

ORDINANCE NO. 2309

AN ORDINANCE PROVIDING FOR THE ISSUANCE OF CITY OF GRAND JUNCTION, COLORADO, DOWNTOWN DEVELOPMENT AUTHORITY TAX INCREMENT BONDS, SERIES 1986, DATED SEPTEMBER 1, 1986, IN THE PRINCIPAL AMOUNT OF \$555,000, FOR THE PURPOSE OF PAYING THE CITY OF GRAND JUNCTION, COLORADO, TAX INCREMENT BOND ANTICIPATION NOTES DATED DECEMBER 1, 1983; PRESCRIBING THE FORM OF BONDS; PROVIDING FOR THE MANNER OF EXECUTION, DELIVERY AND REGISTRATION OF THE BONDS; PROVIDING HOW THE PROCEEDS OF THE BONDS WILL BE USED AND HOW PAYMENT OF THE BONDS WILL BE MADE; APPROVING THE BOND PURCHASE AGREEMENT AND THE PRELIMINARY OFFICIAL STATEMENT; AND RELATED MATTERS

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

Section 1. Definitions and construction.

A. Definitions. In this Ordinance, the following terms have the following respective meanings unless the context hereof clearly requires otherwise:

(1) Act: Part 8 of Article 25 of Title 31, Colorado Revised Statutes, as amended.

(2) Additional Parity Bonds: any bonds of the City issued after the date hereof, pursuant to and in accordance with Section 5H of this Ordinance.

(3) Authority: the Grand Junction, Colorado, Downtown Development Authority, created by the City by an ordinance adopted March 16, 1977.

(4) Average Annual Debt Service: for the Bonds, or a given issue of Parity Securities, the aggregate of all Debt Service Requirements (excluding any redemption premiums) due on the Bonds, or any other given issue of Parity Securities in question for all Bond Years beginning with the Bond Year in which both principal of and interest on the Bonds, or the Parity Securities are first payable and ending with the Bond Year in which the last of the Debt Service requirements (excluding any redemption premiums) due on the Bonds, or the other given issue of Parity Securities in question are payable, divided by the number of such years.

(5) Bank: any depository permitted by the laws of the State to receive public funds for deposit.

(6) Bond Fund: that special fund created by Section 5A of this Ordinance.

(7) Bond Repayment Moneys: the Tax Increments (less 20% of the Tax Increments originating from sales tax revenues for most of the Plan of Development Area and 30% of such increments from the remainder of the Plan of Development Area), all funds deposited in

the Tax Increment Fund, Bond Fund and Tax Increment Fund subject to Federal tax laws regarding arbitrage rebate, and investment income from the Bond Fund and Tax Increment Fund.

(8) Bond Year: for the purpose of this Ordinance, the twelve (12) months commencing on the 15th day of November of any calendar year and ending on the 14th day of November of the next succeeding calendar year.

(9) Bonds: the City of Grand Junction, Colorado, Downtown Development Authority Tax Increment Bonds, Series 1986, authorized by this Ordinance.

(10) City: the City of Grand Junction, a municipal corporation in Mesa County, Colorado.

(11) Clerk: the de jure or de facto Clerk of the City or his or her successor in functions, if any.

(12) Combined Debt Service Requirements: the principal of, interest on, and any premiums due in connection with the redemption of, the Bonds, the Additional Parity Bonds, Parity Securities, Subordinate Bonds or Subordinate Securities and any other Securities payable from all or any part of the Bond Repayment Moneys and heretofore or hereafter issued, if any, or such part of such Securities as may be designated, as such principal, interest and premiums become due.

(13) Commercial Bank: a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and of the Federal Reserve System, which has a capital and surplus of \$100,000,000 or more, and which is located within the United States; and such term includes, without limitation, any Trust Bank, as herein defined.

(14) Costs: any discount on the Bonds, costs of issuance of the Bonds, legal expenses, cost of financial, professional, and other estimates and advice, contingencies, and all such other expenses as may be necessary or incident to the issuance of the Bonds.

(15) Council: the City Council of the City or any successor in functions thereto.

(16) Debt Service Requirements: the principal of, interest on, and any premiums due in connection with the redemption of, the Bonds or other Securities as such principal, interest and premiums become due.

(17) Event of Default: each of the events stated in Section 9 of this Ordinance.

(18) Federal Securities: bills, certificates of indebtedness, notes, bonds or similar Securities which are direct obligations of, or the principal and interest of which obligations are

unconditionally guaranteed by, the United States of America, or obligations issued or guaranteed as to principal and interest by any agency or person controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the Congress of the United States. If the Federal Securities are to be placed in escrow or in trust for the purpose of defeasing the Bonds as provided in Section 8.B. hereof, then such Federal Securities shall also meet the requirements of said Section.

(19) Fiscal Year: the twelve (12) months commencing on the first day of January of any calendar year and ending on the thirty-first day of December of such calendar year or such other twelve (12) month period as may from time to time be designated by the Council as the Fiscal Year of the City.

(20) Independent Accountant: any certified public accountant, or any firm of such accountants, duly licensed to practice and practicing as such under the laws of the State, appointed and paid by the City, who (a) is, in fact, independent and not under the domination of the City, (b) does not have any substantial interest, direct or indirect, in any of the affairs of the City, and (c) is not connected with the City as a member, officer or employee of the Council or the City, but who may be regularly retained to make annual or similar audits of any books or records of the City.

(21) Notes: those Securities issued by the City and designated as the "City of Grand Junction, Colorado, Tax Increment Bond Anticipation Notes," dated December 1, 1983, in the aggregate principal amount of \$1,250,000.

(22) Ordinance: this Ordinance of the City, which provides for the issuance and delivery of the Bonds.

(23) Outstanding: when used with reference to the Bonds, or any other designated Securities of the City and as of any particular date, all the Bonds, or any such other Securities issued and delivered pursuant to this Ordinance, except the following:

(a) Any Bond or other security cancelled by the City, by the Registrar, or otherwise on the City's behalf, at or before such date;

(b) Any Bonds or other security held by or on behalf of the City;

(c) Any Bond or other security of the City for the payment of which moneys or Federal Securities sufficient to meet all of the Debt Service Requirements on such Bond or other security to the date of maturing, shall have theretofore been deposited in escrow or in trust with a Trust Bank for that purpose, as provided in and required by Section 8B hereof; and

(d) Any lots, apparently destroyed, or wrongfully taken Bond or

other Security of the City in lieu of or in substitution for which another bond or security shall have been executed and delivered pursuant to this Ordinance.

(24) Parity Securities: bonds, Securities, leases or other obligations payable from all or any part of the Bond Repayment Moneys equally or on a parity with the Bonds.

(25) Paying Agency Agreement: that agreement between the City and the Registrar providing for the administration and disbursement of the Bond Repayment Moneys and registration of the Bonds.

(26) Person: not only a natural person, corporation, or other legal entity, but also two or more natural persons, corporations, or other legal entities acting jointly as a firm, partnership, unincorporated association, joint ventures or otherwise.

(27) Plan: the Downtown Development Authority Plan of Development approved in the Resolution, including any amendments to the Plan subsequently approved by the Council.

(28) Plan of Development Area: the area subject to the Plan, including any additional property subsequently included therein.

(29) President: the de jure or de facto President of the Council and of the City or his or her successor in functions, if any.

(30) Purchase Agreement: that agreement between the City and the Purchaser whereby the City agrees to sell and the Purchaser agrees to purchase the Bonds.

(31) Purchaser: Boettcher & Company, Inc. of Denver, Colorado, and its associates, if any.

(32) Record Date: the fifteenth day of the month prior to each interest payment date (whether or not a business day).

(33) Redemption Date: the date fixed for the redemption prior to their maturity of any Bonds or other designated Securities payable from the Bond Fund in any notice of prior redemption authorized by the City, or otherwise fixed and designated by the City.

(34) Redemption Price: when used with respect to a Bond or other designated security payable from the Bond Repayment Moneys, the principal amount thereof plus accrued interest thereon to the Redemption Date, plus the applicable premium, if any, payable upon the redemption thereof prior to the stated maturity date of such Bond or other security on a Redemption Date in the manner contemplated in accordance with the terms of the Bond or other security.

(35) Registered Owner: the Person in whose name any Bond is registered in the Bond register.

(36) Registrar: the Bank named in the Paying Agency Agreement as the transfer agent, paying agent and registrar for the Bonds.

(37) Reserve Fund: the special fund created in Section 5B of this Ordinance.

(38) Resolution: the Council Resolution adopted December 16, 1981 approving the Plan and establishing the Tax Increment Fund.

(39) Security or Securities: when used with reference to Securities of the City, any bonds, interim receipts or certificates, warrants, debentures, notes, temporary bonds or other obligations of the City issued by the City, or any other evidence of the advancement of money to the City, as authorized by and approved by the Council.

(40) State: the State of Colorado.

(41) Subordinate Bonds or Subordinate Securities: bonds or Securities payable from the Bond Repayment Moneys having a lien thereon subordinate or junior to the lien thereon of the Bonds.

(42) Superior Bonds or Superior Securities: any bonds or Securities payable from the Bond Repayment Moneys having a lien thereon superior or senior to the lien thereon of the Bonds.

(43) Tax Increments: that portion of the ad valorem and municipal sales tax revenue produced from the Plan of Development Area which are in excess of the amounts certified as base amounts by the County Assessor and City Finance Director pursuant to Section 31-25-807(3) of the Act and are pledged in Section 5C herein for repayment of and as security for the Bonds.

(44) Tax Increment Fund: the special fund created by the Resolution into which the Tax Increments are to be deposited by the City.

(45) Trust Bank: a depository bank which is authorized to exercise and is exercising trust powers.

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

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

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

(3) Articles, sections, subsections, paragraphs and subparagraphs mentioned by number, letter or otherwise, correspond to the respective articles, sections, subsections, paragraphs and

subparagraphs of this Ordinance so numbered or otherwise so designated.

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

Section 2. Recitals; authority.

A. Necessity. The Authority was organized by the City pursuant to the Act as a Colorado Downtown Development Authority for the purposes of the Act and subsequently improving the area of the City contained within the Plan of Development Area. The Authority proposed and submitted the Plan to Council, and the Plan was approved by the Council in the Resolution. The Plan has been modified from time to time by amendments to the Resolution for the purpose of including additional property within the Plan of Development Area. The Plan provides for a division of taxes pursuant to Section 31-25-807(3) of the Act. The Resolution established the Tax Increment Fund for the deposit of the Tax Increments resulting from such division of taxes.

At a special election held on August 3, 1982, a majority of the electors of the Plan of Development Area voting therein authorized the City to issue bonds or other indebtedness not to exceed the aggregate net principal amount of \$10,000,000 and not to exceed a maximum aggregate net effective interest rate of 18% per annum for the purpose of improving traffic and pedestrian circulation within the Plan of Development Area and authorized the pledge of the Tax Increment Fund for payment of principal, interest and any premiums due in connection with such bonds or other indebtedness, said pledge of funds not to exceed 25 years in duration.

The City adopted Ordinance No. 2151 on November 2, 1983 authorizing the issuance of the Notes for the purpose of funding the costs of the Plan. The Notes were issued with a maturity date of December 1, 1986. The City needs and desires to issue and sell the Bonds in order to provide sufficient proceeds to pay the Notes as the Notes become due.

B. Authority for Bonds. The Council is authorized by the Act to issue the Bonds.

Section 3. The Bonds.

A. Authorization. The City of Grand Junction, Colorado, Downtown Development Authority Tax Increment Bonds, Series 1986, in the aggregate principal amount of \$555,000, payable as to all Debt Service Requirements of the Bonds solely out of the Bond Fund and the Reserve Fund are hereby authorized to be issued, pursuant to the terms of this Ordinance, and the City pledges irrevocably the Bond Repayment Moneys to the payment of the Debt Service Requirements of the Bonds, the proceeds of the Bonds to be used

solely for the repayment of the principal of and interest on the Notes as such principal and interest become due.

B. Bond details.

(1) Generally. The Bonds shall be issued as fully registered bonds only without coupons, dated as of September 1, 1986, in the denomination of \$5,000 or any integral multiple thereof, each numbered consecutively beginning with the number R-1, and payable to the Registered Owners.

Interest on the Bonds shall be payable each May 15 and November 15 until maturity beginning on May 15, 1987, except if redeemed prior thereto. The Bonds shall mature on November 15 in the principal amounts and years and shall bear per annum interest at the rates as shown in the following schedule:

Maturity (November 15)	Principal Amounts	Interest Rate
1987	\$55,000	6.00
1988	60,000	6.50
1989	60,000	7.00
1990	65,000	7.20
1991	70,000	7.40
1992	75,000	7.60
1993	80,000	7.80
1994	90,000	8.00

The maximum net effective interest rate of the Bonds is 18%. The net effective interest rate of the Bonds is 8.143384%, which does not exceed such maximum net effective interest rate. If, upon presentation at maturity, payment of any Bond is not made as herein provided, interest shall continue thereon at the interest rate designated in the Bond until the principal thereof is paid in full.

The principal of, premium, if any, and interest due in connection with the Bonds shall be payable in lawful money of the United States of America, without deduction for exchange or collection charges, solely out of the Bond Repayment Moneys. The principal of and any premium on the Bonds are payable upon surrender of such Bond when it is due at the principal corporate trust office of Central Bank of Denver, Denver, Colorado, as transfer agent, paying agent and registrar for the Bonds (the "Registrar") or any successor registrar. The payment of interest on each Bond shall be made to the Registered Owner of such Bond and shall be paid by the Registrar on behalf of the City by check or draft of the Registrar mailed to such owner at his address as it appears on the registration books of the Registrar maintained pursuant to the Paying Agency Agreement. Interest on such Bond shall be payable to the Registered Owner thereof as set forth on such registration books as of each Record Date (whether or not a business day) regardless of any transfer or exchange of a Bond subsequent to such Record Date and prior to such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Registered Owner on such Record Date, and may be paid to the Registered Owner at his address as it appears on the registration books of the Registrar at the close of business on a Special Record Date for the payment of defaulted interest to be fixed by the Registrar, with notice of such payment to be given to the Registered Owner not more than 15 days and not less than 10 days prior to such Special Record Date.

The City and the Registrar may deem and treat the Registered Owner (whether or not the Bond shall be overdue) on the Record Date or Special Record Date as the absolute owner of the Bond for the purpose of receiving payment of or on account of the principal thereof and interest due thereon, and on any other date for all other purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary.

The City shall cause, pursuant to the Paying Agency Agreement, books for the registration and for the transfer of Bonds to be kept by the Registrar. The Registrar is hereby constituted and appointed the paying agent, transfer agent and bond registrar of the City with respect to all Bonds. In addition to the provisions of this Ordinance, the Bonds shall be subject to registration, transfer and exchange in the manner, and subject to the terms and conditions, set forth in the Paying Agency Agreement. The City may, in its discretion, appoint one or more successor or additional paying agents or registrars for the Bonds in accordance with the Paying Agency Agreement.

(2) Redemption of bonds. The Bonds maturing on November 15, 1992 and thereafter shall be redeemable in whole or in part at the option of the City on any interest payment date beginning November 15, 1991, at a Redemption Price equal to the principal amount thereof, together with accrued interest thereon to the Redemption Date only, plus a premium equal to the following percentage of the principal amount thereof based on the applicable Redemption Date:

Redemption Date Premium

November 15, 1991 or May 15, 1992 2%

November 15, 1992 or May 15, 1993 1%

November 15, 1993 or May 15, 1994 0%

All Bonds subject to redemption prior to their respective maturity dates shall be redeemable in inverse order of maturity. In the event the Bonds of any maturity are to be redeemed in part, the Bonds or portions of Bonds to be redeemed shall be selected and redeemed by lot in such manner as the Registrar shall determine. The portion of any Bonds to be redeemed shall be in the principal amount of \$5,000, or any integral multiple thereof, and, in selecting Bonds for redemption, the Registrar shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of that Bond by \$5,000.

Notice of the call for redemption is to be given by the Registrar not more than 45 or less than 30 days prior to the Redemption Date by (i) publishing one time by one publication in The Bond Buyer, New York, N.Y., if then in business and publishing and if not, in another financial publication of general circulation in New York, N.Y. and (ii) mailing a copy of the redemption notice by certified mail, return receipt requested, to the owners of Bonds to be redeemed at their addresses shown on the registration books maintained by the Registrar pursuant to the Paying Agency Agreement. Failure to mail notice to the owner of any Bond designated for redemption or any defect in any notice given, shall not affect the validity of any proceedings for the redemption of the Bonds. Any notice mailed and published as provided herein shall be conclusively presumed to have been duly given, whether or not the owner actually receives the notice. Each notice of redemption shall identify the Bonds or portions thereof to be redeemed and shall specify the Redemption Date, the Redemption Price, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest accrued to the Redemption Date will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Outstanding Bonds are to be redeemed, the notice of redemption shall specify the series and numbers of the Bonds or portions thereof of such series to be redeemed.

Prior to the Redemption Date, the Redemption Price shall be deposited with the Registrar. The deposit of the Redemption Price shall cause the discontinuation of accrual of interest on the Bonds to be called after the Redemption Date.

(3) Transfer and exchange. Each of the Bonds may be transferred or exchanged by the Registered Owner thereof upon surrender for transfer or exchange of such Bond at the principal corporate trust

office of the Registrar, or any successor transfer agent, accompanied by a written instrument of transfer or authorization for exchange in form satisfactory to the Registrar and executed by the Registered Owner thereof or his or her attorney duly authorized in writing. Thereupon the Registrar shall authenticate and deliver, in exchange for such transferred or exchanged Bond, a new fully registered Bond or Bonds in the name of the transferee, or, if exchanged, the Registered Owner, of authorized denominations issued in a total principal amount equal to the principal amount of the transferred or exchange Bond, of the same maturity, and bearing interest at the same rate. The City or the Registrar may require that the cost, if any, of preparing each new Bond upon such exchange or transfer and any other expenses of the City or the Registrar, including counsel fees, and any tax or other governmental charge, incurred in connection therewith shall be paid by the Registered Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The City and the Registrar shall not be obligated to issue, exchange, authenticate or transfer any Bonds (a) during a period beginning on the 15th day before any Interest Payment Date or Redemption Date and ending on such Interest Payment Date or Redemption Date, or (b) during a period beginning on the 15th day before the mailing of notice of redemption of Bonds and ending on the date of such mailing.

(4) Execution and delivery. The Bonds shall be signed and executed by and on behalf of the City with the manual or facsimile signature of the President of the Council, shall bear an impression or a facsimile of the seal of the City, shall be attested by the manual or facsimile signature of the City Clerk, and shall be authenticated by the manual signature of the Registrar in the manner set forth in the Paying Agency Agreement. Should any officer whose signature or facsimile signature appear on the Bonds cease to be such officer before delivery of the Bonds to the Purchaser or to any Registered Owner, such signature or facsimile signature shall nevertheless be valid and sufficient for all purposes.

The President of the Council and the City Clerk are hereby authorized and directed to prepare and to execute the Bonds as herein provided. When the Bonds have been duly executed and sold, the officers of the City and the Registrar are authorized to, and shall, deliver the Bonds to the Purchaser thereof on receipt of the agreed purchase price.

(5) Lost, destroyed or taken bonds. Subject to the provisions of the Act, if any Bond is mutilated, lost, stolen or destroyed, the City shall execute and the Registrar shall authenticate a new Bond of like date, maturity and denomination to that mutilated, lost, stolen or destroyed, provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed Bond, there first shall be furnished to the City and the Registrar evidence of such loss, theft or destruction satisfactory to the

City and the Registrar, together with a surety bond as provided by the Act. If any such Bond shall have matured, instead of issuing a duplicate Bond, the Registrar may pay the same without surrender thereof, making such requirements as it deems fit for its protection, including a lost instrument bond. The City and the Registrar may charge the Registered Owner of such Bond for their reasonable fees and expenses for such service.

(6) Recitals in bonds. Each Bond shall recite in substance that the Bond is payable solely from the Bond Fund and the Reserve Fund and that the Bond does not constitute a debt of the City within the meaning of any constitutional, statutory or home rule charter limitations and that there shall be no pecuniary liability or recourse against any officer, employee or agent of the City. Each Bond shall further recite that it is issued under the authority of the Colorado Constitution, the City Charter, the Act and this Ordinance.

(7) Form of bonds. Subject to the provisions of this Ordinance, each Bond shall be in substantially the following form, with such omissions, insertions, endorsements, and variations as to recitals of fact or other provisions as may be required by the circumstances in order to carry out the purpose of this Ordinance:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF COLORADO

COUNTY OF MESA

CITY OF GRAND JUNCTION

DOWNTOWN DEVELOPMENT AUTHORITY TAX INCREMENT BOND SERIES 1986

R _____ \$ _____

INTEREST RATE:

_____ %

MATURITY DATE:

ORIGINAL ISSUE DATE:

September 1, 1986

REGISTERED OWNER:

PRINCIPAL SUM:

CUSIP NUMBER:

DOLLARS

The City of Grand Junction (the "City") in the County of Mesa and State of Colorado, for value received, promises to pay solely from the special funds designated herein to the Registered Owner (named above), or registered assigns, in the manner hereinafter provided, and upon presentation and surrender hereof at the principal corporate trust office of the paying agent, transfer agent and bond registrar named below, the Principal Sum (stated above) on the Maturity Date (stated above), except if redeemed prior thereto, and to pay interest on said Principal Sum from the date hereof at the per annum Interest Rate (stated above), semiannually on May 15 and November 15, each year, commencing May 15, 1987, to the Registered Owner hereof or registered assigns, said interest being payable until the Maturity Date (stated above), except if redeemed prior thereto. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue from the Maturity Date at the per annum interest rate designated herein until the principal hereof is paid in full.

The principal of, premium, if any, and interest due in connection with this Bond are payable in lawful money of the United States of America, without deduction for exchange of collection charges, at the office of Central Bank of Denver, Denver, Colorado, as paying agent, transfer agent and Bond registrar (the "Registrar"), or at the office of any successor paying agent appointed by the City. Interest on the Bond shall be paid by the Registrar on behalf of the City by check or draft of the Registrar mailed to the Registered Owner of this Bond at his address as it appears on the registration books of the Registrar at the close of business on the fifteenth day of the month prior to each interest payment date (whether or not a business day) the "Record Date", regardless of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Registered Owner on such Record Date, and may be paid to the Registered Owner at his address as it appears on the registration books of the Registrar at the close of business on a Special Record Date for the payment of defaulted interest to be fixed by the Registrar, with notice of such payment to be given to the Registered Owner not more than 15 days and not less than 10 days prior to such Special Record Date.

This Bond and the Bonds of the series of which this is one are limited and special obligations of the City payable solely out of the Bond Fund and Reserve Fund and secured by an irrevocable assignment and pledge of the Bond Repayment Moneys (the "Bond Repayment Moneys"), consisting of funds derived from the incremental increase in property tax revenues and a portion of the incremental increase in sales tax revenues (the "Tax Increments") calculated with reference to a base year within the area of the City subject to the Plan of Development for the Grand Junction

Downtown Development Authority, and also consisting of the Bond Fund, Reserve Fund, the Tax Increment Fund and Investment Income of the Bond Fund and Tax Increment Fund, all as more specifically provided in Ordinance No. _____, Series 1986 of the City (the "Ordinance"), pursuant to which this Bond is issued. The principal and interest payable under this Bond do not constitute a debt or an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation of the State of Colorado or within any limitation of the City's Home Rule Charter and there shall be no pecuniary liability or recourse against any officer, employee or agent of the City therefor. The full faith and credit of the City is not pledged for payment of this Bond.

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH HEREIN.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the proceedings of the City authorizing the issuance of the Bonds until the Certificate of Authentication hereon shall be signed on behalf of the Registrar.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed with the facsimile signature of the President of the City Council and to be attested by the facsimile signature of the Clerk of the City under the facsimile seal of the City, all as of the date set forth below.

(FACSIMILE SEAL)

(Facsimile Signature)

President of the City Council

ATTEST:

(Facsimile Signature)

Clerk of the City

Date: _____

CERTIFICATE OF AUTHENTICATION

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

as Registrar

(Manual Signature)

Authorized Officer

(Reverse of Bond)

This Bond is one of a series of Bonds of the City denominated as "City of Grand Junction, Colorado, Downtown Development Authority Tax Increment Bonds, Series 1986" and issued in the aggregate principal amount of \$555,000 (the "Bonds"). The Bonds have been issued and authorized under the authority of and in full conformity with the Constitution and all other laws of the State of Colorado thereunto enabling, and pursuant to the Ordinance duly adopted prior to the issuance of this Bond for the purpose of repaying the principal and interest as such principal and interest become due to the City of Grand Junction, Colorado, Tax Increment Bond Anticipation Notes, dated December 1, 1983. This Bond is issued under the authority of Section 6, Article XX of the Constitution of Colorado, the Charter of the City, Part 8 of Article 25 of Title 31, Colorado Revised Statutes, as amended (the "Act") and the Ordinance.

The Bonds maturing on and after November 15, 1992, shall be subject to redemption prior to maturity at the option of the City, in whole or in part, and if in part they shall be selected and redeemed in inverse order of maturity and by lot within a maturity in such manner as the Registrar shall determine, on November 15, 1991, and on any interest payment date thereafter (the "Redemption Date"), at a redemption price (the "Redemption Price") equal to the Principal Sum hereof, together with accrued interest hereon to the Redemption Date, plus a premium equal to the following percentage of the principal amount hereof based on the applicable Redemption Date:

Redemption Date Premium

November 15, 1991 or May 15, 1992 2%

November 15, 1992 or May 15, 1993 1%

November 15, 1993 or May 15, 1994 0%

All Bonds subject to redemption are redeemable in inverse order of maturity. In the event the Bonds of any maturity are to be redeemed in part, the Bonds or portions of Bonds to be redeemed within a given maturity shall be selected and redeemed by lot in such manner as the Registrar shall determine.

The portion of any Bond to be redeemed shall be in the principal amount of \$5,000, or any integral multiple thereof, and in selecting Bonds for redemption, the Registrar shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of that Bond by \$5,000. Upon deposit by the City with the Registrar of an amount sufficient to pay the Redemption Price, interest on any Bonds to be called for

redemption shall cease to accrue from and after the Redemption Date.

Bonds are issuable solely in the form of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

If any Bond is surrendered for transfer or exchange, the City shall execute and the Registrar shall authenticate and deliver, in the name of the transferee or transferees of such Bond, or, if exchanged, the Registered Owner, a new fully registered Bond or Bonds, of authorized denominations, of the same maturity, and for the aggregate principal amount which the Registered Owner or Owners is entitled to receive, and bearing interest at the same rate per annum as the Bond presented for transfer or exchange.

Bonds to be transferred or exchanged shall be surrendered at the principal corporate trust office of the Registrar, and the Registrar shall authenticate and deliver in exchange therefor, the Bond or Bonds which the Registered Owner or Owners making the exchange shall be entitled to receive.

All Bonds which are presented for transfer, exchange, registration, redemption or payment (if so required by the Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner or Owners or by his or their duly authorized attorney.

The City or the Registrar may require that the cost, if any, of preparing each new Bond upon such exchange or transfer or any other expenses of the City or the Registrar, including counsel fees, and any tax or other governmental charge, incurred in connection therewith shall be paid by the Registered Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. If any requested transfer or exchange of a Bond shall necessitate the printing of additional Bonds, the Registrar may require that the cost of such printing be paid by the City.

New Bonds, delivered upon any transfer or exchange shall be valid obligations of the City, evidencing the same debt as the Bond surrendered, shall be secured by the Ordinance, and shall be entitled to all of the security and benefits of the Ordinance to the same extent as the Bonds surrendered.

The City and the Registrar shall not be required to issue, exchange, authenticate or transfer any Bonds (a) during a period beginning on the 15th day before any Interest Payment Date or Redemption Date and ending on such Interest Payment Date or Redemption Date or (b) during a period beginning on the 15th day before the mailing of notice of redemption of Bonds and ending on the date of such mailing.

The City and the Registrar may deem and treat the Registered Owner hereof (whether or not this Bond shall be overdue) on the Record Date as the absolute owner of this Bond for the purpose of receiving payment of or on account of the principal hereof and interest due hereon in the case of this Bond, and on any other date for all other purposes, and neither the City or the Registrar shall be affected by any notice to the contrary.

Interest and principal on this Bond are payable solely from the Bond Fund and the Reserve Fund and are secured solely by the Bond Repayment Moneys, as provided in the Ordinance. The City has agreed to deposit, or cause to be deposited, from the Tax Increment Fund into the Bond Fund, for the purpose of paying principal and interest with respect to the Bonds, a sum sufficient, when added to moneys already on deposit in the Bond Fund, if any, to meet the Debt Service Requirements of the Bonds. Whenever the monies on deposit in the Bond Fund are insufficient to meet such Debt Service Requirements after such transfer from the Tax Increment Fund has been effected, the City has agreed to transfer from the Reserve Fund to the Bond Fund a sum sufficient to meet such Debt Service Requirements.

Reference is hereby made to the Ordinance, and to any and all modifications and amendments thereof, for a description of the provisions, terms and conditions upon which the Bonds of the series of which this is one are issued and secured, including without limitation, the nature and extent of the security of the Bonds, provisions with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of the revenues and moneys charged with and pledged to the payment of the Debt Service Requirements of the Bonds, the terms and conditions on which the Bonds are issued, a description of the Bond Fund, the Reserve Fund and the Tax Increment Fund and the nature and extent of the security and pledge afforded thereby for the payment of the Debt Service Requirements of the Bonds, and the manner of enforcement of said pledge, as well as the rights, duties, immunities and obligations of the City and the members of its City Council and also the rights and remedies of the Registered Owners of the Bonds. Capitalized terms used, but not defined, herein shall have the meaning given to such terms in the Ordinance.

To the extent and in the respects permitted by the Ordinance, the provisions of the Ordinance, or any instrument amendatory thereof or supplemental thereto, may be modified or amended by action of the City taken in the manner and subject to the conditions and exceptions provided in the Ordinance. The pledge of moneys, revenues and other obligations of the City under the Ordinance may be discharged at or prior to the maturity of the Bonds upon the making of provision for the payment of the Bonds on the terms and conditions set forth in the Ordinance.

It is hereby recited, certified 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 it is

issued pursuant to and in strict conformity with the Constitution, the Act and all other laws of the State of Colorado, with the City Charter, and with the Ordinance and any instrument supplemental thereto; that this Bond does not contravene any constitutional, charter, or statutory limitation; and that this Bond and each of the other Bonds of the series of which it is one are issued under the authority of the Ordinance.

The City covenants and agrees with the Registered Owner of this Bond and with each and every person who may become the Registered Owner hereof that it will keep and will perform all of the covenants of this Bond and of the Ordinance.

[The following Legal Opinion Certificate and Legal Opinion shall appear on the definitive Bonds.]

LEGAL OPINION CERTIFICATE

The undersigned Clerk of the City of Grand Junction hereby certifies that in connection with the issuance of this Bond, an opinion in substantially the following form was delivered to the City of Grand Junction.

(Facsimile Signature)

Clerk of the City of Grand Junction

[Opinion of Holme Roberts & Owen]

[FORM OF ASSIGNMENT FOR BONDS]

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ (please print or typewrite name and address of transferee) (Tax Identification or Social Security No. _____) the within Bond and all rights and title hereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

(End of Bond Form)

C. Bonds ratably secured. The covenants and agreements herein set forth to be performed on behalf of the City shall be for the ratable benefit, protection and security of the Registered Owners of any and all of the Bonds, all of which Bonds regardless of the time or times of their maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as otherwise expressly provided in or pursuant to this Ordinance.

D. Special obligations. The Debt Service Requirements of the Bonds shall be payable and collectible solely out of the Bond Repayment Moneys to be deposited as provided in Section 5A and 5B in the Bond Fund which Bond Repayment Moneys are hereby so pledged for that purpose; the Registered Owner or Registered Owners of any of the Bonds may not look to any general or other fund of the City for the payment of the Debt Service Requirements, except the herein designated special funds pledged therefor; the Bonds shall not constitute an indebtedness or a debt of the City within the meaning of any constitutional, statutory provision or home rule charter limitation; the Bonds shall not be considered or held to be general obligations of the City but shall constitute the special and limited obligations of the City; and there shall be no pecuniary liability or recourse, with respect to the Bonds, against any officer, employee or agent of the City. The full faith and credit of the City is not pledged for payment of the Bonds. The Bonds are special, limited obligations issued by the City under the Act and are not obligations of the Authority.

Section 4. Sale of Bonds.

A. Necessity of issuance of Bonds. It is necessary and for the best interests of the City and the inhabitants thereof that the City issue the Bonds and that the Bonds be sold to the Purchaser as provided in the Purchase Agreement.

B. Purchase Agreement. The City and the Purchaser have entered into the Purchase Agreement for the sale and purchase of the Bonds. Said Purchase Agreement is hereby approved, ratified and confirmed.

C. Preliminary Official Statement; Official Statement. The Council has received for approval and there is now on file in the office of the City, the Preliminary Official Statement of the City relating to the issuance and sale of the Bonds. The contents of the Preliminary Official Statement are hereby approved. The use of the Preliminary Official Statement and the Official Statement by the Purchaser for the reoffering of the Bonds to the public is approved and the President, on behalf of the City, is authorized to sign one or more copies of the Preliminary Official Statement and the Final Official Statement.

D. Validity of Bonds; Liability for use of proceeds. The validity of the Bonds shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the Authority or the Plan or any part thereof. The Purchaser of the Bonds, any associate thereof, and any subsequent Registered Owner of any Bonds shall in no manner be responsible for the application or disposal by the City or by any of its officers, agents and employees of the moneys derived from the sale of the Bonds or of any other moneys designated in Section 5.

E. Disposition of Bond proceeds. The proceeds of Bonds, less the Costs and accrued interest on the Bonds from the date thereof to

the date of delivery, shall be deposited into the Principal and Interest Account of the City of Grand Junction, Colorado, Tax Increment Bond Anticipation Note Fund. The proceeds so deposited shall be applied to pay the principal of and interest due on the Notes when such principal and interest become due on December 1, 1986.

Section 5. Security For and Payment of Bonds; Issuance of Additional Parity Bonds or Parity Securities.

A. Bond Fund. A special fund is hereby created and designated as the "City of Grand Junction, Colorado, Downtown Development Authority Tax Increment Bond Fund" (the "Bond Fund"). The Bond Fund shall be held, administered and distributed by the City in accordance with the terms of this Ordinance and the Paying Agency Agreement.

The City shall deposit in the Bond Fund, on the date of issue of the Bonds, interest accrued thereon from the date of the Bonds to the date of delivery of the Bonds to the Purchaser and shall use the same to pay interest first due on the Bonds.

As moneys are received in the Tax Increment Fund they shall be credited immediately to the Bond Fund until the total amount accumulated therein is equal to the sum of the following:

(1) Interest payments. The aggregate amount of the next maturing installment of interest on the Bonds, any Additional Parity Bonds, any other Parity Securities, and any Subordinate Securities then Outstanding; plus

(2) Principal payments. The aggregate amount of the next maturing installment of principal of the Bonds, any Additional Parity Bonds, any other parity Securities and any Subordinate Securities then Outstanding.

Such interest and principal shall be promptly paid when due.

The moneys credited to the Bond Fund shall be used to pay the Debt Service Requirements of the Bonds, any Additional Parity Bonds, any other Parity Securities and any Subordinate Securities then Outstanding, as such Debt Service Requirements become due, except as otherwise provided in this Ordinance. The Bond Fund (i) is established primarily to achieve a proper matching of revenues and debt service within each Bond Year and (ii) will be depleted at least once a year except for a reasonable carry-over account (not to exceed the greater of (A) one year's earnings on the Bond Fund or (B) one-twelfth of annual debt service).

B. Reserve Fund. A special fund is hereby created and designated as the "City of Grand Junction, Colorado, Downtown Development Authority Tax Increment Bond Reserve Fund" (the "Reserve Fund").

The City shall transfer into the Reserve Fund from the City of

Grand Junction, Colorado, Tax Increment Bond Anticipation Notes Reserve Fund on the date of delivery of the Bonds the sum of \$187,500. During each calendar year, the City shall maintain in the Reserve Fund as a minimum amount, the maximum Combined Debt Service Requirement payable in any calendar year during the remaining years in which the Bonds, Additional Parity Bonds, or other Parity Securities, Subordinate Securities or any other Securities payable from the Bond Repayment Moneys issued by the City are Outstanding. The moneys in the Reserve Fund shall be maintained as a continuing reserve to be used, except as hereinafter provided, only to prevent deficiencies in payment of the Combined Debt Service Requirements resulting from failure to deposit into the Bond Fund sufficient funds to pay the Combined Debt Service Requirements as the same accrue.

If at any time the City shall for any reason fail to pay into the Bond Fund the full amount above stipulated, then the City shall pay into the Bond Fund at such time from the Reserve Fund an amount equal to the difference between that paid from the Tax Increment Fund and the full amount so stipulated. For the purpose of maintaining the Reserve Fund at the minimum amount required to be maintained therein, the money so used shall be replaced and transferred to the Reserve Fund from the first moneys credited to the Tax Increment Fund thereafter received. In the event that said first moneys credited to the Tax Increment Fund have been insufficient during a given Fiscal Year to rebuild the Reserve Fund to the minimum amount required to be maintained therein, then during the month of December of said Fiscal Year, the City may at its option and sole discretion transfer to the Reserve Fund from surplus legally available funds a sum equal to the difference between the minimum amount required to be maintained in the Reserve Fund and any lesser sum deposited therein. The City shall include the question of whether to so replenish the Reserve Fund on its agenda in December of any Fiscal Year for which the balance of the Reserve Fund is less than the required minimum balance.

C. Security For the Bonds. The Bond Repayment Moneys, together with securities in which the foregoing may be invested from time to time, are hereby irrevocably pledged and assigned to secure the payment of the Debt Service Requirements of the Bonds as provided in this Ordinance and this pledge and assignment shall be valid and binding from and after the date of the first delivery of the Bonds, and the moneys, as received by the City and hereby pledged and assigned, shall immediately be subject to the lien of this pledge and assignment without any physical delivery thereof, any filing, or further act, and the lien of this pledge and assignment and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the City (except as herein expressly provided for Additional Parity Bonds, Parity Securities or refunding bonds), and the lien of this pledge and assignment shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City (except as herein otherwise expressly provided), irrespective of whether such parties have

notice thereof.

D. Termination of deposits; Use of moneys in Bond Fund and Reserve Fund. No payment need be made into the Bond Fund or the Reserve Fund, or both, if the amount in such funds total a sum at least equal to the entire amount of the Outstanding Bonds and any Outstanding Additional Parity Bonds, Parity Securities, and Subordinate Securities, as to all Combined Debt Service Requirements, to their respective maturities or to any Redemption Date or Redemption Dates on which the City shall have exercised or shall have obligated itself to exercise its option to redeem, prior to their respective maturities, any Bonds, Additional Parity Bonds, other Parity Securities, and Subordinate Securities then Outstanding, and thereafter maturing, (provided that, solely for the purpose of this Section 5D, there shall be deemed to be a credit to the Reserve Fund of moneys, Federal Securities and secured bank deposits in any Commercial Bank, or any combination thereof, accounted for in any other account or accounts of the City and restricted solely for the purpose of paying the Debt Service Requirements), in which case moneys in the Bond Fund and the Reserve Fund in an amount (except for any known interest or other gain to accrue from any investment or deposit of moneys pursuant to Section 6B hereof from the time of any such investment or deposit to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment) at least equal to such Debt Service Requirements, shall be used together with any such gain from such investments and deposits solely to pay such Combined Debt Service Requirements as the same become due; and any moneys in excess thereof in the Bond Fund and the Reserve Fund and any other moneys derived from the Bond Repayment Moneys may be used in any lawful manner determined by the City.

The moneys in the Bond Fund and in the Reserve Fund shall be used solely and only for the purpose of paying the Combined Debt Service Requirements; but any moneys at any time in excess of the minimum amount required to be maintained in the Reserve Fund may be withdrawn therefrom, and transferred from time to time to the Bond Fund and distributed in the same manner as other moneys in the Bond Fund.

E. Payment of additional Subordinate Securities. The Bond Repayment Moneys may be used by the City for the payment of Debt Service Requirements of additional Subordinate Securities hereafter authorized to be issued in accordance with this Ordinance as the same accrue; but the lien of such Subordinate Securities on the Bond Repayment Moneys and the pledge thereof for the payment of such Subordinate Securities shall be subordinate to the lien and pledge of the Bonds, Additional Parity Bonds and any Parity Securities as herein provided.

F. Use of remaining revenues. After the payments hereinabove required or permitted to be made by Sections 5A through 5E hereof are made, at the end of any Fiscal Year, or whenever in any Fiscal

Year there shall have been credited to the Bond Fund, and to the Reserve Fund, for the payment of the Bonds and any other Securities payable from the Bond Repayment Moneys all amounts required to be deposited in those special funds at that time, as herein provided, then any remaining Bond Repayment Moneys and other remaining monies in said special funds shall either remain in said funds or shall be transferred to the Tax Increment Fund.

G. Budget and appropriation of Funds. The sums provided to make the payments specified in this Section 5 are hereby appropriated for said purposes, and said amounts for each year shall be included in the annual budget and the appropriation ordinance, resolution or measures to be adopted or passed by the Council in each year respectively while any of the Bonds, either as to principal or interest, are Outstanding and unpaid. No provisions of any constitution, charter, statute, ordinance, resolution, or other order or measure enacted after the issuance of the Bonds shall in any manner be construed as limiting or impairing the obligation of the City to keep and perform the covenants contained in this Ordinance so long as any of the Bonds remain Outstanding and unpaid. Nothing herein shall prohibit the Council from appropriating other funds of the City legally available for this purpose to the Bond Fund or the Reserve Fund for the purposes thereof.

H. Issuance of Parity Bonds. Nothing herein, subject to the limitations stated in Sections 5N and 5O hereof, prevents the issuance by the City of additional Parity Bonds or other additional Parity Securities payable from the Bond Fund and constituting a lien on the Bond Repayment Moneys on a parity with, but not prior or superior to, the lien thereon of the Bonds, or prevents the issuance of bonds or other Securities refunding all or a part of the Bonds, except as provided in Sections 5J through 5L hereof; but before any such Additional Parity Bonds or additional parity Securities are authorized or actually issued (excluding (i) any parity refunding Securities refunding the Bonds, (ii) any Parity Securities refunding Additional Parity Bonds or additional Parity Securities, and (iii) any Subordinate Securities as permitted in Section 5K hereof) the following provisions must first be satisfied:

(1) Absence of Default. At the time of the adoption of the supplemental resolution or other instrument authorizing the issuance of the Additional Parity Bonds as provided in Section 5O hereof, the City shall not be in default in making any payments required by Section 5 hereof.

(2) Historic Revenues Test. The Bond Repayment Moneys, as certified by an Independent Accountant, derived in the last complete Fiscal Year immediately preceding the date of the issuance of such Additional Parity Bonds or other Parity Securities, shall have been sufficient to pay an amount at least equal to 125% of the sum derived by adding the following (i) the Average Annual Debt Service for the Outstanding Bonds, and (ii)

the Average Annual Debt Service Requirements for all other Outstanding Additional Parity Bonds and other Parity Securities and (iii) the Average Annual Debt Service requirements for the Additional Parity Bonds or other Parity Securities proposed to be issued.

(3) Projected Revenues Test. The estimated Bond Repayment Moneys, as reasonably estimated and certified by the Council, for the Fiscal Year of issuance of the proposed Additional Parity Bonds or other Parity Securities, shall be sufficient to pay an amount at least equal to 125% of the sum derived by adding: (1) the Average Annual debt Service for the Outstanding Bonds, and (2) the Average Annual Debt Service for all other Outstanding Additional Parity Bonds and other Parity Securities and (3) the Average Annual Debt Service for the Additional Parity Bonds or additional Parity Securities proposed to be issued.

(4) Adjustment of Bond Repayment Moneys. In the computation of the projected and historic revenues test in Section 5H hereof, the amount of the Bond Repayment Moneys for each Fiscal Year may be increased by the amount of gain which will result from any increase in the amount of the assessed valuation of taxable property within the Plan of Development Area, the mill levy or percentage of sales tax which will be applied in the City during that Fiscal Year as provided in final ordinances or resolutions of the City or county or other taxing authority, approved if required by the electors, providing for such increase.

(5) Adequate Reserves. The proceedings under which any such Additional Parity Bonds or other additional Parity Securities are issued must contain a covenant by the City to maintain the Reserve Fund from any source legally available to the City, in an amount at least equal to the maximum Combined Debt Service Requirement payable during any calendar year for the period the Bonds, Additional Parity Bonds, additional Parity Securities, Subordinate Bonds or Securities, or other Securities payable out of the Bond Repayment Moneys are Outstanding. The proceedings must also provide for the deposit of moneys to the Reserve Fund at the time such Additional Parity Bonds or other additional Parity Securities are delivered sufficient to establish a balance in the Reserve Fund to the minimum requirement specified above.

I. Reduction of annual requirements. The respective annual Debt Service Requirements set forth in Section 5H hereof (including as such a requirement, the amount of any prior redemption premiums due on any 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 or Securities for redemption) shall be reduced to the extent such Debt Service Requirements are scheduled to be paid in each of the respective Bond Years with moneys held in trust or in escrow for that purpose by any Trust Bank located within or without the State including the known minimum yield from any investment of such moneys in Federal Securities and bank deposits, including any certificate of

deposit.

J. Certification of Revenues. In the case of the computation of the revenue tests provided in Section 5H(2) and 5H(3), and when adjusted in the manner provided in Section 5H(4) the specified and required written certification by the Independent Accountant or by the Council that such annual revenues are sufficient to pay such amounts as provided in Sections 5H(2) and 5H(3) hereof shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver Additional Parity Bonds or other additional Parity Securities on a parity with the Bonds.

K. Subordinate Securities permitted. Nothing herein, subject to the limitations stated in Sections 5N and 5O hereof, prevents the City from issuing additional bonds or other additional Securities for any lawful purpose payable from the Bond Repayment Moneys and having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds.

L. Superior Securities prohibited. Nothing herein permits the City to issue additional bonds or other additional Securities payable from the Bond Repayment Moneys and having a lien thereon prior and superior to the lien thereon of the Bonds.

M. Refunding Bonds. Subject to the provisions of Section 31-25-811 of the Act, at any time after the Bonds, or any part thereof, are issued and remain Outstanding, if the Council shall find it desirable to refund any Outstanding Bonds, or other Outstanding Securities payable from and constituting a lien upon the Bond Repayment Moneys, such Bonds, or other Securities, or any part thereof, may be refunded regardless of whether the priority of the lien for the payment of the refunding Securities on the Bond Repayment Moneys is different from the priority of the lien for the payment of the refunded Securities (except as provided in Section 5L); provided that the issuance of any such refunding bonds or other refunding Securities shall be subject to the following additional requirements and conditions:

(1) Surrender for Payment. The Bonds or other Securities to be refunded, at the time or times of their required surrender for payment on refunding, shall either then mature or shall be then subject to redemption prior to their maturity at the City's option upon proper call, unless the Registered Owner or Registered Owners of all such Bonds or Securities consent to such surrender and payment.

(2) Partial Refundings. In the event of a refunding of less than all of the Outstanding Bonds or less than all of the Outstanding Securities of a particular issue thereof, the refunding bonds or refunding Securities issued pursuant to this Section shall enjoy complete equality of lien upon the Bond Repayment Moneys with the

unrefunded portion of the Bonds or unrefunded portion of any other Outstanding Securities. In addition, the Registered Owner or Registered Owners of such refunding bonds or refunding Securities shall be subrogated to, have, and enjoy all of the rights and privileges previously had and enjoyed by the Registered Owner or Registered Owners of the Bonds or Securities refunded thereby.

(3) Limitations Upon Refundings. Any refunding bonds or refunding Securities payable from the Bond Repayment Moneys shall be issued with such details as the City may by ordinance provide, subject to the provisions of Sections 5N and 5O hereof, and subject to the inclusion of the applicable rights and privileges designated in Section 5M(2), but without any impairment of any contractual obligation imposed upon the City by any proceedings authorizing the issuance of any unrefunded portion of other Outstanding Securities.

(4) Protection of Bonds or Additional Bonds Not Refunded. If only a part of the Outstanding Bonds or other Outstanding Securities of any issue or issues payable from the Bond Repayment Moneys is to be refunded, then such part of said Securities may not be refunded without the consent of the Registered Owner or Registered Owners of the unrefunded portion of such Securities, unless:

(a) Requirements Not Increased. For a period of time up to and including the last maturity date or last Redemption Date, if any, whichever is later, of the Outstanding unrefunded Bonds or of any Outstanding unrefunded Securities, the refunding bonds or refunding Securities do not in any Bond Year cause the aggregate principal and interest due on such refunding bonds or refunding Securities and the Outstanding unrefunded Bonds and any Outstanding unrefunded Securities to exceed the aggregate principal and interest which would have been due in any such Bond Year but for the issuance of the refunding bonds or refunding Securities, and unless the lien of the refunding bonds or refunding Securities on the Bond Repayment Money is not raised to a higher priority than the lien thereon of the Bonds or Securities refunded thereby; or

(b) Subordinate Lien. The lien on any Bond Repayment Moneys for the payment of the refunding bonds or refunding Securities is subordinate to each such lien for the payment of any Bonds or Securities not refunded; or

(c) Default and Coverage Test. The refunding bonds or refunding Securities are issued in compliance with the coverage requirements and the Reserve Fund requirements of Section 5H hereof and the requirement of Section 5J hereof with respect to certification of revenues is met, but excluding from any computation thereunder the securities to be refunded and redeemed and which shall forthwith upon the issuance of the refunding Securities be no longer Outstanding.

N. Payment dates of additional Bonds. Any Additional Parity or

Subordinate Bonds or other additional Parity or Subordinate Securities (including, without limitation, any funding or refunding Securities) issued in compliance with the terms hereof shall bear interest payable semiannually on the same dates in each year as apply to the Bonds; and such additional Securities shall mature on the same date as applies to the Bonds in the year or years designated by the Council during the term of the additional bonds or other additional Securities.

O. Supplemental ordinances. Additional bonds or other additional Securities payable from the Bond Repayment Moneys shall be issued only after authorization thereof by City ordinances or supplemental ordinance stating the purpose or purposes of the issuance of such additional Securities, directing the application of the proceeds thereof to such purpose or purposes, directing the execution thereof, and fixing and determining the date, principal amount, maturity or maturities, designation and numbers thereof, the maximum rate or rates of interest to be borne thereby, any prior redemption privileges of the City with respect thereto, and other provisions thereof in accordance with this Ordinance. All additional Securities shall bear such date, shall bear such numbers and series designation, letters or symbols prefixed to their numbers distinguishing them from each other security issued or to be issued, shall be payable at such place or places, may be subject to redemption prior to maturity on such terms and conditions, as may be provided, and shall bear interest at such rate or at such different or varying rates per annum, all as may be fixed by ordinance.

Section 6. General Administration of Funds.

A. Places and times of deposits. The Tax Increment Fund, the Bond Fund and Reserve Fund shall each be maintained in a Bank as a book account and accounted for separate and apart from all other accounts or funds of the City as trust accounts solely for the purposes designated therefor. For purposes of investment of moneys, nothing herein prevents the commingling of moneys accounted for in said Funds. Such book accounts 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 of such funds or accounts. 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 on a Saturday, a Sunday or a legal holiday, then such payment shall be made on or before the next preceding business day.

B. Investment of Funds. Any moneys in any fund or account established by this Ordinance may be deposited, invested, or reinvested only as follows:

(a) in direct obligations of the United States of America (including obligations issued or held in book entry form on the

books of the Department of the Treasury of the United States of America), or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(b) in bonds, debentures or notes or other evidence of indebtedness payable in cash issued by any one or a combination of any of the following federal agencies whose obligations represent full faith and credit of the United States of America: Export Import Bank of the United States, Federal Financing Bank, Federal Housing Administration, Maritime Administration, Public Housing Authority, Government Housing Mortgage Association.

(c) in certificates of deposit properly secured at all times, by collateral security described in (a) and (b) above actually delivered to the City. Such agreements are only acceptable with Commercial Banks, savings and loans associations, and mutual savings banks.

(d) in the following investments fully insured by the Federal Deposit Insurance Corporation, or the Federal Savings and Loan Insurance Corporation: (a) certificates of deposit, (b) savings accounts, or (c) deposit accounts, of a bank, savings and loan associations, and mutual savings banks.

Securities or obligations purchased as an investment of moneys in any such fund shall be deemed at all times to be a part of the applicable fund; provided that, with the exception of the Reserve Fund, the interest accruing on such investments and any profit realized therefrom and any loss resulting from such investments shall be credited or charged to the particular fund in question. Subject to the requirements of Section 8A(15) hereof, interest and profit realized from investments in the Reserve Fund shall be used by the Authority for payment of its administrative expenses, to the extent such moneys are not required to meet the Debt Service Requirements of the Bonds or other Securities payable from the Bond Repayment Moneys or to maintain the minimum amount of the Reserve Fund. Any loss resulting from such investments in the Reserve Fund shall be charged to the Reserve Fund. The City shall present for redemption or sale on the prevailing market any securities or obligations so purchased as an investment of moneys in a given fund whenever it shall be necessary to do so in order to provide moneys to meet any required payment or transfer from such fund. The City shall have no obligation to make any investment or reinvestment hereunder, unless any moneys on hand and accounted for in any one account exceeds \$5,000 and at least \$5,000 therein will not be needed for a period of not less than sixty (60) days. In such event the City shall invest or reinvest not less than substantially all of the amount which will not be needed during such sixty (60) day period, except for any moneys on deposit in an interest bearing account in a Commercial Bank, without regard to whether such moneys are evidenced by a certificate of deposit or otherwise, pursuant to this Section 6B and Section 6D hereof; but the City is not required to invest, or so to invest in such a manner, any moneys accounted for hereunder

if any such investment would contravene and covenant concerning arbitrage in Section 8A(15) hereof.

C. No liability for losses incurred in performing terms of Ordinance. Neither the City nor any officer, employee or agent of the City shall be liable or responsible for any loss resulting from any investment or reinvestment made in accordance with this Ordinance.

D. Character of Funds. The moneys in any fund herein authorized shall consist of lawful money of the United States or investments permitted by Section 6B hereof or both such money and such investments. Moneys deposited in a demand or time deposit account in or evidenced by a certificate of deposit of a Commercial Bank pursuant to Sections 6A and 6B hereof, appropriately secured according to this Ordinance, shall be deemed lawful money of the United States.

E. Accelerated payments optional. Nothing contained herein prevents the accumulation in any fund herein designated of any monetary requirements at a faster rate than the rate or minimum rate, as the case may be, provided therefor, but no payment shall be so accelerated if such acceleration shall cause a default in the payment of any obligation of the City pertaining to the Bond Repayment Moneys. Nothing herein contained requires in connection with the Bond Repayment Moneys received in any Fiscal Year the accumulation in any fund or account for the payment in the Bond Year ending in such Fiscal Year of Debt Service Requirements due in connection with any series of bonds or other Securities payable from the Bond Repayment Moneys and heretofore, herein or hereafter authorized, in excess of such Debt Service Requirements due in the Bond Year ending in such Fiscal Year, or in excess of any reserves required to be accumulated and maintained therefor, and of any existing deficiencies, and payable from such fund or account, as the case may be, except as may be otherwise provided herein.

Section 7. Miscellaneous Approvals, Authorizations and Appropriations.

A. Payment of issuance Costs. Proceeds of the Bonds shall be used to pay the costs and any underwriters' discount with respect to the Bonds, as provided in the Purchase Agreement.

B. Execution and delivery of Agreements. The President of the Council is hereby authorized to execute and deliver, and the Clerk of the City is hereby authorized to attest, for and on behalf of the City, the Purchase Agreement and the Paying Agency Agreement in a form consistent with the terms and provisions of this Ordinance and which the President of the Council shall approve. The President's execution of the Purchase Agreement and the Paying Agency Agreement shall be conclusive evidence of the approval on behalf of the City of the terms and provisions thereof.

Section 8. Covenants and Defeasance.

A. Covenants. The City hereby particularly covenants and agrees with the Registered Owners of the Bonds from time to time, and makes provisions which shall be a part of its contract with such Registered Owners, which covenants and provisions shall be kept by the City continuously until all of the Bonds and the interest thereon, have been fully paid and discharged, to the effect and with the purpose that:

(1) Amendment of the Resolution; Continuance and Collection of Taxes. The Resolution is now in full force and effect and has not been repealed or amended.

Unless required by law, the City shall not make any further modification of the Resolution or the Plan which would reduce the Tax Increments deposited or to be deposited in the Tax Increment Fund or otherwise impair the pledged security for the Bonds.

The City shall maintain the Tax Increment Fund as a fund of the City separate and distinct from all other funds of the City and immediately upon receipt or collection of the Tax Increments shall deposit the Tax Increments (less 20% of the Tax Increments originating from sales tax revenues from most of the properties in the Plan of Development Area and 30% from the remainder of the Plan of Development Area) into said fund.

The City shall take all reasonable action necessary to collect delinquent payments of the ad valorem and sales taxes owing from the Plan Development Area or to cause such delinquent payments to be collected.

The foregoing covenants are subject to compliance by the City with its Charter, any legislation of the United States or the State or any regulation or other action taken by the Federal Government or any State agency or any political subdivision of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation or action applies to the city as a Colorado municipality and limits or otherwise inhibits the amount of such tax revenues due to the City. All of the Tax Increments (less 20% of the Tax Increments originating from sales tax revenues from most of the properties in the Plan of Development Area and the 30% from the remainder of the Plan of Development Area) shall be subject to the payment of the Debt Service Requirements of all Securities payable from the Bond Repayment Moneys and the Tax Increment Fund, including reserves therefor, as provided herein or in any instrument supplemental or amendatory hereto.

(2) Defense of legality of application and use of Tax Increments. There is not pending or threatened any suit, action or proceeding against or affecting the City before or by any court, arbitrator, administrative agency or other governmental authority which affects the validity or legality of this Ordinance, the Resolution, or the imposition and collection of the Tax

Increments, any of the City's obligations under this Ordinance or any of the transactions contemplated by this Ordinance or the Resolution.

The City shall, to the extent permitted by law, defend the validity and legality of the collection of the Tax Increments and any taxes contributing thereto, this Ordinance and the Resolution, and all amendments thereto against all claims, suits and proceedings which would diminish or impair the Bond Repayment Moneys or Tax Increment Fund as security for the Bonds.

Except as specified in this Ordinance and in City Ordinance No. 2151 authorizing issuance of the Notes, the City has not assigned or pledged the Bond Repayment Moneys or Tax Increment Fund in any manner which would diminish the security for payment of the Bonds.

(3) Performance of duties. The City, acting by and through its officers, or otherwise, shall faithfully and punctually perform, or cause to be performed, all duties with respect to this Ordinance, the Resolution and the Bond Repayment Moneys, required by the Constitution and laws of the State, the Charter of the City and the various ordinances, resolutions and contracts of the City, including, without limitation, the proper segregation of the proceeds of the Bonds and the Bond Repayment Moneys and their application from time to time to the respective funds provided therefor.

(4) Costs of Bond issue and of performance. Except as otherwise specifically provided herein, all costs and expenses incurred in connection with the issuance of the Bonds, payment of the Debt Service Requirements, or with the City's performance of or compliance with any covenant or agreement contained in this Ordinance, shall be paid exclusively (but only from the appropriate special fund in the manner authorized herein) from the proceeds of the Bonds or from other legally available moneys, and in no event shall any of such costs or expenses be required to be paid out of or charged to the general funds of the City.

(5) Contractual Obligations. The City will perform all contractual obligations undertaken by it under the Purchase Agreement, the Paying Agency Agreement and under any other agreements relating to the Bonds or the Bond Repayment Moneys.

(6) Further assurances. At any and all times the City shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver, and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents, and assurances as may be necessary to desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Bond Repayment MOneys, the Tax Increment Fund and the other funds and accounts hereby pledged or assigned, or intended so to be, or which the City may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this

Ordinance. The City, acting by and through its officers, or otherwise, shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Bond Repayment Moneys, the Tax Increment Fund and other funds and accounts pledged hereunder and all the rights of every Registered Owner of any of the Bonds against all claims and demands of all Persons whomsoever.

(7) Conditions precedent. Upon the date of issuance of any of the Bonds, all conditions, acts and things required by the Constitution or laws of the United States, the Constitution or laws of the State, the Act, the Charter of the City or this Ordinance, to exist, to have happened, and to have been performed precedent to or in the issuance of the Bonds shall exist, have happened and have been performed and the Bonds and this Ordinance, together with all other obligations of the City, shall not contravene any debt or other limitation prescribed by the Constitution or laws of the United States, the Constitution or laws of the State or the Charter of the City.

(8) Records and accounts. The City will keep proper books of record and account, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Reserve Fund, the Bond Fund, and the Tax Increment Fund.

(9) Protection of Security. The City, its officers, agents and employees, shall not take any action in such manner or to such extent as might prejudice the security for the payment of the Debt Service Requirements of the Bonds. Additional Parity Bonds, Parity Securities or refunding bonds may be issued by the City subject to the provisions of Section 5 hereof. No contract shall be entered into nor any other action taken by which the rights of any Registered Owner or any Bonds might be prejudicially and materially impaired or diminished.

(10) Accumulation of interest claims. In order to prevent any accumulation of claims for interest after maturity of the Bonds the City shall not directly or indirectly extend or assent to the extension of the time for the payment of any claim for interest on any of the Bonds; and the City shall not directly or indirectly be a party to or approve any arrangements for any such extension or for the purpose of keeping alive any of such claims for interest. If the time for the payment of any such installment of interest is extended in contravention of the foregoing provisions, such installment or installments of interest after such extension or arrangement shall not be entitled in case of default hereunder to the benefit or the security of this Ordinance, except upon the prior payment in full of the principal and interest of all of the Bonds the payment of which has not been extended.

(11) Prompt Payment of Bonds. The City shall promptly pay the Debt Service Requirements of every Bond at the places, on the dates, and in the manner specified herein and in the Bonds according to

the true intent and meaning hereof.

(12) Use of Bond and Reserve Funds. The Bond Fund and the Reserve Fund shall be used solely and only, and the moneys credited to such accounts are hereby pledged, for the purpose of paying the Debt Service Requirements of the Bonds, Additional Parity Bonds, other Parity Securities and Subordinate Securities to their respective maturities or any Redemption Date or Redemption Dates on which the City is obligated to redeem Bonds, Additional Parity Bonds, other Parity Securities or Subordinate Securities subject to the provisions of this Ordinance.

(13) Additional Securities. The City shall not hereafter issue any bonds, notes or Securities payable from Bond Repayment Moneys unless in compliance with the requirements with respect to the issuance of Additional Parity Bonds, parity Securities, refunding bonds or Subordinate Securities as provided herein.

(14) Surety Bonds. Each official or other person having custody of any Bond Repayment Moneys or responsible for their handling, shall be fully bonded at all times, which bond shall be conditioned upon the proper application of said moneys.

(15) Arbitrage and Tax Exemption. The City hereby covenants for the benefit of each Registered Owner of the Bonds that it will make no use of the proceeds of the Bonds at any time during the term thereof which, if such use had been reasonably expected on the date the Bonds are issued, would have caused such Bonds to be arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended (the "Code"), unless, under any provision of law hereafter enacted, the interest paid on the Bonds (a) shall be excludable from the gross income of a recipient thereof for Federal income tax purposes without regard to whether such Bonds are arbitrage bonds, or (b) shall be exempt from all income taxation.

The City further covenants for the benefit of each Registered Owner of the Bonds that from the date of issuance of the Bonds it will make every reasonable effort to comply with the provisions of H.R. 3838, 99th Congress, 1st Session, as approved by a joint conference committee of the U.S. House of Representatives and the U.S. Senate on August 16, 1986, and with any such provisions in any amendment thereto which, if enacted, would relate to the Bonds, including, but not limited to, the rebate of any arbitrage earnings to the United States Treasury department, unless and until an opinion of counsel nationally recognized in the field of municipal bond law is delivered to the City to the effect that failure to comply with such provisions would not adversely affect the Federal income tax exemption of the interest on the Bonds under existing or pending law.

B. Defeasance. When all Debt Service 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 a Trust Bank located within or without the State, moneys or Federal Securities in 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 Debt Service Requirements of the Bonds, as the same become due to the final maturity of the Bonds or upon any 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 or payment then. The Federal Securities shall not be subject to prior redemption by the obligor thereof prior to the respective times at which the proceeds thereof shall be needed but shall become due prior to said times, 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 holder thereof to assure such availability as so needed to meet such schedule.

Section 9. Default Provisions and Remedies of Bondholders.

A. Events of Default. Each of the following events is hereby declared to be and to constitute an Event of Default:

(1) Nonpayment of Principal. Payment of the principal of any of the Bonds is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption or otherwise;

(2) Nonpayment of Interest. Payment of any installment of interest on the Bonds is not made when the same becomes due and payable;

(3) Incapable to Perform. The City for any reason is, or is rendered, incapable of fulfilling its obligations hereunder.

(4) default of Any Provision. The City makes any default in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds or in this Ordinance on its part to be performed, and if such default continues for sixty (60) days after written notice, specifying such default and requiring the same to be remedied, is given to the City by the Registered Owners of at least 25% in principal amount of the Bonds then Outstanding; provided that if such default cannot be cured within such sixty (60) days, and during that period corrective action has commenced to remedy such default and subsequently is diligently pursued to the completion of such performance, an Event of Default not be deemed to have occurred.

B. Remedies for Defaults. Upon the happening and continuance of any of the Events of Default, as provided in Section 9A hereof, then and in every case the Registered Owners of not less than 25% in principal amount of the Bonds then Outstanding, including,

without limitation, a trustee or trustees therefor, may exercise any remedy provided to bondholders under the Act.

C. Rights and Privileges Cumulative. The failure of any Registered Owner of any Outstanding Bond to proceed in any manner herein provided shall not relieve the City, or any of its officers, agents or employees of any obligation to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such Registered Owner (or trustee thereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any Registered Owner shall not be deemed a waiver of any other right or privilege thereof. Each Registered Owner shall be entitled to all of the privileges, rights and remedies provided or permitted in this Ordinance and as otherwise provided or permitted by law or in equity or by other statutes, except as provided in Sections 11A and 11B hereof, and subject to the applicable provisions concerning the Bond Repayment Moneys and the proceeds of the Bonds. Nothing herein affects or impairs the right of any Registered Owner to enforce the payment of the Debt Service Requirements due in connection with this Bond or the obligation of the City to pay the Debt Service Requirements of each Bond to the Registered Owner thereof at the time and the place expressed in such Bond.

D. Duties Upon Default. Upon the happening of any of the Events of Default as provided in Section 9A hereof, the City, in addition, will do and perform all proper acts on behalf of and for the Registered Owners of the Outstanding Bonds to protect and to preserve the security created for the payment of their Bonds and to insure the payment of the Debt Service Requirements promptly as the same become due.

E. Evidence of Registered Owners. Any request, consent or other instrument which this Ordinance may require or may permit to be signed and to be executed by any Registered Owner may be in one instrument or more than one instrument of similar tenor and shall be signed or may be executed by each Registered Owner in person or by his attorney appointed in writing. Proof of the execution of any such instrument or of any instrument appointing any such attorney, or the holding by any Person of the Bond shall be sufficient for any purpose of this Ordinance (except as otherwise herein expressly provided) if made in the following manner:

(1) Proof of Execution. The fact and the date of the execution by any Registered Owner of any Bonds or other Securities or his attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of any officer of a bank or trust company satisfactory to the City Clerk or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the individual signing such request or other instrument acknowledged to him the execution, duly sworn to before such notary public or other officer; the authority of the individual or

individuals executing any such instrument on behalf of a corporate holder of any Securities may be established without further proof if such instrument is signed by an individual purporting to be the president or vice-president of such corporation with the corporate seal affixed and attested by an individual purporting to be its secretary or an assistant secretary; and the authority of any Person or Persons executing any such instrument in any fiduciary or representative capacity may be established without further proof if such instrument is signed by a Person or Persons purporting to act in such fiduciary or representative capacity; and

(2) Proof of Holdings. The amount of Bonds held by any Person executing any instrument as a Registered Owner, and the numbers, date and other identification thereof, together with the date of his holding the Bonds shall be established as the same appears on the registration books for the Bonds maintained by the Registrar.

F. Warranty Upon Issuance of Bonds. Any of the Bonds 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 Registered Owner of any of the Bonds that the Bonds have been issued for a valuable consideration in full conformity with law.

Section 10. Amendment of Ordinance.

A. Amendment of Ordinance Not Requiring Consent of Registered Owners. The City may, without the consent of, or notice to, the Registered Owners of the Bonds, adopt such ordinances supplemental hereto (which amendments shall thereafter form a part hereof) for any one or more or all of the following purposes:

(1) To cure any ambiguity, or to cure, correct or supplement any defect or inconsistent provision contained in this Ordinance, or to make any provision with respect to matters arising under this Ordinance or for any other purpose if such provisions are necessary or desirable and do not adversely affect the interests of the Registered Owners of the Bonds; or

(2) To subject to this Ordinance additional revenues, properties or collateral.

B. Amendment of Ordinance Requiring Consent of Registered Owners. Exclusive of the amendatory resolutions covered by Section 10A, this Ordinance may be amended or modified by ordinances or other instruments duly adopted by the Council, without receipt by it of any additional consideration, but with the written consent of the Registered Owners of at least 55% in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory ordinance, provided that no such amendatory ordinance shall permit:

(1) Changing Payment. A change in the maturity or in the terms of

redemption of the principal of any Outstanding Bond or any installment of interest thereon; or

(2) Reducing Return. A reduction in the principal amount of any Bond or the rate of interest thereon without the consent of the Registered Owner of the Bond; or

(3) Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by this Ordinance; or

(4) Modifying Amendment Terms. A reduction of the principal amount or interest percentage rates of Bonds, or any modification otherwise affecting the description of Bonds, or otherwise changing the consent of the Registered Owners of Bonds, which may be required herein for any amendment hereto; or

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

(6) Partial Modification. Any modifications otherwise materially and prejudicially affecting the rights or privileges of the Registered Owners of less than all of the Bonds then Outstanding.

Whenever the City proposes to amend or modify this Ordinance under the provisions of this Section 10B it shall give notice of the proposed amendment by mailing written notice thereof to the Registered Owners of the Bonds at their address shown on registration books of the Registrar. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory ordinance is on file in the office of the City Clerk for public inspection.

C. Time for and Consent to Amendment. Whenever at any time within two months from the date of the completion of the notice required to be given by Section 10B hereof there shall be filed in the office of the City Clerk an instrument or instruments executed by the Registered Owners of at least 55% in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory ordinance or other instrument described in such notice and shall specifically consent to and approve the adoption of such ordinance or other instrument, thereupon, but not otherwise, the Council may adopt such amendatory ordinance or instrument and such ordinance or instrument shall become effective. If the Registered Owners of at least 55% in aggregate principal amount of the Bonds then Outstanding, at the time of the adoption of such amendatory ordinance or instrument, or the predecessors in title of such Registered Owners, shall have consented to and approved the adoption thereof as herein provided, no Registered Owner whether or not such Registered Owner shall have consented to or shall have revoked any consent as herein provided shall have any right or interest to object to the adoption of such amendatory ordinance or

other instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions thereof. Any consent given by the Registered Owner of a Bond pursuant to the provisions hereof shall be irrevocable for a period of six (6) months from the date of the completion of the notice above provided for and shall be conclusive and binding upon all future Registered Owners of the same Bond during such period. Such consent may be revoked at any time after six (6) months from the completion of such notice, by filing notice of such revocation with the City Clerk, but such revocation shall not be effective if the Registered Owners of at least 55% in aggregate principal amount of the Bonds Outstanding as herein provided, prior to the attempted revocation, shall have consented to and approved the amendatory instrument referred to in such revocation.

D. Unanimous Consent. Notwithstanding anything contained in the foregoing provisions, the terms and the provisions of this Ordinance, or of any ordinance or other instrument amendatory thereof, the rights and the obligations of the City and of the Registered Owners of the Bonds may be modified or amended in any respect upon the adoption by the City and upon the filing with the Clerk of an instrument to that effect and with the consent of the Registered Owners of all the then Outstanding Bonds, such consent to be given in the manner provided in Section 10C hereof; and no notice to Registered Owners of Bonds, either by mailing or by publication, shall be required as provided in Section 11B hereof, nor shall the time of consent be limited except as may be provided in such consent.

E. Notation on Bonds. Any of the Bonds delivered after the effective date of any action taken as provided in Section 10B, or Bonds Outstanding at the effective date of such action, may bear a notation thereon by endorsement or otherwise in form approved by the Council as to such action; and if any such Bond so authenticated and delivered after such effective date does not bear such notation, then upon demand of the Registered Owner of any Bond Outstanding at such effective date and upon presentation of his Bond for such purpose at the principal office of the City, suitable notation shall be made on such Bond by the City Clerk as to any such action. If the Council so determines, new Bonds so modified as in the opinion of the Council to conform to such action shall be prepared, authenticated and delivered; and upon demand of the Registered Owner of any Bond then Outstanding, shall be exchanged without cost to such Registered Owner for Bonds then Outstanding upon surrender of such Outstanding Bonds.

Section 11. Miscellaneous.

A. Character of Agreement. None of the covenants, agreements, representations, or warranties contained herein or in the Bonds, shall ever impose or shall be construed as imposing any general obligation indebtedness liability, or charge against the City (except for the special funds pledged therefor) or against the

general credit of the City payable out of general funds or except for the Tax Increments out of any funds derived from taxes, or any pecuniary liability against any officer, employee or agent of the City.

B. No Pledge of Property. The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the City except for the Bond Repayment Moneys of the City. No property of the City, subject to such exception with respect to the Bond Repayment Moneys pledged for the payment of the Bonds, shall be liable to be forfeited or taken in payment of the Bonds.

C. Statute of Limitations. No action or suit based upon any Bond, or other obligation of the City shall be commenced after it is barred by any statute of limitations pertaining thereto. Any trust or fiduciary relationship between the City and the Registered Owner of any Bond shall be conclusively presumed to have been repudiated on the maturity date or other due date thereof unless the Bond is presented for payment or demand for payment is otherwise made before the expiration of the applicable limitation period. Any moneys from whatever source derived remaining in any fund or account reserved, pledged or otherwise held for the payment of any such obligation, action or suit, the collection of which has been barred, shall be used in the manner provided by ordinance or resolution of the City. Nothing herein prevents the payment to any such Bond after an action or suit for its collection has been barred if the Council deems it in the best interests of the City or the public so to do and orders such payment to be made.

D. Delegated Duties. The officers of the City are hereby authorized and directed to enter into such agreements and take all action necessary or appropriate to effectuate the provisions of this Ordinance and to comply with the requirements of law, including, without limitation:

(1) Printing Bonds. The printing of the Bonds, including at the option of the Council the printing upon each such Bond of a copy of the legal opinion of Holme Roberts & Owen, bond counsel, duly certified by the City Clerk;

(2) Agreements. Execution of the Purchase Agreement and the Paying Agency Agreement;

(3) Final Certificates. The execution of such certificates as may be reasonably required by the Purchaser, relating, inter alia, to:

(a) The signing of the Bonds;

(b) The tenure and identity of the officials of the City;

(c) If in accordance with fact, the absence of litigation, pending or threatened, affecting the Tax Increments or the validity of the Bonds;

(d) The delivery of the Bonds and the receipt of the Bond purchase price;

(e) The exemption of interest on the Bonds from federal and State income taxation;

(f) The making of various statements, recitals, certifications and warranties provided in the form of Bond set forth in this Ordinance; and

(g) A statement concerning the disclosure of information provided in any Bond offering brochure, preliminary official statement, official statement or offering circular for prospective buyers of the Bonds.

(4) Information. The assembly and dissemination of financial and other information concerning the City and the Bonds;

(5) Official Statement or Offering Circular. The preparation of a Bond offering brochure, preliminary official statement, official statement, or offering circular, for the use of prospective buyers of the Bonds, including, without limitation, such use by the Purchaser and its associates, if any; and

(6) Bond Sale. The execution of the Bonds and the sale, issuance, and delivery of the Bonds to the Purchaser pursuant to the provisions of this Ordinance.

E. Successors. Whenever herein the City is named or is referred to, such provision shall be deemed to include any successors of the City, whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of and other provisions for the benefit of the City contained herein shall bind and inure to the benefit of any officer, board, district, commission, authority, agency, instrumentality or other person or persons to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the City or of its respective successors, if any, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions hereof.

F. Rights and Immunities. Except as herein otherwise expressly provided, nothing herein expressed or implied is intended or shall be construed to confer upon or to give to any Person, other than the City, and the Registered Owners from time to time of the Bonds, any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, and any Registered Owner of any of the Bonds.

No recourse shall be had for the payment of the Debt Service

Requirements of the Bonds or for any claim based thereon or otherwise upon this Ordinance authorizing their issuance or any other Ordinance, resolution or instrument pertaining thereto, against any individual member, or any officer, employee or other agent of the City, past, present or future, either directly or indirectly through the City, or otherwise, whether by virtue of any constitution, statute or rule of law or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bonds and as a part of the consideration of their issuance specifically waived and released.

G. Ratification. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the City or its officers directed toward the Project or toward the sale and delivery of the Bonds for that purpose is hereby ratified, authorized and approved.

H. Facsimile Signatures. Pursuant to the Uniform Facsimile Signature of Public Officials Act, part 1 of article 55 of title 11, Colorado Revised Statutes, the President and the City Clerk shall forthwith, and in any event prior to the time the Bonds are delivered to the Purchaser thereof, file with the Colorado Secretary of State their manual signatures certified by them under oath, using a suitable Facsimile Signature Certificate for said purpose.

I. I. Ordinance Irrepealable. This Ordinance is, and shall constitute, a legislative measure of the City and after any of the Bonds are issued, this Ordinance shall constitute an irrevocable contract between the City and the Registered Owners of the Bonds; and this Ordinance, subject to the provisions of Sections 8B and 10 hereof, if any Bonds are in fact issued, shall be and shall remain irrepealable until the Bonds, as to all Debt Service Requirements, shall be fully paid, cancelled and discharged, as herein provided.

J. Repealer. All ordinances, resolutions, bylaws, orders, and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any ordinance, resolution, bylaws, order, or other instrument or part thereof, heretofore repealed.

K. Severability. If any section, subsection, paragraph, clause or other provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability thereof shall not affect any of the remaining sections, subsections, paragraphs, clauses or provisions of this Ordinance.

L. Limitation of Actions. Pursuant to Section 31-25-813.5 of the Act, after the expiration of 30 days from the effective date of the Ordinance, allocations or units attacking its findings, determinations or contents or challenging the validity of the Bonds shall be perpetually barred.

AMENDED AND FINALLY PASSED AND ADOPTED AS AMENDED this 17th day of September 1986.

CITY OF GRAND JUNCTION, COLORADO

President of the City Council

(CITY)
(SEAL)

ATTEST:

Neva B. Lockhart, CMC

City Clerk

I HEREBY CERTIFY that the foregoing ordinance, being Ordinance No. 2309, 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 3rd day of September, 1986, 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 18th day of September, 1986.

Neva B. Lockhart

Neva B. Lockhart, CMC
City Clerk

Published: September 5, 1986

Published: September 19, 1986

Effective: October 19, 1986