

ORDINANCE NO. 2438

AN ORDINANCE OF THE CITY OF GRAND JUNCTION, COLORADO, AUTHORIZING THE CITY TO ENTER INTO A CONTRACT FOR BORROWING A PRINCIPAL SUM NOT TO EXCEED \$250,000 FROM THE COLORADO WATER CONSERVATION BOARD; ASSURING UTILITY RATES TO PRODUCE REVENUES SUFFICIENT TO PAY THE CONTRACT LOAN; SETTING ASIDE OF REVENUES IN THE WATER FUND FOR THE REPAYMENT OF THE DEBT; AND PROVIDING A SECURITY INTEREST IN FAVOR OF THE STATE TO SECURE THE REPAYMENT.

WHEREAS, the City of Grand Junction, Colorado, wishes to construct the North Fork Diversion Pipeline, a water conveyance structure from the North Fork of Kannah Creek to the Purdy Mesa and Juniata Reservoirs; and

WHEREAS, the project costs are scheduled to be paid from a loan from the Colorado Water Conservation Board, a grant from the Colorado Department of Local Affairs, and City water fund revenues; and

WHEREAS, the loan from the Colorado Water Conservation Board will not exceed 50% of the project costs up to an amount not to exceed \$250,000; and

WHEREAS, in order to acquire the said loan from the Colorado Water Conservation Board, the City of Grand Junction is required to sign a contract and promissory note with the Colorado Water Conservation Board and pass an ordinance implementing the provisions of the contract and promissory note.

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

Section 1. Authorization. The City of Grand Junction through its elected representatives and appointed officers are authorized to enter into a Contract and Promissory Note with the Colorado Water Conservation Board to contract for a principal sum of money not to exceed \$250,000 for construction of the North Fork Diversion Pipeline and to repay to the State said principal sum with interest at the rate of five percent (5%) per annum, said repayment to be made in constant annual installments for twenty-five (25) years. Said Contract and Promissory Note to be the complete integration of all understandings between the parties. The City Manager of the City of Grand Junction is authorized to sign the Contract and note when loan calculations and contract terms are finalized with the State of Colorado.

Section 2. Security. As security for the loan to be made by the State, the City of Grand Junction, Colorado, will execute a warranty deed within thirty (30) days of the first advance of funds from the State which will convey to the State an undivided fifty percent (50%) interest in 5866 feet of 24 inch diameter Plastic Irrigation Pipe, 100PSI, SDR 41, inclusive of all intake structures, incidentals, and appurtenances, the pipe to be laid

between the North Fork of Kannah Creek existing diversion structure and Purdy Mesa and Juniata Reservoirs.

Section 3. Assurance. The City will provide revenues in the City water fund to insure that the North Fork Diversion Pipeline is maintained and operated in good working order, as security to the State and the City for their interests in the pipeline until, at least, the total loan obligation from the Colorado Water Conservation Board is discharged.

Section 4. Utility Rates. The City of Grand Junction periodically sets rates for the operation and expansion of its water utility operation. The City agrees that it will maintain rates sufficient to pay the annual indebtedness on the loan and to maintain the pipeline in good working order as outlined in Section 3. These revenues are established and set aside in the Water Fund and are separate and apart from City General Fund revenues. The portion of the Fund balance of the Water Fund, not to exceed the annual principal and interest payment of this note, will be restricted for the sole purpose of discharging the City's loan obligation and the State of Colorado will have conveyed to it a security interest in these restricted revenues to secure repayment of the debt.

Section 5. Default. In the event of default in the repayment of the debt to the State and upon written notice from the State, the City, pursuant to its Charter, will take all necessary actions to levy any additional assessments to cure the default.

Section 6. Sale and Transfer. The City agrees that it will not sell, convey, assign, grant, transfer, mortgage, pledge, encumber, or otherwise dispose of the project or any portion thereof so long as the annual installment required by the note remain unpaid, without the prior written occurrence of the State.

Section 7. Repealer. All acts, orders, resolutions, ordinances, or parts thereof, of the City that are inconsistent or in conflict with this ordinance are hereby repealed to the extent only of such inconsistency or conflict.

Section 8. Severability. If one or more sections or parts of this Ordinance shall be adjudged unenforceable or invalid, such judgement shall not affect, impair or invalidate the remaining provisions of this Ordinance, it being the intention that the various provisions hereof are severable.

Section 9. Recording and Authentication. Immediately on its passage this Ordinance shall be recorded in the Ordinance Record of the City kept for that purpose, and authenticated by the affidavit of publication and by the signatures of the Mayor and President of the City Council, and the City Clerk.

PASSED and ADOPTED this 2nd day of August, 1989.

R.T. Mantlo

President of the Council

Attest:

Neva B. Lockhart, CMC

City Clerk

I HEREBY CERTIFY that the foregoing ordinance, being Ordinance No. 2438, 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 19th day of July, 1989, 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 3rd day of August, 1989.

Neva B. Lockhart

Neva B. Lockhart, CMC
City Clerk

Published: July 21, 1989

Published: August 4, 1989

Effective: September 3, 1989