

ORDINANCE NO. 1958

AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF AN INDUSTRIAL DEVELOPMENT REVENUE BOND (LOS LUNEROS PROJECT), SERIES 1981, IN THE PRINCIPAL AMOUNT OF \$3,500,000; AND APPROVING THE FORM OF CERTAIN DOCUMENTS RELATING THERETO AND AUTHORIZING THE EXECUTION THEREOF.

WHEREAS, The City of Grand Junction, in the County of Mesa and the State of Colorado (the "City"), for the benefit of the inhabitants of the State and for the promotion of their health, safety, welfare, convenience, and prosperity, is authorized by Title 29, Article 3, Part 1, Colorado Revised Statutes 1973, as amended (the "Act"): (a) to issue revenue bonds for the purpose of financing one or more projects, including any land, building or other improvements and all real or personal properties suitable or used for or in connection with a manufacturing, industrial, commercial, agricultural or business enterprise, and (b) to enter into a financing agreement with a user in respect of a project, which agreement will provide for payment to the City of revenues sufficient for the payment of the principal of and interest on the revenue bonds; and

WHEREAS, by a Resolution duly passed and adopted on July 2, 1980 (the "Inducement Resolution"), the City committed itself to issue such bonds in an aggregate principal amount not to exceed \$4,000,000 in accordance with the provisions of the Act and subject to the terms set forth in the Memorandum of Agreement attached to the Inducement Resolution, for the purpose of financing the cost of developing as a site, land within the City, and constructing and equipping thereon a building or buildings, other improvements, and all necessary and appurtenant real and personal properties, whether or not now in existence, constituting a commercial office facility (the "Project"); and

WHEREAS, by a Resolution duly passed and adopted on February 4, 1981, the City Council authorized Los Luneros, a Colorado general partnership (the "Borrower"), to proceed with the revenue bond issue previously authorized, said Partnership having demonstrated to the Council that the condition precedent to the issuance of such bonds had been satisfied, i.e., that initially, energy related companies would occupy at least 50% of the rental space in the Project; and

WHEREAS, the funds from the proceeds of the bond issue will be made available to the Borrower, for the acquisition and construction of the Project; and

WHEREAS, the following documents have been submitted to the City Council (the "Council") and filed in the office of the City Clerk (the "Clerk") and are there available for public inspection:

(a) a Loan Agreement, dated as of \_\_\_\_\_, 1981 (the "Loan Agreement"), proposed to be made and entered into between the City

and the Borrower;

(b) an Assignment and Security Agreement dated as of \_\_\_\_\_, 1981 (the "Assignment"), proposed to be made and entered into between the City and Midland Federal Savings and Loan Association (the "Association"); and

(c) a Deed of Trust, Assignment of Rents and Security Agreement, dated as of \_\_\_\_\_, 1981 (the "Deed of Trust"), proposed to be made and entered into by and between the Borrower and the Public Trustee of the County of Mesa, State of Colorado, for the benefit of the Association; and

WHEREAS, the Council desires to authorize the issuance of a City of Grand Junction, Colorado, Industrial Development Revenue Bond (Los Luneros Project), Series 1981, dated as of \_\_\_\_\_, 1981, in the Principal amount of \$3,500,000 (the "Bond" or "Series 1981 Bond"); and

WHEREAS, it is necessary to authorize the issuance of the Series 1981 Bond by Ordinance and to approve the form of said documents and authorize the execution thereof in connection with the issuance of the Bond;

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

Section 1. Definitions. Certain terms used in this Bond Ordinance shall have the meaning given to them in Article I of the Loan Agreement, unless the context clearly indicates otherwise.

Section 2. Approvals, Authorizations, and Amendments. The forms of the Loan Agreement, Assignment, and Deed of Trust are incorporated herein by reference and are hereby approved. The Mayor and the Clerk are hereby authorized and directed to execute the Loan Agreement and Assignment and to affix the seal of the City thereto, and further to execute and authenticate such other documents, instruments or certificates as are deemed necessary or desirable by bond counsel in order to issue and secure the Series 1981 Bond. Such documents are to be executed in substantially the form hereinabove approved, provided that such documents may be completed, corrected or revised as deemed necessary by the parties thereto in order to carry out the purposes of this Bond Ordinance. Copies of all of the documents shall be delivered, filed and recorded as provided therein.

The proper officers of the City are hereby authorized and directed to prepare and furnish to bond counsel certified copies of all proceedings and records of the City relating to the Series 1981 Bond and such other affidavits and certificates as may be required to show the facts relating to the authorization and issuance thereof as such facts appear from the books and records in such officers' custody and control or as otherwise known to them.

The approval hereby given to the various documents referred to above includes an approval of such additional details therein as may be necessary and appropriate for their completion, including interest rates and any numbers derived therefrom, deletions therefrom and additions thereto as may be approved by bond counsel prior to the execution of the documents. The execution of any instrument by the appropriate officers of the City herein authorized shall be conclusive evidence of the approval by the City of such instrument in accordance with the terms hereof.

With the consent of the City, the Borrower and the Bondholder, the terms and provisions of the Loan Agreement, Assignment, or the Deed of Trust or of any instrument supplemental thereto, may be modified or altered only by a written instrument executed in the same manner as the document to be amended.

Section 3. Authorization. In order to promote industry and develop trade and other economic activity, the Project shall be and is hereby authorized to be financed as described herein. The estimated cost of acquisition and construction of the Project is not less than \$3,500,000. It is hereby found and declared that the financing of the Project and the use thereof by the Borrower as hereinafter provided is necessary to accomplish the public purposes described in the preamble hereto.

Section 4. Bond Provisions and Details. For the purpose of financing the cost of the Project that shall be and there is hereby authorized to be issued by the City its Industrial Development Revenue Bond (Los Luneros Project), Series 1981, in the aggregate principal amount and denomination of \$3,500,000. The Bond shall be a fully registered bond, dated the date of issuance thereof, and shall be payable to the Association or its registered assigns.

The Series 1981 Bond shall bear interest during the first ten (10) years after its date at the rate of ten and one half percent (10.50%) per annum. Thereafter, on the tenth anniversary date of the Bond and on each fifth anniversary date thereafter, so long as the Bond remains outstanding, the rate of interest paid on the Bond may be readjusted, with a maximum rate which shall be the lesser of: (a) fifteen and one half percent (15.50%) per annum, or (b) 105% of the "Bond Buyer's" Revenue Index as published one week prior to such anniversary date(s) in The Daily Bond Buyer, or its successor, rounded to the nearest one-eighth of one percent (1/8 of 1.00%). Principal and interest on the Series 1981 Bond shall be payable in equal monthly installments, commencing on \_\_\_\_\_ 1, 1981, and on the first day of each month thereafter, applied first to interest and then to principal with a final payment on \_\_\_\_\_, 2011, of the then outstanding principal and interest, if the Bond has not been prepaid in full as hereinafter provided.

The maximum net effective interest rate authorized for the Series 1981 Bond is fifteen and one half percent (15.50%) per annum; provided however, that upon a Determination of Taxability, as

defined in Article VIII of the Loan Agreement, whereby the interest accruing on the Bond becomes includable in the gross income of the Bondholder, then the Bond shall bear interest at the annual rate of 2% above the prime rate quoted by the United Bank of Denver, N.A., or its successors, on the date of such Determination, together with additional amounts of interest as described in Section 8.3 of the Loan Agreement, but such increased rate of interest shall never exceed the maximum net effective interest rate of thirty percent (30.00%) per annum hereby authorized. In lieu of such increased interest rate upon a Determination of Taxability, the Bondholder, at its option, may demand a mandatory prepayment of the outstanding principal amount of the Bond.

To the extent permitted by law, in the event any monthly payment of principal and interest is not paid on or before the sixteenth day of each and every calendar month, such payment shall become delinquent, and upon demand of the Bondholder, additional interest will become due in the amount of one-sixth of one percent (1/6 of 1.00%) per month on the unpaid principal balance of the Bond for the period of time that the payment remains unpaid after it was due, to cover the extra expenses involved in handling delinquent payments.

The Series 1981 Bond and the interest thereon shall be payable at Midland Federal Savings and Loan Association, in Denver, Colorado.

The Bond is subject to optional prepayment by the City, at the request of the Borrower, in whole or in part, upon any principal and interest payment date; provided however, if the total amount of all such optional prepayments in any one calendar year exceeds 20% of the total principal amount of the Bond when issued, plus additional advances, if any, made by the Association pursuant to the Loan Agreement, then upon demand of the Bondholder, additional interest will become due on the total of such prepayments made in any calendar year in the amount of 120 days advance interest at the then existing interest rate on the Bond. Such prepayment shall be made on any monthly payment date after not less than 10 days prior written notice is given to the Bondholder by the Borrower, on behalf of the City. Upon receipt by the Bondholder of such notice specifying a date for the prepayment of the principal of the Bond (or any portion thereof), the Association shall, to the extent that amounts are or become available therefor in the Bond Fund, prepay principal, together with accrued interest on the portion prepaid, with the additional interest, if any, as described above. Any partial prepayment on the Bond shall result in a reduction in all subsequent installments of principal and interest on the Bond in proportion as the amount of such prepayment bears to the original principal amount of the Bond.

The Bond is also subject to mandatory prepayment: (a) on any date, in whole, if a Determination of Taxability (as defined in the Loan Agreement) occurs with respect to the Bond and the Bondholder exercises its prepayment option; (b) on any date, in whole, by the

application of moneys received by or on behalf of the Bondholder from the proceeds of insurance or the proceeds of sale or condemnation of the Project as provided in the Deed of Trust, (c) on any date, in whole, by the application of moneys received by the Association from the Borrower to prepay the Bond (in connection with the destruction or governmental taking of the Project) pursuant to Section 7.1(a) or (b) of the Loan Agreement; and (d) in whole, by the application of moneys received by the Association from the Borrower to prepay the Bond, pursuant to a demand for prepayment exercised by the Bondholder on \_\_\_\_\_ 1, 1991, or on \_\_\_\_\_ 1st, every five (5) years thereafter as long as the Bond remains outstanding, provided that the Bondholder gives Borrower at least one hundred eighty (180) days prior written notice of its intention to exercise its option for prepayment hereby authorized. It is agreed that all such prepayments shall be made by payment of the principal amount to be prepaid and accrued interest thereon to the date fixed for the prepayment, without redemption premium. The Bond will cease to bear interest on the specified prepayment date, provided funds for prepayment are on deposit at the place of payment at that time.

Section 5. Determinations. It is hereby found, determined and declared that:

(a) the amount necessary in each year to pay the principal of and the interest on the Series 1981 Bond:

(i) is as set forth in Exhibit A attached hereto, assuming that the maximum tax exempt interest rate of fifteen and one half (15.50%) (computed on a 365 day-year basis) is in effect, and

(ii) is as set forth in Exhibit B attached hereto, assuming, pursuant to a Determination of Taxability, that the maximum taxable interest rate of thirty percent (30.00%) (computed on a 365 day-year basis) is in effect.

(b) a Bond Fund shall be established in connection with the issuance of the Series 1981 Bond and the Proceeds derived therefrom; no reserve fund shall be established;

(c) the Loan Agreement provides that the Borrower shall maintain the Project and carry all proper insurance with respect thereto;

(d) the Loan Agreement requires that the Borrower pay the taxes which the taxing entities specified in Section 29-3-120(3) of the Act are entitled to receive with respect to the Project;

(e) the payments required to be made by the Loan Agreement are sufficient to pay the principal of and interest on the Series 1981 Bond, when due, and are sufficient to pay all other costs required to be paid by the Loan Agreement.

(f) the Project, as more fully described in the Loan Agreement, constitutes a project authorized by and described in Section 29-3-

103(10) of the Act, and will serve a valid public purpose;

(g) the issuance and sale of the Bond, the execution and delivery of the Loan Agreement and the Assignment, and the performance of all covenants and agreements of the City contained in the Loan Agreement and the Assignment, and all actions required under the laws of the State of Colorado to make the Loan Agreement and the Bond valid and binding obligations of the City in accordance with their terms, are authorized by the Act.

(h) there is no litigation pending or, to the best of its knowledge, threatened against the City relating to the Project or to the Bond, Loan Agreement, Assignment, or Deed of Trust or questioning the organization, powers, or authority of the City.

(i) the execution, delivery and performance of the City's obligations under the Bond, the Loan Agreement, and the Assignment have been fully authorized by all requisite action and do not and will not violate any law, any order of any court or other agency of government, or any indenture, agreement or other instrument to which the City is a party or by which it or any of its property is bound, or be in conflict with, result in breach of, or constitute (with due notice or lapse of time or both) a default under any such indenture, agreement or other instrument.

(j) no member of the City Council of the City have acted upon this Ordinance in his or her official capacity: (i) has a direct or indirect interest in the Project, Loan Agreement, Assignment, Deed of Trust, or Bond, (ii) owns any interest in the Project or the Borrower, (iii) is a partner or employee of the Borrower, (iv) will be involved in supervising the completion of the Project on behalf of the Borrower, or (v) will receive any commission, bonus, or other remuneration for or in respect to the Project, the Loan Agreement, the Assignment, the Deed of Trust, or the Bond.

Section 6. Form and Execution of Bond. The bond shall be signed by the manual signature of the Mayor of the City, shall be sealed with an impression of the corporate seal of the City, and shall be countersigned and attested by the manual signature of the City Clerk. Should any officer whose manual signature appears on said Bond cease to be such officer before delivery of the Bond to the Purchaser, such manual signature shall nevertheless be valid and sufficient for all purposes.

The Series 1981 Bond shall be in substantially the following form:

UNITED STATES OF AMERICA  
STATE OF COLORADO  
CITY OF GRAND JUNCTION, COUNTY OF MESA

INDUSTRIAL DEVELOPMENT REVENUE BOND  
(LOS LUNEROS PROJECT),  
SERIES 1981

No. R-1

\$3,500,000

The City of Grand Junction, Colorado, a political subdivision of the State of Colorado and a body corporate and politic (the "City"), for value received, hereby promises to pay to Midland Federal Savings and Loan Association, in Denver, Colorado (the "Association"), or its registered assigns, solely and only from the source and in the manner hereinafter provided, the principal sum of

THREE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$3,500,000)

with interest thereon at the rate of ten and one half percent (10.50%) through \_\_\_\_\_ 1, 1991, and on such tenth anniversary date of this Bond and on each fifth anniversary date thereafter so long as this Bond remains outstanding, said interest rate may be readjusted, with a maximum rate which shall be the lesser of: (a) fifteen and one half percent (15.50%) per annum, or (b) 105% of the "Bond Buyer's" Revenue Index as published one week prior to such anniversary date(s) in The Daily Bond Buyer, or its successor, rounded to the nearest one-eighth of one percent (1/8 of 1.00%). Principal and interest shall be payable in equal monthly installments, payable on the first day of each month, applied first to interest and then to principal with a final payment on \_\_\_\_\_, 2011, of the then outstanding principal and interest (unless this Bond shall have been previously paid pursuant to the terms hereof); both the principal of and interest on this Bond are payable in lawful money of the United States of America at the principal office of Midland Federal Savings and Loan Association, in Denver, Colorado, or at such other place as the Association may designate in writing.

In the event any monthly payment of principal and interest is not paid on or before the sixteenth day of each and every calendar month, such payment shall become delinquent, and upon demand of the Bondholder, additional interest will become due in the amount of one-sixth of one percent (1/6 of 1.00%) per month on the unpaid principal balance of this Bond for the period of time that the payment remains unpaid after it was due.

This Bond is issued by virtue of and in full conformity with the Constitution of the State of Colorado, and pursuant to the County and Municipality Development Revenue Bond Act, Title 29, Article 3, Part 1, Colorado Revised Statutes 1973, as amended, ("Act") and all other laws of the State of Colorado thereunto enabling, for the purpose of financing the cost of developing as a site, land within the City, and constructing and equipping a building or buildings thereon, other improvements, and all necessary and appurtenant real and personal properties (such property being subject to depreciation under Section 167 of the Internal Revenue Code of 1954, as amended,) whether or not now in existence, constituting a commercial office facility (the "Project"). This

Bond is further issued in accordance with the city's Charter and pursuant to an Ordinance of the City Council of the City, finally adopted and approved on \_\_\_\_\_, 1981 (the "Ordinance"), and is a special, limited obligation of the City, payable solely from and secured by a pledge of payments to be made to the City pursuant to a Loan Agreement, dated as of \_\_\_\_\_, 1981, and entered into between Los Luneros, a general partnership duly formed under the laws of the State of Colorado (the "Borrower"), and the City (the "Loan Agreement"). The proceeds of the Bond will be loaned by the City to the Borrower for payment of the Costs of the Project, and, pursuant to the Loan Agreement, the Borrower has covenanted to repay the funds, together with interest thereon, in installments which will be sufficient to pay, when due, the principal of and interest on this Bond. This Bond is secured by a pledge and assignment of revenues and receipts derived by the City pursuant to the Loan Agreement and the Note of the Borrower identified therein, as more fully described in the Ordinance. The payment of principal and interest is further secured by a Deed of Trust, Assignment of Rents and Security Agreement, dated as of \_\_\_\_\_, 1981, and entered into by and between the Borrower and the Public Trustee of the County of Mesa, State of Colorado, for the benefit of the Association (the "Deed of Trust"). Reference is made to the Ordinance for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the City, the rights of the Bondholder, and the terms on which the Bond is or may be issued and to all the provisions to which the Bondholder assents, by the acceptance of this Bond.

Upon ten (10) days written notice given to the Bondholder by the Borrower, on behalf of the City, the Principal amount of this Bond is subject to optional prepayment on any principal and interest payment date, in whole or in part, at a prepayment price of par plus accrued interest to the prepayment date, plus additional interest on prepayments in any calendar year totalling more than 20% of the actual principal amount of the Bond plus advances, all as is more particularly described in the Ordinance. The Bond also is subject to mandatory prepayment, in whole, in accordance with Section 4 of the Ordinance and Article VII of the Loan Agreement.

Pursuant to the provisions of the Loan Agreement, payments sufficient for the prompt payment when due of the principal of and interest on this Bond are to be paid by the Borrower to the Association, for the account of the City and deposited in a special account created by the City and designated as the "Industrial Development Revenue Bond Fund (Los Luneros Project)", and all revenues and receipts payable under the Loan Agreement have been duly pledged and assigned to the Association to secure payment of such principal and interest.

The Issuer acknowledges that it is intended that interest on the Bond will not be includable in the gross income of the Bondholder (other than by reason that such Bondholder should be or become a substantial user of the Project or Related Person as defined in

Section 103(b)(9) of the Code) for Federal income tax purposes, and the stated 10.50% interest rate of this Bond reflects such exemption. Accordingly, in the event of a Determination of Taxability (as defined in the Loan Agreement), on the first day of the month following such Determination of Taxability (the "Adjustment Date") the interest rate payable on this Bond prior to the maturity date hereof, shall be increased to 2% per annum (365 day-year basis) above the United Bank of Denver, N.A.'s, or its successor's prime rate, the change in such interest rate to be effective on the first day of the month following any change in such prime lending rate, and from and after the Adjustment Date, each interest installment payable on this Bond shall be increased by the amount of such additional interest. Additional amounts of interest on this Bond will become due upon a Determination of Taxability, pursuant to subsections 8.3(b) and (c) of the Loan Agreement. In lieu of such increased interest rate upon a Determination of Taxability, the Bondholder, at its option, may demand a mandatory prepayment of the outstanding principal amount of this Bond.

All of the agreements, conditions, covenants, provisions and stipulations contained in the Loan Agreement, Assignment, and Deed of Trust are hereby made a part of this Bond to the same extent and with the same force and effect as if they were fully set forth herein.

In certain events, on the conditions, in the manner and with the effect set forth in the Ordinance, the principal of this Bond may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

This Bond and the interest hereon do not constitute a debt or general obligation of the City, within the meaning of any constitutional or statutory limitation or within the meaning of the City Charter, and do not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers. This Bond and the interest thereon are special obligations payable solely from the revenues derived from the Project pursuant to the Loan Agreement, the payments under which will be sufficient to pay the principal of, interest on, and certain fees and expenses in connection with this Bond as the same become due and payable. The Bondholder shall never have the right to enforce payment thereof against any property of the City except its interest in the Loan Agreement, and this Bond does not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the City, and the agreement of the City to perform or cause the performance of the covenants and other provisions herein referred to shall be subject to all times to the availability of revenues of the Project or other funds furnished to the City in accordance with the Loan Agreement, sufficient to pay all costs of such performance or the enforcement thereof.

With the consent of the City, the Borrower and the Bondholder, the terms and provisions of the Loan Agreement, Assignment, or the

Deed of Trust or of any instrument supplemental thereto, may be modified or altered only to the extent and in the circumstances permitted by the Ordinance.

IN WITNESS WHEREOF, the City of Grand Junction, by its City Council, has caused this Bond to be signed in its behalf by the manual signature of the Mayor of the City and countersigned and attested by the manual signature of the City Clerk, sealed with an impression of the corporate seal of the City, all as of the \_\_\_\_\_ day of \_\_\_\_\_, 1981.

CITY OF GRAND JUNCTION, COLORADO

By

\_\_\_\_\_  
Mayor

(S E A L)

COUNTERSIGNED AND ATTESTED:

\_\_\_\_\_  
City Clerk

The security evidenced hereby was issued and delivered without registration under the Securities Act of 1933, as amended, or any other applicable securities laws, in reliance upon the availability of an appropriate exemption from any registration otherwise required and the representation of the Association that it is a sophisticated investor and that the security was being acquired solely for investment and not with a view to distribution or resale. Said security shall not be sold, pledged, hypothecated, donated, or otherwise transferred, whether or not for consideration, by the Association or otherwise transferred, whether or not for consideration, by the Association except upon the issuance to the City of a favorable opinion of counsel, and/or submission to the City of such other evidence as may be required, in either case, to the effect that any such transfer shall not be in violation of the Securities Act of 1933, as amended, or any other applicable securities laws.

PROVISIONS AS TO REGISTRATION

This Bond is registered at the Office of the City Clerk of the City of Grand Junction, as Registrar, in the name of the Holder listed below, and the principal amount of the Bond and interest thereon shall be payable only to such Holder. No transfer of this Bond shall be valid unless noted in the registration blanks below.

<u>Date of</u> <u>RegistrationName and</u> <u>Address of Registered</u> <u>HolderSignature of</u> <u>Registrar</u>		
____ Midland Federal Savings and Loan Association 444 Seventeenth Street Denver, Colorado 80202 ____		
_____		
_____		

END OF FORM OF BOND

Section 7. Creation of the Bond Fund. There is hereby created by the City and ordered established with the Association as depository, a special fund to be designated as the "Industrial Development Revenue Bond Fund (Los Luneros Project)" (herein sometimes referred to as the "Bond Fund"), which shall be used to pay the principal of and the interest on the Bond.

There shall be deposited into the Bond Fund, as and when received: (a) all payments and prepayments specified in Articles IV and VII of the Loan Agreement; and (b) all other moneys received by the Association under and pursuant to any of the provisions of the Loan Agreement. The Association is authorized and directed to apply amounts available therefor in the Bond Fund to the payment when due of the principal of and interest on the Bond.

The City covenants and agrees that should there be a default under the Loan Agreement, the City shall cooperate fully with the Association to the end of fully protecting the rights and security of the Bondholder. Nothing herein shall be construed as requiring the City to operate the Project or to use any funds or revenues from any source other than funds and revenues derived from the Loan Agreement.

Any amounts remaining in the Bond Fund after payment in full of: (i) the principal of and interest on the Bond, and (ii) all other amounts required to be paid under the Loan Agreement, as defined in the Loan Agreement, this Bond Ordinance and any other agreement or document executed by the Borrower or the City in connection therewith, shall be paid to the Borrower as provided in Section 9.5 of the Loan Agreement upon the expiration or sooner

termination of the term of the Loan Agreement as provided in Section 11 hereof.

Section 8. Limited Nature of Obligation and Covenants of the City. Under the provisions of the Act, and as provided in the Loan Agreement, the Series 1981 Bond shall be a special, limited obligation of the City payable solely from, and secured by a pledge of, the revenues as stated in the Loan Agreement and shall be further secured by the lien of the Deed of Trust upon the Project. The City will not pledge any of its property or secure the payment of the Series 1981 Bond with its property. The Series 1981 Bond shall never constitute the debt or indebtedness of the City within the meaning of any provision or limitation of the state constitution or statutes and shall not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers. In entering into the Loan Agreement, the City will not obligate itself, except with respect to the Project and the application of the revenues therefrom and Bond Proceeds therefor. The City will not pay out of its general fund or otherwise contribute any part of the Cost of the Project, as said term is defined in the Loan Agreement.

The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Ordinance, in the Bond and in all proceedings of its City Council pertaining thereto. The City covenants that it is duly authorized under the Constitution and laws of the State of Colorado, including particularly and without limitation the Act, and by the authority of its Charter, to issue the Bond authorized hereby, and to pledge and assign the revenues and receipts hereby pledged and assigned in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bond has been duly and effectively taken and that the Bond is and will be the valid and enforceable special, limited obligation of the City according to the true intent and meaning thereof.

The City covenants that it will execute, acknowledge and deliver such instruments, financing statements and other documents as the Association may reasonably require for the better assuring, pledging and assigning unto the Association the rights of the City in and to the revenues and receipts hereby assigned and pledged to the payment of the principal of and interest on the Bond. The City covenants and agrees that, except as herein and in the Loan Agreement provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the revenues and receipts derived from the Loan Agreement, or of its rights under the Loan Agreement.

The City covenants and agrees that all books and documents in its possession relating to the Project and the revenues and receipts derived from the Loan Agreement shall at all reasonable times be open to inspection by the Bondholder or such accountants or other agencies as such Bondholder may from time to time designate.

The City covenants and agrees that it shall enforce all of its rights and all of the obligations of the Borrower under the Loan Agreement for the benefit of the Bondholder. The City shall protect the rights of the Bondholder hereunder with respect to the assignment and pledge of the revenues and receipts coming due under the Loan Agreement.

Section 9. Events of Default. If any of the following events occurs it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) Failure by the Borrower to make the payments required under the Loan Agreement in amounts sufficient to pay the monthly installments of interest on and principal of the Bond within fifteen (15) days after the date upon which such payments are due; or

(b) Failure by the Borrower to pay the principal balance due under the Loan Agreement as and when the same shall become due; or

(c) Any Event of Default under Section 6.1 of the Loan Agreement shall have occurred and be continuing.

Upon the occurrence of an Event of Default and so long as such event is continuing, the Bondholder, by notice in writing delivered to the City and the Borrower, may declare the principal of the Bond and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Upon any such declaration, all payments under the Loan Agreement from the Borrower shall immediately become due and payable as provided in Section 4.2 and 6.2 of the Loan Agreement.

So long as the Bond remains outstanding, the City shall not exercise any of the remedies on default specified in Section 6.2 of the Loan Agreement without prior written consent of the Bondholder.

Upon the occurrence of an Event of Default, the Bondholder may pursue any available remedy provided for in the Loan Agreement and any remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and interest on the Bond and to enforce and compel the performance of the duties and obligations of the City and Borrower as herein set forth.

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholder is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholder.

No delay or omission to exercise any right, power or remedy accruing upon any event of default shall impair any such right

power or remedy or shall be construed to be a waiver of any such event of default or acquiescence therein; and every such right, power or remedy may be exercised from time to time as often as may be deemed expedient.

All moneys received pursuant to any right given or action taken under the provisions of this Section or under the provisions of Article VI of the Loan Agreement (after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the City or the Bondholder) at the time of the occurrence of an event of default shall be deposited in the Bond Fund and all such moneys in the Bond Fund shall be applied to the payment of the principal and interest then due and unpaid upon the Bond to the person entitled thereto.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Bondholder shall determine.

Whenever all the principal of and interest on the Bond have been paid under the provisions of this Section and all expenses of the Bondholder and the City have been paid, any balance remaining on the Bond Fund shall be paid to the Borrower.

With regard to any default concerning which notice is given to the Borrower under the provisions of this Section, the City hereby grants the Borrower full authority for account of the City to perform or observe any covenant or obligation alleged in said notice not to have been performed or observed, in the name and stead of the City with full power to do any and all things and acts to the same extent that the City could do in order to remedy such default.

Section 10. Bond Ordinance Irrepealable. After the Series 1981 Bond is issued, this Bond Ordinance shall constitute an irrevocable contract between the City and the Bondholder and shall be and remain irrepealable until the Series 1981 Bond, as to both principal and interest, shall be fully paid, cancelled and discharged.

Section 11. Termination of Obligations. All rights and obligations of the City and the Borrower under the Loan Agreement, the Assignment, the Deed of Trust, the Bond, and this Ordinance shall terminate and such instruments shall cease to be of further effect, and the Bondholder shall cancel the Bond, deliver it to the City, and deliver a copy of the cancelled Bond to the Borrower, and shall assign and deliver to the Borrower any moneys in the Bond Fund required to be paid to the Borrower under Section 7 hereof (except moneys held by the Association for the payment of principal of or interest on the Bond) when:

(a) all expenses of the City and the Association shall have been paid;

(b) the City and the Borrower shall have performed all of their covenants and promises in the Loan Agreement, the Assignment, the Deed of Trust, the Bond, and in this Ordinance; and

(c) all principal of and interest on the Bond have been paid.

Section 12. Authorizing Action. The officers of the City shall take all action in conformity with the Act necessary or reasonably required to effectuate the provisions of the Bond and the Loan Agreement and shall take all action necessary or desirable in conformity with the Act to finance the Project, including incidental issuing expenses, and for carrying out, giving effect to, and consummating transactions contemplated by this Ordinance, the Loan Agreement, the Assignment, and the Deed of Trust, including without limitation, the execution and delivery of any documents to be filed with the Internal Revenue Service to complete the election for the application of the \$10,000,000 small issue exemption pursuant to Section 103(b)(6)(D) of the Code, and any closing documents to be delivered in connection with the sale and delivery of the Bond.

Section 13. Ratification. All actions heretofore taken by the City and by the officers thereof not inconsistent herewith directed toward the financing of the Project and the issuance and sale of the Series 1981 Bond are hereby ratified, approved, and confirmed.

Section 14. Limitation of Actions. Pursuant to Section 29-3-122 of the Act, no action shall be brought questioning the legality of the Loan Agreement, Assignment, Deed of Trust, Bond, or any other contract of proceeding executed in connection with the Project on and after thirty days from the effective date of this Bond Ordinance.

Section 15. Repealer. All acts, orders, resolutions, or parts thereof taken by the City and in conflict with this Bond Ordinance are hereby repealed, except that this repealer shall not be construed so as to revive any act, order, resolution, or part thereof, heretofore repealed.

Section 16. Severability. If any paragraph, clause or provision of this Bond Ordinance is judicially adjudged invalid or unenforceable, such judgement shall not affect, impair or invalidate the remaining paragraphs, clauses or provisions hereof.

Section 17. Recording, Authentication, Publication, and Effective Date. This Ordinance shall be numbered and recorded in the City's book of ordinances, marked "Ordinance Record", and the adoption and publication shall be authenticated by the signatures of the Mayor and City Clerk, and by the certificate of its publication once, in full, in the Grand Junction Daily Sentinel at least ten days before its final passage, and once after such passage, as amended and completed, in accordance with the provisions of the City Charter.

\*INTRODUCED AND PASSED ON FIRST READING, This 18th day of March, 1981.

Jane S. Quimby

\_\_\_\_\_  
Mayor

(S E A L)

Neva B. Lockhart, CMC

\_\_\_\_\_  
City Clerk

The foregoing Ordinance will be presented for final passage at a regular meeting of the City Council to be held at the City Hall, in Grand Junction, Colorado, on Wednesday, the 1st day of April, 1981, at 7:30 P.M.

\*\*FINALLY PASSED AND ADOPTED this 1st day of April, 1981.

Jane S. Quimby

\_\_\_\_\_  
Mayor

(S E A L)

ATTESTED:

Neva B. Lockhart, CMC

\_\_\_\_\_  
City Clerk

\*For execution after first reading.

\*\*For execution after second and final reading.

EXHIBIT A

(Loan Repayment Schedule assuming 15.50% interest rate is in effect)

RATE%PA YMENT\$L OAN\$TER M						
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15.500\$ 32015.8 8\$35000 000.001 20							
PAYMENT ONPAYME NT ON							
<u>Payment</u> <u>NumberP</u> <u>RINCIPA</u> <u>LINTERE</u> <u>STBALAN</u> <u>CE OF</u> <u>LOANPAY</u> <u>MENT</u> <u>NUMBERP</u> <u>RINCIPA</u> <u>LINTERE</u> <u>STBALAN</u> <u>CE OF</u> <u>LOAN</u>							
11390.8 830625. 0034986 09.12 552226. 3929789 .493402 286.74							
21403.0 530612. 8334972 06.07 562245. 8729770							

.013400 040.87							
31415.3 330600. 5534957 90.74 572265. 5229750 .363397 775.35							
41427.7 130588. 1734943 63.03 582285. 3529730 .533395 490.00							
51440.2 030575. 6834929 22.83 592305. 3429710 .543393 184.66							
61452.8 130563. 0734914 70.02 602325. 5129690 .373390 859.15							

71465.5 230550. 3634900 04.50 612345. 8629670 .023388 513.29							
81478.3 430537. 5434885 26.16 622366. 3929649 .493386 .46.90							
91491.2 830524. 6034870 34.88 632387. 0929628 .793383 759.81							
101504. 3230511 .563485 530.56 642407. 9829607 .903381 351.83							
111517. 4930498							

.393484 013.07 652429. 0529586 .833378 922.78							
121530. 7730485 .113482 482.30 662450. 3129565 .573376 472.47							
131544. 1630471 .723480 938.14 672471. 7529544 .133374 000.72							
141557. 6730458 .213479 380.47 682493. 3729522 .513371 507.35							
151571. 3030444 .583477 809.17 692515. 1929500 .693368 992.16							

161585. 0530430 .833476 224.12 702537. 2029478 .683366 454.96							
171598. 9230416 .963474 625.20 712559. 4029456 .483363 895.56							
181612. 9130402 .973473 012.29 722581. 7929434 .093361 313.77							
191627. 0230388 .863471 385.27 732604. 3829411 .503358 709.39							
201641. 2630374 .623469 744.01 742627.							

1729388 .713356 082.22							
211655. 6230360 .263468 088.39 752650. 1629365 .723353 432.06							
221670. 1130345 .773466 418.28 762673. 3529342 .533350 758.71							
231684. 7230331 .163464 733.56 772696. 7429319 .143348 061.97							
241699. 4630316 .423463 034.10 782720. 3429295 .543345 341.63							
251714.							

3330301 .553461 319.77 792744. 1429271 .743342 597.49							
261729. 3330286 .553459 590.44 802768. 1529247 .733339 829.34							
271744. 4630271 .423457 845.98 812792. 3729223 .513337 036.97							
281759. 7330256 .153456 086.25 822816. 8129199 .073334 220.16							
291775. 1330240 .753454 311.12 832841. 4529174 .433331 378.71							

301790. 6630225 .223452 520.46 842866. 3229149 .563328 512.39							
311806. 3330209 .553450 714.13 852891. 4029124 .483325 620.99							
321822. 1330193 .753448 892.00 862916. 7029099 .183322 704.29							
331838. 0730177 .813447 053.93 872942. 2229073 .663319 762.07							
341854. 1630161 .723445 199.77 882967.							

9629047 .923316 794.11							
351870. 3830145 .503443 329.39 892993. 9329021 .953313 800.18							
361886. 7530129 .133441 442.64 903020. 1328995 .753310 780.05							
371903. 2630112 .623439 539.38 913046. 5528969 .333307 733.50							
381919. 9130095 .973437 619.47 923073. 2128942 .673304 660.29							
391936.							

7130079 .173435 682.76 933100. 1028915 .783301 560.19							
401953. 6630062 .223433 729.10 943127. 2328888 .653298 432.96							
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432005. 3930010 .493427 764.97 973210. 0428805 .843288 886.14							

442022. 9429992 .943425 742.03 983238. 1328777 .753285 648.01							
452040. 6429975 .243423 701.39 993266. 4628749 .423282 381.55							
462058. 4929957 .393421 642.901 003295. 0428720 .843279 086.51							
472076. 5029939 .383419 566.401 013323. 8728692 .013275 762.64							
482094. 6729921 .213417 471.731 023352.							

9628662 .923272 409.68							
492113. 0029902 .883415 358.731 033382. 3028633 .583269 027.38							
502131. 4929884 .393413 227.241 043411. 8928603 .993265 615.49							
512150. 1429865 .743411 077.101 053441. 7428574 .143262 173.75							
522168. 9629846 .923408 908.141 063471. 8628544 .023258 701.89							
532187.							

9329827 .953406 720.211 073502. 2428513 .643255 199.65							
542207. 0829808 .803404 513.131 083532. 8828483 .003251 666.77							
1093563 .802845 2.08324 8102.97							
1103594 .982842 0.90324 4507.99							
1113626 .442838 9.44324 0881.55							
1123658 .172835 7.71323 7223.38							
1133690 .182832							

5.70323 3533.20							
1143722 .462829 3.42322 9810.74							
1153755 .042826 0.84322 6055.70							
1163787 .892822 7.99322 2267.81							
1173821 .042819 4.84321 8446.77							
1183854 .472816 1.41321 4592.30							
1193888 .202812 7.68321 0704.10							
1203922 .222809 3.66320							

6781.88							
RATE%PA YMENT\$ L OAN\$TER M							
15.500\$ 43416.2 2\$32067 82.0024 0							
PAYMENT ONPAYME NT ON							
<u>Payment</u> <u>NumberP</u> <u>RINCIPA</u> <u>LINTERE</u> <u>STBALAN</u> <u>CE OF</u>							
<u>LOANPAY</u> <u>MENT</u> <u>NUMBERP</u> <u>RINCIPA</u> <u>LINTERE</u> <u>STBALAN</u> <u>CE OF</u> <u>LOAN</u>							
11995.2 941420. 9332047 86.71 553990. 1239426 .103048 353.15							

22021.0 641395. 1632027 65.65 564041. 6639374 .563044 311.49							
32047.1 641369. 0632007 18.49 574093. 8639322 .363040 217.63							
42073.6 141342. 6131986 44.88 584146. 7439269 .483036 070.89							
52100.3 941315. 8331965 44.49 594200. 3039215 .923031 870.59							

62127.5 241288. 7031944 16.97 604254. 5639161 .663027 616.03							
72155.0 041261. 2231922 61.97 614309. 5139106 .713023 306.52							
82182.8 441233. 3831900 79.13 624365. 1839051 .043018 941.34							
92211.0 341205. 1931878 68.10 634421. 5638994 .663014 519.78							
102239. 5941176 .633185 628.51							

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112268. 5241147 .703183 359.99 654536. 5238879 .703005 504.59							
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037387. 9636028 .262781 897.01							
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1128292							

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1148508 .153490 8.07269 4052.05 1711768 2.23257 33.9919 74626.6 4							
1158618 .053479 8.17268 5434.00 1721791 0.63255 05.5919 56716.0 1							
1168729 .363468 6.86267 6704.64 1731814							

1.97252 74.2519 38574.0 4							
1178842 .123457 4.10266 7862.52 1741837 6.31250 39.9119 20197.7 3							
1188956 .333445 9.89265 8906.19 1751861 3.67248 02.5519 01584.0 6							
1199072 .023434 4.20264 9834.17 1761885 4.09245 62.1318 82729.9 7							
1209189 .203422 7.02264 0644.97 1771909 7.62243 18.6018 63632.3 5							

1219307 .893410 8.33263 1337.08 1781934 4.30240 71.9218 44288.0 5							
1229428 .123398 8.10262 1908.96 1791959 4.17238 82.0518 24693.8 8							
1239549 .903386 6.32261 2359.06 1801984 7.26235 68.9618 04846.6 2							
1249673 .253374 2.97260 2685.81 1812010 3.62233 12.6017 84743.0 0							
1259798							

.193361 8.03259 2887.62 1822036 3.29230 52.9317 64379.7 1							
1269924 .753349 1.47258 2962.87 1832062 6.32227 89.9017 43753.3 9							
1271005 2.95333 63.2725 72909.9 2184208 92.7422 523.481 722860. 65							
1281018 2.80332 33.4225 62727.1 2185211 62.6022 253.621 701698. 05							
1291031 4.33331 01.8925 52412.7 9186214							

35.9521 980.271 680262. 10							
1301044 7.55329 68.6725 41965.2 4187217 12.8321 703.391 658549. 27							
1311058 2.50328 33.7225 31382.7 4188219 93.2921 422.931 636555. 98							
1321071 9.19326 97.0325 20663.5 5189222 77.3721 138.851 614278. 61							
1331085 7.65325 58.5725 09805.9 0190225 65.1220 851.101 591713. 49							

1341099 7.89324 18.3324 98808.0 1191228 56.5920 559.631 568856. 90							
1351113 9.95322 76.2724 87668.0 6192231 51.8220 264.101 545705. 08							
1361128 3.84321 32.3824 76384.2 2193234 50.8619 965.361 522254. 22							
1371142 9.59319 86.6324 64954.6 3194237 53.7719 662.451 498500. 45							
1381157							

7.22318 39.0024 53377.4 1195240 60.5919 355.631 474439. 86							
1391172 6.76316 89.4624 41650.6 5196243 71.3719 044.851 450068. 49							
1401187 8.23315 37.9924 29772.4 2197246 86.1718 730.051 425382. 32							
1411203 1.66313 84.5624 17740.7 6198250 05.0318 411.191 400377. 29							
1421218 7.07312 29.1524 05553.6 9199253							

28.0118 088.211 375049. 28							
1431234 4.48310 71.7423 93209.2 1200256 55.1717 761.051 349394. 11							
1441250 3.93309 12.2923 80705.2 8201259 86.5517 429.671 323407. 56							
1451266 5.44307 50.7823 68039.8 4202263 22.2117 094.011 297085. 35							
1461282 9.04305 87.1823 55210.8 0203266 62.2016 754.021 270423. 15							

1471299 4.75304 21.4723 42216.0 5204270 06.5916 409.631 243416. 56							
1481316 2.60302 53.6223 29053.4 5205273 55.4216 060.801 216061. 14							
1491333 2.61300 83.6123 15720.8 4206277 08.7615 707.461 188352. 38							
1501350 4.83299 11.3923 02216.0 1207280 66.6715 349.551 160285. 71							
1511367							

9.26297 36.9622 88536.7 5208284 29.2014 987.021 131856. 51							
1521385 5.95295 60.2722 74680.8 0209287 96.4114 619.811 103060. 10							
1531403 4.93293 81.2922 60645.8 7210291 68.3614 247.861 073891. 74							
1541421 6.21292 00.0122 46429.6 6211295 45.1213 871.101 044346. 62							
1551439 9.84290 16.3822 32029.8 2212299							

26.7413 489.481 014419. 88							
1561458 5.83288 30.3922 17443.9 9213303 13.3013 102.929 84106.5 8							
1571477 4.24286 41.9822 02669.7 5214307 04.8412 711.389 53401.7 4							
1581496 5.07284 51.1521 87704.6 8215311 01.4512 314.779 22300.2 9							
1591515 8.37282 57.8521 72546.3 1216315 03.1711 913.058 90797.1 2							

1601535 4.16280 62.0621 57192.1 5217319 10.0911 506.138 58887.0 3							
1611555 2.49278 63.7321 41639.6 6218323 22.2611 093.968 26564.7 7							
1621575 3.37276 62.8521 25886.2 9219327 39.7610 676.467 93825.0 1							
1631595 6.86274 59.3621 09929.4 3220331 62.6510 253.577 60662.3 6							
1641616							

2.96272 53.2620 93766.4 7221335 91.0098 25.2272 7071.36							
1651637 1.74270 44.4820 77394.7 3222340 24.8893 91.3469 3046.48							
2233446 4.37895 1.85658 582.11							
2243490 9.53850 6.69623 672.58							
2253536 0.45805 5.77588 312.13							
2263581 7.19759 9.03552 494.94							
2273627 9.83713							

6.39516 215.11							
2283674 8.44666 7.78479 466.67							
2293722 3.11619 3.11442 243.56							
2303770 3.91571 2.31404 539.65							
2313819 0.92522 5.30366 348.73							
2323868 4.22473 2.00327 664.51							
2333918 3.89423 2.33288 480.62							
2343969 0.01372 6.21248							

790.61							
2354020 2.67321 3.55208 587.94							
2364072 1.96269 4.26167 865.98							
2374124 7.95216 8.27126 618.03							
2384178 0.74163 5.48848 37.29							
2394232 0.41109 5.81425 16.88							
2404251 6.88549 .180.00							

EXHIBIT B

(Loan Repayment Schedule assuming maximum 30.00% interest rate is in effect)

RATE%PA YMENT\$ L OAN\$TER M							
30.000\$ 87512.0 6\$35000 000.003 60							
PAYMENT ONPAYME NT ON							
<u>Payment</u> <u>NumberP</u> <u>RINCIPA</u> <u>LINTERE</u> <u>STBALAN</u> <u>CE OF</u>  <u>LOANPAY</u> <u>MENT</u> <u>NUMBERP</u> <u>RINCIPA</u> <u>LINTERE</u> <u>STBALAN</u> <u>CE OF</u> <u>LOAN</u>							
112.068 7500.00 3499987 .94 5545.75 87466.3 1349860 6.48							

212.368 7499.70 3499975 .58 5646.90 87465.1 6349855 9.58							
312.678 7499.39 3499962 .91 5748.07 87463.9 9349851 1.51							
412.998 7499.07 3499949 .92 5849.27 87462.7 9349846 2.24							
513.318 7498.75 3499936 .61 5950.50 87461.5 6349841 1.74							

613.648 7498.42 3499922 .97 6051.77 87460.2 9349835 9.97							
713.998 7498.07 3499908 .98 6153.06 87459.0 0349830 6.91							
814.348 7497.72 3499894 .64 6254.39 87457.6 7349825 2.52							
914.698 7497.37 3499879 .95 6355.75 87456.3 1349819 6.77							
1015.06 87497.0 0349986 4.89							

6457.14 87454.9 2349813 9.63							
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3588123 8.09627 3.97169 720.72							

3598326 9.04424 3.02864 51.68							
3608535 0.77216 1.29110 0.91							

EXHIBIT C

PROMISSORY NOTE

\$3,500,000

\_\_\_\_\_, 1981

FOR VALUE RECEIVED, the undersigned, LOS LUNEROS, a general partnership organized and existing under the Laws of the State of Colorado (the "Borrower"), promises to pay to the order of the CITY OF GRAND JUNCTION, COLORADO (the "Issuer") as hereinafter provided, the principal sum of \$3,500,000 together with interest thereon at the rate of 10.5% per annum from the date hereof, payable in monthly installments beginning on \_\_\_\_\_ 1, 1981, and on the first day of each month thereafter as set forth on the schedule of principal and interest payments attached hereto and made a part hereof by this reference. The amounts due under this Note shall be equal to the amounts due under the Series 1981 Bond which shall be based upon the Series 1981 Bond bearing interest during the first ten (10) years after its date at the rate of ten and one-half percent (10.50%) per annum. On the tenth anniversary date of the Bond and on each fifth anniversary date thereafter, so long as the Bond remains outstanding, the rate of interest paid on the Bond may be readjusted with a maximum rate which shall be the lesser of: (a) fifteen and one-half percent (15.50%) per annum, or (b) One hundred five percent (105%) of the "Bond Buyer's" Revenue Index as published one week prior to such anniversary date(s) in The Daily Buyer, or its successor, rounded to the nearest one-eighth of one percent (1/8 of 1.00%). In the event the interest rate is adjusted pursuant to the foregoing formula, an amended schedule shall be attached hereto.

All payments shall be applied first to interest due, and any balance shall be applied in reduction of principal.

Concurrently with the execution and delivery of this Note the

Issuer has issued \$3,500,000 aggregate principal amount of its Industrial Development Revenue Bond (Los Luneros Project), Series 1981 (the "Bond") pursuant to Article 3, Title 29 of the Colorado Revised Statutes 1973, as amended, and pursuant to an Ordinance finally passed and adopted by the City Council of the Issuer on \_\_\_\_\_, 1981 (the "Bond Ordinance"). The principal proceeds from sale of the Bond are to be loaned to the Borrower to pay a portion of the Cost of certain facilities (the "Project") for the Borrower identified in the Loan Agreement (as hereinafter described). This Note is issued pursuant to a certain loan Agreement (the "Loan Agreement") dated as of \_\_\_\_\_, between the Issuer and the Borrower relating to the financing of the Project (as defined in the Loan Agreement). The Bond is secured by this Note, and pursuant to an Assignment and Security Agreement (the "Assignment") dated as of \_\_\_\_\_, 1981 between the Issuer and Midland Federal Savings and Loan Association (the "Association"), the Association shall use each payment by the Borrower under this Note to make a like payment, pro rata, of principal of and interest on the Bond. This Note is further secured by the Deed of Trust executed and delivered by the Borrower to the public trustee of Mesa County, Colorado covering certain real property described therein. The terms of this Note are identical with the terms of the Bond as to payment dates and amounts, interest rates, prepayment provisions and default and acceleration provisions.

This Note is prepayable only as provided and upon the terms and conditions in Article VII of the Loan Agreement.

Whenever payment or provision therefor has been made in respect of the principal of (whether at maturity or upon redemption or acceleration) or interest on all or any portion of the Bond in accordance with the Bond Ordinance, this Note shall be deemed paid to the extent such payment or provision therefor has been made and is considered to be a payment of principal of or interest on the Bond. If the Bond is hereby deemed paid in full this Note shall be cancelled and returned to the Borrower. Subject to the foregoing or unless the Borrower is entitled to a credit under the Loan Agreement or the Bond Ordinance, all payments shall be in the full amount required under this Note.

In certain circumstances (relating to the taxability for Federal income tax purposes of interest on the Bond), subject to the conditions, in the manner and with the effect set forth in Article VIII of the Loan Agreement, the rate of interest on this Note shall be increased to two percent (2%) per annum (365 day-year basis) above the prime commercial lending rate of United Bank of Denver, N.A. or its successors available to large corporations, with changes in such interest rate to be effective on the first day of the month following any change in such prime lending rate.

In the event the Borrower should fail to make any payment when due hereunder, the installment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with

additional interest thereon at the rate of one-sixty (1/6) of one percent (1%) per month until paid in full.

All payments of principal and interest shall be made to the Association at its principal office in Denver, Colorado for the account of the Issuer for deposit in the Bond Fund identified in the Loan Agreement in lawful money of the United States of America, and shall be in funds current in Denver, Colorado.

The obligations of the Borrower to make the payments required hereunder shall be absolute and unconditional without defense or set-off by reason of any default by the Issuer under the Loan Agreement or under any other agreement between the Borrower and the Issuer or the Association or for any other reason, including without limitation, failure to complete the Project, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State of Colorado or any political subdivision of either or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Loan Agreement, it being the intention of the Borrower and the Issuer that the payments hereunder will be paid in full when due without any delay or diminution whatsoever.

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed and delivered as of the day and year first above stated.

LOS LUNEROS, a Colorado General Partnership

By Its General Partners:

\_\_\_\_\_  
William Foster

\_\_\_\_\_  
Henry Faussonne

\_\_\_\_\_  
Jerome Fossenier

\_\_\_\_\_  
Warren Gardner

\_\_\_\_\_  
John Jebsen

\_\_\_\_\_  
Howard Motz

\_\_\_\_\_  
George Wheeler

\_\_\_\_\_  
Charles Woodward

\_\_\_\_\_  
Dennis Granum

Pay to the order of Midland Federal Savings and Loan Association,  
without recourse or warranty.

Dated: \_\_\_\_\_, 1981

CITY OF GRAND JUNCTION, COLORADO

By

\_\_\_\_\_  
Its Mayor

I HEREBY CERTIFY that the foregoing ordinance, being Ordinance No. 1958, was introduced, read, and ordered published by the City Council of the City of Grand Junction, Colorado, at a regular meeting of said body held on the 18th day of March, 1981. and that the same was published in The Daily Sentinel, a newspaper published and in general circulation in said City, at least ten days before its final passage.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official Seal of said City this 2nd day of April, 1981.

Neva B. Lockhart

\_\_\_\_\_  
Neva B. Lockhart, CMC  
City Clerk

Published: April 3, 1981

Effective: May 3, 1981