

ORDINANCE NO. 2055

SERIES 1982

AN ORDINANCE AUTHORIZING THE SALE AND ISSUANCE OF GENERAL OBLIGATION WATER BONDS, SERIES 1982, IN THE PRINCIPAL AMOUNT OF \$1,400,000, DATED JUNE 15, 1982, FOR THE PURPOSES OF EXTENSIONS, ENLARGEMENTS, AND IMPROVEMENTS TO THE WATERWORKS FACILITIES; PROVIDING FOR THE APPLICATION OF CERTAIN REVENUES OF THE WATER SYSTEM OF THE CITY AND FOR THE LEVY OF TAXES TO PAY THE SERIES 1982 WATER BONDS AND THE INTEREST THEREON; AND PRESCRIBING OTHER DETAILS IN CONNECTION THEREWITH.

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

WHEREAS, the City has heretofore duly authorized, sold, issued and delivered \$2,145,000 of its General Obligation Water Refunding Bonds, Series 1978B, dated May 1, 1978 ("1978B Issue"); and \$3,205,000 of its General Obligation Water Bonds, Series 1978C, dated May 1, 1978 ("1978C Issue"); and

WHEREAS, the City desires to issue \$1,400,000 of its General Obligation Water Bonds, Series 1982, for the extension, enlargement and improvement of the water system; and

WHEREAS, the General Obligation Water Bonds, Series 1982, in the amount of \$1,400,000, have been sold and awarded to Boettcher & Co., Denver, Colorado, for cash.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION:

ARTICLE I

DEFINITIONS, CONSTRUCTION, RATIFICATION, PUBLICATION AND EFFECTIVE DATE.

Section 101. Definitions. The terms in this section are defined for all purposes of this Ordinance and any ordinance amendatory hereof or supplemental hereto, and any other instrument or any other document appertaining hereto, except where the context by clear implication otherwise requires.

"Bonds" means the General Obligation Water Bonds, Series 1982, authorized herein.

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

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

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

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

"Holder", when used in conjunction with any coupons, any bonds, or any other designated securities, means the person in possession and the apparent owner of the designated item.

"Independent Accountant" means any certified public accountant, or any firm of such certified public accountants, as from time to time determined by the City, duly licensed to practice and practicing as such under the laws of the State, appointed and paid by the City who is, in fact, independent and not under the domination of the City, who does not have any substantial interest, direct or indirect, with the City, and who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

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

"System" or "water system" means the separate water system of the City, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City, through purchase, construction, or otherwise, and used in connection with the water system of the City, and in any way appertaining thereto, whether situated within or without its limits, or both within and without its limits.

"Net System Revenues" means the Gross System Revenues remaining after the deduction of the Operation and Maintenance Expenses.

"Operation and Maintenance Expenses", or any phrase of similar import, means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the System and shall include legal and overhead expense of the various City departments directly related and reasonably allocable to the administration of the utility, insurance premiums, the reasonable charges of depository banks and paying agents, contractual services, professional services required by this Ordinance, salaries and administrative expenses, labor, the cost of materials

and supplies used for current operation, but shall not include any allowance for depreciation, liabilities incurred by the City as the result of its negligence in the operation of the System, improvements, extensions, enlargements or betterments, or any charges for the accumulation of reserves for capital replacements.

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

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

Section 102. Ordinance Irrepealable. After any of the Bonds herein authorized are issued, this Ordinance shall constitute an irrevocable contract between the City and the Holder or Holders of the Bonds; and this Ordinance, subject to the provisions of Article XI hereof, shall be and shall remain irrepealable until the Bonds and the interest thereon shall be fully paid, cancelled, and discharged, as herein provided.

Section 103. Severability Clause. If any article, section, subsection, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such article, section, subsection, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 104. Repealer Clause. All by-laws, orders, resolutions, and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any by-law, order, resolution, or ordinance, or part thereof, heretofore repealed.

Section 105. Publication and Effective Date. This Ordinance introduced at this meeting shall be published in full in The Daily Sentinel, a daily newspaper of the City published therein, and shall be considered for final passage at a regular meeting of the City Council on Wednesday, May 19, 1982 at the Council Chambers at City Hall at 7:30 o'clock p.m. After final passage, this Ordinance shall again be published and shall take effect thirty (30) days following final publication.

ARTICLE II

DETERMINATION OF THE CITY'S AUTHORITY AND OBLIGATIONS

Section 201. Authority for this Ordinance. This Ordinance is adopted by virtue of the City's powers as a home-rule city operating pursuant to Article XX of the State Constitution; and the City has ascertained and hereby determines that each and every

matter and thing as to which provision is made herein is necessary in order to carry out and to effectuate the purposes of the City in accordance with such powers in full conformity with the Charter.

Section 202. Ordinance to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions hereof shall be deemed to be and shall constitute contracts between the City and the Holders from time to time of the Bonds and coupons; and the covenants and agreements herein set forth to be performed on behalf of the City shall be for the equal benefit, protection, and security of the Holders of any and all of the Bonds and coupons, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction of any of the Bonds or coupons over any other thereof, except as expressly provided in or pursuant to this Ordinance.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF THE BONDS

Section 301. Authorization. That for the purpose of providing funds for the extension, enlargement and improvement of the City's waterworks system, General Obligation Water Bonds, Series 1982, in the principal amount of \$1,400,000 ("Series 1982 Bonds") are hereby authorized. Said Series 1982 Bonds are sold to Boettcher & Co., Denver, Colorado, to the best advantage of the City.

Section 302. Bond Details. The Series 1982 Bonds shall be negotiable in form, payable to bearer, in the denomination of \$5,000 each, numbered 1 to 280, inclusive, shall be dated June 15, 1982, shall bear interest payable November 15, 1982 and semiannually thereafter on May 15 and November 15 each year and shall mature annually on May 15 as follows:

<u>Bond</u> <u>Numbers</u> <u>Amounts</u> <u>Maturing</u> <u>Years</u> <u>Maturing</u> <u>Interest</u> <u>Rate Per Annum</u>			
1 - 10 \$50,000 1983 8.0 0%			
11 - 2155,000 1984 8.50			

°			
22 - 3465,00019859.00 °			
35 - 4765,00019869.50 0°			
48 - 6170,00019879.70 0°			
62 - 7780,00019889.87 5°			
78 - 9590,000198910.0 0°			
96 - 115100,000199010 .20°			
116 - 139120,000199110 .50°			
140 - 14110,000199210. 80°			
1425,000199311.0 0°			
143 - 14410,000199411. 25°			
145 - 264600,000199511			

.50%			
265 - 28080,000199611. 75%			

The net effective interest rate on the Series 1982 Bonds is 11.2967%.

The Series 1982 Bonds maturing on May 15, 1982 to May 15, 1992, are not redeemable prior to maturity; Bonds maturing May 15, 1993 to May 15, 1996, are redeemable prior to maturity in the amount of \$5,000, or any multiple thereof, at the option of the City, on May 15, 1992, and on any interest payment date thereafter, in inverse numerical order, at par, accrued interest and a premium of 1.0% of principal if redeemed May 15, 1992 to and including May 15, 1994, and at par and accrued interest if redeemed November 15, 1994 or thereafter.

Notice of any prior redemption of the Bonds shall be given by the City Clerk of the City (1) by publication of such notice at least once, not less than thirty days prior to the redemption date, in a newspaper published and of general circulation in the City; and (2) by sending a copy of such notice by registered, first-class, postage prepaid United States mail, at least thirty days prior to the redemption date, to (a) the original purchaser of the Bonds, Boettcher & Co., Denver, Colorado, and (b) the Paying Agent. Such notice shall specify the number of each bond to be so redeemed and the date fixed for redemption, shall further state that on such redemption date there shall be paid, at the place of payment (designated below), the principal amount thereof, accrued interest to the redemption date and the designated premium, if any, and that from and after such date interest will cease to accrue. Notice having been given in the manner hereinabove provided, the bond or bonds so called for redemption shall become due and payable on the redemption date so designated; and upon presentation thereof, together with the appurtenant coupons maturing subsequent to the redemption date, the City shall pay the bond or bonds so called for redemption.

The principal amount of and interest on said Bonds shall be payable in lawful money of the United States of America at the United States Bank of Grand Junction, in Grand Junction, Colorado.

Section 303. Form and Execution of Bonds. The Bonds shall be signed with the facsimile signature of the President of the City Council, sealed with a facsimile of the seal of the City, attested by the manual signature of the City Clerk of the City, and the interest coupons attached thereto shall bear the facsimile signature of the City Treasurer. When issued as aforesaid as part of said Bonds, such interest coupons shall be the binding

obligations of the City according to their import. Should any officer whose manual or facsimile signature appears on the Bonds or the interest coupons attached thereto, cease to be such officer before delivery of the Bonds to the purchaser such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes.

Notwithstanding the provisions herein with respect to the issuance of coupon bonds, the City may issue temporary single bonds pending the printing of the permanent coupon bonds. The temporary bonds shall be signed with the manual signature of the President of the City Council, sealed with the seal of the City, and attested by the manual signature of the City Clerk of the City, and when permanent coupon bonds are printed and ready for delivery the temporary bonds shall be exchanged for said permanent bonds.

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

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF COLORADO

COUNTY OF MESA

CITY OF GRAND JUNCTION

GENERAL OBLIGATION WATER BOND, SERIES 1982

No. _____

\$5,000

The City of Grand Junction, in the County of Mesa and State of Colorado, for value received hereby acknowledges itself indebted and promises to pay to the bearer hereof the principal sum of

FIVE THOUSAND DOLLARS

on the 15th day of May, _____, with interest thereon at the rate of _____ percentum (_____%) per annum, payable on November 15, 1982, and semiannually thereafter on the 15th day of May and the 15th day of November each year, as evidenced by interest coupons attached hereto, both principal and interest being payable in lawful money of the United States of America, at the United States Bank of Grand Junction, in Grand Junction, Colorado, upon presentation and surrender of the annexed coupons and this Bond as they severally become due.

Bonds of this Series maturing on May 15, 1983 to May 15, 1992, are not redeemable prior to maturity; Bonds maturing May 15, 1993 to May 15, 1996, are redeemable prior to maturity in the amount of \$5,000, or any multiple thereof, at the option of the City, on May

15, 1992, and on any interest payment date thereafter, in inverse numerical order, at par, accrued interest and a premium of 1.0% or principal if redeemed May 15, 1992 to and including May 15, 1994, and at par and accrued interest if redeemed November 15, 1994 or thereafter.

Notice of any prior redemption of the Bonds shall be given in the time and manner as more particularly set forth in the Ordinance authorizing the issuance of this Bond.

This Bond is issued by the City Council of the City of Grand Junction, Colorado, for the purpose of providing funds for the extension, enlargement and improvement of the water system of the City, under the authority of and in full conformity with the City Charter and the Constitution of the State of Colorado, and pursuant to an Ordinance duly adopted, published and made a law of said City prior to the issuance of this Bond.

It is hereby further certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the City in the issuance of this Bond; that the total debt of the City, including that of this Bond, does not exceed any limit of indebtedness prescribed by the Constitution or the laws of the State of Colorado; and that provision has been made for the application of the net revenues of the water system of the City and for the levy and collection of an annual tax on all of the taxable property in the City sufficient to pay the interest on and the principal of this Bond when the same become due.

The full faith and credit of the City of Grand Junction, Colorado, are hereby pledged for the punctual payment of the principal of and interest on this Bond.

IN TESTIMONY WHEREOF, the City Council of the City of Grand Junction, Colorado, has caused this Bond to be signed with the facsimile signature of the President of the City Council, sealed with a facsimile of the seal of the City, attested by the manual signature of the City Clerk and the attached coupons to be signed with the facsimile signature of the City Treasurer, as of the 15th day of June, 1985.

(Facsimile Signature)

President of the City Council

(FACSIMILE SEAL)

ATTEST:

(Do Not sign)

City Clerk

(Form of Interest Coupon)

No. _____

\$ _____

On the 15th day of May, November, _____, unless the Bond to which this coupon is attached, if redeemable, has been called for prior redemption, the City of Grand Junction, Mesa County, Colorado, will pay to bearer the amount shown hereon in lawful money of the United States of America, at the United States Bank of Grand Junction, in Grand Junction, Colorado, being interest then due on its General Obligation Water Bond, Series 1982, dated June 15, 1982, bearing

No. _____

(Facsimile Signature)

City Treasurer

ARTICLE V

ADMINISTRATION OF PLEDGED REVENUES

Section 501. Water Revenue Fund. Beginning on January 1, 1983, so long as any of the Series 1982 Bonds shall be outstanding, the entire Gross System Revenues attributable to the water system shall continue to be set aside and credited immediately to a special account created by Ordinance No. 1737, Series 1978, known as the City's "Series 1978B and 1978C General Obligation Water Fund" (herein the "Water Revenue Fund") and so long as any of the Series 1978B, Series 1978C and Series 1982 Bonds hereby authorized shall be outstanding, payments shall be made as provided in this Article V. From the date of delivery of the Series 1982 Bonds until January 1, 1983, the Gross System Revenues attributable to the water system, upon their receipt from time to time by the City, shall be set aside and credited to accounts now in existence, as provided in the 1982 Budget as adopted by the City Council. Provided, however, that such Gross System Revenues shall be accounted for separately and shall be available for the applicable deposits into the Funds created by this Ordinance and Ordinance No. 1737, Series 1978.

Section 502. Operation and Maintenance Expenses. First, as a first charge on the Water Revenue Fund, from time to time there shall be set aside in and credited in separate accounts now in existence and to be known as the "Water System Facilities Operation and Maintenance Fund" (herein the "Water Operation and Maintenance Fund"), moneys sufficient to pay operation and maintenance expenses as they become due and payable, and thereupon they shall be promptly paid. Any surplus remaining at the end of each month and not needed for Operation and Maintenance expenses shall be transferred to the Bond Retirement Fund and shall be used for the purposes thereof, as herein provided.

Section 503. Bond Retirement Funds. Second, and subject to the aforesaid provisions, from any moneys remaining in the Water Revenue Fund, from the Net System Revenues, there shall be credited to the City of Grand Junction "Series 1978B, 1978C and 1982 General Obligation Water Interest and Bond Retirement Fund" (herein the "Water Bond Retirement Fund") from the balance remaining in the Water Revenue Fund, as follows:

A. Interest Payments. Monthly, commencing on the fifteenth day of the month immediately succeeding the delivery of any of the Series 1982 Bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of interest on the Bonds then outstanding, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary to pay the next maturing installment of interest on the Bonds then outstanding, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary to pay the next maturing installment of interest on the outstanding Bonds, except to the extent any other moneys are available.

B. Principal Payments. Monthly, commencing on the fifteenth day of the month immediately succeeding delivery of the Series 1982 Bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of principal of the outstanding Bonds, and monthly thereafter, commencing on each principal payment date, one-twelfth of the amount necessary to pay the next maturing installment of principal on the outstanding Bonds, except to the extent any other moneys are available therefor.

Section 504. Termination of Deposits. No payment need be made into the Water Bond Retirement Fund if the amount in the Fund is a sum at least equal to the entire amount of the outstanding Series 1978B, Series 1978C, and 1982 Bonds, to their respective maturities, or to any prior redemption date on which the City shall have exercised its option to redeem prior to their respective maturities the Bonds then outstanding and thereafter maturing.

Section 505. Use of Remaining Revenues. After the payments hereinabove required to be made by Sections 502 through 504 hereof are made, any remaining moneys in the Water Revenue Fund may be used for any lawful purposes, as the Council may determine.

ARTICLE VI

GENERAL ADMINISTRATION

Section 601. Administration of Accounts. The special accounts designated in Article V hereof shall be administered as provided

in this Article VI.

Section 602. Places and Times of Deposits. Each of the special accounts shall be maintained as a book account and kept separate from all other accounts as a trust account solely for the purposes herein designated therefor, which special book accounts shall be in one bank account or more in an Insured Bank or Insured Banks as determined and designated by the Treasurer. Each such trust account shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes. Each periodic payment shall be credited to the proper account not later than the date therefor herein designated except that when any such date shall be a Saturday, a Sunday or a legal holiday, then such payment shall be made on or before the next preceding secular day. Notwithstanding any other provision herein to the contrary, moneys shall be deposited with the Paying Agent in a timely manner prior to each interest payment date herein designated sufficient to pay the Bond Requirements then becoming due on the Outstanding Bonds.

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

Section 604. Accounting for Investments. The Federal Securities so purchased as an investment or reinvestment of moneys in any such account shall be deemed at all times to be a part of the account, and any interest accruing thereon and any other gain realized therefrom, as well as any interest and other gain from the deposit of moneys in an Insured Bank shall be credited to the Water Revenue Fund, and any loss resulting from such investment or reinvestment in Federal Securities or in a bank shall be charged to the Operation and Maintenance Fund. No loss or profit on any investment or reinvestment in Federal Securities or certificates of deposit shall be deemed to take place as a result of fluctuations in the market quotations of the investment or reinvestment prior to the sale or maturity thereof. In the computation of the amount in any such account for any purpose herein, except as herein otherwise expressly provided, Federal Securities and certificates of deposit shall be valued at the cost thereof (including any amount paid as accrued interest at the time of purchase of the obligation) and other bank deposits shall be valued at the amounts deposited, exclusive of any accrued interest or any other gain to the City until such gain be realized by the presentation of matured coupons for payment or otherwise. The expenses of purchase, safekeeping, sale, and all other expenses incident to any investment or reinvestment shall be accounted for as Operation and Maintenance Expenses of the Water Revenue Fund.

Section 605. Redemption or Sale of Federal Securities. The Treasurer shall present for redemption or sale on the prevailing market at the best price obtainable any Federal Securities and

certificates of deposit so purchased as an investment or reinvestment of moneys in the account whenever it shall be necessary so to do in order to provide moneys to meet any withdrawal, payment or transfer from such account.

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

ARTICLE VII

MISCELLANEOUS PROTECTIVE COVENANTS

Section 701. Performance of Duties. The City, acting by and through the Council, will faithfully and punctually perform or cause to be performed all duties with respect to the revenues pledged herein and the water system required by the Constitution and laws of the State and Charter of the City, including but not limited to the making and collection of reasonable and sufficient rates and charges for services rendered or furnished by or the use of the System, and the proper segregation of the proceeds of the Bonds and the revenues pledged herein and their application from time to time to the respective accounts or funds.

Section 702. Efficient Operation and Maintenance. The City will operate said water system so long as any of the Bonds herein authorized are outstanding, will maintain said water system in efficient operating condition and make such improvements, extensions, enlargements, repairs and betterments thereto as may be necessary or advisable to insure its economical and efficient operation at all times.

Section 703. Other Liens. Other than as provided by this Ordinance, there are no liens or encumbrances of any nature, whatsoever, on or against the water system or the revenues pledged herein or to be derived from the operation of the same.

Section 704. Corporate Existence. The City will maintain its corporate identity and existence so long as any of the Bonds issued hereunder remain outstanding, unless another body corporate and politic by operation of law succeeds to the duties, privileges, powers, liabilities, disabilities, immunities and rights of the City and is obligated by law to operate and maintain the water system, or part thereof, and to fix and collect the revenues pledged herein as herein provided without adversely affecting to any substantial degree at any time the privileges and rights of any Holder of any outstanding Bond at any time.

Section 705. Competing Facilities. As long as any of the Bonds

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

Section 706. Alienating Facilities. The City will not sell, lease, mortgage, pledge or otherwise encumber, or in any manner dispose of, or otherwise alienate, the water system, or any part thereof, including any and all improvements, extensions and additions that may be made thereto, until all the Series 1978B, Series 1978C and Series 1982 Bonds shall have been paid in full, both principal and interest, or unless provision has been made therefor. Except that the City may sell any portion of said property which shall have been replaced by other property of at least equal value, or which shall cease to be necessary for the efficient operation of the System, be in no manner nor to such extent as might prejudice the security for the payment of the Bonds herein authorized, provided, however, that in the event of any sale as herein authorized, provided, however, that in the event of any sale as aforesaid, the proceeds of such sale shall be distributed as net income to the water system in accordance with the provisions of Article V hereof.

Section 707. Competent Management. The City shall employ experienced and competent management personnel for the water system who shall have full control over such system and shall operate the water system for the City, subject to the reasonable control by and direction of the Council and the City Manager.

Section 708. Surety Bonds. Each municipal official or other person having custody of any funds derived from the operation of the water system, or responsible for their handling, shall be fully bonded at all times, which bond shall be conditioned upon the proper application of said funds. The cost of each bond shall be considered one of the operating costs of the System.

Section 709. Reasonable and Adequate Charges. While the Bonds or any of them remain outstanding and unpaid, the rates for all services rendered by the water system to the City and its inhabitants and to all consumers within or without the boundaries of the City shall be reasonable and just, taking into account and consideration the cost and value of the System and the proper and necessary allowance for the depreciation thereof and the amounts necessary for the retirement of all Bonds and other securities or obligations payable from the Water Revenue Fund. No free service, facilities or commodities shall be furnished by the water system. Should the City elect to use for municipal purposes the water system or in any other manner use the water system, or any part thereof, any such use will be paid for from the City's general fund or other available revenues at the reasonable value of the use so made. All the income so derived from the City shall be deemed to be income derived from the operation of the water

system, to be used and accounted for in the same manner as any other income derived from the operation of the System. The City will forthwith and in any event prior to the delivery of any of the Bonds herein authorized, fix, establish and levy the rates and charges which are required by this section, if such action be necessary therefor.

Section 710. Billing Procedure. All bills for water service or facilities furnished or serviced by or through the System shall be rendered to customers on a regularly established day of each and every month, every other month, or quarterly, monthly, bi-monthly, or quarterly in advance or not later than a regularly established day of each month or quarter next succeeding the month or quarter in which the service or facilities were rendered, and in the event said bills are not paid within the forty-five days after the date when rendered, water service shall be discontinued, and the rates and charges due shall be collected in a lawful manner.

Section 711. Audits. The City shall within thirty days following the close of each fiscal year, order an audit of such books and accounts to be made forthwith by an Independent Accountant, and order an audit report showing the receipts and disbursements for each account pertaining to the water system, and such audit report will be available for inspection by any Holder of any of the Bonds.

Section 712. Insurance. The City in its operation of the water system will carry fire and extended coverage insurance and other types of insurance in such amounts and to such extent as is normally carried by private corporations operating public utilities of the same type. The cost of such insurance shall be considered one of the operating costs of the water system. In the event of property loss or damage, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged, any remainder shall be treated as net income, and shall be subject to distribution in the manner provided in Article V hereof. Upon the occurrence of any loss or damages covered by any of the insurance policies from one or more causes, the City will cause to be made due proof of loss and will cause to be done all things necessary to cause the insuring companies to make payment in accordance with the terms of such policy or policies.

ARTICLE VIII

MISCELLANEOUS

Section 801. Defeasance. When all Bond Requirements of the Bonds have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged and the Bonds shall no longer be deemed to be outstanding within the meaning of this Ordinance. There shall be deemed to be such due payment when the City has placed in escrow or in trust with an Insured Bank located within or without the State and exercising trust powers, an amount sufficient (including the known minimum yield available for such

purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Bonds, as the same become due to the final maturities of the Bonds or upon any prior redemption date as of which the City shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of bonds for payment then. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the City and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the Holders thereof to assure such availability as so needed to meet such schedule.

Section 802. Delegated Powers. The officers of the City be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including without limitation:

A. Printing Bonds. The printing of the Bonds, including without limitation the printing on each Bond of a certified true copy of bond counsel's approving opinion.

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

Section 803. Warranty Upon Issuance of Bonds. Any Bonds authorized as herein provided, when duly executed and delivered for the purpose provided for in this Ordinance shall constitute a warranty by and on behalf of the City for the benefit of each and every future Holder of any of the Bonds that the Bonds have been issued for a valuable consideration in full conformity with law.

Section 804. Arbitrage. The City covenants and agrees that it will not make or permit any use of the proceeds of the Bonds authorized herein which, if such use had been reasonably expected on the date of issuance of said Bonds, would have caused such obligation to be arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and the Regulations thereunder in effect at the time of such use and applicable to the obligations issued on the date of said Bonds.

ARTICLE IX

FULL FAITH AND CREDIT

Section 901. Full Faith and Credit. Anything contained herein to the contrary notwithstanding, the sums required herein to pay the interest on the Series 1982 Bonds, and to discharge the principal

thereof when due and to fund when necessary the Water Bond Retirement Fund, are hereby appropriated for that purpose, and said amounts for each year shall also be included in the annual budget and appropriation ordinance and bills to be adopted and passed by the City Council of said City in each year, respectively, until said Series 1982 Bonds have been fully paid, satisfied and discharged.

Section 902. Tax Levy. It shall be the duty of the City Council of said City, annually at the time and in the manner provided by law for levying other City taxes, if such action shall be necessary to effectuate the provisions of this Ordinance, to ratify and carry out the provisions hereof with reference to the levying and collection of taxes; and the City shall levy, certify and collect such taxes, in the manner provided by law for the purpose of creating a fund for the payment of the principal of the Series 1982 Bonds and interest thereon, and such taxes when collected shall be kept for and applied only for such purpose, as hereinabove specified.

Section 903. Recording. This Ordinance, immediately on its final passage, shall be numbered and recorded in the Book of Ordinances kept for that purpose, authenticated by the signatures of the President of the Council and City Clerk, and shall be published as required by law.

INTRODUCED this 5th day of May, 1982.

Louis R. Brach

President of the Council

(SEAL)

ATTEST:

Neva B. Lockhart, CMC

City Clerk

(To appear in final publication:)

FINALLY ADOPTED AND APPROVED this 19th day of May, 1982.

Louis R. Brach

President of the Council

(SEAL)

ATTEST:

Neva B. Lockhart, CMC

City Clerk

I HEREBY CERTIFY that the foregoing ordinance, being Ordinance No. 2055, 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 5th day of May, 1982, 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 20th day of May, 1982.

Neva B. Lockhart

Neva B. Lockhart, CMC
City Clerk

Published: May 7, 1982

Final Publication: May 21, 1982

Effective: June 20, 1982