subject to the conditions, and every holder hereof by accepting the same agrees with the obligor and with every subsequent holder hereof that (a) the delivery of this bond to any transferee shall vest title in this bond and in the interest coupons attached hereto in such transferee to the same extent for all purposes as would the delivery under like circumstances of any negotiable instrument payable to bearer; (b) the obligor and any agent of the obligor may treat the bearer of this bond as the absolute owner hereof for all purposes and shall not be affected

by any notice to the contrary; (c) the principal of and the interest on this bond shall be paid, and this bond and each of the coupons appertaining thereto are transferable, free from and without regard to any equities between the obligor and the original or any intermediate holder hereof or any set-offs or cross-claims; and (d) the surrender to the obligor or to any agent of the obligor of this bond and of each of the coupons shall be a good discharge to the obligor for the same.

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, and that it is issued pursuant to and in strict conformity with the Constitution and laws of the State, particularly under the terms and provisions of the Water and Sewer Revenue Bond Act, i.e., Article 52, Chapter 139, Colorado Revised Statutes 1963 (herein the "Bond Act") and all laws supplemental thereto, and with the Charter of the City.

It is also certified, recited and warranted that this bond and each of the other bonds are issued under, the authority of the Bond Act; pursuant to section 139-52-6 thereof, this bond and the issue of which it is one, and the income therefrom shall be exempt from taxation by the State of Colorado, except inheritance, estate and transfer taxes; and pursuant to section 139-52-13 of the Bond Act and to the Ordinance this recital conclusively imparts full compliance with all of the provisions of that act, and all of the bonds issued containing such recital are incontestable for any cause whatsoever after their delivery for value.

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 the President of the City Council and to be countersigned with the facsimile signature of its Treasurer; has caused the facsimile of the seal of the City to be affixed hereon; has caused this bond to be signed, manually subscribed, executed and attested by its Clerk; and has caused the coupons hereto annexed to be authenticated with the facsimile signatures of said President of the City Council, Treasurer and Clerk, who by the execution of this bond do adopt as and for their own proper signatures their facsimile signatures on each of such coupons, all as of the first day of *April, 1968.* **October, 1969.**

CITY OF GRAND JUNCTION

By (For Facsimile Signature)
President of the City Council

Countersigned:
(For Facsimile Signature)
City Treasurer

(FACSIMILE SEAL)

Attest:
(For Manual Signature)
City Clerk

* (insert for Series A bonds)
** (insert for Series B bonds)

(End of Form of Bond)

(Form of Coupon)

Coupon
No. §

On the first day of April, 19____, the City of Grand Junction, in
October,
the County of Mesa And State of Colorado, upon surrender of this
coupon, unless the bond to which this coupon is attached, if
callable, has been previously called for prior redemption, will
pay to bearer in lawful money of the United States of America,
without deduction for exchange or collection charges, at The Bank
of New York in New York, New York, or at the First National Bank
in Grand Junction, in Grand Junction, Colorado, at the option of
the holder, the amount herein stated, solely from and secured by
a pledge of two special funds created from the net revenues
derived from the operation and use of the municipal water system
and the municipal sewer system of the City, and being the
interest then due on its City of Grand Junction, Colorado, Joint
Water and Sewer Improvement Revenue Bond, *Series A dated April
1, 1968,* **Series B dated October 1, 1969,** and bearing

Bond
No.

(For Facsimile Signature)
President of the City Council

(For Facsimile Signature)
City Treasurer

(For Facsimile Signature)
City Clerk

* (insert for Series A bonds)
** (insert for Series B bonds)

(End of Form of Coupon)

ARTICLE IV

USE OF BOND PROCEEDS

Section 401. Disposition of Bond Proceeds. The proceeds of the bonds upon the receipt thereof, shall be accounted for in the following manner:

A. Bond Fund. Firstly, there shall be credited to a separate account hereby created and to be known as the "City of Grand Junction, Colorado, Joint Water and Sewer Improvement Revenue Bonds, Interest and Bond Retirement Fund" (herein the "Bond Fund"), all moneys received as accrued interest on the bonds from the date of the bonds to the respective dates of their delivery to the Purchaser, and any premium from such sale, there shall also immediately upon the delivery of the 1968 bonds (but not upon the delivery of the 1969 bonds) be credited to said Bond Fund the sum of \$288,750.00 to apply to the payment of the interest on the bonds as the same becomes due after their delivery.

B. Acquisition Fund. Secondly, the proceeds derived from the sale of the bonds shall be credited to a separate account hereby created and to be known as the "City of Grand Junction, Colorado Joint Water and Sewer Improvement Revenue Bonds, Project Acquisition Fund" (herein the "Acquisition Fund"). The moneys in the Acquisition Fund, except as herein otherwise expressly provided shall be used solely for the purpose of paying the cost of the Project. No warrant or checks for any sum for construction work shall be issued until the Council has received a certificate from the Engineer certifying that such a sum is due and owing for materials supplied or work satisfactorily completed in accordance with the plans and specifications for the work involved, nor until the Council has adopted a resolution accepting such certificate and directing the drawings of such warrants or checks. When the Project shall have been completed (and upon the receipt from the Engineer of a certificate so stating) the Treasurer shall transfer to the Reserve Fund (created in Section 504 hereof) all moneys remaining in such Acquisition Fund, if any.

Section 402. Purchaser Not Responsible. The Purchaser of the bonds herein authorized shall in no manner be responsible for the application or disposal by the City or by its officers of the funds derived from the sale thereof or of any other funds herein designated.

ARTICLE V

ADMINISTRATION OF PLEDGED REVENUES

Section 501. Income Fund Deposits. So long as any of the bonds shall be Outstanding the entire Cross Pledged Revenues, upon their receipt from time to time by the City, shall be set aside and credited immediately to a special account hereby created and to be known as the City of Grand Junction, Colorado, Joint Water and Sewer Facilities Gross Income Fund" (herein the "Income

Fund") and so long as any of the bonds hereby authorized shall be Outstanding, payments shall be made from the Income Fund, as provided herein in sections 502 through 509.

Section 502. O. & M. Expenses. Firstly, as a first charge on the Income Fund, from time to time there shall be set aside and credited to a separate account hereby created and to be known as the "City of Grand Junction, Colorado, Joint Water and Sewer Facilities Operation and Maintenance Fund" (herein the "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 the Fiscal Year and not needed for operation and maintenance expenses shall be transferred to the Income Fund and shall be used for the purposes thereof, as herein provided.

Section 503. Bond Fund Payments. Secondly, and subject to the aforesaid provisions, from any moneys remaining in the Income Fund, i.e., from the Net Pledged Revenues, there shall be credited to the Bond Fund, created in subsection A of section 401 hereof, the following:

A. Interest Payments. Monthly, commencing on the first 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, including without limitation the moneys provided in subsection A, section 401 hereof, to pay the next maturing installment of interest on the bonds then Outstanding, 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, except to the extent any other moneys are available.

B. Principal Payments. Monthly, commencing on the first day of October 1970, 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, and monthly thereafter, commencing on each principal payment date, one-twelfth of the amount necessary to pay the next maturing installment of principal on the Outstanding bonds, except to the extent any other moneys are available therefor.

The moneys credited to the Bond 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 bonds (both 1968 bonds and 1969 bonds) herein authorized (as provided in Article VII hereof) shall be payable from the said Bond Fund and future bonds issued with a lien junior to the lien of the bonds herein authorized shall be payable from a fund or funds into which the deposits from the Pledged Revenues shall be after and subject to the deposits required by Sections 503 and 504 hereof, but may be made prior and superior to the deposits required to be made into the

Capital Fund.

Section 504. Reserve Fund Payments. Thirdly, from any moneys remaining in the Income Fund there shall be credited to a separate account hereby created and to be known as the "City of Grand Junction, Colorado, Joint Water and Sewer Improvement Revenue Bonds, Reserve Fund," (herein the "Reserve Fund"), in substantially equal annual installments, commencing on the first day of April, 1969, and annually thereafter an amount per year to accumulate, not later than April 1, 1975, (together with any moneys deposited therein pursuant to Section 401 hereof) an amount equal to not less than the combined maximum principal and interest requirements of the Outstanding parity first lien bonds in any succeeding fiscal year, and to maintain the Reserve Fund as a continuing reserve (herein the "Minimum Bond Reserve") to meet possible deficiencies in the Bond Fund. As additional parity lien bonds or other parity lien securities are issued the Minimum Bond Reserve shall be increased accordingly; and there shall be credited to the Reserve Fund in substantially equal annual installments commencing one year from the date of such parity lien bonds or other parity lien securities and annually thereafter such amounts which will accumulate within seven years from the date of such additional parity lien bonds or other parity lien securities, an amount equal to not less than the combined maximum principal and interest requirements in any succeeding fiscal year of the then outstanding parity first lien bonds and said additional bonds or other securities so issued. No payment need be made into the Reserve Fund so long as the moneys therein shall equal not less than the minimum Bond Reserve. The moneys in the Reserve Fund shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided in section 505 and in section 506 hereof, 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 Bond Fund sufficient funds to pay such Bond Requirements as the same accrue.

Section 505. Termination of Deposits. No payment need be made into the Bond Fund, the Reserve Fund, or both, if the amount in the Bond Fund and the amount in the Reserve Fund total a sum at least equal to the entire amount of the Outstanding bonds, as to all Bond Requirements, to their respective maturities, or to any prior redemption date on which the City shall have exercised or shall have obligated itself to exercise its option to redeem prior to their respective maturities the bonds then Outstanding and thereafter maturing, and both accrued and not accrued, in which case moneys in those two accounts in an amount, except for any interest or other gain to accrue from any investment of moneys in Federal Securities or bank deposit pursuant to Article VI hereof from the time of any such investment or deposit to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment, at least equal to such Bond Requirements, shall be used together with any such gain from such investments and deposits solely to pay such Bond

Requirements as the same become due; and any moneys in excess thereof in those two accounts and any other moneys derived from the Pledged Revenues may be used in any lawful manner determined by the Council.

Section 506. Defraying Delinquencies. If in any month the City shall for any reason fail to pay into the Bond Fund the full amount above stipulated from the Net Pledged Revenues, then an amount shall be paid into the Bond Fund in such month from the Reserve Fund equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. The money so used shall be replaced in the Reserve Fund from the first revenues thereafter received from the Net Pledged Revenues not required to be otherwise applied by sections 502 through 504 hereof, but excluding any payments required for any subordinate securities as permitted by section 507 hereof. If in any year the City shall for any reason fail to pay into the Reserve Fund the full amount above stipulated from the Net Pledged Revenues, the difference between the amount paid and the amount so stipulated shall in a like manner be paid therein from the first Net Pledged Revenues thereafter received and not required to be applied otherwise by sections 502 through 504 hereof, but excluding any payments required for any subordinate securities as permitted by section 507 hereof. The moneys in the Bond Fund and in the Reserve Fund shall be used solely and only for the purpose of paying the Bond Requirements of the Outstanding bonds; provided, however, that any moneys at any time in excess of the Minimum Bond Reserve may be withdrawn therefrom and used as herein provided for the redemption of bonds as they become due or on any redemption date; any moneys in the Bond Fund and in the Reserve Fund in excess of the Bond Requirements, both accrued and not accrued, to the respective maturities or designated prior redemption date of the outstanding bonds may be used as hereinabove provided in section 505 hereof.

Section 507. Payment of Additional Securities. Fourthly, and subject to the provisions hereinabove in this article V, but either concurrently with or subsequent to the payments required by section 503 hereof, any moneys remaining in the Income Fund may be used by the City for the payment of Bond Requirements of additional bonds or other additional securities payable from the Pledged Revenues and hereafter authorized to be issued in accordance with article VII and any other provisions herein supplemental thereto, including reasonable reserves for such securities, as the same accrue; but the lien of such additional bonds or other additional securities on the Pledged Revenues and the pledge thereof for the payment of such additional securities shall be subordinate to the lien and pledge of the bonds herein authorized.

Section 508. Capital fund Payments. Fifthly, and subject to the aforesaid provisions, from any moneys remaining in the Income fund, there shall be set aside and credited to a separate account hereby created and to be known as the "City of Grand Junction,

Colorado Joint Water and Sewer Facilities Capital Improvement and Replacement Fund" (herein the "Capital Fund"), on or before the last day of each Fiscal Year, commencing in the first fiscal year following the completion of the Project, an amount at least equal to \$50,000.00, or such greater amounts as the Council may determine, to accumulate and to maintain the Capital Fund as a continuing reserve in an amount of not less than \$300,000.00 (herein the "Minimum Capital Reserve"). No payment need be made into the Capital Fund so long as the moneys therein shall equal not less than the Minimum Capital Reserve. Moneys accounted for in such account, as may be determined by the Council may be withdrawn in any priority for any one, all or any combination of the following:

A. Capital Costs. To pay the costs of improving or extending the Facilities, or any part thereof, authorized by law;

B. Major Maintenance Costs. To pay the costs of extraordinary and major repairs, renewals, replacements, or maintenance items to any properties of the Facilities of a type not recurring annually or at shorter intervals and not defrayed as operation and maintenance expenses;

C. O. & M. Expenses. To defray operation and maintenance expenses of the Facilities, if such payment be necessary to prevent any default in the payment of such expenses, or otherwise; and

D. Securities Requirements. To pay any bonds or other securities payable from the Pledged Revenues, including but not necessarily limited to the 1968 bonds and the 1969 bonds, as to Bond Requirements and any other appurtenant charge, if such payment be necessary to prevent any default in the payment of such securities, or otherwise.

Section 509. Use of Remaining Revenues. After the payments hereinabove required to be made by sections 502 through 508 hereof are made, any remaining Pledged Revenues in the Income Fund may be used for any lawful purposes, as the Council may determine.

ARTICLE VI

GENERAL ADMINISTRATION

Section 601. Administration of Accounts. The special accounts designated in articles IV and V hereof shall be administered as provided in this article VI.

Section 602. Places and Times of Deposits. Each of the special accounts shall be maintained as a book account and kept separate from all other accounts as a trust account solely for the purposes herein designated therefor, which special book accounts shall be in one bank account or more in an Insured Bank or

Insured Banks as determined and designated by the Treasurer. Each such trust 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 account not later than the date therefor herein designated, except that when any such date shall be a Saturday, a Sunday or a legal holiday, then such payment shall be made on or before the next preceding secular day. Notwithstanding any other provision herein to the contrary, moneys shall be deposited with the Paying Agent at least five (5) days prior to each interest payment date herein designated sufficient to pay the Bond Requirements then becoming due on the outstanding bonds.

Section 603. Investment of Moneys. Any moneys in any account not needed for immediate use, may be invested or reinvested by the Treasurer:

A. Bank Deposits. By deposit in one or more Insured Banks, and

B. Federal Securities. In Federal Securities which either shall be subject to redemption at any time a. a fixed value by the holder thereof at the option of such holder, or shall mature not later than five (5) days prior to the date or respective dates on which the proceeds are to be expended as estimated by the Treasurer upon each date of such investment or reinvestment. Federal Securities in the Reserve Funds shall so be subject to redemption at the holder's option at face value or shall mature at least five (5) days prior to the last maturity date of the outstanding bonds but in no event exceeding ten (10) years from the date of the investment or reinvestment.

C. Scheduling Disbursements. Before the Treasurer invests or reinvests any moneys accounted for in the Acquisition Fund, the Engineer shall furnish to the Treasurer a certificate setting forth a schedule of the amounts and times when funds are estimated to be needed.

Section 604. Accounting for Investments. The Federal Securities so purchased as an investment or reinvestment of moneys in any such 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 an Insured Bank shall be credited to the account, and any loss resulting from such investment or reinvestment in Federal Securities or in a bank shall be charged to the account; provided, however, any gain from investments, or reinvestments of moneys in the Acquisition Fund shall be credited to the Bond 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 thereof. In the computation of the amount in

any such account for any purpose hereunder, except as herein otherwise expressly provided, Federal Securities and certificates of deposit shall be valued at the cost thereof (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 to the City 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 Facilities.

Section 605. Redemption or Sale of Federal Securities. The Treasurer shall present for redemption or sale on the prevailing market at the best price obtainable any Federal Securities and certificates of deposit so purchased as an investment or reinvestment of moneys in the account whenever it shall be necessary so to do in order to provide moneys to meet any withdrawal, payment or transfer from such account.

Section 606. Character of Funds. The moneys in any account herein authorized shall consist either of lawful money of the United States of America or Federal Securities, or both such money and such securities. Moneys deposited in a demand or time deposit account in or evidenced by a certificate of deposit of an Insured Bank pursuant to section 602 hereof, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States of America.

ARTICLE VII

SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 701. First Lien Bonds. The 1968 bonds and the 1969 bonds authorized herein, subject to the payment of all necessary and reasonable operation and maintenance expenses of the Facilities, constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon the Gross Pledged Revenues.

Section 702. Equality of Bonds. The bonds authorized to be issued hereunder and from time to time Outstanding are equitably and ratably secured by a lien on the Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Pledged Revenues regardless of the time or times of the issuance of the bonds, it being the intention of the Council that there shall be no priority among the bonds regardless of the fact that they may be actually issued and delivered at different times.

Section 703. Issuance of Parity Securities. Nothing in this Ordinance contained, shall be construed in such a manner as to prevent the issuance by the City of additional bonds or other additional securities payable from the Pledged Revenues and

constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the 1968 bonds and the 1969 bonds, nor to prevent the issuance of bonds or other securities refunding all or a part of the 1968 bonds or the 1969 bonds, except as provided in sections 708 through 712 hereof; but before any such additional parity bonds or other additional parity securities are authorized or before the 1969 bonds are actually issued (excluding any parity refunding bonds or other parity refunding securities other than any securities refunding subordinate bonds or other subordinate securities, as permitted in section 709 hereof):

A. Absence of Default. The City shall not have defaulted in making any payments required by article V hereof during the twelve (12) calendar months immediately preceding the issuance of such additional bonds or other additional securities, or if none of the 1968 bonds or the 1969 bonds have been issued and Outstanding for a period of at least twelve (12) calendar months, for the longest period any of the bonds have been issued and Outstanding. (Provided, however, that if only the 1960 bonds are Outstanding, this paragraph shall apply only to the 1968 bonds).

B. Historic Earnings Test. The Gross Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance of such additional parity securities shall have been at least sufficient to pay:

(1) An amount equal to the operation and maintenance expenses for such Fiscal Year and, in addition,

(2) An amount equal to one hundred thirty per centum (130%) of the combined annual principal and interest requirements to be paid during any one Fiscal Year of the Outstanding bonds and any other Outstanding parity securities of the City and the bonds or other securities proposed to be issued (excluding any reserves therefor), except as hereinafter otherwise expressly provided.

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 probably estimated increase or reduction in operation and maintenance expenses of the Facilities 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 Gross Pledged Revenues estimated to be derived from the Facilities 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 Gross Pledged Revenues actually received by the City and the Gross Pledged

Revenues which the City probably would have 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 Gross Pledged Revenues of the Facilities estimated to be derived from the Facilities' operation for any immediately preceding Fiscal Year, shall be increased by an amount conservatively estimated to equal the additional amount the City probably would have derived during said Fiscal Year from the operation of any improvements and extensions or other Project appertaining to the Facilities, based upon the schedule of rates and charges then in effect.

D. The 1969 Bonds Not to be Sold Without Use of Formula. The foregoing limitation upon the issuance of parity bonds or other parity securities shall be applicable in the case of the sale and delivery by the City, at one time or from time to time, of the 1969 bonds herein authorized in the aggregate principal amount of \$2,500,000.00. None of the 1969 bonds shall be delivered after the first day of October, 1970, and the authorization for bond issuance herein made shall thereupon expire, but additional securities for the Project or for additional Projects may thereafter be issued subject to the provisions of this Article VII.

Section 704. Certification of Revenues. A written certification by a Consulting Engineer and the Director of Finance of the City that such annual revenues, when adjusted as hereinabove provided in subsection C of section 703 hereof, are sufficient to pay such amounts, as provided in subsection 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 bonds or other additional securities on a parity with the 1968 bonds or the 1969 bonds and to authorize the sale and delivery of the 1969 bonds which are on a parity with the 1968 bonds.

Section 705. Subordinate Securities Permitted. Nothing herein contained shall be construed so as to prevent the City from issuing additional bonds or other additional securities payable from the Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the 1968 bonds and the 1969 bonds.

Section 706. Superior Securities Prohibited. Nothing herein contained shall be construed so as to permit the City to issue additional bonds or other additional securities payable from the Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the 1968 bonds and the 1969 bonds.

Section 707. Use of Proceeds. The proceeds of any additional bonds or other additional securities (other than any funding or refunding securities) payable from the Pledged Revenues shall be used only for improving and extending the Facilities.

Section 708. Issuance of Refunding Securities. If at any time after the bonds, or any part thereof, shall have been issued and remain Outstanding, the Council shall find it desirable to refund any Outstanding bonds or other Outstanding securities payable from and constituting a lien upon the Pledged Revenues, such bonds or other securities, or any part thereof, may be refunded (but only with the consent of the holder, or holders of all such Outstanding securities unless the bonds or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior redemption at the City's option upon proper call), regardless of whether the priority of the lien for the payment of the refunding securities on the Pledged Revenues is changed (except as provided in sections 706 and 709 hereof).

Section 709. Issuance of Parity Refunding Securities. No refunding bonds or other refunding securities payable from the Pledged Revenues shall be issued on a parity with the bonds herein authorized:

A. Parity Lien. Unless the lien on the Pledged Revenues of the Outstanding securities so refunded is on a parity with the lien thereon of the bonds herein authorized and Outstanding, or

B. Default and Earnings Test. Unless the refunding bonds or other refunding securities are issued in compliance with section 703 hereof.

Section 710. Partial Refundings. The refunding bonds or other refunding securities so issued shall enjoy complete equality of lien with the portion of any bonds or other securities of the same issue which is not refunded, if any there be; and the holder or holders of such refunding bonds or such other refunding securities shall be subrogated to all of the rights and privileges enjoyed by the holder or holders of the unrefunded bonds or other unrefunded securities of the same issue partially refunded by the refunding securities.

Section 711. Limitations Upon Refundings. Any refunding bonds or other refunding securities payable from the Pledged Revenues shall be issued with such details as the Council may by ordinance provide, subject to the inclusion of any such rights and privileges designated in section 710 hereof, but without any 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 (including but not necessarily limited to the 1968 bonds and the 1969 bonds). If only a part of the Outstanding bonds and any other Outstanding securities of any issue or issues payable from the Pledged Revenues is refunded, then such securities may not be refunded without the consent of the holder or holders of the unrefunded portion of such securities:

A. Requirements Not Increased. Unless the refunding bonds or

other refunding securities do not increase for any Bond Year the aggregate principal and interest requirements evidenced by such refunding securities and by the Outstanding securities not refunded on and prior to the last maturity date of such unrefunded securities, and the lien of any refunding bonds or other refunding securities on the Pledged Revenues is not raised to a higher priority than the lien thereon of the bonds or other securities thereby refunded; or

B. Subordinate Lien. Unless the lien on the Pledged Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded.

Section 712. Parity Securities Bond and Reserve Fund. The City, in connection with each series of additional parity securities, if any, shall provide that such parity securities, shall be payable from the Bond Fund and the Reserve Fund.

ARTICLE VIII

MISCELLANEOUS PROTECTIVE COVENANTS

Section 801. Performance of Duties. The City, acting by and through the Council, will faithfully and punctually perform or cause to be performed all duties with respect to the Pledged Revenues and the Facilities required by the Constitution and laws of the State and Charter of the City, including but not limited to the making and collection of reasonable and sufficient rates and charges for services rendered or furnished by or the use of the Facilities, and the proper segregation of the proceeds of the bonds and the Pledged Revenues and their application from time to time to the respective accounts or funds.

Section 802. Efficient Operation and Maintenance. The City will operate said Facilities so long as any of the bonds herein authorized are outstanding, to maintain said Facilities in efficient operating condition and to 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.

Section 803. Other Liens. Other than as provided by this ordinance, there are no liens or encumbrances of any nature, whatsoever, on or against the Facilities or the pledged revenues derived or to be derived from the operation of the same.

Section 804. Corporate Existence. The City will maintain its corporate identity and existence so long as any of the bonds issued hereunder remain outstanding, unless another body corporate and politic by operation of law succeeds to the duties, privileges, powers, liabilities, disabilities, immunities and rights of the City and is obligated by law to operate and maintain the facilities and to fix and collect the Pledged Revenues as herein provided without adversely affecting to any

substantial degree at any time the privileges and rights of any holder of any Outstanding bond at any time.

Section 805. Competing Facilities. As long as any of the bonds hereby authorized are Outstanding, the City shall not grant any franchise or license to competing facilities, nor shall it permit during said period (except as it may legally be required to do so) any person, association, firm or corporation to sell water service or sewer service or facilities, to any consumer public or private, within the City.

Section 806. Alienating Facilities. The City will not sell, lease, mortgage, pledge or otherwise encumber, or in any manner dispose of, or otherwise alienate, the Facilities, or any part thereof, including any and all improvements, extensions and additions that may be made thereto, until all the bonds herein authorized to be issued shall have been paid in full, both principal and interest, or unless provision has been made therefor, except that the City may sell any portion of said 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 Facilities, 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 as aforesaid, the proceeds of such sale shall be distributed as net income of the Facilities in accordance with the provisions of Article V hereof.

Section 807. Competent Management. The City shall employ experienced and competent management personnel for the Facilities who shall have full control over the Facilities and shall operate the Facilities for the City, subject to the reasonable control by and direction of the Council and the City Manager.

Section 808. Surety Bonds. Each municipal official or other person having custody of any funds derived from operation of the Facilities, or responsible for their handling, shall be fully bonded at all times, which bond shall be conditioned upon the proper application of said funds. The Cost of each bond shall be considered one of the operating costs of the Facilities.

Section 809. Completion of Project. The City, with the proceeds derived from the sale of the bonds, will proceed to complete the Project without delay. Contracts for the construction and other acquisition of the Improvements pertaining to the Facilities will be let as soon as practicable after the delivery of the bonds.

Section 810. Performance and Completion Bonds. In order to insure the completion of the Project to be acquired with the proceeds of the bonds and to protect the holder or holders of the bonds, the City will require any contractor to whom is given any contract for construction appertaining to said Project to supply performance and completion bond or bonds satisfactory to the City and any sum or sums derived from said performance and completion

bond or bonds shall be used within six months after such receipt for the completion of said construction and if not so used within said period, shall be placed in and be subject to the provision of the Income Fund.

Section 811. Reasonable and Adequate Charges. While the bonds or any of them remain outstanding and unpaid, the rates for all services rendered by the Facilities to the City and its inhabitants and to all consumers within or without the boundaries of the City shall be reasonable and just, taking into account and consideration the cost and value of the Facilities and the proper and necessary allowances for the depreciation thereof and the amounts necessary for the retirement of all bonds and other securities or obligations payable from the pledged revenues of the Facilities, the accruing amount thereon, and reserves therefor. There shall be charged against all purchasers of service, including the City, such rates and amounts as shall be adequate to meet the requirements of this and the preceding sections hereof, and which shall be sufficient to produce Gross Pledged Revenues annually to pay the annual operation and maintenance expenses, and one hundred thirty per centum (130%) of both the principal of and interest on bonds and any other obligations payable annually from the Pledged Revenues (excluding the reserves therefor), all of which Gross Pledged Revenues, including those received from the City, shall be subject to distribution to the payment of the cost of operating and maintaining the Facilities and the payment of principal of and interest on all obligations payable from the pledged revenues of the Facilities, including reasonable reserves therefor. No free service, facilities nor commodities shall be furnished by the Facilities. Should the City elect to use for municipal purposes the facilities or in any other manner use the Facilities, or any part thereof, any such use will be paid for from the City's general fund or other available revenues at the reasonable value of the use so made. All the income so derived from the City shall be deemed to be income derived from the operation of the Facilities, to be used and accounted for in the same manner as any other income derived from the operation of the Facilities. The City is granted a lien upon each lot or parcel of land in the City for the rates and charges fixed by the Council for the connection and use of the sewerage system any neglect, failure or refusal by the user to pay the same, and the City expressly covenants and agrees that it will cause each lien to be perfected in accordance with the provisions of Section 139-53-17, Colorado Revised Statutes, 1963, as from time to time amended, and the City covenants and agrees that it will take all steps necessary to enforce such lien as to each piece of property for any rate or charge appertaining thereto which shall be delinquent for six months, as provided in said act and all laws thereunto enabling. The City will forthwith and in any event prior to the delivery of any of the bonds herein authorized, fix, establish and levy the rates and charges which are required by this Section, if such action be necessary therefor.

Section 812. Billing Procedure. All bills for water and sewer service or facilities furnished or served by or through the Facilities shall be rendered to customers on a regularly established day of each and every month, either every other month, or quarterly, monthly, bimonthly or quarterly in advance or not later than a regularly established day of each month or quarter next succeeding the month or quarter in which the service or facilities were rendered, and in the event said bills are not paid within ten days after the date when rendered, water service shall be discontinued, and the rates and charges due shall be collected in a lawful manner. Water and sewer charges may be billed jointly, and each such bill shall show separately charges for water and sewer service or facilities pertaining thereto,

Section 813. Records. So long as any of the bonds remain outstanding, proper books of record and account will be kept by the City, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Pledged Revenues or to the Facilities, or both. Such books shall include (but not necessarily be limited to) monthly records showing the number of users by classes, the revenues received from charges by classes of users, and a detailed statement of the expenses of the Facilities. Any holder of any of the bonds or any other securities payable from the Pledged Revenues or any duly authorized agent or agents of such holder shall have the right at all reasonable times to inspect all records, accounts and data relating thereto, concerning the Facilities or the Pledged Revenues, or both, to make copies of such records, accounts and data, and to inspect the Facilities and all properties comprising the Facilities.

Section 814. Audits. The City shall within ten days following the close of each Fiscal Year, order an audit of such books and accounts to be made forthwith by an Independent Accountant, and order an audit report showing the receipts and disbursements for each account pertaining to the Facilities or to the Pledged Revenues, or to both, in such audit report will be available for inspection by any holder of any of the bonds. The audit report shall include (but not be limited to) the following:

A. Statement. A statement in detail of the income and expenditures of the Facilities for the audit period, including a statement of Cross Pledged Revenues, of the Net Pledged Revenues, and of the amount of any capital expenditures pertaining to the Facilities, as well as a statement of tile profit or loss for the audit period;

B. Balance Sheet. A balance sheet as of the end of such Fiscal Year, including the amounts on hand, both cash and investments, in each of the funds or accounts created by the various ordinances and other proceedings authorizing the issuance of bonds and any other securities payable from the Pledged Revenues;

C. Accountant's Comment. The accountant's comment regarding the

City's methods of operation and accounting practice and the manner in which the City has carried out the requirements of this Ordinance and any other ordinance and other proceedings authorizing the issuance of bonds or any other securities payable from the Pledged Revenues, and the accountant's recommendation for any change or improvement in the operation of the Facilities, as the accountant deems appropriate;

D. Insurance List. A list of the insurance policies in force at the end of the audit period, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy; and

E. Classification of Users and Revenues. The number of any metered connections and of any unmetered connections, the number of customers per class of users, if there be classes of users, and revenues per class of users, if there be classes of users, at the beginning and at the end of the audit period.

The City agrees to furnish by first-class mail, postage prepaid, forthwith, a copy of such report to the holder of any of the bonds or any other securities payable from the Pledged Revenues at his request, and without request to the Purchaser, or any successor thereof known to the Treasurer, and the Financial Consultant (i.e., Boettcher and Company), or any successor thereof known to the Treasurer. Any such holder or other recipient of such report shall leave the right to discuss with the Independent Accountant or with the person making the audit and report the contents thereof and to ask for such additional information as he may reasonably require.

Section 815. Insurance. The City in its operation of the Facilities will carry fire and extended coverage insurance and other types of insurance in such amounts and to such extent as is normally carried by private corporations operating public utilities of the same type. The cost of such insurance shall be considered one of the operating costs of the Facilities. In the event of property loss or damage, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged, any remainder shall be treated as net income, and shall be subject to distribution in the manner provided hereinabove in Article V hereof. Upon the occurrence of any loss or damages covered by any of the insurance policies from one or more causes, the City will cause to be made due proof of loss and will cause to be done all things necessary to cause the insuring companies to make payment in accordance with the terms of such policy or policies.

ARTICLE IX

MISCELLANEOUS

Section 901. Defeasance. When all Bond Requirements of the bonds have been duly paid, the pledge and lien and all

obligations hereunder, shall thereby be discharged and the bonds shall no longer be deemed to be Outstanding within the meaning of this Ordinance. There shall be deemed to be such due payment when the City 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 bond requirements of the bonds, as the same become due to the final maturities of the bonds or upon any prior redemption date as of which the City shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of bonds for payment then. 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 City 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 902. Delegated Powers. The officers 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. Printing Bonds. The printing of the bonds, including without limitation the printing on each bond of a certified true copy of bond, counsels approving opinion;

B. Final Certificates. The execution of such certificates is may be reasonably required by the Purchaser, relating, inter alia, to the signing of the bonds, the tenure and identity of the officials of the Governing Body, and of the City, the delivery of the bonds, the receipt of the bond purchase price, and if it be in accordance with fact, the absence of litigation, pending or threatened, affecting the validity thereof.

Section 903. Warranty upon Issuance of Bonds. Any bonds authorized as herein provided when duly executed and delivered for the purpose provided for in this Ordinance shall constitute a warranty by and on behalf of the City for the benefit of each and every future holder of any of the bonds that the bonds have been issued for a valuable consideration in full conformity with law.

ARTICLE X

RIGHTS AND REMEDIES

Section 1001. Events of Default. Each of the following events is hereby declared an "event of default," that is to say:

A. Nonpayment of Principal and Premium. Payment of the principal of any of the bonds, or any prior redemption premium due in connection therewith, or both, shall not be made when the

same shall become due and payable, either at maturity or by proceedings for prior redemption, or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest shall not be made when the same becomes due and payable or within thirty (30) days thereafter;

C. Incapable To Perform. The City shall for any reason be rendered incapable of fulfilling its obligations hereunder;

D. Default of Any Provision. The City shall make 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 Ordinance on its part to be performed, and if such default shall continue for sixty (60) days after written notice specifying such default and requiring the same to be remedied shall have been given to the City by either the Purchaser of the bonds or by the holders of ten per centum (10%) in Principal amount of the bonds then Outstanding.

Section 1002. Remedies for Defaults. Upon the happening and continuance of any of the events of default, as provided in section 1001 hereof, then and in every case the holder or holders of not less than ten per centum (10%) in principal amount of the bonds then Outstanding, including but not limited to 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 holder of bonds or coupons 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 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 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 holders of the bonds and coupons then outstanding.

Section 1003. Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such holders hereunder, the consent to any such appointment being hereby expressly granted by the City, may enter and may take possession of the Facilities, operate and maintain the same, prescribe fees, rates and other charges, and collect, receive and apply all Pledged Revenues arising after the appointment of such receiver in the same manner as the City itself might do.

Section 1004. Rights and Privileges Cumulative. The failure of any holder of any Outstanding bond to proceed in any manner

herein provided shall not relieve the City of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such holder (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 holder shall not be deemed a waiver of any other right or privilege thereof.

Section 1005. Duties upon Defaults. Upon the happening of any of the events of default as provided in Section 1001 hereof, the City, in addition, will do and perform all proper acts on behalf of and for the holders of bonds and coupons to protect and to preserve the security created for the payment of their bonds and coupons and to insure the payment of the Bond Requirements promptly as the same become due. During any period of default, so long as any of the bonds issued hereunder, as to any Bond Requirements, are Outstanding, except to the extent it may be unlawful to do so, all Pledged Revenues shall be paid into the Bond Fund, and used for the purposes therein provided. In the event the City fails or refuses to proceed as in this section provided, the holder or holders of not less than ten per centum (10%) in principal amount of such bonds then outstanding after demand in writing, may proceed to protect and to enforce the rights of the holders of the bonds as hereinabove provided.

ARTICLE XI

AMENDMENT OF ORDINANCE

Section 1101. Privilege of Amendments. This Ordinance may be amended or supplemented by ordinances adopted by the Council in accordance with the laws of the State, without receipt by the City of any additional consideration, but with the written consent of the holders of seventy-five per centum (75%) in aggregate principal amount of the bonds authorized by this Ordinance and Outstanding at the time of the adoption of such amendatory or supplemental ordinance, not including in any case any bonds which may then be held or owned for the account of the City, but including such refunding securities as may be issued for the purpose of refunding any of the bonds issued hereunder if such refunding securities are not owned by the City.

Section 1102. Limitations upon Amendments. No such ordinance shall have the effect of permitting:

A. Changing Payment. A change in the maturity or in the terms of redemption of the principal of any Outstanding bond or any installment of interest thereon; or

B. Reducing Return. A reduction in the principal amount of any bond the rate of interest thereon, or any prior redemption premium payable in connection therewith, without the consent of the holder of the bond; or

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 Ordinance; or

D. Modifying Any Bond. A reduction of the principal amount or percentages or otherwise affecting the description of bonds or the consent of the holders of which is required for any such modification or amendment; or

E. Priorities Between Bonds. The establishment of priorities as between bonds issued and Outstanding under the provisions of this Ordinance; or

F. Partial Modification. The modifications of or otherwise affecting the rights of the holders of less than all of the bonds then Outstanding.

FINALLY ADOPTED and approved as an emergency ordinance this 21st day of February, 1968.

/s/ Ray A. Meacham
President of the City Council

ATTEST:

/s/ Helen C. Tomlinson
City Clerk

APPROVED AS TO FORM
City Attorney

I HEREBY CERTIFY that the foregoing emergency ordinance, entitled AN ORDINANCE AUTHORIZING THE IMPROVEMENT AND EXTENSION OF THE WATER SYSTEM AND THE SEWER SYSTEM OF THE CITY OF GRAND JUNCTION: AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF THE CITY OF GRAND JUNCTION, COLORADO, JOINT WATER AND SEWER IMPROVEMENT REVENUE BONDS, SERIES A, DATED APRIL 1, 1968, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,500,000.00, AND THE CITY OF GRAND JUNCTION, COLORADO, JOINT WATER AND SEWER IMPROVEMENT REVENUE BONDS, SERIES B, DATED OCTOBER 1, 1969, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,500,000.00, TO PAY THE COST OF SUCH IMPROVEMENT AND EXTENSIONS (EXCLUDING ANY SUCH COST DEFRAID BY SOURCES OTHER THAN REVENUE BOND PROCEEDS); PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS, THE MANNER AND TERMS OF THEIR ISSUANCE, THE MANNER OF THEIR EXECUTION, THE METHOD OF PAYING THEM, AND THE SECURITY THEREFOR; PROVIDING FOR THE COLLECTION AND DISPOSITION OF REVENUES DERIVED FROM THE OPERATION OF THE WATER SYSTEM AND THE SEWER SYSTEM; PROVIDING OTHER DETAILS CONCERNING THE BONDS, THE FACILITIES, AND FUNDS APPERTAINING THERETO, INCLUDING BUT NOT LIMITED TO COVENANTS AND AGREEMENTS IN CONNECTION THERWITH; RATIFYING ACTION HERETOFORE TAKEN TOWARD IMPROVING AND EXTENDING THE WATER SYSTEM AND THE SEWER SYSTEM AND TOWARD ISSUING THE

BONDS THEREFOR; PROVIDING OTHER MATTERS RELATING THERETO;
DECLARING AN EMERGENCY; AND PROVIDING THE EFFECTIVE DATE HEREOF
was introduced, read, passed and adopted as an emergency
ordinance, numbered 1281 and ordered published by the unanimous
vote of the members of the City Council of the City of Grand
Junction, at a regular meeting of said Council held on the 21st
day of February, 1968.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the
official seal of said City, this 21st day of February, 1968.

/s/ Neva B. Lockhart
City Clerk

Published: February 24, 1968