

ORDINANCE NO. 1715

AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$1,400,000 FIRST MORTGAGE DEVELOPMENT REVENUE BONDS OF THE CITY OF GRAND JUNCTION FOR THE PURPOSE OF PAYING THE COSTS OF THE ACQUISITION, BY PURCHASE AND CONSTRUCTION, AND INSTALLATION OF REAL AND PERSONAL PROPERTY CONSTITUTING AN INDUSTRIAL PROJECT WITHIN THE CITY OF GRAND JUNCTION FOR LEASE AND SUBSEQUENT SALE TO TRI-STATE TRACTOR CO. IN ORDER TO PROMOTE INDUSTRY, TRADE, AND OTHER BUSINESS ACTIVITY, TO MITIGATE THE SERIOUS THREAT OF UNEMPLOYMENT, TO SECURE AND MAINTAIN A BALANCED AND STABLE ECONOMY AND TO PROVIDE FOR THE HEALTH, SAFETY, WELFARE, CONVENIENCE AND PROSPERITY OF THE INHABITANTS OF THE CITY OF GRAND JUNCTION, AND TO CREATE JOBS AND OPPORTUNITIES FOR EMPLOYMENT AND IMPROVE THE ECONOMIC WELFARE OF THE PEOPLE OF THE CITY OF GRAND JUNCTION; AUTHORIZING THE ISSUANCE OF ADDITIONAL REVENUE BONDS; PROVIDING FOR THE PLEDGE OF REVENUES FOR THE PAYMENT OF SAID BONDS; AND AUTHORIZING A MORTGAGE AND TRUST AGREEMENT APPROPRIATE FOR THE PROTECTION AND DISPOSITION OF SUCH REVENUES AND FURTHER TO SECURE THE PAYMENT OF PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON SUCH BONDS; AND FURTHER PROVIDING FOR THE SALE OF THE BONDS WHEN ISSUED.

WHEREAS, the City of Grand Junction (hereinafter called the "City") is a municipality organized under the laws of the State of Colorado and by virtue of the laws of the State of Colorado, particularly Title 29, Article 3, Colorado Revised Statutes 1973, known and cited as the County and Municipality Development Revenue Bond Act (hereinafter referred to as the "Act"), and the other authorities mentioned therein, is authorized and empowered, among other things, (a) to acquire by purchase and construction, and install real and personal property comprising a project as defined in Section 29-3-103, Colorado Revised Statutes 1973, for lease and subsequent sale to Tri-State Tractor Co. (hereinafter called the "Lessee"), a corporation organized and existing under the laws of the State of Colorado, (b) to issue development revenue bonds of the City of Grand Junction for the purpose of paying the costs of such purchase, construction and installation and financing costs, (c) to secure such development revenue bonds by a mortgage and trust agreement (hereinafter called the "Indenture") between the City and a corporate trustee, and (d) to enact this Bond Legislation and enter into the Indenture and the Lease hereinafter identified upon the terms and conditions provided therein;

WHEREAS, the City, by Resolution of the Council of the City, adopted June 15, 1977, made a preliminary determination to assist the Tri-State Tractor Co. to acquire the assets of the Tri-State Tool Co., Inc. by means of the sale of development revenue bonds pursuant to the Act;

WHEREAS, the City does hereby determine that (a) the property and equipment to be acquired, by purchase and construction, and installed with the proceeds of the Bonds herein authorized is an industrial "project" within the meaning of that term as defined in Section 29-3-103, and is consistent with the purposes of the Act.

WHEREAS, the City does hereby determine that the industry, employment, health, safety and general economic welfare of the City will be benefited by the acquisition, construction and leasing of the Project, and that the leasing of the Project as provided in the Lease hereinafter identified will be in furtherance of the City's public purposes, and the City has entered into negotiations with the Lessee whereby it has been determined that the Project will be lease for the public purposes of the City and upon the terms and conditions provided in the Lease, and the City and the Lessee have jointly and severally found and determined, and the City does hereby confirm, that the leasing of the Project as so provided will promote industry, trade and other economic activity, will mitigate the serious threat of unemployment, will secure and maintain a balanced and stable economy, will provide for the health, safety, welfare, convenience and prosperity of the inhabitants of the City, will create jobs and employment opportunities and improve the economic welfare of the people of the City, and that such leasing is authorized by and will be consistent with the laws of the State of Colorado, particularly Title 29, Article 3, Colorado Revised Statutes, and the other authorities therein mentioned and the Home Rule Charter of the City;

WHEREAS, the amount necessary in each year to pay the principal of and the interest on the Project Bonds to be issued to finance the Project and the amount necessary to be paid each year into reserve funds established in connection with the retirement of the Project Bonds have been estimated and determined;

WHEREAS, the City does hereby determine that the payment to the City of such revenues derived from the Project will be sufficient to pay the principal of and interest on the Bonds issued to finance the Project and to build up and maintain reserves deemed necessary by the City in connection therewith;

WHEREAS, the City does hereby determine that there will be sufficient revenues derived from the Project, and not from any other source, to annually pay to the State of Colorado and to the City, school district and any other political subdivision or public body corporate wherein such Project is located, authorized to levy taxes, a sum, in lieu of taxes, equal to the amount of tax which the taxing entity would annually receive if the property were owned by a private person or corporation; and

WHEREAS, it has been estimated and is determined by the City that financing the costs of the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of Project Bonds in the principal amount of \$1,400,000, as hereinafter provided, and hereafter may require the City's best efforts to issue, sell and deliver Additional Bonds on a parity therewith, as hereinafter provided, at such time or from time to time as may be required under the provisions of Sections 1 and 9 of this Bond Legislation, all of which Project Bonds and

Additional Bonds will be equally and ratably payable from and secured by a pledge and assignment of all right, title and interest of the City in and to all Revenues as hereinafter defined;

NOW, THEREFORE, BE IT ORDAINED AND IT IS HEREBY ORDAINED by the Council of the City of Grand Junction as follows:

SECTION 1. Authorization of \$1,400,000 Development Revenue Bonds. It is hereby determined to be necessary to, and the City shall, sell and deliver, as provided herein, \$1,400,000 principal amount of Project Bonds, pursuant to Title 29, Article 3, Colorado Revised Statutes 1973, for the purpose of paying the costs of the acquisition, by purchase and construction, and installation of real and personal property, constituting an industrial facility to be used as a Project for lease and subsequent sale to Tri-State Tractor Co. in order to carry out and exercise powers which are essential governmental functions and public purposes of the City and benefit the people of the City by promoting industry, trade and business activity, by mitigating the serious threat of unemployment, by securing and maintaining a balanced and stable economy, by creating jobs and increasing employment opportunities and improving the economic welfare of the people of the City. Said Project Bonds shall be designated City of Grand Junction First Mortgage Development Revenue Bonds, (Tri-State Tractor Co. Project) Series A 1978. The City may also authorize, sell and deliver Additional Bonds of the Issuer on a parity with the Project Bonds for the purposes and in the manner provided in Section 9 of this Bond Legislation.

SECTION 2. Definitions. In addition to the words and terms elsewhere defined in this Bond Legislation, the following words and terms as used in this Bond Legislation and in the Indenture shall have the following meanings unless the context or use indicates another or different meaning or intent and such definitions shall be equally applicable to both singular and plural forms of any of the words and terms herein defined:

Additional Bonds means the revenue bonds of the City issued under Section 9 of this Bond Legislation authorizing the Project Bonds.

Acquisition and Construction Fund means the fund created in Section 7 of this Bond Legislation authorizing the Project Bonds.

Bonds means the Project Bonds and any Additional Bonds.

Bond Fund means the fund created in Section 8 of this Bond Legislation authorizing the Project Bonds.

Bondholder or holder means the bearer of any Bond not registered as to principal or registered to bearer and the registered holder of any Bond registered as to principal, and holder when used with reference to a coupon shall mean the bearer of the coupon.

Bond Legislation means, for the Project Bonds, this ordinance authorizing the Project Bonds and, when used in connection with Additional Bonds or to relate to Bonds when Additional Bonds are outstanding, means or includes, as the case may be, the ordinance providing for the issuance of such Additional Bonds but only to the extent consistent with this ordinance, all as the same may be amended or supplemented from time to time in accordance with the provisions of the Indenture.

City means the City of Grand Junction, a home rule municipality organized and existing under the laws of the State of Colorado.

Company means the Tri-State Tractor Co., a corporation organized and existing under the laws of the State of Colorado, and its lawful successors and assigns, including any securing, resulting or transferee corporation provided in Section 7.3 of the Lease.

Coupon means any of the coupons issued under the Indenture evidencing an installment of interest on a Bond.

Debt Reserve Fund means the fund created in Section 7 of this Bond Legislation authorizing the Project Bonds.

Eligible Investments means (i) bonds or other obligations of the United States; (ii) bonds or other obligations, the payment of the principal and interest of which is unconditionally guaranteed by the United States; (iii) obligations issued or guaranteed as to principal and interest by an agency or person controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the Congress of the United States; (iv) obligations issued or guaranteed by any state of the United States or any political subdivision of any such state; (v) prime commercial paper; (vi) prime finance company papers; (vii) bankers acceptances drawn on and accepted by commercial banks; (viii) repurchase agreements fully secured by obligations issued or guaranteed as to principal and interest by the United States or by any person controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the Congress of the United States; and (ix) certificates of deposit issued by commercial banks.

Executive means the President of the Council of the City; Fiscal Officer means the City Treasurer of the City; and Legal Officer means the City Attorney of the City. City Clerk means the City Clerk of the City. Any officer, board, commission or other body which hereafter succeeds, by operation of law, to the powers and duties of any such officers of the City shall be deemed included in the applicable official designation while having such powers and duties.

Indenture means the Mortgage and Trust Indenture, dated as of the _____ day of _____, 1978, constituting a trust agreement between the City and the Trustee including, as a part thereof, the Bond Legislation, as amended or supplemented from time to time in

accordance with the provisions of said Indenture.

Interest Payment Date means, as to the Project Bonds, the first day of each July and January and, as to each Series of Additional Bonds, the dates identified as such in the Bond Legislation authorizing such series of Additional Bonds.

Issuer means the City of Grand Junction as herein defined under City.

Lease means the instrument, dated as of the same date as the Indenture, between the City and the Lessee, as amended or supplemented from time to time in accordance with the provisions thereof.

Lessee means Tri-State Tractor Co., a corporation, organized and existing under the laws of the State of Colorado, and its lawful successors and assigns, including any surviving, resulting or transferee corporation as provided in Section 7.3 of the Lease.

Original Purchaser means, as to the Project Bonds, First Mississippi Securities, Inc. and, as to any Additional Bonds, the person or persons identified as such in the agreement or agreements to purchase such Additional Bonds.

Outstanding Bonds or Bonds Outstanding means all Books which have been authenticated and delivered by the Trustee under the Indenture except:

(a) Bonds cancelled on surrender, exchange or transfer or cancelled because of payment or redemption;

(b) Bonds for the payment or redemption of which sufficient cash funds shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds), or which are deemed to have been paid and discharged, pursuant to the provisions of the Indenture; provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; and

(c) Bonds in lieu of which others have been authenticated under Section 2.05 of the Indenture.

Paying Agent means the Trustee, in its capacity as Paying Agent under the Indenture, and its successors, and any other Paying Agents as may be appointed by the City from time to time with the consent of the Trustee and the Lessee.

Person means any natural person, firm, association, corporation or public body.

Principal Retirement Date, as to the Project Bonds, means the first day of January, and, as to each series of Additional Bonds, means the date or dates identified as such in the Bond Legislation authorizing such series of Additional Bonds.

Project means the land and buildings or other improvements erected thereon or to be erected thereon and all real or personal properties, and any undivided or other interest in any of the foregoing, except inventories, raw materials, or other working capital, whether or not in existence, suitable or used for or in connection with any manufacturing, industrial or commercial enterprise, as that term is more fully described in Section 29-3-103, Colorado Revised Statutes 1973 and as defined and described in the Lease, including existing machinery and equipment and any machinery and equipment to be purchased as part of the Project.

Project Bonds means the \$1,400,000 City of Grand Junction First Mortgage Development Revenue Bonds, (Tri-State Tractor Co. Project) Series A 1978 identified in Sections 1 and 3 of this Bond Legislation authorizing the Project Bonds.

Purchase Price mean, as to the Project Bonds, the amount of \$1,274,000 for the Project Bonds together with accrued interest, if any, on the Project Bonds from their date to the date of delivery of the Project Bonds to the Original Purchaser and payment therefor. Purchase Price means, as to any series of Additional Bonds, the Purchase Price specified in the Bond Legislation authorizing such series of Additional Bonds.

Revenues means (a) the rental payments and other amounts which, under the Lease are payable by the Lessee directly to the Trustee in respect of the Project, and (b) all other moneys, with respect to the Bonds or Additional Bonds, received or to be received by the City, or the Trustee for the account of the City, for or from the use, lease, sale or other disposition of the Project.

Trustee means United States Bank of Grand Junction, Grand Junction, Colorado, in its capacity as Trustee under the Indenture, and its successors, and any corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee under the Indenture.

SECTION 3. Terms of the Project Bonds. The Project Bonds shall be issued in coupon form and on the terms provided in the Indenture. Project Bonds in coupon form shall be in the denomination of \$5,000 each and shall be registrable as to principal. All Project Bonds shall be numbered as determined by the Fiscal Officer.

Each Project Bond in coupon form shall be dated as of the same date as of which the Indenture and Lease are dated.

The Project Bonds shall bear interest from their respective dates at the rates per annum, payable semi-annually on each Interest

Payment Date, and shall mature on the Principal Retirement Date in the years and in the principal amounts, all as set forth as follows:

<u>Maturity YearPrincipal AmountInterest Rate</u>		
1979\$30,0009%		
1980\$30,0009%		
1981\$35,0009%		
1982\$35,0009%		
1983\$40,0009%		
1984\$45,0009%		
1985\$45,0009%		
1986\$50,0009%		
1987\$55,0009%		
1988\$60,0009%		
1989\$65,0009%		

1990\$70,0009%		
1991\$80,0009%		
1992\$85,0009%		
1993\$90,0009%		
1994\$100,0009%		
1995\$105,0009%		
1996\$120,0009%		
1997\$130,0009%		
1998\$125,0009%		

The Project Bonds are subject to special mandatory redemption prior to stated maturity at any time in whole by the City at a redemption price of 100% of the principal amount thereof plus interest accrued to the redemption date, if in a published ruling of the Internal Revenue Service, a private ruling of the Internal Revenue Service in which the Lessee has participated, an opinion of bond counsel experienced in the financing of industrial projects (which opinion and counsel shall be satisfactory to the Trustee and the Lessee in the reasonable exercise of their judgment) or a final, non-appealable judicial decision (provided that the Lessee has been afforded the opportunity to participate at its own expense in the litigation in which such decision is reached), it is determined that, as a result of the use or investment of the proceeds of the Project Bonds or of moneys in any fund or account created under the Indenture, the Project Bonds are not obligations described in section 103(a)(1) of the Internal Revenue Code of 1954, as amended (the "Code"), and the regulations promulgated thereunder, as in effect on the date of original issuance of the Project Bonds, with the effect that interest on the Project Bonds is includable for Federal income tax purposes in

the gross income (as defined in Section 61 of the Code and the regulations promulgated thereunder as in effect on the date of such original issuance) of all holders thereof not otherwise exempt for Federal income tax purposes. Any such redemption shall be made not more than 180 days after the date of such published or private ruling, opinion of bond counsel or judicial decision.

In the event of exercise by the Lessee of its option to purchase the Project as provided in Section 10.2 of the Lease, upon (a) condemnation, (b) a major casualty, or (c) frustration of legal purpose, the Project Bonds shall be subject to extraordinary optional redemption by the City at any time in whole at a redemption price of 100% of the principal amount thereof plus interest accrued to the redemption date. The City shall direct the Trustee to call the Project Bonds for redemption pursuant to this paragraph.

The Project Bonds maturing on or after January 1, 1984 are subject to optional redemption by the City at the request of the Company, prior to stated maturity, in whole or in part at any time on or after January 1, 1984, or on any January 1 thereafter, at the respective redemption prices (expressed as percentages of the principal amount thereof) set forth below, plus interest accrued to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
January 1, 1984	103%
January 1, 1985	102 1/2%
January 1, 1986	102%
January 1, 1987	101 1/2%
January 1, 1988	101%
January 1, 1989	100 1/2%
January 1, 1990 and thereafter	100%

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If less than the entire unmatured portion of the Project Bonds is called for redemption at any time or from time to time, the Project Bonds shall be called for redemption in the inverse order of maturity and less than all of such Bonds outstanding in any stated maturity shall be selected by lot in such manner as may be determined by the Trustee.

Notice of the call for any redemption of Project Bonds, identifying by designation and number the Project Bonds to be redeemed, the redemption price to be paid, the date fixed for redemption and the places where the amounts due upon such redemption are payable, shall be given by at least two publications, by the Trustee on behalf of the City, once in a newspaper of general circulation in the City of Grand Junction, Colorado, and once in a financial journal of national circulation, the publications to be not less than thirty days nor more than sixty days prior to the redemption date, and, in the case of the redemption of Project Bonds at the time in coupon form registered as to principal (except to bearer) by mailing a copy of the redemption notice by first class mail not less than thirty days nor more than sixty days prior to the date fixed for redemption to the registered owner of each Project Bond to be redeemed at the address shown on the registration books. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the registered holder receives such notice; and failure duly to give such notice by mail, or any defect in such notice, to the registered holder of any Project Bond shall not affect the validity of the proceedings for the redemption of any other Project Bond.

The principal of, and premium, if any, interest on, the Project Bonds in coupon form shall be payable, without deduction for services as paying agent, at the principal corporate trust office of the Trustee; the principal of, and premium, if any, on, Project Bonds in coupon form registered as to principal (except to bearer) shall be payable, without any such deduction, at the principal corporate trust office of the Trustee.

The Project Bonds shall be executed by the manual or facsimile signature of the President of the Council of the City, and shall bear the seal of the City or a facsimile thereof, which seal or facsimile shall be attested by the manual signature of the City Clerk, and the coupons attached thereto shall bear the facsimile signature of the Fiscal Officer.

SECTION 4. Terms of All Bonds. All Bonds shall bear such designations as may be necessary to distinguish them from other series of Bonds. All Bonds shall be payable as to principal, premium, if any, and interest in lawful money of the United States, shall be in coupon form registerable as to principal as

provided in the Bond Legislation authorizing them or in the Indenture, shall be negotiable instruments and shall express on their face the purpose for which they are issued and such other statements or legends as may be required by law.

All Bonds and coupons shall be executed in the manner provided in the Bond Legislation authorizing their issuance or in the manner provided by the applicable law in effect at the time of their issuance. In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds or coupons, shall cease to be such officer before the issuance, authentication or delivery of such Bonds or coupons, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until that time.

Except with respect to Additional Bonds as may be provided in the Bond Legislation authorizing the issuance thereof, notice of redemption of all Bonds shall be given in the manner provided in Section 3 hereof.

SECTION 5. Form of Bonds and Coupons. The Bonds, the interest coupons to be attached thereto, and the Certificate of Authentication by the Trustee to be endorsed on all Bonds shall be in substantially the forms as set forth on Exhibit 1 hereto, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby or by any subsequent ordinance adopted prior to the issuance hereof.

SECTION 6. Security Pledged for Bonds. The Bonds shall be equally and ratably payable and secured by a first mortgage under the Indenture of all real estate, improvements, buildings erected thereon, and all machinery and equipment, collectively called the Project and by a pledge and assignment under the Indenture of all moneys and investments in the Bond Fund (including the Debt Reserve Fund) and the Revenues derived from the Project; and anything in the Bond Legislation, the Bonds or the Indenture to the contrary notwithstanding, neither the Bond Legislation, the Bonds, nor the Indenture shall represent or constitute a debt obligation or a pledge of the faith and credit of the City, the State of Colorado, or any of its political subdivisions, and the holders or owners of the Bonds shall have no right to have taxes levied by the City, the State of Colorado or any of its political subdivisions, for the payment of the principal of or premium, if any, or interest on the Bonds, but such Bonds are payable solely from the Bond Fund (including Debt Reserve Fund) and the Revenues derived from the Project, and the first mortgage lien of the Indenture, and the Bonds shall contain on the face thereof a statement to that effect; provided, however, that nothing herein shall be deemed to prohibit the City, of its own volition, from using to the extent it is lawfully authorized to do so any other resources or revenues for the fulfillment of any of the terms, conditions or obligations of the Indenture, the Bond Legislation or any of the Bonds.

SECTION 7. Sale of Project Bonds; Allocation of Purchase Price; Creation of Debt Reserve Fund and Acquisition and Construction Fund. The Executive and Fiscal Officer of the City are hereby authorized and directed to offer the Project Bonds for sale to the Original Purchaser for purchase by the Original Purchaser at the Purchase Price and, in accordance with the terms and provisions of this Bond Legislation, to execute on behalf of the City a Contract of Purchase with the representative of the Original Purchaser in the form heretofore presented to this City and to make the necessary arrangements with the Original Purchaser to establish the date, location, procedure and conditions for the delivery of the Project Bonds to the Original Purchaser. The Executive and Fiscal Officer further are hereby authorized and directed to take all steps necessary to effect due authentication, delivery and security of the Project Bonds under the terms of this Bond Legislation and the Indenture, and it is hereby determined that the price and the interest rate for the Project Bonds and the manner of sale, as provided in this Bond Legislation, are in the best interest of the City and consistent with all legal requirements. Accrued interest, if any, and one year's interest on the Bonds of \$126,000 shall be paid into the Bond Fund. In addition, a reserve of \$153,365 shall be paid into the Debt Reserve Fund.

There is hereby created by the City and ordered maintained, as a separate account in the custody of the trustee, trust fund in the name of the City to be designated City of Grand Junction First Mortgage Development Revenue Bonds (Tri-State Tractor Co. Project) Series A 1978 Debt Reserve Fund, which fund with any accumulated interest thereon shall be used to pay any deficiencies in the Bond Fund for payment of principal and premium, if any, and interest on the Bonds.

There is hereby created by the City and ordered maintained, as a separate account in the custody of the Trustee, a trust fund in the name of the City to be designated City of Grand Junction First Mortgage Development Revenue Bonds (Tri-State Tractor Co. Project) Series A 1978 Acquisition and Construction Fund. After deducting the amounts required by the preceding paragraph to be paid, the balance of the net proceeds of the Project Bonds shall be deposited in the Acquisition and Construction Fund. Moneys in the Acquisition and Construction Fund shall be invested pursuant to Section 3.9 of the Lease and disbursed in accordance with the provisions of Section 3.3 of the Lease. The City covenants and agrees to take all necessary and appropriate action required of it promptly in approving and ordering all such disbursements. The Trustee is hereby authorized and directed to issue its check for each disbursement required to be made from the Acquisition and Construction Fund by the provisions of the Lease.

SECTION 8. Source of Payment--Bond Fund. The City has authorized the lease of the Project to the Lessee under the Lease and the rent payments provided in the first two paragraphs of Section 4.3 of the Lease are to be paid directly to the Trustee for the

account of the City and deposited in the Bond Fund. The rent payments required to be made under said first two paragraphs are sufficient in amount to pay the principal of, and premium, if any, and interest on, the Bonds, and the entire amount of said rent payments is pledged and assigned to the payment of the principal of, and premium, if any, and interest on, the Bonds. In addition, under the Lease, the Lessee will assume and pay all necessary expenses which the City is required to incur for the Project.

There is hereby created by the City and ordered maintained, as a separate account in the custody of the Trustee, a trust fund in the name of the City to be designated City of Grand Junction First Mortgage Development Revenue Bonds (Tri-State Tractor Co. Project) Series A 1978 Bond Fund, which shall be used to pay the principal of and premium, if any, and interest on the Bonds.

There shall be deposited into the Bond Fund, as and when received, (a) the amounts required to be deposited in the Bond Fund pursuant to Section 7 hereof; (b) amounts transferred from the Acquisition and Construction Fund pursuant to Section 3.3(1) of the Lease; (c) any amount remaining in the Acquisition and Construction Fund to the extent provided in Section 3.3(m) of the Lease; (d) all rent payments specified in the first two paragraphs of Section 4.3 of the Lease; (e) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease which are to be paid into the Bond Fund; and (f) any amounts transferred from the Debt Reserve Fund pursuant to Section 9.04 of the Indenture.

Subject to Section 6 hereof, the City hereby covenants and agrees that so long as any of the Bonds issued under the Indenture are outstanding it will deposit, or cause to be deposited, in the Bond Fund sufficient sums of Revenues promptly to meet and pay the principal of, and premium, if any, and interest on, the Bonds as the same become due and payable, and to this end the City covenants and agrees that, so long as any Bonds issued hereunder are outstanding, it will diligently and promptly proceed in good faith and use its best efforts to cause the Project to be continuously and efficiently leased or operated as a revenue and income producing industrial facility, and that, should there be a default under the Lease with the result that the right of possession of the Project under the Lease is returned to the City, the City shall fully cooperate with the Trustee and with the Bondholders to the end of fully protecting the rights and security of the Bondholders and shall diligently and promptly proceed in good faith and use its best efforts to secure another lessee or purchaser of the Project to the end that at all times sufficient Revenues will be derived from the Project to meet and pay the principal of, and premium, if any, and interest on, the Bonds as the same become due and payable. Nothing herein shall be construed as requiring the City to operate the Project or to use any moneys from any source other than Revenues. The Trustee may, in addition to any other remedies contained in the Indenture, exercise its right, on behalf of the Bondholders, to foreclose on the Project pursuant to the first mortgage lien of the Indenture.

Moneys in the Bond Fund shall be used solely for the payment of the principal of, and premium, if any, and interest on, the Bonds; provided, that, except as provided in the next succeeding paragraph, no part of the rental payments under the first two paragraphs of Section 4.3 of the Lease in the Bond Fund shall be used to redeem, prior to maturity, any part of the Bonds outstanding.

Whenever the amount in the Bond Fund, from any source whatsoever, is sufficient to redeem all of the Bonds outstanding under the Indenture on the next earliest date upon which the Bonds may be redeemed thereunder and to pay interest to accrue thereon prior to such redemption, the City covenants and agrees to take and cause to be taken the necessary steps to redeem all of the Bonds on such date. For this purpose any balance remaining in the Debt Reserve Fund may be transferred to the Bond Fund.

Nothing in this Bond Legislation is intended to prevent the Lessee from delivering moneys to the Trustee pursuant to the second paragraph of Section 8.5 of the Lease for purchase or redemption of Bonds in accordance with that paragraph. As herein provided such moneys shall not be considered as payment or prepayment of rent.

SECTION 9. Additional Bonds. The City, at the request of the Company and to the extent permitted by law in effect at the time thereof, shall use its best efforts to issue Additional Bonds from time to time for (i) completing the acquisition and construction and installation of equipment for the Project; (ii) expanding the Project, subject to conditions of the Indenture; (iii) refunding the Project Bonds or any one or more series of Additional Bonds; (iv) repairs to the Project of a major nature arising from casualty or unanticipated conditions; or (v) any combination of the foregoing, on a parity with the Project Bonds and any Additional Bonds theretofore or thereafter issued pursuant to and secured by the Indenture provided that before any Additional Bonds are authenticated there are delivered to the Trustee the items required by the Indenture and (a) a deed transferring to the City, subject only to Permitted Encumbrances, as defined in the Lease, any additional interests in real estate necessary in connection with the portion of the Project to be financed from the proceeds of the Additional Bonds and a certificate of an engineer, licensed as such by the State of Colorado and designated by certificate of the Authorized Company Representative as defined in the Lease, that any interests in real estate conveyed by the deed together with other interests in real estate then owned by the City as a part of the Project are all of the interests in real estate necessary to the ownership and operation of the Project; (b) any necessary amendment of the Lease to provide for (x) increased rents so that the aggregate of the rents thereafter payable under the Lease as amended shall be sufficient in amount to make all required payments into the Bond Fund in order to pay, or redeem at or prior to maturity, all Bonds then to e outstanding and to pay

all other charges required to be paid from such rents under the provisions of the Lease as amended and this Bond Legislation and all Bond Legislation authorizing Additional Bonds and (y) the leasing by the City, and the inclusion within the meaning of the Project, of the interests in real estate conveyed by the deed referred to in clause (a) of this sentence and the buildings, structures, facilities, machinery and equipment to be acquired by purchase or construction from the proceeds of the Additional Bonds; and (c) either the opinion of nationally recognized bond counsel or a ruling of the Internal Revenue Service of the United States Department of Treasury that the issuance of such series of Additional Bonds will not adversely affect the exemption from Federal income taxation of the interest paid on any outstanding Bonds; provided further, that the proceeds of any Additional Bonds shall be used solely to pay the costs of such acquisition, construction or installation of equipment including expenses incidental thereto, and to pay interest on such Additional Bonds from the date thereof to the date specified in the Bond Legislation for such series of Additional Bonds.

With respect to Additional Bonds issued for expansion of the Project, such Additional Bonds shall be issued only if the net income available for debt service from the Project for the fiscal year immediately preceding the issuance of the Additional Bonds is at least 110% of the maximum annual principal and interest required on outstanding Bonds, and the estimated net income available for debt service during the first and second fiscal years immediately following the fiscal years in which improvements acquired or constructed and equipment acquired and installed with proceeds of the Additional Bonds are to be placed in operation, as forecast by a certified public accountant acceptable to the Trustee, is at least 125% of the maximum annual principal and interest requirement on outstanding Bonds and the proposed Additional Bonds.

Such additional Bonds shall be in such principal amounts, shall be dated, shall bear interest at such rate or rates, shall be subject to redemption at such times and prices, and shall mature in such years as the Bond Legislation authorizing the issuance thereof shall fix and determine, and shall be deposited with the Trustee for authentication and delivery.

SECTION 10. Covenants of City. In addition to the other covenants of the City in this Bond Legislation and the Indenture contained, the City further covenants with the Bondholders and the Trustee as follows:

(a) Payment of Principal, Premium and Interest. The City will, solely from the sources herein provided, pay the principal of, and premium, if any, and interest on, every Bond on the dates and at the places and in the manner mentioned in the Bonds or in the coupons thereto appertaining, respectively, according to the true intent and meaning thereof.

(b) Performance of Covenants, Etc. The City covenants that it will faithfully observe and perform at all times all agreements, covenants, undertakings, stipulations and provisions contained in this Bond Legislation, the Lease, the Indenture and in any and every Bond executed, authenticated and delivered under the Indenture and in all its proceedings pertaining to the Bonds, the Indenture or the Lease. The City covenants that it is authorized by the Constitution and laws of the State of Colorado, particularly and without limitation Title 29, Article 3, Colorado Revised Statutes 1973, and the authorities therein mentioned, to issue the Bonds authorized hereby and to execute, deliver and perform the Indenture and the Lease, to mortgage the Project, and to assign and all moneys and investments in the Bond Fund, the Debt Reserve Fund, and the Revenues in the manner and to the extent herein and in the Indenture set forth; that all actions on its part for the issuance of the Project Bonds and execution, delivery and performance of the Indenture and the Lease have been duly and effectively taken and, if Additional Bonds are issued pursuant hereto, will be duly taken as provided herein and in the Indenture, and that the Bonds in the hands of the holders and owners thereof. All of the obligations and duties of the City and its officers in its behalf under the Lease, this Bond Legislation and the Indenture are hereby established as duties specifically enjoined by law and resulting from an office, trust or station of the City and its officers within the meaning of Title 29, Article 3, Colorado Revised Statutes, 1973.

(c) Title to Project Properties. The City covenants that it is, or upon delivery of the Project Bonds will be, the owner of real estate for the acquisition and construction and installation of equipment for the Project, free and clear of liens and encumbrances except for Permitted Encumbrances, as defined in the Lease, and upon delivery of the Project Bonds will have good right, full power, and lawful authority to assign and pledge all moneys and investments in the Bond Fund, the Debt Reserve Fund, and the Revenues, as herein and in the Indenture provided.

(d) Maintenance of Lien. Except as otherwise provided in this Bond Legislation, the Indenture and the Lease, the City will not sell or otherwise dispose of all or any part of the Project or create or suffer to be crated any debt, lien or charge thereon other than the pledge under this Bond Legislation and the Indenture, or make any pledge or assignment of or create any lien or encumbrance upon the Revenues other than the pledge and assignment thereof under this Bond Legislation and the Indenture.

(e) Payments in Lieu of Taxes. Pursuant to Section 4 of Article X of the State Constitution, all properly owned by the City pursuant to the Act shall be and remain exempt from taxation. Nevertheless, the City shall pay annually, solely out of the Revenues derived from the Project and not from any other source, to the Street of Colorado and to the City, County, school District, and any other political subdivision or public body corporate wherein such Project is located, authorized to levy taxes, a sum equal to the

amount of tax which the taxing entity would annually receive if the property were owned by any private person or corporation, any other statute to the contrary notwithstanding.

(f) Maintenance and Repair. Pursuant to the provisions of Sections 5.1 and 5.4 of the Lease, the Lessee has agreed, at no expense to the City, to keep or cause the Project to be kept in good repair and good operating condition, and the Lessee may, at no expense to the City, from time to time undertake additions, remodeling, modifications and improvements to the Project under the terms and conditions set forth in Section 5.1 of the Lease.

(g) Public Records. The City covenants that it will cause the Lease and the Indenture, and any amendments or supplements to either, and all necessary financing statements, amendments thereto, continuation statements and instruments of similar character relating to the pledges made by it to secure the Bonds, to be recorded and filed in such manner and in such places as may be required by law in order to preserve and protect fully the security of the holders of the Bonds and the rights of the Trustee under the Indenture. The cost of all such recording to be paid from the Acquisition and Construction Fund.

(h) Inspection of Project Books. The City covenants and agrees that all books and documents in its possession relating to the Project and the Revenues shall at all times be open to inspection by such accounts or other agents as the Trustee may from time to time designate.

(i) List of Bondholders. To the extent that such information shall be made known to the City under the terms of this subsection, it will keep on file at the corporate trust office of the Trustee a list of names and addresses of the last known holders of all Bonds payable to bearer and believed to be held by each of such last known holders. Any Bondholder may request that his name and address be placed on said list by filing a written request with the City or with the Trustee, which request shall include a statement of the principal amount of Bonds held by such holder and the numbers of such Bonds. The City and the Trustee shall be under no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copies by the Lessee or by holders or owners, or combination thereof (or a designated representative thereof), of ten percent or more in principal amount of Bonds then outstanding, such ownership and the authority of any such designated representatives to be evidenced to the satisfaction of the Trustee.

(j) Rights Under Lease. The Lease, a duly executed counterpart of which upon delivery of the Project Bonds of the Original Purchaser will have been filed with the Trustee, sets forth certain rights and obligations of the City and the Lessee. Reference is hereby made to the Lease for a detailed statement of the rights and obligations of the City and the Lessee thereunder, including a

provision in Section 11.6 of the Lease that subsequent to the issuance of Bonds and prior to payment of the Bonds in full (or provision for the payment thereof having been made in accordance with the provisions hereof and of the Indenture), the Lease may not be effectively amended, changed, modified or terminated (other than as provided therein or herein) without the prior written consent of the Trustee. The City agrees that the Trustee in its name or in the name of the City may enforce all rights of the City and all obligations of the Lessee under and pursuant to the Lease for and on behalf of the Bondholders, whether or not the City is in default in the enforcement of such rights and obligations.

(k) Maintenance of Lease. The City covenants that it will do all things on its part necessary to maintain the Lease and in effect in accordance with the terms thereof and will take all actions necessary to enforce and protect the rights of the City and under the Lease, including actions at law and in equity, as may be appropriate.

(l) Investment of Bond Fund and Debt Reserve Fund Moneys Permitted. Any moneys held as a part of the Bond Fund or Debt Reserve Fund shall at the oral request, confirmed in writing within three business days, or written request of the Authorized Company Representative, as defined in the Lease, be invested or reinvested by the Trustee in Eligible Investments. The type, amount and maturity (which shall be such that the moneys invested will be available to make payments from the Bond Fund and Debt Reserve Fund in accordance with the provisions of this Bond Legislation) of such investments shall be as specified by the Authorized Company Representative. Any such investment made by the Trustee may be purchased from the Trustee, and such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Bond Fund or the Debt Reserve Fund, and the interest accruing thereon and any profit realized therefrom shall be credited to the Bond Fund or the Debt Reserve Fund and any loss resulting from such investments shall be charged to the Bond Fund or the Debt Reserve Fund. The Trustee shall sell and reduce to cash a sufficient portion of investments under the provisions of this subsection whenever the cash balance in the Bond Fund is insufficient to pay the current requirements of principal of, and premium, if any, and interest on, the Bonds. The deposit of any moneys in the Bond Fund or Debt Reserve Fund may be evidenced by certificates of deposit of the Trustee, as specified by the Authorized Company Representative.

(m) Arbitrage Provisions. The City will restrict the use of the proceeds of the Project Bonds in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of issuance of the Project Bonds, so that they will not constitute arbitrage bonds under Section 103(c) of the Internal Revenue Code of 1954, as amended, and the regulations prescribed under that section. The Fiscal Officer or any other officer of the City having responsibility with respect to the issuance of the Project Bonds is authorized and directed, alone or

in conjunction with any other officer, employee or consultant of the City or the Lessee, to give an appropriate certificate on behalf of the City, for inclusion in the transcript of proceedings for the Project Bonds, setting forth the facts, estimates and circumstances and reasonable expectations pertaining to said Section 103(c) and regulations thereunder. The City Clerk shall furnish to the Original Purchaser a true transcript of proceedings, certified by him, of all proceedings had with reference to the issuance of the Project Bonds along with such other information from the records as is necessary to determine the regularity and validity of the issuance of the Project Bonds.

(n) Maintenance of Tax-Exempt Status. The Bonds are being issued pursuant to Section 103(b)(6)(D) of the Internal Revenue Code of 1954, as amended, as a \$5,000,000 or less, exempt small issue. Promptly after the adoption of this Ordinance, and prior to the issuance of any Bonds hereunder, the City will make the election provided in Section 103(b)(6)(D) of the Internal Revenue Code of 1954, as amended, by filing a statement complying with Income Tax Regulations Section 1.103-10(b)(2)(iv). The statement shall be filed with the Internal Revenue Service by filing with the district director or director of the regional service center with whom the Company is required to file its income tax returns for the taxable year during which the election is made. The President of the Council and the City Clerk or the Assistant City Clerk of the City are hereby authorized to execute and file such election statement on behalf of the City. The City hereby covenants with the holders of the Bonds that it will not take or cause to be taken or acquiesce in the taking of any action or proceeding which will result in the interest to be payable on any of the Bonds becoming taxable for federal income tax purposes.

SECTION 11. Indenture and Lease. In order better to secure the payment of the principal of and premium, if any, and interest on the Bonds, the Executive is authorized and directed to execute, acknowledge and deliver, in the name of the City, the Indenture, and the Lease substantially in the forms submitted to the City (with such changes therein as may be approved by the officers executing the same, whose execution thereof shall be conclusive evidence of such approval) which are hereby approved in all respects; and the City is hereby authorized and directed to insert copies thereof, in the forms submitted to this meeting and approved hereby, in the record of proceedings of the City with the minutes of this meeting and to certify thereon that the same are the forms of the Indenture and the Lease so submitted to the City and approved by this Bond Legislation and identified therein as the Indenture and the Lease. Said Indenture contains provisions authorized and permitted by Title 29, Article 3, Colorado Revised Statutes 1973, and this Bond Legislation shall constitute a part thereof as therein provided and for all purposes of said indenture, including the provisions thereof relating to supplemental indentures and to the separability of provisions of the Indenture. Said Lease provides for the lease and subsequent sale of the Project to the Company pursuant to the terms contained

therein.

SECTION 12. Bond Counsel. Section 8 of the Resolution adopted by the City on June 16, 1977 is hereby repealed insofar as it refers to the appointment of the firm of Tallmadge, Tallmadge, Wallace & Hahn, as Bond Counsel, and the firm of Baskin, Boreman, Wilner, Sachs, Gondelman & Craig is hereby appointed Bond Counsel and is acknowledged to be Bond Counsel for this Bond Issue.

SECTION 13. Sale of Bonds. Subject to receipt of the unqualified approving opinion of Bond Counsel, Baskin, Boreman, Wilner, Sachs, Gondelman & Craig, at closing, the Bonds, when issued, are sold and awarded at the price of \$1,274,000 and accrued interest from January 1, 1978, to the date of delivery, to First Mississippi Securities, Inc.

SECTION 14. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds or coupons issued hereunder.

SECTION 15. Effective date. This Bond Legislation shall take effect and be in force upon its adoption.

ORDAINED AND ENACTED by the Council of the City of Grand Junction on this 7 day of December, 1977.

CITY OF GRAND JUNCTION

;sigl;

By: Lawrence L. Kozisek/President of the Council

Attest:

Neva B. Lockhart, CMC

City Clerk

EXHIBIT 1

(FORM OF COUPON BOND)

UNITED STATES OF AMERICA

STATE OF COLORADO

CITY OF GRAND JUNCTION FIRST MORTGAGE
DEVELOPMENT REVENUE BOND

(TRI-STATE TRACTOR CO. PROJECT)

SERIES A 1978

No. \$5,000

KNOW ALL MEN BY THESE PRESENTS, that the City of Grand Junction (hereinafter sometimes referred to as the "Issuer"), a municipality organized and existing under the laws of the State of Colorado, for value received, promises to pay to bearer, or, if this Bond be registered, to the registered holder hereof, but solely from the source and in the manner hereinafter set forth, the principal sum of FIVE THOUSAND DOLLARS (5,000.00) on the first day of January, _____, and to pay interest thereon from the date hereof at the rate of nine per centum (9%) per annum, payable semi-annually on the first day of July and the first day of January in each year (hereinafter sometimes called "Interest Payment Dates"), commencing July 1, 1978, until the principal sum is paid, subject to the provisions hereinafter mentioned with respect to redemption prior to maturity. The principal of, and interest on, this Bond are payable in lawful money of the United States of America without deduction for services as paying agent, at the principal corporate trust office of the Trustee, presently United States Bank of Grand Junction, Grand Junction, Colorado, or at the option of the holder hereof at the principal corporate trust office of any other paying agent appointed pursuant to the Indenture hereinafter described, but only upon presentation and surrender of this Bond and the coupons attached hereto as they respectively mature.

This Bond is one of a duly authorized issue of City of Grand Junction First Mortgage Development Revenue Bonds (Tri-State Tractor Co. Project) Series A 1978 (hereinafter referred to as the "Bonds"), issuable under the Mortgage and Trust Indenture, dated as of the _____ day of _____, 1978 (hereinafter, as amended or supplemented, referred to as the "Indenture"), duly executed and delivered by the Issuer to United States Bank of Grand Junction, as Trustee (the term "Trustee" when used herein referring to said Trustee or to any successor in said trust appointed pursuant to the Indenture), aggregating in principal amount \$1,400,000. The Bonds are all of like date, amount, interest rate and tenor, except as to date of maturity and terms and conditions of redemption, and have been issued for the purpose of paying the costs of the acquisition, by purchase and construction, and installation of real and personal property, to be used in the Tri-State Tractor Co. Project, a project as defined in Title 29, Article 3, Colorado Revised Statutes 1973, located within the boundaries of the Issuer, for elapse and subsequent sale to Tri-State Tractor Co. (hereinafter referred to as the "Company"), a Colorado corporation, pursuant to a Lease, dated as of _____, 1978 (hereinafter, as amended or supplemented, referred to as the "Lease"), in order to promote industry and develop trade or other economic activity in the Issuer, to

mitigate the serious threat of unemployment, to secure and maintain a balanced and stable economy, to provide for the health, safety, welfare, convenience and prosperity of the inhabitants of the Issuer, and to provide jobs and employment opportunities and improve the economic welfare of the people of the Issuer, said project being herein and in the Lease referred to as the "Project". The Company will purchase the Project at the conclusion of the term of, or at the earlier termination of, the Lease and has an option to purchase the Project under certain circumstances defined in the lease.

The Bonds together with Additional Bonds as may be issued on a parity therewith are all issued or may be issued under and are to be equally and ratably secured and entitled to the protection given by the Indenture, which is on file in the office of the Trustee, and reference is hereby made to the Indenture and the Lease and to all indentures and leases supplemental thereto for a more complete description of the Project, the provisions, among others, with respect to the nature and extent of the security and of the rights, duties and obligations of the Issuer, the Trustee and the holders of the Bonds and coupons and the terms and conditions upon which the Bonds are issued and secured, to all of the provisions of which Indenture, each holder, by the acceptance hereof, assents.

This Bond and appurtenant coupons are fully negotiable but this Bond may be registered as to principal only (except to bearer) on the registration books of the Issuer in the principal corporate trust office of the Trustee as Bond Registrar, upon presentation hereof at such office and the notation of such registration endorsed hereon by the Bond Registrar, and this Bond may thereafter be transferred on such books by the registered holder in person or by his attorney, evidence of such transfer to be in like manner endorsed hereon. Such transfer may be to bearer, and thereby transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of this Bond, if registered, unless registered to bearer, shall be payable only to or on the order of the registered holder or his attorney. Interest accruing on this Bond will be paid only upon presentation and surrender of the attached interest coupons as they respectively become due, and registration of this Bond as to principal as aforesaid will not affect the transferability by delivery of any coupons attached hereto.

The Bonds are subject to special mandatory redemption prior to stated maturity at any time in whole by the Issuer at a redemption price of 100% of the principal amount thereof plus interest accrued to the redemption date, if in a published ruling of the Internal Revenue Service, a private ruling of the Internal Revenue Service in which the Company has participated, an opinion of bond counsel experienced in the financing of industrial development projects (which opinion and counsel shall be satisfactory to the Trustee and the Company in the reasonable exercise of their judgment) or a final, non-appealable judicial decision (provided

that the Company has been afforded the opportunity to participate at its own expense in the litigation in which such decision is reached), it is determined that, as a result of the use or investment of the proceeds of the Bonds or of moneys in any fund or account created under the Indenture, the Bonds are not obligations described in Section 103(a)(1) of the Internal Revenue Code of 1954, as amended (the "Code"), and the regulations promulgated thereunder, as in effect on the date of original issuance of the Bonds, with the effect that interest on the Bonds is includible for Federal income tax purposes in the gross income (as defined in Section 61 of the Code and the regulations promulgated thereunder as in effect on the date of such original issuance) of all holders thereof not otherwise exempt for Federal income tax purposes. Any such redemption shall be made not more than 180 days after the date of such published or private ruling, opinion of bond counsel of judicial decision.

In the event of the exercise by the Lessee of its option to purchase the Project as provided in Section 10.2 of the Lease upon (a) condemnation, (b) a major casualty, and (c) frustration of legal purpose, the Bonds are subject to extraordinary optional redemption by the City at any time in whole at a redemption price of 100% of the principal amount thereof plus interest accrued to the redemption date.

The Bonds maturing on or after January 1, 1984 are also subject to redemption by the Issuer, at the request of the Company, prior to stated maturity, in whole or in part (but if in part, in the inverse order of maturity) at any time on or after January 1, 1984 or on any January 1 thereafter (less than all of such Bonds outstanding in any stated maturity to be selected by lot in such manner as may be determined by the trustee), at the redemption prices (expressed as percentages of the principal amount thereof) set forth in the table below, plus interest accrued to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
January 1, 1984	103%
January 1, 1985	102-1/2%
January 1, 1986	102%

January 1, 1987 10 1/2%	
January 1, 1988 10 1%	
January 1, 1989 10 1/2%	
January 1, 1990 and thereafter 10%	

The right of redemption shall be exercised by notice specifying by designation and number the Bonds to be redeemed, the redemption price to be paid, the date fixed for redemption and the places where the amounts due upon such redemption are payable, to be published, by the Trustee on behalf of the Issuer, at least once in a newspaper of general circulation in the City of Grand Junction, Colorado, and once in a financial journal of national circulation, the publications to be not less than thirty days nor more than sixty days prior to the redemption date, and in the case of the redemption of Bonds at the time registered only as to principal (except to bearer) upon mailing a copy of the redemption notice by first class mail not less than thirty days nor more than sixty days prior to the date fixed for redemption to the registered holder of each Bond to be redeemed at the address shown on the registration books. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the registered holder receives such notice; and failure duly to give such notice by mail, or any defect in such notice, to the registered holder of any Bond shall not affect the validity of the proceedings for the redemption of any other Bond. If, because of the temporary or permanent suspension of the publication or circulation of newspapers or financial journals meeting the aforesaid requirements or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice. All Bonds so called for redemption will cease to bear interest on the redemption date provided funds for their redemption are on deposit at the principal corporate trust office of the Trustee or the Issuer's paying agent at that time, and shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture.

The Bonds are issued pursuant to the Constitution and laws of the State of Colorado, particularly Title 29, Article 3, Colorado Revised Statutes 1973, and the authorities therein mentioned, and an Ordinance duly adopted by the Issuer. The Bonds, together with

Additional Bonds issued on a parity therewith under the Indenture (such Bonds and Additional Bonds being hereinafter referred to collectively as the "bonds"), and any interest coupons attached thereto, are special obligations of the Issuer, are payable except to the extent payable from Bond proceeds and the investment thereof, as to principal, premium, if any, and interest solely out of Revenues as defined in the Indenture (generally, the rental payments and other amounts which, under the Lease and are payable by the Company directly to the Trustee in respect to the Project, and other moneys received or to be received for or from the use, lease, sale or other disposition of the Project) and are not otherwise an obligation of the Issuer. The Bonds are special, limited obligations of the Issuer. The principal of and interest on such Bonds shall be payable, subject to the mortgage provisions in Title 29, Article 3, Colorado Revised Statutes 1973, and the Indenture, solely out of the revenues derived from the financing, sale, or leasing of the Project with respect to which the Bonds are issued. The Bonds and interest coupons, if any, appurtenant thereto shall not constitute the debt or indebtedness of the Issuer within the meaning of any provision or limitation of the State Constitution, statutes, or Home Rule Charter, and shall not constitute nor give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers, and the holders or owners hereof have no right to have taxes levied by the Issuer for the payment of the principal thereof or any premium or interest thereon, but the Bonds are payable solely from the revenues and funds pledged for their payment by the Indenture as authorized by said Title 29, Article 3, Colorado Revised Statutes 1973. Rental payments sufficient for the prompt payment when due of the principal of, and premium, if any, and interest on, the Bonds are required by the Lease to be paid to the Trustee for the account of the Issuer, are to be deposited in a special account created by the Issuer and designated "City of Grand Junction First Mortgage Development Revenue Bonds (Tri-State Tractor Co. Project) Series A 1978 Bond Fund" and have been duly pledged for that purpose.

The Indenture contains provisions permitting the Issuer and the Trustee, with the consent of the holders of not less than 66-2/3% in aggregate principal amount of the bonds at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures deemed necessary and desirable by the Issuer which modify, alter, amend, add to or rescind any of the terms and provisions of the Indenture or any supplemental indenture; provided, however, that no such supplemental indenture shall (i) extend the maturity of the principal of or the interest on any bond, or reduce the principal amount of any bond or the rate of interest or redemption premium thereon, without the consent of the holder of each bond affected; (ii) permit a privilege or priority of any bond or bonds over any other bond or bonds, create any security interest prior to or on a parity with that created by the Indenture or reduce the aggregate principal amount of the bonds required for consent to such supplemental indenture, without the consent of the holders of all bonds then

outstanding; or (iii) affect adversely the rights of one or more but less than all series of bonds then outstanding without the consent of the holders of 66-2/3% in aggregate principal amount of all then outstanding bonds of each series so affected; provided, however, that in the case of any modification which affects only the holders of one or more but less than all series, the Issuer and the Trustee may enter into an indenture supplemental to the Indenture with the consent of the holders of 66-2/3% in aggregate principal amount of the then outstanding bonds of each series so affected.

The holder of this Bond shall not be entitled to enforce the provisions of the Indenture or to institute, appear in or defend any suit, action or proceeding at law or in equity to enforce any rights, remedies or covenants granted by the Indenture, or to take any action with respect to any event of default under the Indenture, except as provided in the Indenture.

In an event of default, as defined in the Indenture, shall occur, the principal of this Bond and all other bonds secured by the indenture then issued and outstanding may be declared due and payable in the manner and with the effect provided by the Indenture, but subject to waiver of such default or recision of acceleration as provided in the Indenture.

No provision of this Bond or the Indenture and no reference herein to the Indenture shall have the effect of incorporating in the terms of this Bond any provision which would alter or impair the obligation of the Issuer to pay, but solely from the funds, revenues and moneys herein described, the principal of, and premium, if any, and interest on, this Bond at the times and places and in the coin or currently provided herein or affect the right of the holder of this Bond or the coupons attached hereto to enforce payment thereof from the revenues and funds pledged for their payment by the Indenture at and after the date of maturity of this Bond or such coupon without reference to or consent of the Trustee or the holder of any other Bond or coupon.

This Bond is fully negotiable under the terms of Article 8, of Title 4, Colorado Revised Statutes 1973, known and cited as the Uniform Commercial Code-Investment Securities.

AND IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things necessary to be done by the Issuer precedent to and in the issuing of the Bonds in order to make them legal, valid and binding special obligations of the Issuer in accordance with their terms, and in the authorization, execution and delivery of the Indenture and Lease, have been done and performed and have happened in regular and due form as required by law; that the Issuer has received payment in full for the Bonds; and that the Bonds do not exceed or violate any constitutional or statutory limitation.

Neither this Bond nor any of the appertaining coupons shall be

entitled to any security or benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the City of Grand Junction has caused this Bond to be executed in its name by the facsimile signature of such City's President of the Council and a facsimile of the seal of said City to be reproduced hereon and attested by the manual signature of said City's City Clerk, and the interest coupons attached hereto to be executed by the facsimile signature of the City's City Treasurer all as of the first day of January, 1978.

CITY OF GRAND JUNCTION

By:

President of the Council

Attest:

City Clerk

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This Bond is one of the Bonds described in the within-mentioned Indenture.

UNITED STATES BANK OF GRAND JUNCTION, Trustee

By

Authorized Officer

(FORM OF INTEREST COUPON)

No. _____ \$ _____

On the first day of July/January, _____, unless the Bond described below shall have been duly called for previous redemption and payment of the principal amount thereof, interest accrued thereon to the date of redemption and any redemption premium duly made or provided for, the City of Grand Junction, Colorado, will pay to bearer, but solely from the sources and in the manner provided in the Mortgage and Trust Indenture, dated as of January 1, 1978, between the City of Grand Junction, Colorado, as Issuer, and the United States Bank of Grand Junction, Grand Junction, Colorado, as Trustee, on presentation and surrender of this coupon, without deduction for its services as paying agent, at the principal corporate trust office of the Trustee, the amount of _____ Dollars in lawful money of the United States of America, being interest then due on its City of Grand Junction

First Mortgage Development Revenue Bond (Tri-State Tractor Co. Project) Series A 1978, dated January 1, 1978, Numbered _____.

CITY OF GRAND JUNCTION

By

Treasurer

(FORM OF REGISTRATION)

<u>Date of</u> <u>Registration</u> <u>Name of</u> <u>Registered</u> <u>Owner</u> <u>Signature of</u> <u>Bond Registrar</u>		
_____ _____		
_____ _____		
_____ _____		
_____ _____		
_____ _____		
_____ _____		

NOTICE

OF FINAL PASSAGE OF AN ORDINANCE TO BE PUBLISHED IN PAMPHLET FORM.

Notice is hereby given that at a regular meeting of the City Council of the City of Grand Junction held in the Council Chambers in City Hall, Grand Junction, Colorado, on the 7th day of December, 1977, the City Council considered the final passage of an Ordinance, the title to which is as follows:

"An Ordinance authorizing the issuance of \$1,400,000 First Mortgage Development Revenue Bonds of the City of Grand Junction for the purpose of paying the costs of the acquisition, by purchase and construction, and installation of real and personal property constituting an industrial project within the City of Grand Junction for lease and subsequent sale to Tri-State Tractor Co. in order to promote industry, trade and other business activity, to mitigate the serious threat of unemployment, to secure and maintain a balanced and stable economy and to provide for the health, safety, welfare, convenience and prosperity of the inhabitants of the City of Grand Junction, and to create jobs and opportunities for employment and improve the economic welfare of the people of the City of Grand Junction; authorizing the issuance of additional Revenue Bonds; providing for the pledge of revenues for the payment of said Bonds; and authorizing a mortgage and trust agreement appropriate for the protection and disposition of such revenues and further to secure the payment of principal of and premium, if any, and interest on such Bonds."

After hearing thereon, the Council determined that that Ordinance, entitled as above, introduced before the Council on the 16th day of November, 1977, should be amended as to the provisions concerning redemption, payments in lieu of taxes, the designation of the United States Bank of Grand Junction as trustee, letter changes for Section 103 of the Internal Revenue Code, and certain typographical errors, and, as amended, should be passed, adopted, numbered 1715, and published in pamphlet form, with notice of such final publication in pamphlet form being given by one publication in the Daily Sentinel, the official newspaper of the City, after such final passage.

The Ordinance, as finally adopted, becomes part of the permanent record of the City of Grand Junction, and is available for inspection at any time during normal working hours in the office of the City Clerk in the City Hall.

Dated this 7 day of December, 1977.

Neva B. Lockhart, CMC

Neva B. Lockhart
City Clerk