

EMERGENCY ORDINANCE NO. 1627
SERIES 1976

AN ORDINANCE AUTHORIZING THE SALE AND ISSUANCE OF JOINT SEWER AND WATER REFUNDING REVENUE BONDS, SERIES 1976, DATED SEPTEMBER 1, 1976, IN THE PRINCIPAL AMOUNT OF \$3,295,000 OF THE CITY OF GRAND JUNCTION, COLORADO, FOR THE PURPOSE OF REFUNDING JOINT WATER AND SEWER IMPROVEMENT REVENUE BONDS SERIES A, DATED APRIL 1, 1968, OUTSTANDING IN THE AMOUNT OF \$3,230,000, AND JOINT WATER AND SEWER IMPROVEMENT REVENUE BONDS, SERIES NOVEMBER 1, 1969, OUTSTANDING IN THE AMOUNT OF \$920,000; PROVIDING FOR AN ESCROW TO PAY SAID BONDS AND THE INTEREST THEREON; PRESCRIBING THE FORM OF SAID BONDS; AND PROVIDING FOR THE APPLICATION OF THE NET REVENUE OF THE WATER AND SEWER SYSTEM OF THE CITY TO PAY THE BONDS AND THE INTEREST THEREON; FINDING AND DECLARING AN EMERGENCY; AND PRESCRIBING OTHER DETAILS IN CONNECTION THEREWITH.

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

WHEREAS, the City has heretofore duly authorized, sold, issued and delivered \$3,500,000 of its Joint Water and Sewer Improvement Revenue Bonds, Series A, dated April 1, 1968, and \$1,000,000 of its Joint Water and Sewer Improvement Bonds, Series November 1, 1969, dated November 1, 1969 (herein the "1968 Issue and the 1969 Issue"), and

WHEREAS, as of September 1, 1976 there remains outstanding of said 1968 Issue of bonds the amount of \$3,230,000, being bonds numbered 55 to 700, inclusive, in the denomination of \$5,000 each, bearing interest payable semiannually April 1 and October 1 each year, being numbered and maturing serially on the 1st day of October, as follows:

<u>Bond Numbers</u> <u>(All</u> <u>Inclusive) Inte</u> <u>rest Rate (Per</u> <u>Annum) Amounts</u> <u>Maturing Years</u> <u>Maturing</u>			

55 - 675 1/2%\$ 65,0001976			
68 - 805 1/2%65,0001977			
81 - 945 1/2%70,0001978			
95 - 1095 1/2%75,0001979			
110 - 1255 1/2%80,0001980			
126 - 1425 1/2%85,0001981			
143 - 1595 1/2%85,0001982			
160 - 1775 1/2%90,0001983			
178 - 1965 1/2%95,0001984			
197 - 2165%100,00019 85			
217 -			

2385%110,00019 86			
239 - 2615%115,00019 87			
262 - 2855%120,00019 88			
286 - 3105%125,00019 89			
311 - 3375%135,00019 90			
338 - 3655%140,00019 91			
366 - 3955%150,00019 92			
396 - 4265%155,00019 93			
427 - 4595%165,00019 94			
460 -			

4945%175,00019 95			
495 - 5315%185,00019 96			
532 - 5705%195,00019 97			
571 - 6115%205,00019 98			
612 - 6545%215,00019 99			
655 - 7004%230,00020 00			

WHEREAS, bonds of said 1968 Issue maturing on and after October 1, 1983, shall be subject to redemption prior to their respective maturities in inverse numerical order, at the option of the City, on April 1, 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% of the principal amount of each bond so redeemed, if redeemed on or before October 1, 1987;

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;

and

WHEREAS, as of September 1, 1976 there remains outstanding of said 1969 Issue of bonds the amount of \$920,000, being bonds numbered 17 to 200, inclusive in the denomination of \$5,000 each, bearing interest payable semiannually May 1 and November 1 of each year, being numbered and maturing serially on the 1st day of November, as follows:

<u>Bond Numbers</u> <u>(All</u> <u>Inclusive) Inte</u> <u>rest Rate (Per</u> <u>Annum) Amounts</u> <u>Maturing Years</u> <u>Maturing</u>			
17 - 236%\$35,0001976			
24 - 316%40,0001977			
32 - 406%45,0001978			
41 - 506%50,0001979			
51 - 616%55,0001980			
62 - 736%60,0001981			
74 -			

866%65,0001982			
87 - 1006%70,000198 3			
101 - 1156%75,000198 4			
116 - 1326%85,000198 5			
133 - 1496%85,000198 6			
150 - 1666%85,000198 7			
167 - 1836%85,000198 8			
184 - 2006%85,000198 9			

and

WHEREAS, bonds of said 1969 Issue maturing on and after November 1, 1975, shall be subject to redemption prior to their respective maturities in inverse numerical order, at the option of the City, on November 1, 1974, or on any interest payment date thereafter, upon payment of par, accrued interest and a premium of 3% of principal; and

WHEREAS, the City Council of said City, pursuant to its Charter, is authorized to issue refunding revenue bonds of the joint water and sewer system of the City for the purpose of refunding outstanding joint water and sewer improvement bonds of the City, pledging to the payment of said bonds the revenues derived and to be derived from the operation of said water system and sewer system; and

WHEREAS, at an election held April 8, 1975, the voters of the City of Grand Junction authorized the use of a portion of the gross sales tax of the City for the support of the City's joint water and sewer system (herein the "Joint System") and for the payment of bonds issued for such purpose; and

WHEREAS, except as aforesaid, the City has never pledged nor in any way hypothecated revenues derived and to be derived from the operation of the utility, or any part thereof, to the payment of any bonds or for any other purpose, with the result that the revenues to be derived from the Joint System may now be pledged lawfully and irrevocably for the payment of the additional refunding bonds payable from revenues derived from the operation of the Joint System; and

WHEREAS, the City desires to restructure its debt service schedule with respect to the Joint System; and

WHEREAS, the City desires to eliminate certain onerous covenants in the Ordinances authorizing the 1968 and 1969 Issues to be refunded; and

WHEREAS, the City desires to pledge additional revenues toward the payment of debt service on the refunding revenue bonds; and

WHEREAS, the rate maintenance requirements and the parity bond provisions in the refunding revenue bonds will be modified; and

WHEREAS, the City finds that said refunding and issuance of water and sewer revenue refunding bonds can be accomplished to the best advantage of the City and in the best interest of the City and its inhabitants; and

WHEREAS, Joint Sewer and Water Refunding Revenue Bonds, Series 1976, in the amount of \$3,295,000 have been sold and awarded to Kirchner, Moore and Company, Denver, Colorado, for cash.

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 are defined for all purposes of this Ordinance and any ordinance amendatory hereof or supplemental hereto, and any other instrument or any other document appertaining hereto, except where the context by clear implication otherwise requires.

"Bond Requirements" means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds authorized herein, 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.

"Bonds" means the refunding revenue bonds authorized herein.

"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, or agency obligations of, the United States of America.

"Fiscal Year" for the purposes of this Ordinance means the twelve 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.

"Governing Body" or "Council" means the City Council of the City, or such Council's successor in functions, if any.

"Gross Systems Revenues" means all income and revenues derived directly or indirectly by the City from the operation and use of and otherwise pertaining to the Joint System, or any part thereof, whether resulting from improvements, extensions, enlargements, repairs, betterments or other improvements to the Joint System, or otherwise, and includes all revenues received by the City from the Joint System.

"Gross Income" or "Gross Pledged Revenues" means the total income and revenue derived as Gross Systems Revenues and Sales Tax Revenues.

"Holder", 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.

"Independent Accountant" means any certified public accountant, or any firm of such certified public accountants, as from time to time determined by the City, 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.

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

"Joint System" means the joint municipal water and 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 the joint water and sewer system of the City, and in any way appertaining thereto, whether situated within or without its limits, or both within and without its limits.

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

"Net Income" or "Net Pledged Revenues" means the Gross Pledged Revenues remaining after the deduction of the Operation and Maintenance Expenses.

"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 Joint System 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 Joint System, improvements, extensions, enlargements or betterments, or any charges for the accumulation of reserves for capital replacements.

"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.

"Parity Bonds" or "Parity Securities" means bonds or securities payable from the revenues pledged herein on a parity with the Bonds herein authorized.

"Paying Agent" means the United States Bank of Grand Junction, in Grand Junction, Colorado, being the agent of the City for the payment of the Bond Requirements due in connection with the Bonds, and includes any successor paying agent.

"Sales Tax Revenues" means that portion of the gross taxes collected by the City for retail sales pursuant to Ordinance No. 1586, by the application of one-fourth of the existing 2% sales

tax, which revenues are by this Ordinance required to be pledged to the Joint Sewer and Water Revenue Fund and shall be considered as part of the Gross Income.

"Subordinate Bonds" or "Subordinate Securities" means bonds or securities payable from the revenues pledged herein subordinate and junior to the lien of the Bonds authorized herein.

"Superior Bonds" or "Superior Securities" means bonds or securities payable from the revenues pledged herein superior to the lien of the Bonds authorized herein.

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.

(4) The titles or leadlines 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 describe the scope or intent of any provision 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. 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, cancelled, and discharged, as herein provided.

Section 103. 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 104. 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 105. Emergency Clause, Publication, and Effective Date. Council finds that by reason of the fact that the municipal bond market and the government bond market are subject to sudden and unpredictable changes, the savings and other advantages afforded to the City by refunding the 1968 and 1969 Issues described herein could be drastically reduced or eliminated, thus jeopardizing the entire plan of refunding, all to the detriment of the City and its inhabitants; for this reason it is hereby declared that this Ordinance is necessary for the immediate preservation of the public peace, health and safety of the residents of the City, and that this Ordinance shall be recorded in the Ordinance Record of the City kept for that purpose, authenticated by the signature of the President of the City Council and 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 that 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 Home Rule 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.

Section 202. 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 203. 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 Joint System, the income of

which is so pledged, as well as Sales Tax Revenues as herein defined; 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 hereindesignated 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.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

Section 301. Authorization. That for the purpose of providing funds with which to refund the City's 1968 and 1969 Issues outstanding in the aggregate amount of \$4,150,000, there are hereby authorized Joint Sewer and Water Refunding Revenue Bonds, Series 1976, of the City of Grand Junction, in the principal amount of \$3,295,000 (herein the "Bonds"), both the principal thereof and the interest thereon to be payable solely and only out of the net revenue and income to be derived from the operation of the Joint System and other funds legally available therefor, pursuant to the provisions of the Charter of the City of Grand Junction and the provisions of this Ordinance, and that said Bonds are sold to Kirchner, Moore and Company, Inc., Denver, Colorado, to the best advantage of the City.

Section 302. Bond Details. The Bonds shall be negotiable in form, payable to bearer, shall be dated September 1, 1976, and shall consist of 659 bonds in the denomination of \$5,000 each, numbered 1 to 659, inclusive, shall bear interest from date to maturity, interest being payable on April 1, 1977, and semiannually thereafter on the 1st day of October and the 1st day of April each year, and shall mature semiannually on the 1st day of October and the 1st day of April, as follows:

<u>Bond Numbers</u> <u>(All</u> <u>Inclusive) Inte</u> <u>rest Rate (Per</u> <u>Annum) Amounts</u> <u>Maturing Years</u> <u>Maturing</u>			
1 - 36.30%15,000Ap			

ril 1, 1977			
4 - 96.30%30,000Oc tober 1, 1977			
10 - 116.30%10,000A pril 1, 1978			
12 - 226.30%55,000O ctober 1, 1978			
23 - 246.30%10,000A pril 1, 1979			
25 - 386.30%70,000O ctober 1, 1979			
39 - 416.30%15,000A pril 1, 1980			
42 - 616.30%100,000 October 1, 1980			
62 - 696.30%40,000A pril 1, 1981			
70 -			

916.30%110,000 October 1, 1981			
92 - 1006.30%45,000 April 1, 1982			
101 - 1226.30%110,00 October 1, 1982			
123 - 1326.30%50,000 April 1, 1983			
133 - 1556.30%115,00 October 1, 1983			
156 - 1666.30%55,000 April 1, 1984			
167 - 1916.30%125,00 October 1, 1984			
192 - 2046.30%65,000 April 1, 1985			
205 - 2306.30%130,00 October 1,			

1985			
231 - 2446.30%70,000 April 1, 1986			
245 - 2726.30%140,00 0October 1, 1986			
273 - 2876.00%75,000 April 1, 1987			
288 - 3156.00%140,00 0October 1, 1987			
316 - 3306.00%75,000 April 1, 1988			
331 - 3596.00%145,00 0October 1, 1988			
360 - 3766.00%85,000 April 1, 1989			
377 - 4096.00%165,00 0October 1, 1989			

410 - 4296.00%100,00 0April 1, 1990			
430 - 4596.00%150,00 0October 1, 1990			
460 - 4806.00%105,00 0April 1, 1991			
481 - 5116.00%155,00 0October 1, 1991			
512 - 5346.00%115,00 0April 1, 1992			
535 - 5676.00%165,00 0October 1, 1992			
568 - 5926.00%125,00 0April 1, 1993			
593 - 6276.00%175,00 0October 1, 1993			
628 -			

6546.00%135,000 April 1, 1994			
655 - 6596.00%25,000 October 1, 1994			

Bonds maturing on October 1, 1983, and thereafter, shall be redeemable at the option of the City, in inverse numerical order, on April 1, 1983, and on any interest payment date thereafter, upon payment of par, accrued interest and a premium of 3% of the principal amount of each bond so redeemed if redeemed on or before October 1, 1986; upon payment of par, accrued interest and a premium of 2% of the principal amount of each bond so redeemed if redeemed on and after April 1, 1987, but on or before October 1, 1990; and upon payment of par and accrued interest if redeemed on or after April 1, 1991.

Notice of any prior redemption of the Bonds shall be given by the City Clerk of the City:

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

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

a) The original purchaser of the bonds, Kirchner, Moore and Company, Inc., Denver, Colorado; and

b) The Paying Agent.

Such notice shall specify the number of each bond to be so redeemed and the date fixed for redemption, shall further state that on such redemption date, there shall be paid, at the place of payment (designated below), the principal amount thereof, accrued interest to the redemption date and the designated premium, if any, and that from and after such date interest will cease to accrue. Notice having been given in the manner hereinabove provided, the bond or bonds so called for redemption shall become due and payable on the redemption date so designated; and upon presentation thereof, together with the appurtenant coupons maturing subsequent to the redemption date, the City shall pay the bond or bonds so called for redemption.

The principal amount of and interest on said Bonds shall be

payable in lawful money of the United States of America at the United States Bank of Grand Junction, in Grand Junction, Colorado.

Section 303. Form and Execution of Bonds. The Bonds shall be signed with the facsimile signature of the President of the City Council, sealed with a facsimile of the seal of the City, attested by the manual signature of the City Clerk of the City, and the interest coupons attached thereto shall bear the facsimile signature of the City Treasurer. When issued as aforesaid as part of said Bonds, such interest coupons shall be the binding obligations of the City according to their import. Should any officer whose manual or facsimile signature appears on the Bonds or the interest coupons attached thereto, cease to be such officer before delivery of the Bonds to the purchaser, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes.

The Bonds and interest coupons shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF COLORADO

COUNTY OF MESA

CITY OF GRAND JUNCTION

JOINT SEWER AND WATER REFUNDING REVENUE BOND, SERIES 1976

No. _____
\$5,000

The City of Grand Junction, in the County of Mesa and State of Colorado, for value received, hereby acknowledges itself indebted and promises to pay to the bearer hereof, out of the special fund or funds hereinafter designated, but not otherwise, the principal sum of

FIVE THOUSAND DOLLARS

on the 1st day of April, October, 19_____, with interest thereon at the rate of _____ per centum (_____%) per annum, payable on April 1, 1977, and semiannually thereafter on the 1st day of October and the 1st day of April each year, as evidenced by interest coupons attached hereto, both principal and interest being payable in lawful money of the United States of America, at the United States Bank of Grand Junction, in Grand Junction, Colorado, upon presentation and surrender of the annexed coupons and this bond as they severally become due.

Bonds of this issue maturing on October 1, 1983, and thereafter, are redeemable at the option of the City, in inverse numerical order, on April 1, 1983, and on any interest payment date thereafter, upon payment of par, accrued interest and a premium of

3% of the principal amount of each bond so redeemed if redeemed on or before October 1, 1986; upon payment of par, accrued interest and a premium of 2% of the principal amount of each bond so redeemed if redeemed on and after April 1, 1987, but on or before October 1, 1990; and upon payment of par and accrued interest if redeemed on or after April 1, 1991. Notice of such prior redemption shall be given in the time and manner as more particularly set forth in the Ordinance authorizing the issuance of this bond.

This bond is issued by the City Council of the City of Grand Junction, Colorado, for the purpose of providing funds to refund and pay outstanding joint water and sewer improvement revenue bonds of the City by means of advance refunding and the establishment of an escrow, under the authority of and in full conformity with the City Charter and the Constitution of the State of Colorado, and pursuant to Ordinance No. 1627 of said City, finally adopted and approved by the City Council.

Both the principal of and the interest on this bond are payable solely out of a special fund created in full conformity with law and designated as the "Series 1976 Joint Sewer and Water Refunding Revenue Bond and Interest Fund", of the City, into which Fund the City covenants and agrees to deposit, from the net income and revenue of the joint water and sewer system of the City and other funds legally available therefor, amounts sufficient to pay the principal of and interest on this bond when the same become due and payable.

If necessary payment of principal and interest shall be made from the Reserve Fund created for such purpose, all as is more particularly set forth in the Ordinance authorizing the issuance of this bond.

The bonds of this issue are secured by a lien on the net income and revenue of the joint water and sewer system of the City and constitute an irrevocable and first lien (but not necessarily an exclusive first lien) on the net income and revenue of the water and sewer system of the City. Additional bonds may be issued, made payable from said net revenues of the water and sewer system, having a lien on a parity with the bonds of this issue, of which this is one, or junior and subordinate thereto, in accordance with the provisions of said Ordinance No. 1627.

It is hereby recited, certified and warranted that for the payment of this bond, the City of Grand Junction has created and will maintain said Funds and will deposit therein the amounts and revenue specified in said Ordinance, and out of said Funds, as an irrevocable charge thereon, will pay this bond and the interest thereon, in the manner provided by said Ordinance. For a description of said Funds and the nature and extent of the security afforded thereby for the payment of this bond, reference is made to that Ordinance.

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

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

For the payment of this bond and the interest thereon, the City of Grand Junction pledges the exercise of all its lawful powers.

IN TESTIMONY WHEREOF, the City Council of the City of Grand Junction, Colorado, has caused this bond to be signed with the facsimile signature of the President of the City Council, sealed with a facsimile of the seal of the City, attested by the manual signature of the City Clerk and the attached coupons to be signed with the facsimile signature of the City Treasurer, as of this 1st day of September, 1976.

CITY OF GRAND JUNCTION, COLORADO

By (Facsimile Signature)

President of the City Council

(FACSIMILE SEAL)

ATTEST:

(Do Not Sign)

City Clerk

(Form of Interest Coupon)

No. _____
\$ _____

On the 1st day of April, October, 19_____, unless the Bond to which this coupon is attached, if redeemable, has been called for prior redemption, the City of Grand Junction, in the County of Mesa and State of Colorado, will pay to bearer the amount shown hereon in lawful money of the United States of America, at the United States Bank of Grand Junction, in Grand Junction, Colorado, out of the Special Fund or Funds referred to in said Bond, but not otherwise, being interest then due on its Joint Sewer and Water Refunding Revenue Bond, dated September 1, 1976, bearing No.

(Facsimile Signature)

City Treasurer

ARTICLE IV

DISPOSITION OF BOND PROCEEDS

Section 401. The proceeds derived from the sale of the Joint Sewer and Water Refunding Revenue Bonds authorized herein, in an amount not less than \$3,295,000, plus cash in the amount of \$406,375, and the accrued interest on the bonds being refunded, shall be deposited with The First National Bank in Grand Junction, Grand Junction, Colorado (hereinafter the "Bank"), in a separate fund and escrow account hereby created and known as the "City of Grand Junction Joint Water and Sewer Improvement Revenue Bonds, Series 1968A and 1969, Refunding Escrow Account", herein designated as the "Refunding Escrow Account" or "Escrow Account", which account shall be at all times sufficient, together with the cash in the amount of \$146,799.19, and any interest to be derived from the investment and any temporary reinvestment of the deposits, or any part thereof, in direct obligations of or obligation guaranteed by, or agency obligations of, the United States of America, to pay the principal of and interest on the outstanding 1968 and 1969 Issues to be retired at their respective maturities, as follows:

1968 Issue:

Bonds numbered 55 to 700, inclusive, maturing in the years 1976 to 2000, inclusive, shall be paid and retired at their respective maturity dates, according to their original terms, at The Bank of New York, New York, New York, or at the First National Bank in Grand Junction, Grand Junction, Colorado.

1969 Issue:

Bonds numbered 17 to 200, inclusive, maturing in the years 1976 to 1989, inclusive, shall be paid and retired at their respective maturity dates, according to their original terms, at the United States Bank of Grand Junction, Grand Junction, Colorado.

Interest on the bonds of the 1968 and 1969 Issues shall be paid as the same accrues, according to the original terms of said bonds, until said bonds mature.

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

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

ARTICLE V

ADMINISTRATION OF PLEDGED REVENUES

Section 501. Joint Sewer and Water Revenue Fund. So long as any of the Bonds shall be Outstanding the entire Gross Pledged Revenues, including pledged Sales Tax Revenues, except as hereinafter provided, 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's "Series 1976 Joint Sewer and Water Refunding Revenue Bond and Interest Fund" (herein the "Joint Sewer and Water Revenue Fund") and so long as any of the Bonds hereby authorized shall be outstanding, payments shall be made from the Joint Sewer and Water Revenue Fund, as provided in this Article V.

Section 502. Operation and Maintenance Expenses. First, as a first charge on the Joint Sewer and Water Revenue Fund, from time to time there shall be set aside in and credited to a separate account hereby created and to be known as the "Joint Water and Sewer System 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 Bond Retirement Fund and shall be used for the purposes thereof, as herein provided.

Section 503. Bond Retirement Fund. Second, and subject to the aforesaid provisions, from any moneys remaining in the Joint Sewer and Water Revenue Fund, i.e., from the Net Pledged Revenues, there shall be credited to the City of Grand Junction "1976 Joint Sewer and Water Refunding Revenue Interest and Bond Retirement Fund" (herein the "Bond Retirement Fund"), as follows:

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, 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, 1976, 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-sixth 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 Retirement Fund shall be used to pay the Bond Requirements of the Bonds as the same become due. Future bonds issued on a parity with the Bonds herein authorized (as provided in Article VII hereof) shall be payable from said Bond Retirement 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 revenues pledged herein shall be after and subject to the deposits required by Sections 502, 503 and 504 hereof.

Section 504. Reserve Fund Payments. Third, to the original starting balance of \$100,000 deposited to the Reserve Fund by the City, and from any moneys remaining in the Joint Sewer and Water Revenue Fund there shall be credited to a separate account hereby created and to be known as the City of Grand Junction "1976 Joint Sewer and Water Refunding Revenue Bonds Reserve Fund" (herein the "Reserve Fund"), in amounts equal to \$60,000 annually or whatever portion thereof is necessary to meet the fully funded Reserve Fund requirements, commencing the first day of April, 1977 and annually thereafter an amount per year to accumulate, not later than April 1, 1980 (together with any moneys deposited therein pursuant to Section 503 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 Retirement 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 five 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 Retirement 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 Retirement Fund, the Reserve Fund, or both, if the amount in the Bond Retirement 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 investment 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 Retirement Fund the full amount above stipulated from the Net Pledged Revenues, then an amount shall be paid into the Bond Retirement 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, 503 and 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 503, 503 and 504 hereof, but excluding any payments required for any subordinate securities as permitted by Section 507 hereof. The moneys in the Bond Retirement 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 in 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 Retirement 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. Fourth, 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 money remaining in the Bond and Interest Fund may be used by the City for the payment of Bond Requirements of additional bonds or other additional securities payable from the revenues pledged herein 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 revenues pledged herein 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. Use of Remaining Revenues. After the payments hereinabove required to be made by Sections 502 through 507 hereof are made, any remaining Pledged Revenues in the Joint Sewer and Water Revenue Fund may be used for any lawful purposes, as the Council may determine.

Section 509. Termination of Sales Tax Revenues. Notwithstanding any of the provisions in this Ordinance, the City may by Ordinance elect to eliminate the pledge of Sales Tax Revenues for payment of these Bonds or the contribution to the Joint System generally, provided that the Gross Systems Revenues for the three fiscal years immediately prior to the adoption of said Ordinance must be sufficient to pay, in addition to Operation and Maintenance Expenses, the 130% of the annual debt service for these Bonds and any additional bonds issued on a parity with the Bonds authorized herein, and further provided that the City shall by Ordinance irrevocably commit to maintaining reasonable and adequate charges as provided in Section 809 hereof.

ARTICLE VI

GENERAL ADMINISTRATION

Section 601. Administration of Accounts. The special accounts designated in Article 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 in a timely manner 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 in any lawful investment.

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 Joint Sewer and Water Revenue Fund, and any loss resulting from such investment or reinvestment in Federal Securities or in a bank shall be charged to the Operation and Maintenance Fund. No loss or profit on any investment or reinvestment in Federal Securities or certificates of deposit shall be deemed to take place as a result of fluctuations in the market quotations of the investment or reinvestment prior to the sale or maturity thereof. In the computation of the amount in any such account for any purpose herein, 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 Joint System.

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 may 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 lawfully money of the United States of America.

ARTICLE VII

SECURITIES, LIENS AND ADDITIONAL SECURITIES

Section 701. First Lien Bonds. The Bonds authorized herein, subject to the payment of all necessary and reasonable Operation and Maintenance Expenses of the Joint System, constitute an

irrevocable and first lien (but not necessarily an exclusive first lien) upon the 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 revenues pledged herein and shall not be entitled to any priority one over the other in the application of the revenues pledged herein 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 revenues pledged herein and constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the Bonds authorized herein, nor to prevent the issuance of bonds or other securities refunding all or a part of the Bonds, except as provided in Sections 707 through 709 hereof; but before any such additional parity bonds or other additional parity securities are authorized (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 708 hereof):

A. Absence of Default. The City shall not have defaulted in making any payments required by Article V hereof during the twelve calendar months immediately preceding the issuance of such additional bonds or other additional securities, or if none of the Bonds have been issued and Outstanding for a period of at least twelve calendar months, for the longest period any of the bonds have been issued and Outstanding.

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 150% 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 Joint System that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional bonds or other additional securities.

(2) The Gross Pledged Revenues estimated to be derived from the Joint Systems 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 Joint System estimated to be derived from the Joint System's 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 Joint System, based upon the schedule of rates and charges then in effect.

Section 704. Certification of Revenues. A written certification by a professional engineer and the City Treasurer 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 Bonds authorized herein.

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 revenues pledged herein and having a lien thereon subordinate, inferior and junior to the lien thereon of the 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 revenues pledged herein and having a lien thereon prior and superior to the lien thereon of the Bonds authorized herein.

Section 707. Issuance of Refunding Securities. If at any time after issuance the Bonds, or any part thereof, shall have been refunded, 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 708. Limitations Upon Refundings. Any refunding bonds or other refunding securities payable from the revenues pledged herein 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 707 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 Bonds authorized herein). If only a part of the Outstanding Bonds and, any other Outstanding securities of any issue or issues payable from the revenues pledged herein 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 revenues pledged herein 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 revenues pledged herein for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded.

Section 709. 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 Retirement 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 revenues pledged herein and the Joint System 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 Joint System, and the proper segregation of the proceeds of the Bonds and the revenues pledged herein and their application from time to time to the respective accounts or funds.

Section 802. Efficient Operation and Maintenance. The City will operate said Joint System so long as any of the Bonds herein authorized are outstanding, will maintain said Joint System in efficient operating condition and make such improvements, extensions, enlargements, repairs and betterments thereto as may be necessary or advisable to insure its economical and efficient operation at all times.

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 Joint System or the revenues pledged herein derived or to be derived from the operation of the same.

Section 804. Corporation 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 Joint System and to fix and collect the revenues pledged herein 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 be 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 Joint System, 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 Joint System, be 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 to the Joint System in accordance with the provisions of Article V hereof.

Section 807. Competent Management. The City shall employ experienced and competent management personnel for the Joint System who shall have full control over the Joint System and shall operate the Joint System 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 Joint System, 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 Joint System.

Section 809. Reasonable and Adequate Charges. While the Bonds or any of them remain outstanding and unpaid, the rates for all services rendered by the Joint System to the City and 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 Joint System and the proper and necessary allowance for the depreciation thereof and the amounts necessary for the retirement of all Bonds and other securities or obligations payable from the Gross Pledged Revenues of the Joint System, the accruing interest thereon, and reserves therefor. Prior to termination of Sales Tax Revenues, as provided in Section 509 hereof, there shall be charged against all purchasers of service, including the City, such rates and amounts as shall be adequate to meet all of the requirements of this and the preceding Sections hereof, and which shall be at a minimum sufficient to produce Gross System Revenues annually to pay the annual Operation and Maintenance Expenses, and 75% of both the principal of and interest on Bonds and any other obligations payable annually from the Gross Systems Revenues (excluding the reserves therefor). Upon termination of Sales Tax Revenues, as provided in Section 509 hereof, there shall be charged against all purchasers of service, including the City, such rates and amounts as shall be adequate to meet all of the requirements of this and the preceding Sections hereof, and which shall be at a minimum sufficient to produce Gross System Revenues annually to pay the annual Operation and Maintenance Expenses, and 130% of both the principal of and interest on Bonds and any other obligations payable annually from the Gross Systems Revenues (excluding the reserves therefor). All of which Gross Systems Revenues, including those received from the City, shall be subject to distribution to the payment of the cost of operating and maintaining the Joint System and the payment of principal of and interest on all obligations payable from the pledged revenues of the Joint System, including reasonable reserves therefor. No free service, facilities nor commodities shall be furnished by the Joint System. Should the City elect to use for municipal purposes the Joint System or in any other manner use the Joint System, 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 Joint System, to be used and accounted for in the same manner as any other income derived from the operation of the Joint System. 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 and 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. 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 810. Billing Procedure. All bills for water and sewer service or facilities furnished or serviced by or through the Joint System 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 the ninety 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 811. 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 Gross Pledged Revenues or to the Joint System, or both. Such books shall include (but not necessarily be limited to) monthly records showing the number of users, the revenues received from users, and a detailed statement of the expenses of the Joint System. Any holder of any of the Bonds or any other securities payable from the Gross Pledged Revenues or any duly authorized agent or agents of such Holder shall have the right of inspection and reports as conferred by law and this Ordinance at all reasonable times.

Section 812. Audits. The City shall within thirty 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 Joint System or to the Gross Pledged Revenues, or to both, and such audit report will be available for inspection by any Holder of any of the Bonds. The City agrees to furnish a copy of such report to the Holder of any of the Bonds or any other securities payable from the Gross Pledged Revenues at his request, and without request to the purchaser, or any successor thereof known to the Treasurer, and the Financial Consultant, or any successor thereof known to the Treasurer. Any such Holder or other recipient of such report shall have 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 813. Insurance. The City in its operation of the Joint System 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 Joint System. 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 counsel's approving opinion;

B. Final Certificates. The execution of such certificates as 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 the City, and 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.

C. Escrow Agreement. The execution of a proper Escrow Agreement with the Escrow Bank (The First National Bank in Grand Junction) concerning the deposits in, investments of and disbursements from the Refunding Escrow Account.

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.

Section 904. Publication of Notice of Refunding. On or about the date when the Bonds authorized herein are delivered, or within a reasonable time thereafter, the City Clerk is authorized and directed to publish a Notice of Refunding one time in a newspaper published in the City.

Section 905. Arbitrage. The City covenants and agrees that it will not make or permit any use of the proceeds of the Bonds authorized herein which, if such use had been reasonably expected on the date of issuance of said Bonds, would have caused such obligation to be arbitrage bonds within the meaning of Section 103(d) of the Internal Revenue Code of 1954, as amended, and the Regulations thereunder in effect at the time of such use and applicable to the obligations issued on the date of said Bonds.

ARTICLE X

RIGHTS AND REMEDIES

Section 1010. Events of Default. Each of the following events is hereby declared to be 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 with 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 become due and payable or within thirty 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 hall 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 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 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 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. Receivers' 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 Joint System, 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 Default. 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 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 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 ordinance 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 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. Modify 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 provision of this

