

ORDINANCE NO. 2626

AN ORDINANCE RATIFYING, CONFIRMING AND APPROVING RESOLUTION NO. MCM 92-160, SERIES 1992, BY THE BOARD OF COUNTY COMMISSIONERS OF MESA COUNTY, COLORADO; AUTHORIZING THE SALE AND ISSUANCE OF THE COUNTY'S SEWER REFUNDING REVENUE BONDS, SERIES 1992, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$8,200,000, FOR THE PURPOSE OF REFUNDING THE COUNTY'S SEWER IMPROVEMENT REVENUE BONDS, SERIES 1980A AND SEWER REFUNDING REVENUE BONDS, SERIES 1980B, BOTH DATED NOVEMBER 1, 1980, OUTSTANDING IN THE AGGREGATE PRINCIPAL AMOUNT OF \$6,375,000 AND \$675,000, RESPECTIVELY; PROVIDING FOR AN ESCROW TO PAY SAID BONDS AND THE INTEREST THEREON; PRESCRIBING THE FORM OF SAID BONDS; PROVIDING FOR THE APPLICATION OF REVENUES OF THE JOINT SEWER SYSTEM OF THE CITY AND COUNTY TO PAY THE SERIES 1992 BONDS AND THE INTEREST THEREON; AND INCORPORATING THE PROVISIONS OF COUNTY RESOLUTION NO. MCM 92-160 INTO THIS ORDINANCE BY REFERENCE.

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

WHEREAS, on the 15th day of December 1992, the Board of County Commissioners of the County of Mesa, State of Colorado (the "County") adopted Resolution No. MCM 92-160, Series 1992 (the "Resolution"), authorizing the refunding of the County's outstanding sewer revenue bonds described in the Resolution and in the title of this Ordinance (the "Refunding Project"); and

WHEREAS, debt service savings can be achieved through the Refunding Project, and, in order to implement the Refunding Project it is necessary that the outstanding sewer revenue obligations of the County be refunded, to the end that all available revenues of the joint sewer system of the City and County may be pledged to the payment of the bonds authorized and described in the County's Resolution No. MCM 92-160, Series 1992.

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

Section 1. That all of the provision of Resolution No. MCM 92-160, Series 1992, adopted by the Board of County Commissioners of Mesa County, Colorado, on December 15, 1992, are hereby ratified, confirmed and approved.

Section 2. That each and every section and provision of County Resolution No. MCM 92-160, Series 1992, is hereby made a part of this Ordinance, the same as if each such section and provision were set forth at length herein, and that County Resolution No. MCM 92-160, Series 1992, is attached to this Ordinance as Exhibit A.

Section 3. After any of the County of Mesa, State of Colorado, Sewer Refunding Revenue Bonds, Series 1992 Bonds are issued, this

Ordinance shall constitute an irrevocable contract between the City and the owner or owners of the Bonds; and this Ordinance shall be and shall remain irrevocable until the Bonds and the interest thereon shall be fully paid, cancelled and discharged.

Section 4. If any 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 provisions of this Ordinance.

Section 5. All by-laws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any by-law, order, resolution, or ordinance, or part thereof, heretofore repealed.

Section 6. The City Clerk is hereby directed to have this Ordinance (including Appendix A) published in full in the Daily Sentinel, a newspaper published in the City, on or before November 8, 1992; such publication shall include a notice that this Ordinance will be considered for second reading and adoption on November 18, 1992.

Section 7. This Ordinance, immediately on its final passage, shall be recorded, in the City book of ordinances kept for that purpose, authenticated by the signatures of the Mayor and the City Clerk, and shall be published in full in the Daily Sentinel, a legal newspaper published in the City. This ordinance shall take effect 30 days after publication following final passage.

INTRODUCED AND READ BY TITLE OR IN FULL on October 21, 1992.

ADOPTED AND APPROVED on November 18, 1992.

Mayor

(SEAL)

Attest:

Neva B. Lockhart, CMC

City Clerk

EXHIBIT "A"

APPENDIX "A"

RESOLUTION NO. MCM 92-160

SERIES 1992

A RESOLUTION AUTHORIZING THE SALE AND ISSUANCE OF MESA COUNTY, COLORADO, SEWER REFUNDING REVENUE BONDS, SERIES 1992, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$8,200,000, FOR THE PURPOSE OF REFUNDING THE COUNTY'S SEWER IMPROVEMENT REVENUE BONDS, SERIES 1980A AND SEWER REFUNDING REVENUE BONDS, SERIES 1980B, BOTH DATED NOVEMBER 1, 1980, OUTSTANDING IN THE AGGREGATE PRINCIPAL AMOUNT OF \$6,375,000 AND \$675,000, RESPECTIVELY; PROVIDING FOR AN ESCROW TO PAY THE OUTSTANDING BONDS AND THE INTEREST THEREON; PRESCRIBING THE FORM OF THE BONDS; PROVIDING FOR THE APPLICATION OF REVENUES OF THE JOINT SEWER SYSTEM OF THE CITY AND COUNTY TO PAY THE SERIES 1992 BONDS AND THE INTEREST THEREON; AND PRESCRIBING OTHER DETAILS IN CONNECTION THEREWITH.

WHEREAS, the County of Mesa, State of Colorado (the "County") is a county duly organized and existing under the laws of the State of Colorado; and

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

WHEREAS, the County and the City have entered into a joint sewerage service agreement dated May 1, 1980 ("Service Agreement") relating to the scope and operation of the joint sewerage system of the City and County ("Joint System") and the use of revenues from the Joint System ("Gross Pledged Joint Revenues") which includes all of the revenues and charges for connection to and use of the Joint System from whatever sources derived, including, but not limited to tap fees, plant investment fees and sewer user charges, but excluding surcharges or add-on charges made by the City, County, or any district for services or facilities provided by other than the Joint System; and

WHEREAS, the County has heretofore duly authorized, sold, issued and delivered \$7,420,000 of its Sewer Improvement Revenue Bonds, Series 1980A and \$805,000 of its Sewer Refunding Revenue Bonds, Series 1980B, both dated November 1, 1980 (the "1980A Bonds" and "1980B Bonds", respectively; collectively, the "1980 Bonds"); and

WHEREAS, the City and the County have determined that the best interests of the City and County will be served by the refunding of the 1980 Bonds (the "Refunding Project"); and

WHEREAS, there remains outstanding of the 1980A Bonds \$6,375,000 in aggregate principal amount, being bonds numbered 210-1484, inclusive, in the denomination of \$5,000 each, bearing interest payable semiannually May 1 and November 1 each year, being numbered and maturing annually on November 1 as follows:

Bond Numbers	Interest Rate	Amounts	Years Maturing
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(All Inclusive)	(Per Annum)	Maturing	
210 - 254	9.0%	\$225,000	1993
255 - 304	9.125%	250,000	1994
305 - 354	9.25%	250,000	1995
355 - 746	8.75%	1,960,000	2000
747 - 1117	10.00%	1,855,000	2003
1118 - 1484	10.00%	1,835,000	2005

WHEREAS, there remains outstanding \$675,000 of aggregate principal amount of the 1980B Bonds, being bonds numbered 27-161, inclusive, in the denomination of \$5,000 each, bearing interest payable semiannually on May 1 and November 1 each year, being numbered and maturing annually on November 1, as follows:

Bond Numbers (All Inclusive)	Interest Rate (Per Annum)	Amounts Maturing	Years Maturing
27 - 31	9.0%	\$25,000	1993
32 - 36	9.125%	25,000	1994
37 - 41	9.25%	25,000	1995
42 - 89	8.75%	240,000	2000
90 - 128	10.00%	195,000	2003
129 - 161	10.00%	165,000	2005

WHEREAS, the 1980 Bonds maturing on November 1, 1996 and thereafter, are redeemable at the option of the County on November 1, 1995, and on any interest payment date thereafter, in inverse

order of maturity and by lot within any one maturity, upon payment of par plus accrued interest; and

WHEREAS, in order to provide funds for the Refunding Project, it is necessary that the County, with the approval and consent of the City, issue its Sewer Refunding Revenue Bonds Series 1992 (the "Bonds") to refund and pay the outstanding 1980 Bonds, which bonds have a first and prior lien on the net revenues of the Joint System; and

WHEREAS, the Board of County Commissioners of Mesa County, Colorado (the "Board"), is authorized to issue sewer refunding revenue bonds of the County, pledging to the payment of the bonds the Gross Pledged Joint Revenues derived and to be derived from the operation of the Joint System after payment only of the operation and maintenance expenses of the Joint System (the "net Pledged Joint Revenues"); and

WHEREAS, except as aforesaid, the City and County have never pledged nor in any way hypothecated Gross Pledged Joint Revenues derived and to be derived from the operation of the Joint System, or any part thereof, to the payment of any bonds or for any other purpose, with the result that the Net Pledged Joint Revenues to be derived from the Joint System may now be pledged lawfully and irrevocably to the payment of the Bonds; and

WHEREAS, there has been prepared and filed with the County a Bond Purchase Agreement dated December 15, 1992 (the "Purchase Agreement") between the County and Dougherty, Dawkins, Strand & Bigelow Incorporated and A.G. Edwards & Sons, Inc. (collectively, the "Purchasers"); and

WHEREAS, the Board has determined, and does hereby declare, that the proposal submitted by the Purchasers for the purchase of the Bonds at the purchase price as set forth, and otherwise upon the terms and provision provided, in the Purchase Agreement is a responsible proposal to the best advantage of the Joint System.

THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MESA COUNTY, COLORADO:

ARTICLE I

DEFINITIONS, INTERPRETATION, RATIFICATION AND EFFECTIVE DATE

Section 101. Short Title. This resolution shall be known as and may be cited by the short title "1992 Bond Resolution" (the "resolution").

Section 102. Meanings and Construction.

Definitions. The terms in this section for all purposes of this resolution and of any resolution amendatory hereof or supplemental hereto, or relating hereto, and of any other resolution or any

other document pertaining hereto, except where the context by clear implication otherwise requires, shall have the meanings herein specified. Other terms are defined parenthetically throughout this Resolution.

(1) "average annual principal and interest requirements" means the sum of the principal of and interest on the Bonds and any other Outstanding designated parity securities, excluding any securities the principal of which is payable within less than one year from the date on which issued, but including any proposed parity securities in the computation of an earnings test pertaining thereto under section 702 hereof, to be paid during each Bond Year for the period beginning with the Bond Year in which such computation is made and ending with the Bond Year in which any Bond or other such parity security last becomes due at maturity or on a Redemption Date on which any Bond or other such parity security thereafter maturing is called for prior redemption, whichever time is later, (but excluding any reserve requirement to secure such payments unless otherwise expressly provided) divided by the number of full Bond Years during the period beginning with the Bond Year in which any Bond or other such parity security last becomes due at maturity or on a Redemption Date on which any Bond or other such parity security thereafter maturing is called for prior redemption, whichever time is later.

The word "principal," as used in the preceding paragraph, means for all purposes of this definition, the principal which must be paid to security holders, whether on stated maturity dates or on mandatory redemption dates, or otherwise.

(2) "Board" means the board of county commissioners of the County, which is its governing body exercising legislative powers.

(3) "Bond Insurer" means Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto.

(4) "Bond Insurance Policy" means the municipal bond new issue insurance policy issued by the Bond Insurer that guarantees payment of principal of and interest on the Bonds.

(5) "Bond Requirements" means the principal of, any prior redemption premiums due in connection with, and the interest on any Bonds or other securities payable from the Net Pledged Joint Revenues and hereafter issued, if any, or such part of such securities as may be designated.

(6) "Bond Year" means the 12 months commencing on the 2nd day of November of any calendar year and ending on the 1st day of November of the next succeeding calendar year.

(7) "Bonds" means those securities issued hereunder and designated as the "Mesa County, Colorado, Sewer Refunding Revenue Bonds, Series 1992."

(8) "City" means the City of Grand Junction, a municipal corporation located in the County of Mesa and State of Colorado, and being a political subdivision of the State.

(9) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(10) "combined maximum annual principal and interest requirements" means the largest sum of the principal of and interest on the Bonds and any other Outstanding designated parity securities, excluding any securities the principal of which is payable within less than one year from the date on which issued, to be paid during any one Bond Year for the period beginning with the Bond Year in which computation is made and ending with the Bond Year in which any Bond or other such parity security last becomes due at maturity or on a Redemption Date on which any Bond or other such parity security thereafter maturing is called for prior redemption, whichever time is later, (but excluding any reserve requirement to secure such payments unless otherwise expressly provided). The word "principal," as used in the preceding sentence, means for all purposes of this paragraph, the principal which must be paid to security holders, whether on stated maturity dates or on mandatory Redemption Dates, or otherwise.

(11) "Comparable Bond Year" means, in connection with any Fiscal Year, the Bond Year which commences in the Fiscal Year.

(12) "Council" means the city council of the City, which is its governing body exercising legislative powers.

(13) "County" means Mesa County, Colorado, a political subdivision located in the State of Colorado.

(14) "Escrow Agreement" means the Mesa County, Colorado, Sewer Refunding Revenue Bonds, Series 1992 Escrow Agreement dated as of December 15, 1992 between the County and the Escrow Bank.

(15) "Escrow Bank" means The Bank of Cherry Creek, N.A.

(16) "Escrow Fund" means the special account designated as the "Mesa County, Colorado, Sewer Refunding Revenue Bonds, Series 1992 Escrow Fund" created in Section 401 hereof.

(17) "Federal Securities" has the meaning specified in Section 901 hereof.

(18) "Gross Pledged Joint Revenues" means all income, charges and revenues derived directly or indirectly from the operation and use of and otherwise pertaining to the Joint System, or any part thereof, whether resulting from capital improvements, capital additions, or otherwise, and includes all income, charges and revenues received from the Joint System, including without limitation:

(a) All fees, rates and other charges for the use of the Joint System, or for any service rendered in the operation thereof, directly or indirectly, the availability of any such service, or the sale or other disposal of any commodities derived therefrom, including, without limitation, connection charges, but:

(i) Excluding (subject to the provisions of Section 501 hereof) any moneys borrowed and used for the acquisition of capital improvements or capital additions or for the refunding of securities and all income or other gain from any investment of such borrowed moneys,

(ii) Excluding any moneys received as grants, appropriations or gifts from the Federal Government, the State, or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements or capital additions, except to the extent any such moneys shall be received as payments for the use of the Joint System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom,

(iii) Excluding any income and revenue from any Special Facilities which have not been transferred by the City and County, in their sole discretion, to the Joint System and excluding any revenues from any special rates and charges imposed to finance any such untransferred Special Facilities, and

(iv) Excluding surcharges or add on charges made by the City, County or any district for services or facilities provided by other than the Joint System;

(b) All income or other gain from any investment of Gross Pledged Joint Revenues (including without limitation the income or gain from any investment of all moneys in the Bond Fund and Reserve Fund and of all Net Pledged Joint Revenues, but excluding borrowed moneys and all income or other gain thereon in an acquisition fund or the Escrow Fund or any escrow fund for any other securities heretofore or hereafter issued), unless the Council and the Board otherwise provide by ordinance and resolution, and

(c) All income and revenues derived from the operation of any other utility or other income-producing facilities added to the Joint System and to which the pledge and lien herein provided are extended.

(19) "holder" or "owner" means the registered owner of any designated Bond or other designated security.

(20) "Joint Sewer Fund" means the special account designated as the "Mesa County-Grand Junction Joint Sewer Fund" created in Section 502.

(21) "Joint System" means the municipal wastewater system, consisting of all properties, real, personal, mixed or otherwise,

now a part of or hereafter acquired by the Joint System, City or the County, through purchase, construction and otherwise, and used in connection with the Joint System, and in any way pertaining thereto, whether or not located within or without or both within or without the boundaries of the County; and, with the prior written consent of the Bond Insurer, such defined term includes any other utility or other income-producing facilities added to the Joint System and to which the lien and pledge herein provided are extended by ordinance or resolution adopted by the Council and the Board; but such term does not include any Special Facilities which may hereafter be acquired unless the City and the County, in their sole discretion, hereafter expressly authorize any Special Facilities to become a part of the Joint System.

(22) "Minimum Bond Reserve" means an amount equal to not less than the average annual principal and interest requirements. Under no circumstances shall principal or interest payable on subordinate securities be taken into account in the computation of "Minimum Bond Reserve".

(23) "Net Pledged Joint Revenues" means the Gross Pledged Joint Revenues remaining after the payment of the operation and maintenance expenses of the Joint System.

(24) "1980 Bonds" means, collectively, the 1980A Bonds and the 1980B Bonds.

(25) "1980 Bond Resolution" means the resolution authorizing the issuance of the 1980 Bonds and any amendments thereto.

(26) "1980A Bonds" means the Mesa County, Colorado, Sewer Improvement Revenue Bonds, Series 1980A originally issued in the aggregate principal amount of \$7,420,000 and currently outstanding in the aggregate principal amount of \$6,375,000.

(27) "1980B Bonds" means the Mesa County, Colorado, Sewer Refunding Revenue Bonds, Series 1980B originally issued in the aggregate principal amount of \$805,000 and currently outstanding in the aggregate principal amount of \$675,000.

(28) "operation and maintenance expenses" means all reasonable and necessary current expenses, paid or accrued, of operating, maintaining and repairing the Joint System or any component, division or other part thereof, or any other designated facilities in connection with which such term is used including, without limitation, all salaries, labor, materials and repairs necessary to render efficient service.

(29) "Outstanding" when used with reference to the Bonds or any other designated securities and as of any particular date means all the Bonds or any such other securities payable from the Net Pledged Joint Revenues or otherwise pertaining to the Joint System, as the case may be, in any manner theretofore and thereupon being executed and delivered:

(a) Except any Bond or other security canceled by the County, by any paying agent, or otherwise on the County's behalf, at or before such date;

(b) Except any Bond or other security (not deemed to be paid as provided in Section 901 hereof) during such period when its Bond Requirements are scheduled to be paid with moneys held in trust or escrow for that purpose by any trust bank located within or without the State, including the known minimum yield from any investment in Federal Securities; provided, however, that the foregoing shall not apply with respect to determinations of Bonds or other securities "Outstanding" for the purposes of Articles X or XI hereof;

(c) Except any Bond or other security deemed to be paid as provided in Section 901 hereof or any similar provision of the resolution authorizing the issuance of such other security; and

(d) Except any Bond or other security in lieu of or in substitution for which another Bond or other security shall have been executed and delivered pursuant to Sections 308, 310 or 1105 hereof.

(30) "parity securities," "parity lien bonds" or "parity bonds" means securities payable from and having an irrevocable and first lien upon the Net Pledged Joint Revenues on a parity with the Bonds.

(31) "Paying Agent" or "Registrar" means The Bank of Cherry Creek, N.A., in Denver, Colorado, and being an agent of the County for the payment of the Bond Requirements due in connection with the Bonds, the registrar for the Bonds and for other administration of moneys pertaining to the Bonds, and includes any successor commercial bank as paying agent.

(32) "Permitted Investments" means those investments specified in the following list, to the extent the same are lawful investments for funds of the Joint System.

1. Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("Direct Obligations");

2. Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FHLMCs"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped

mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association ("FNMAs"); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("GNMAs"); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; Resolution Funding Corporation securities;

3. Direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, as the time of purchase, "A" or better by Moody's Investors Service and "A" or better by Standard & Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service and "A" or better by Standard & Poor's Corporation;

4. Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "P-1" by Moody's Investors Service and "A-1" or better by Standard & Poor's Corporation;

5. Federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "P-1" by Moody's and a "Short-Term CD" rating of "A-1" or better by S&P;

6. Deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation;

7. Investments in money-market funds rated "AAAm" or "AAAm-G" by Standard & Poor's Corporation;

8. Repurchase Agreements collateralized by Direct Obligations, GNMAs, FNMAs or FHLMCs with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction

or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's Investors Service, and "A-1" or "A-" or better by Standard & Poor's Corporation; provided:

(a) a master repurchase agreement or specific written repurchase agreement governs the transaction; and

(b) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent ("Agent") for the Trustee, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million or (iii) a bank approved in writing for such purpose by Financial Guaranty Insurance Company, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee; and

(c) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Trustee; and

(d) the repurchase agreement has a term of 180 days or less, and the Trustee or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and

(e) the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%.

(33) "Person" means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State, or any other body corporate and politic other than the County or the City), partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

(34) "Purchase Agreement" means the Bond Purchase Agreement dated December 15, 1992, entered into between the County and the Purchasers.

(35) "Purchasers" means, collectively, Dougherty, Dawkins, Strand & Bigelow Incorporated and A.G. Edwards & Sons, Inc.

(36) "Record Date" means the 15th day of the calendar month (whether or not a business day) preceding each regularly scheduled interest payment date for the Bonds.

(37) "Redemption Date" means the date fixed for the redemption

prior to their respective maturities of any Bonds or other designated securities payable from Net Pledged Joint Revenues in any notice of prior redemption or otherwise fixed and designated by the County.

(38) "Redemption Price" means, when used with respect to a Bond or any other designated security payable from Net Pledged Joint Revenues, the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof prior to the stated maturity date of such security on a Redemption Date in the manner contemplated in accordance with the security's terms.

(39) "Refunding Project" means the advance refunding of the 1980 Bonds and the costs necessary therefor or incidental thereto.

(40) "Reserve Fund Credit Facility" means an insurance policy, surety bond, letter or line of credit, or similar instrument which may be utilized in the Reserve Fund to provide security for the Bonds and any parity bonds, as provided in Sections 505 and 706 hereof, which meets the requirements specified in Section 816 hereof.

(41) "Service Agreement" means the Joint Sewerage Service Agreement dated May 1, 1980, between the City and the County, including any and all supplements thereto heretofore or hereafter entered into.

(42) "Special Facility" means any construction or acquisition project undertaken by or on behalf of the Joint System, including any interest therein, for the treatment of sanitary waste, including all facilities relating or incidental thereto:

(a) which may be hereafter constructed or acquired in whole or in part by the Joint System; and

(b) which is financed wholly or in part with proceeds of Special Facility Obligations.

Notwithstanding the foregoing, a part of the Joint System which is reconstructed can not be designated as a "Special Facility". In addition, neither the County nor the City shall authorize nor be authorized or permitted to add "Special Facilities" to the Joint System which may be acquired in the future, unless the conclusion that such facilities are Special Facilities is approved in writing by the Bond Insurer.

(43) "Special Facility Obligations" means any bonds or other obligations issued by the City or the County and payable solely or in part from, and secured by a pledge of, any income, charge or revenue from, or relating to designated Special Facilities, including but not necessarily limited to (a) income, charges and revenues from sales of excess treatment capability of, such Special Facilities to any Person for any resale and (b) income, charges and revenues from any special rates and other charges to

finance the construction or other acquisition of any Special Facilities, which the Joint System may hereafter impose upon users of the facilities of the Joint System (any such rates and other charges to be additional to any other rates and charges presently or hereafter imposed with respect to the Joint System). The determination by the Council and the Board (by ordinance or resolution) that any treatment capability is excess (within the meaning of clause (a) of the preceding sentence) shall be conclusive. Such special rates and other charges described in clause (b) of the first sentence of this paragraph may include, but are not necessarily limited to, amounts necessary or sufficient to pay operation and maintenance expenses of such Special Facilities, annual debt service and reserve funds for such Special Facility Obligations, the costs of renewal and replacements for such Special Facilities (including reserves therefor) and amounts necessary or sufficient to produce annual revenues from such Special Facilities necessary to meet any rate maintenance test or parity lien bond test and, in the judgment of the City and the County, necessary to maintain such income and revenues of such Special Facilities at acceptable levels.

(44) "Special Record Date" means a special date fixed by the Paying Agent to determine the names and addressees of holders of Bonds for the purpose of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in Section 303(a) hereof.

(45) "State" means the State of Colorado.

(46) "subordinate securities" means securities payable from the Net Pledged Joint Revenues subordinate and junior to the lien thereon of the Bonds.

(47) "superior securities" means securities payable from the Net Pledged Joint Revenues superior to the lien thereon of the Bonds.

(48) "Tax Compliance Certificate" means the Tax Compliance Certificate executed by the County in connection with the initial issuance and delivery of the Bonds, as from time to time modified pursuant to its terms.

Section 103. Parties Interested Herein. Nothing herein expressed or implied confers any right, remedy or claim upon any Person, other than the City, the County, the Council, the Board, the Paying Agent, the holders of the Bonds and the holders of any other securities payable from the Net Pledged Joint Revenues when reference is expressly made thereto. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the County or the City shall be for the sole and exclusive benefit of the County, the City, the Board, the Council, the Paying Agent, the holders of the Bonds and the holders of any such other securities in the event of such a reference.

Section 104. Ratification. All action heretofore taken (not

inconsistent with the provisions of this resolution) by the Board, the officers of the County and otherwise taken by the County directed toward the Refunding Project and the sale and delivery of the Bonds for such purpose, be, and the same hereby is, ratified, approved and confirmed, including, without limitation, the distribution of the Preliminary Official Statement dated December 11, 1992. The preparation of a final Official Statement in substantially the form of the Preliminary Official Statement is hereby authorized. The County Manager is hereby authorized to approve, on behalf of the County, the final Official Statement. The execution of the final Official Statement by such person shall be conclusively deemed to evidence the approval of the form and contents thereof by the County. The designation of such Preliminary Official Statement by the County Manager as a "nearly final Official Statement" for purposes of Rule 15c2-12 of the Securities and Exchange Commission is hereby ratified, approved and confirmed.

Section 105. Repealer. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any such bylaw, order, resolution or ordinance, or part thereof, heretofore repealed. All rules of the board, if any, which might prevent the final passage and adoption of this resolution at this meeting of the Board be, and the same hereby are, suspended.

Section 106. Severability. If any section, subsection, paragraph, clause or other provision of this resolution for any reason is invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this resolution.

Section 107. Resolution Irrepealable. After any of the Bonds are issued, this resolution shall constitute an irrevocable contract between the County and the holder or holders of the Bonds and this resolution shall be and shall remain irrepealable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled, and discharged, except as herein otherwise provided.

Section 108. Effective Date. This resolution, together with Exhibit I, upon final passage shall be entered upon the records of the Board's proceedings, and authenticated. The resolution shall become effective immediately after it is adopted.

ARTICLE II

DETERMINATION OF AUTHORITY AND OBLIGATIONS

Section 201. Authority for this Resolution. This Resolution is adopted by virtue of the County's general statutory powers; 30-20-401 et seq.; and 29-1-201 et seq., C.R.S., as amended, implementing the provisions of Section 18(2) of Article XIV of the

Colorado Constitution.

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

Section 203. Special Obligations. All of the Bonds, as to all Bond Requirements, shall be payable and collectible solely out of the Net Pledged Joint Revenues, which revenues are so pledged; the holder or holders thereof may not look to any general or other fund for the payment of such Bond Requirements, except the herein designated special funds pledged therefor; the Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional, statutory provision or limitation; and the Bonds shall not be considered or held to be general obligations of the County but shall constitute its special obligations. No statutory or constitutional provision enacted after the issuance of the Bonds shall in any manner be construed as limiting or impairing the obligation of the County to comply with the provisions of this resolution or to pay the Bond Requirements of the Bonds as herein provided.

Section 204. Character of Agreement. None of the covenants, agreements, representations and warranties contained herein or in the Bonds, shall ever impose or shall be construed as imposing any liability, obligation or charge against the County (except the special funds pledged therefor), or against its general credit, or as payable out of its general fund or out of any funds derived from taxation.

Section 205. No Pledge of Property. The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the County, the City or the Joint System, except for the Net Pledged Joint Revenues and other moneys pledged for the payment of the Bonds. No property of the County, the City or the Joint System, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

Section 206. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the Bonds or for any claim based thereon or otherwise upon this resolution or any other resolution pertaining thereto, against any individual member of the Board or any officer, employee or other agent of the County, past, present or future, either directly or indirectly through the Board, or the County, or otherwise, whether by virtue

of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bonds and as part of the consideration of their issuance specially waived and released.

Section 207. No Election Nor Other Preliminaries. The Bonds shall be issued without their being authorized at an election by any electors of the County and without any other preliminaries being taken except as herein stated.

Section 208. Authorization of Refunding Project. The Board, on behalf of the County, does hereby determine to undertake the Refunding Project, which is hereby authorized, and the proceeds of the Bonds shall be used therefor.

Section 209. Terms of Bond Sale. The Purchasers' offer to purchase the Bonds as provided in the Purchase Agreement is hereby formally accepted; and the Bonds shall be sold and delivered to the Purchasers in accordance therewith. The Chairman of the Board and the County Clerk are hereby authorized and directed to execute and deliver the Purchase Agreement in the form filed with the County on the date hereof.

Section 210. Escrow Agreement. The Chairman of the Board and the County Clerk are hereby authorized and directed to approve, execute and deliver the Escrow Agreement, and the seal of the County is hereby authorized and directed to be affixed to such document.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

Section 301. Authorization. For the purpose of providing funds with which to refund the 1980 Bonds outstanding in the aggregate amount of \$7,050,000, there are hereby authorized Sewer Refunding Revenue Bonds, Series 1992, of the County of Mesa, in the aggregate principal amount of \$8,200,000. The County hereby pledges irrevocably (but not necessarily exclusively) the Net Pledged Joint Revenues to the payment of the Bond Requirements of the Bonds.

Section 302. Bond Details. The Bonds shall be issued only as fully registered Bonds without coupons in the denominations of \$5,000 each or integral multiples thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on its maturity date and no individual Bond will be issued for more than one maturity). The Bonds shall be numbered in such manner as the Registrar shall determine. The Bonds shall be dated as of December 15, 1992, and shall bear interest from their date until maturity or prior redemption, payable semiannually on each May 1 and November 1, commencing on May 1, 1993, except that any Bond which is reissued upon transfer, exchange or other replacement shall bear interest from the most recent interest payment date to which interest has been paid, or if no interest has been paid, from the

date of the Bonds. The Bonds shall bear interest at the rates designated below and shall mature serially on November 1 of each year and in the amounts as follows:

Amounts Maturing	Date Maturing	Interest Rate (Per Annum)
\$500,000	November 1, 1993	2.90%
425,000	November 1, 1994	3.40
415,000	November 1, 1995	4.00
505,000	November 1, 1996	4.40
525,000	November 1, 1997	4.70
550,000	November 1, 1998	4.90
565,000	November 1, 1999	5.10
595,000	November 1, 2000	5.25
700,000	November 1, 2001	5.40
725,000	November 1, 2002	5.50
760,000	November 1, 2003	5.60
785,000	November 1, 2004	5.75
1,150,000	November 1, 2005	5.85

Section 303. Payment of Bonds - Paying Agent and Bond Registrar.

(a) The principal of the Bonds shall be payable to the registered owner of each Bond upon maturity or prior redemption thereof and upon presentation and surrender at the principal office of the Paying Agent. If any Bond shall not be paid upon such presentation

and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said Bond until the principal thereof is paid in full. Payment of interest on any Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on or before each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the registered owner thereof at his or her address as it last appears on the registration records kept by the Registrar at the close of business on the Record Date; but any such interest not so timely paid shall cease to be payable to the person who is the registered owner thereof at the close of business on the Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of such defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than ten days prior to the Special Record Date by first-class mail to each such registered owner as shown on the Registrar's registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the registered owner of such Bond and the Paying Agent; provided, however, that the County shall not be required to make funds available to the Paying Agent prior to three days before the payment dates stated in this Resolution. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Paying Agent or Registrar.

(b) The Registrar or Paying Agent may resign on thirty days prior written notice to the County, provided that no such resignation shall be effective until a successor Registrar and Paying Agent is appointed and has accepted the duties. The County at any time may reasonably determine that the Registrar or Paying Agent is incapable of fulfilling its duties hereunder and may remove it upon thirty days prior written notice. If the Registrar or Paying Agent initially appointed hereunder shall resign, or shall be removed by the County, the County may, upon notice mailed to each Bond owner at his or her address last shown on the registration books, appoint a successor to such Registrar or Paying Agent. Every such successor Registrar or Paying Agent shall be a bank or trust company located in and in good standing in the United States and having shareholders' equity (e.g., capital stock, surplus and profits), however denominated, not less than \$50,000,000 unless the Bond Insurer shall otherwise approve. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the County shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder. The Bond Insurer shall be furnished with written notice of the resignation or removal of the Paying Agent and the appointment of any successor thereto.

(c) The Paying Agent shall not take the Bond Insurance Policy into account in determining whether the rights of bondholders are adversely affected by actions taken pursuant to the terms and provisions of the Resolution.

(d) The Bond Insurer is hereby included as a party in interest under this Resolution and as a party entitled to (i) notify the Paying Agent of the occurrence of an event of default and (ii) request the Paying Agent or any trustee or receiver to intervene in judicial proceedings that affect the Bonds or the security therefor. The Paying Agent or any trustee or receiver is hereby required to accept notice of default from the Bond Insurer.

Section 304. Prior Redemption.

(a) Optional Redemption. Bonds maturing on and after November 1, 2003, shall be subject to redemption prior to their respective maturities, at the option of the County, on November 1, 2002 or any date thereafter, in whole or in part, in integral multiples of \$5,000, from such maturities or any portions of maturities selected by the County and by lot within a maturity in such manner as the Paying Agent shall determine, at a redemption price of 100% of the principal amount of each Bond or portion thereof called for redemption, plus accrued interest to the redemption date.

In the event a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in the principal amount of \$5,000 or integral multiples thereof, and the Registrar shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof.

(b) Notice of Redemption. The County Treasurer shall give written instructions concerning any optional prior redemption of Bonds to the Registrar at least 60 days prior to the redemption date; provided, however, that the Registrar may waive this requirement if instructions are given in time for notice to be given to Bond owners. Notice of redemption identifying the Bonds or portions thereof to be redeemed shall be given by the Registrar by mailing a copy of the redemption notice by first class mail, postage prepaid, not more than 60 nor less than 30 days prior to the date fixed for redemption, to the registered owner of each Bond to be redeemed in whole or in part at the address shown on the registration records maintained by the Registrar. Failure to give such notice by mailing to any owner of any Bond, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds. Actual receipt of mailed notice by the owner of any Bond shall not be a condition precedent to the redemption of such Bond or any other Bond. The principal amounts so redeemed will be payable upon presentation and surrender of the Bond at the Paying Agent, and accrued interest to the redemption date will be paid by check or draft mailed to the registered owner (or by alternative means if so agreed to by the registered owner

and the Paying Agent). All Bonds so called for redemption will cease to bear interest after the specified redemption date if moneys to effect the redemption are on deposit with the Paying Agent on such redemption date.

(c) Notice of the redemption of any Bonds, excepting any notice that refers to any Bonds that are the subject of an advance refunding, shall be circulated only if sufficient funds have been deposited with the Paying Agent to pay the redemption price of the Bonds to be redeemed.

Section 305. Form and Execution of Bonds. The Bonds shall be signed with the facsimile or manual signature of the Chairman of the Board of County Commissioners of the County, sealed with a facsimile or manual impression of the seal of the County, and attested by the facsimile or manual signature of the County Clerk and countersigned with the signature of the Treasurer of the County. The Bond shall also be approved by the City, such approval being evidenced with the manual or facsimile signature of the President of the City Council, sealed with a facsimile or manual of the seal of the City, and attested by the facsimile or manual signature of the City Clerk. Should any officer whose facsimile or manual signature appears on the Bonds cease to be such officer before delivery of the Bonds to the Purchasers, such facsimile or manual signature shall nevertheless be valid and sufficient for all purposes.

The Bonds shall be in substantially the following form (provided that any of the text of the Bonds may, with appropriate reference, be printed on the back of the Bonds):

[Form of Bond]

No. R- _____

\$ _____

UNITED STATES OF AMERICA
STATE OF COLORADO

MESA COUNTY, COLORADO
SEWER REFUNDING REVENUE BOND, SERIES 1992

INTEREST RATE	MATURITY DATE	DATED AS OF	CUSIP
		December 15, 1992	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Mesa County, Colorado (the "County"), a municipal corporation duly organized and operating under the constitution and laws of the State of Colorado, for value received, hereby promises to pay from the special funds hereafter designated, but not otherwise, to the registered owner named above, or registered assigns, on the maturity date specified above, and in like manner to pay interest on such principal amount at the interest rate per annum specified above, payable semiannually on May 1 and November 1 each year, commencing on May 1, 1993, until such principal amount is paid, unless this Bond shall have been previously called for redemption and payment shall have been duly made. The principal of this Bond is payable upon presentation and surrender hereof at the principal office of the County's paying agent and registrar (the "Paying Agent" or the "Registrar"), presently The Bank of Cherry Creek, N.A., in Denver, Colorado. Interest on this Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed by the Paying Agent to the person in whose name this Bond is registered (the "registered owner") in the registration records of the Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month (whether or not a business day) next preceding such interest payment date (the "Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the registered owner hereof at the close of business on the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (defined in the resolution of the County adopted before the issuance of this Bond authorizing this Bond (the "Bond Resolution")) for the payment of defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the bonds of the series of which this is one (the "Bonds") not less than ten days prior to the Special Record Date. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Paying Agent or Registrar.

The Bonds of which this Bond is one are all of like date, tenor, and effect except as to number, principal amount, interest rate, date of maturity, and optional prior redemption, and are issued by the Board of County Commissioners of Mesa County, Colorado, for the purpose of refunding, paying and discharging all of the County's outstanding sewer revenue bonds, under the authority of and in full conformity with the constitution and laws of the State of Colorado including the provisions of Section 30-20-401 et seq., Colorado Revised Statutes, as amended, and pursuant to the duly adopted Bond Resolution.

The principal of and interest on this Bond are payable from the

net revenues (the "Net Pledged Joint Revenues") of the joint sewer system (the "Joint System") of the County and Grand Junction, Colorado (the "City") to be deposited to the "Sewer Bond Retirement Account" and "Bond Reserve Account", all as more particularly set forth in the Bond Resolution. This Bond constitutes a first and prior lien, but not necessarily an exclusively first lien, on the Net Pledged Joint Revenues. Obligations in addition to the Bonds of this issue, of which this Bond is one, may be issued and made payable from the Net Pledged Joint Revenues, having a lien thereon subordinate and junior to the lien of the Bonds of this issue, or, subject to expressed conditions, having a lien on the Net Pledged Joint Revenues on a parity with the lien of the Bonds of this issue, in accordance with the provisions of the Bond Resolution.

It is hereby recited, certified, and warranted that for the payment of this Bond, the County has created and will maintain the special accounts referred to above, and will deposit therein the Net Pledged Joint Revenues, and out of said special accounts, as an irrevocable charge thereon, will pay the principal of, premium, if any, and interest on this Bond in the manner provided by the Bond Resolution. For a description of such funds, the Net Pledged Joint Revenues, the manner in which the Bond Resolution may be amended, and the nature and extent of the security afforded thereby for the payment of this Bond, reference is made to the Bond Resolution.

This Bond, including the interest hereon, is payable from such Net Pledged Joint Revenues, does not constitute a debt of the County within the meaning of any constitutional or statutory limitation, and shall not be considered or held to be a general obligation of the County.

It is further hereby recited, certified, and warranted that all the requirements of law have been complied with fully by the proper officers of the County in issuing this Bond.

For the purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"), in the Bond Resolution the County has designated the Bonds as qualified tax-exempt obligations.

The Bonds maturing on and after November 1, 2003, are subject to redemption prior to their respective maturities, at the option of the County, on and after November 1, 2002, in whole or in part, in integral multiples of \$5,000, from maturities or any portions of maturities selected by the County and by lot within a maturity in such manner as the Paying Agent shall determine, at a redemption price of 100% of the principal amount of each Bond or portion thereof called for redemption, plus accrued interest to the redemption date.

The Bonds will be redeemed only in integral multiples of \$5,000. In the event a Bond is of a denomination larger than \$5,000, a

portion of such Bond may be redeemed, but only in the principal amount of \$5,000 or integral multiples thereof, and the Registrar shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof.

Notice of prior redemption shall be given by mailing a copy of the redemption notice, not more than 60 nor less than 30 days prior to the date fixed for redemption, to the registered owner of each Bond to be redeemed at the address shown on the registration records maintained by the Registrar, in the manner set forth in the Bond Resolution. All Bonds called for redemption will cease to bear interest after the specified redemption date.

The County and the Registrar shall not be required to transfer or exchange: (1) any Bonds or portion thereof subject to prior redemption during a period beginning at the opening of business on the fifteenth day prior to the day of the mailing by the Registrar of notice of prior redemption and ending at the close of business on the day of such mailing; or (2) any Bond or portion thereof after the mailing of notice calling all or any portion of such Bond for prior redemption. Except as otherwise provided with respect to record dates for the payment of interest, the County, the Paying Agent, and the Registrar may deem and treat the registered owner of any Bond as the absolute owner thereof for all purposes (whether or not such Bond shall be overdue) and any notice to the contrary shall not be binding upon the County, the Paying Agent, or the Registrar.

Upon surrender of this Bond at the principal office of the Registrar with a written instrument satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney, this Bond may, at the option of the registered owner or his duly authorized attorney, be exchanged for an equal aggregate principal amount of such Bonds of the same maturity but of other authorized denominations, subject to the terms and conditions and upon payment of the charges provided in the Bond Resolution.

This Bond is fully transferable by the registered owner hereof in person or by his duly authorized attorney on the registration records kept by the Bond Registrar upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Registrar. Upon such transfer a new fully registered Bond of authorized denomination or denominations of the same aggregate principal amount and maturity will be issued to the transferee in exchange for this Bond, subject to the terms and conditions and upon payment of the charges provided in the Bond Resolution.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the certificate of authentication hereon shall have been manually signed by the Registrar.

IN TESTIMONY WHEREOF, the Board of County Commissioners of Mesa County, Colorado has caused this Bond to be signed by the manual or facsimile signature of the Chairman of the Board of County Commissioners of the County, sealed with a manual or facsimile impression of the seal of the County, countersigned by the manual or facsimile signature of the County Treasurer, and attested by the manual or facsimile signature of the County Clerk; and has further caused this Bond to be approved by the City Council of the City of Grand Junction, Colorado, with the manual or facsimile signature of the President of the Council, sealed with a facsimile of the seal of the City and attested by the manual signature of the City Clerk, all as of the 15th day of December, 1992.

MESA COUNTY, COLORADO

(SEAL OR FACSIMILE)

(Manual or Facsimile Signature)

Chairman, Board of County Commissioners

ATTESTED:

(Manual or Facsimile Signature)

County Clerk

Countersigned:

(Manual or Facsimile Signature)

County Treasurer

THIS BOND APPROVED:

;sigl;

(Manual or Facsimile Signature)
President of the City Council,
Grand Junction, Colorado

ATTESTED:

(Manual or Facsimile Signature)

City Clerk
Grand Junction, Colorado

[Form of Registrar's Certificate of Authentication]

CERTIFICATE OF AUTHENTICATION

Date of Registration and Authentication:

This Bond is one of the Bonds of the issue described in the within-mentioned Bond Resolution, and this Bond has been duly

registered in the registration records kept by the undersigned as Registrar.

;sigl;

_____, Colorado, as Registrar

BY:

Authorized Representative

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Mesa County, Colorado Sewer Refunding Revenue Bonds, Series 1992 (the "Bonds"), such policy being on file at the principal office of the paying agent (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to the principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which the payment of principal of the Bonds is due by reason of call for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bond holder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

[Form of Transfer]

ASSIGNMENT

FEES AND TAXES MAY BE CHARGED FOR TRANSFER OR EXCHANGE OF THIS BOND

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney, to transfer said Bond on the records kept for registration thereof with full power of substitution in the premises.

Signature of Registered Owner:

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Dated: _____

Signature guaranteed:

(Bank, Trust Company, or Firm)

Address or transferee:

Social Security or other tax identification number of transferee:

(c) Except as may otherwise be provided with respect to payment of interest pursuant to section 303 hereof, the person in whose name any Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purpose and payment of or on account of principal of and interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his or her legal representative, but such registration may be changed upon transfer of such Bond in the manner and subject to the conditions and

limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) The officers of the County are authorized to deliver to the Registrar fully executed but unauthenticated Bonds in such quantities as may be convenient to be held in custody by the Registrar pending use as herein provided.

Section 309. Cancellation and Destruction of Bonds. Whenever any outstanding Bond shall be delivered to the Registrar for payment pursuant to this Resolution and upon payment of the principal amount and interest represented thereby, such Bond shall be cancelled and destroyed by the Registrar and recorded as such in the records of the Registrar. Whenever any outstanding Bond shall be delivered to the Registrar for transfer pursuant to the provisions hereof, such Bond shall be cancelled by the Registrar and counterparts of a certificate of cancellation shall be furnished by the Registrar to the County.

Section 310. Lost Bonds. If any Bond shall be lost, stolen, destroyed or mutilated, the Bond Registrar may, upon receipt of such evidence, information or indemnity relating thereto as it or the County may reasonably require, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for redemption, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement. The Registrar and the County may require that the registered owner of any such Bond pay their reasonable fees, charges and expenses relating to their activities pursuant to this Section.

ARTICLE IV

USE OF BOND PROCEEDS AND OTHER MONEYS

Section 401. Disposition of Bond Proceeds and Other Moneys.

(a) The proceeds derived from the sale of the Bonds less an underwriter's discount of \$49,200, less issuance costs of \$68,434.16 (which shall be used as described in Section 402), \$820,000 (which shall be deposited into the Bond Reserve Account described below) and accrued interest (which shall be deposited in the Sewer Bond Retirement Account described below), shall be deposited with the Escrow Bank, in a separate fund and escrow account hereby created and known as the "Mesa County Sewer Refunding Revenue Bonds, Series 1992, Refunding Escrow Account," herein designated as the "Refunding Escrow Account," or "Escrow Account". In addition, \$724,000 from the reserve fund for the 1980 Bonds, \$-0- from the bond fund for the 1980 Bonds and \$40,500 from the operation and maintenance reserve fund for the 1980 Bonds shall be, and is hereby directed to be, deposited into the Escrow

Account. The Escrow Account shall be all times sufficient, together with any interest to be derived from the investment and any temporary reinvestment of the deposits, or any part thereof, in Federal Securities, to pay the principal of and interest on the outstanding bonds of the 1980 Bonds as the same become due at maturity and on prior redemption on November 1, 1995.

(b) If for any reason, at any time, the funds on hand in such Refunding Escrow Account shall be insufficient to meet the payments required as the same shall be about to become due and payable, there shall forthwith be deposited in such Refunding Escrow Account such Net Pledged Joint Revenues as may be required fully to meet the amount so about to become due and payable.

(c) The Escrow Bank shall from time to time redeem all or a portion of the obligations in said Refunding Escrow Account, in sufficient amounts so that the proceeds therefrom and the interest thereon as the same accrues will be sufficient to meet the interest requirements on the 1980 Bonds as such accrues, and to pay said bonds at their respective maturities and on prior redemption.

Section 402. Payment of Refunding Expenses. The Bond proceeds to be used for issuance costs pursuant to Section 401(a) hereof shall be used and paid out by the County to defray the administrative costs of the Refunding Project, including, without limitation, amounts to be paid to the Paying Agent, the paying agent for the 1980 Bonds, the Escrow Bank, for custodial fees, legal fees, accounting fees, financial advisory fees, printing costs and rating fees. The County may defray any such administrative costs from time to time as operation and maintenance expenses to the extent the Bond proceeds pursuant to Section 401(a) hereof are insufficient therefor.

Section 403. Prior Redemption of 1980 Bonds. The Board has elected and does hereby declare its intent to exercise on the behalf and in the name of the County its option to redeem on November 1, 1995, the then-outstanding 1980 Bonds at the redemption price equal to 100% of the principal amount of the 1980 Bonds and accrued interest thereon to November 1, 1995. The County is hereby obligated to exercise such option, which option shall be deemed to have been exercised when notice thereof is duly given as provided in this Section and in Section 404 hereof. Such written notice shall be irrevocable.

Section 404. Notice of Redemption and Defeasance. The notice of prior redemption and defeasance of the 1980 Bonds shall be given by the County Treasurer in accordance with Section 5 of the resolution authorizing the issuance of the 1980 Bonds. Such notice of prior redemption and defeasance shall be given forthwith upon the issuance of the Bonds and again not more than forty-five nor less than thirty days prior to November 1, 1995 and shall be in substantially the following form:

(FORM OF NOTICE)

NOTICE OF PRIOR REDEMPTION AND DEFEASANCE OF MESA COUNTY, COLORADO
SEWER REVENUE IMPROVEMENT AND REFUNDING BONDS SERIES 1980A AND
1980B

NOTICE IS HEREBY GIVEN that Mesa County, Colorado (the "County") has caused to be deposited in escrow with The Bank of Cherry Creek, N.A., in Denver, Colorado (the "Escrow Bank"), refunding bonds proceeds and other moneys which have been invested (except possibly for an initial cash balance remaining uninvested) in bills, notes, bonds and similar securities which are direct obligations of, or the principal and interest of which securities are unconditionally guaranteed by, the United States of America, to refund, pay and discharge the principal of and interest on all of the outstanding Mesa County, Colorado, Sewer Revenue Improvement and Refunding Bonds, Series 1980A and 1980B (collectively, the "1980 Bonds"). In accordance with Section 40 of the resolution pursuant to which the 1980 Bonds were issued, upon the depositing of such refunding bond proceeds and other moneys, the 1980 Bonds are deemed to have been paid within the meaning of such resolution.

Principal and interest on the 1980 Bonds on and prior to November 1, 1995 shall be paid as such amounts become due. The 1980 Bonds are hereby called for redemption on November 1, 1995. On such date, the redemption price equal to 100% of the principal amount of the 1980 Bonds will become due and payable at the principal office of _____, in _____, Colorado, as the paying agent for the 1980 Bonds (the "Paying Agent") and thereafter interest on the 1980 Bonds will cease to accrue. Interest due on the 1980 Bonds on November 1, 1995 shall be paid by check mailed by the Paying Agent in the manner provided by the 1980 Bonds.

According to a report of _____, certified public accountant in _____, _____, moneys deposited with the Escrow Bank, including the known minimum yield from such investments and any temporary reinvestments and the initial cash balance remaining uninvested, are fully sufficient at the time of the deposit and at all times subsequently, to pay the principal of and interest on the 1980 Bonds as the same become due on and after May 1, 1993 up to and including the redemption date specified above.

DATED at Mesa County, Colorado, this _____, _____.

TREASURER, MESA COUNTY, COLORADO

By

(END OF FORM OF NOTICE)

ARTICLE V

ADMINISTRATION OF AND ACCOUNTING FOR NET PLEDGED JOINT REVENUES

Section 501. Pledge Securing Bonds. Subject only to the right to cause amounts to be withdrawn and paid on account of operation and maintenance expenses of the Joint System and to be withdrawn to pay the cost of the Refunding Project as provided herein, the Gross Pledged Joint Revenues and all moneys and securities paid or to be paid to or held or to be held in any fund or account under this Article or under Section 401 hereof, are hereby pledged to secure the payment of the Bond Requirements of the Outstanding Bonds; and this pledge shall be valid and binding from and after the date of the first delivery of any Bonds, and the moneys as received by the Joint System are hereby pledged and shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act, and the lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the Joint System; and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Joint System (except as herein otherwise provided) irrespective of whether such parties have notice thereof.

Section 502. Pledge of Revenues - Joint Sewer Fund. So long as any of the Bonds shall be outstanding, all the Gross Pledged Joint Revenues of the Joint System, except as hereinafter provided, upon their receipt from time to time, shall be set aside and credited immediately to a special fund hereby created and to be known as the "Mesa County-Grand Junction Joint Sewer Fund" (herein the "Joint Sewer Fund"), and so long as any of the Bonds shall be outstanding payments shall be made as provided in the following Sections.

Section 503. Operation and Maintenance Expenses. First, as a first charge on the Joint Sewer Fund, from time to time there shall be set aside in and credited in a separate account hereby created and to be known as the "Sewer System Facilities Operation and Maintenance Account" (herein the "Sewer Operation and Maintenance Account"), moneys are sufficient to pay operation and maintenance expenses of the Joint System as they become due and payable, and thereupon they shall be promptly paid. Any surplus remaining at the end of each month and not needed for operation and maintenance expenses shall be transferred to the Bond Retirement Account and shall be used for the purposes thereof, as herein provided.

Section 504. Bond Retirement Account. Second, and subject to the aforesaid provisions, from any moneys remaining in the Joint Sewer Fund, there shall be credited to the Sewer Revenue Bonds Interest and Bond Retirement Account" (herein the "Sewer Bond Retirement Account") from the balance remaining in the Joint Sewer Fund, as follows:

(a) Interest Payments. Monthly commencing the fifteenth day of the

month immediately succeeding the delivery of the Bonds or any parity bonds permitted hereby, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of interest on the Bonds and any parity bonds then outstanding, including outstanding sinking fund installments, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary to pay the next maturing installment of interest on the outstanding Bonds and any parity bonds, including outstanding sinking fund installments, except to the extent any other moneys are available.

(b) Principal Payments Fund. Monthly, commencing on the fifteenth day of the month immediately succeeding delivery of the Bonds or any parity bonds permitted hereby, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of principal of the outstanding Bonds or any parity bonds, including outstanding sinking fund installments, and monthly thereafter, commencing on each principal payment date, one twelfth the amount necessary to pay the next maturing installment of principal on the outstanding Bonds and any parity bonds, including outstanding sinking fund installments, except to the extent any other moneys are available therefor.

The moneys credited to the Sewer Bond Retirement Account shall be used to pay the Bond Requirements of the Bonds and any parity bonds as the same become due. Future bonds issued on a parity with the Bonds herein authorized shall be payable from the Sewer Bond Retirement Account and future bonds issued with a lien junior to the lien of the Bonds herein authorized shall be payable from a fund or funds into which the deposits from the revenues pledged herein shall be made after and subject to the deposits required herein.

Section 505. Bond Reserve Account. Third, a fund known as "Sewer Revenue Bonds Reserve Account" ("Bond Reserve Account") is hereby created by utilizing \$820,000 Bond proceeds. No payments need be made into the Bond Reserve Account so long as the amount therein is at least equal to the Minimum Reserve and, so long as the Minimum Reserve is on deposit therein, the earnings from such fund may be used to pay debt service on the Bonds and any parity bonds. If additional parity lien bonds are issued, the Bond Reserve Account shall be increased to maintain an amount equal to the Minimum Reserve. The moneys in the Bond Reserve Account shall be accumulated and maintained as a continuing reserve to be used to prevent deficiencies in the payment of the Bond Requirements of all outstanding parity lien bonds resulting from the failure to deposit into the Sewer Bond Retirement Account sufficient funds to pay such Bond Requirements as the same accrue. Any use of the moneys in the Bond Reserve Account shall cause the County to replenish such fund from available Net Pledged Joint Revenues by equal monthly payments over 12 months back to the amount previously deposited as stipulated above.

Notwithstanding the foregoing or any other provision of this resolution, the County may, upon meeting the conditions set forth in Section 816 hereof, substitute or otherwise utilize a Reserve Fund Credit Facility to meet, in whole or in part, the requirements of this resolution concerning moneys to be held in or paid into the Reserve Account. To the extent that a Reserve Fund Credit Facility is substituted for moneys in the Reserve Account, such moneys may be withdrawn therefrom and applied to any lawful purpose relating to the Joint System. If the Reserve Account contains Reserve Fund Credit Facilities provided by more than one issuer, draws shall be made on a pro rata basis for each Reserve Fund Credit Facility. If parity bonds are authorized and issued, deposits may be made to the Reserve Account as additional security for such bonds concurrently (but not necessarily simultaneously) with the payments required by this Section (b).

Section 506. Operation and Maintenance Expense Reserve Account. Fourth, a fund known as "Sewer Revenue Bonds Operation and Maintenance Expense Reserve Account" ("O & M Expense Reserve Account") is hereby created and funded with all remaining amounts (not deposited into the Escrow Account) on hand in the similar fund set up in connection with the issuance of the 1980 Bonds. Amounts in the O & M Expense Reserve Account shall be available as a reserve to meet any deficiencies in the payments required to be made to the Sewer Bond Retirement Account or Bond Reserve Account as may occur, for example, from a drop-off in tap fees and/or plant investment fees. Upon certification by an authorized officer or employee of the County based upon a representation by the Manager that there are insufficient moneys in the Joint Sewer Fund to pay any specified amount of operation and maintenance expenses due or to become due within any month, there shall be transferred from the O & M Expense Reserve Account an amount equal to the operation and maintenance expenses specified by such certification to the County for credit to the Joint Sewer Fund. If, on any principal or interest then due and payable, then there shall be transferred into the Sewer Bond Retirement Account on any such payment date from the O & M Expense Reserve Account an amount equal to the difference between the amount on deposit in the Sewer Bond Retirement Account and Bond Reserve Account prior to the transfer and the total amount needed to pay all amounts of principal and interest on the Bonds due and payable on such date. After use of the funds in the O & M Expense Reserve Account, it shall be replenished in the following year back to the initial funding level from Net Pledged Joint Revenues, if available.

Section 507. Termination of Deposits. No payment need be made into the Sewer Bond Retirement Account or the Bond Reserve Account if the amount in such funds total a sum at least equal to the entire amount of the outstanding Bonds and any parity bonds, to their respective maturities, or to any prior redemption date on which the County shall have exercised its option to redeem prior to their respective maturities the Bonds and any parity bonds then outstanding, in which case moneys in those accounts shall be used

together with any investment earnings to pay debt service on such bonds as the same become due; and any moneys in excess thereof in those accounts and any other moneys derived from the Net Pledged Joint Revenues may be used in any lawful manner determined by the Commissioners.

Section 508. Payment of Additional Securities. Fifth, and subject to the above provisions, any money remaining in the Joint Sewer Fund may be used by the County for the payment of additional bonds or other additional securities payable from the Gross Pledged Joint Revenues pledged herein and hereafter authorized to be issued; but the lien of such additional bonds or other additional securities on the revenues pledged herein shall either be subordinate to the lien and pledge of the Bonds herein authorized or parity bonds issued pursuant to Section 702 hereof.

Section 509. Use of Remaining Revenues. After the payments hereinabove required to be made are made, any remaining revenues in the Joint Sewer Fund may be used for any lawful purposes (including, without limitation, funding of capital or other reserves for the Joint System), as the Commissioners may determine.

ARTICLE VI

GENERAL ADMINISTRATION

Section 601. Places and Times of Deposits. Each of the special accounts and funds shall be maintained as a book account and kept separate from all other accounts as a trust account solely for the purposes designated, which special book accounts shall be in one bank account or more in an insured bank or banks, as determined and designated by the Manager. Each trust account shall be continuously secured to the fullest extent required or permitted by the laws of the State of Colorado for the securing of public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes. Each periodic payment shall be credited to the proper account not later than the date designated. Moneys shall be deposited with the Paying Agent in a timely manner prior to each interest payment date sufficient to pay the debt service requirements then becoming due on the outstanding Bonds and parity bonds.

Section 602. Investment of Moneys. Any moneys in any account not needed for immediate use, may be invested or reinvested by the Manager in Permitted Investments. Such investments shall be valued as frequently as deemed necessary by the Bond Insurer, but not less often than annually, at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding valuation date. Investments purchased with funds on deposit in the Bond Reserve Account shall have a term to maturity not greater than five years.

Section 603. Accounting for Investments. The investments or reinvestments of moneys in any account shall be deemed at all times to be a part of the account, and any interest accruing thereon and any other gain realized therefrom, as well as any interest and other gain from the deposit of moneys in a depository bank shall be credited to the Joint Sewer Fund, and any loss resulting from such investment or reinvestment shall be charged to the Sewer Operation and Maintenance Account. The expenses of purchase, safekeeping, sale, and all other expenses incident to any investment or reinvestment shall be accounted for as operation and maintenance expenses of the Joint System.

Section 604. Redemption or Sale of Securities. The Manager shall present for redemption or sale on the prevailing market at the best price obtainable any securities purchased as an investment or reinvestment of moneys in any account whenever it shall be necessary to do so in order to provide moneys to meet any withdrawal, payment or transfer from such account.

ARTICLE VII

SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 701. First Lien Bonds. The Bonds authorized herein, subject to the payment of all necessary and reasonable operation and maintenance expenses of the Joint System, constitute an irrevocable and first lien (but not necessarily an exclusive first lien) upon the Gross Pledged Joint Revenues.

Section 702. Issuance of Parity Securities. Nothing in this Resolution contained shall be construed in such a manner as to prevent the issuance by the County of additional sewer bonds or other additional securities payable from the Gross Pledged Joint Revenues pledged herein and constituting a lien thereon on a parity with, but not prior or superior to, the lien of the Bonds authorized herein, nor to prevent the issuance of other bonds or other securities refunding all or a part of the Bonds; but before any such additional parity bonds or other additional parity securities are authorized (excluding any parity refunding bonds or other parity refunding securities):

(a) Absence of Default. The County shall not have defaulted in making any payments required herein during the twelve calendar months immediately preceding the issuance of such additional bonds or other additional securities, or if none of the Bonds have been issued and outstanding for a period of at least twelve calendar months, for the longest period Bonds have been issued and outstanding. In addition, no event of default under this resolution shall have occurred and be continuing.

(b) Historic Earnings Test. The Gross Pledged Joint Revenues derived in the fiscal year immediately preceding the date of issuance of such additional parity securities shall have been at least sufficient to pay:

(i) An amount equal to the operation and maintenance expenses of the Joint System for such fiscal year, and, in addition,

(ii) An amount equal to 130% of the combined average annual principal and interest requirements to be paid in any one fiscal year of the outstanding Bonds and any other Outstanding parity securities of the County and the bonds or other securities proposed to be issued, as well as 150% of the combined average annual principal and interest requirements to be paid during any one fiscal year of the Outstanding Bonds and any other outstanding parity securities of the County and the bonds or other securities proposed to be issued less the amount on deposit in the O & M Expense Reserve Fund (exclusive of any other reserves therefor);

(c) Consideration of Additional Expenses and Earnings. In determining whether or not additional parity bonds or other parity securities may be issued as aforesaid,

(i) Consideration shall be given to any estimated increase or reduction in operation and maintenance expenses of the Joint System that will result from the expenditure of these funds proposed to be derived from the issuance and sale of the additional bonds or other additional securities;

(ii) The Gross Pledged Joint Revenues estimated to be derived from the Joint System operation for any immediately preceding fiscal year shall be increased, if any schedule of rate increases shall have been adopted and in effect at any time prior to the issuance of such parity bonds or other parity securities by an amount conservatively estimated to equal the difference between the Gross Pledged Joint Revenues actually received and the Gross Pledged Joint Revenues which probably would have been received during said fiscal year if the last of any such schedule of rate increases had been in effect during said entire fiscal year; and

(iii) The Gross Pledged Joint Revenues of the Joint System estimated to be derived from its operation for any immediately preceding fiscal year shall be increased by an amount conservatively estimated to equal the additional amount which probably would have been derived during said fiscal year from the operation of any improvements and extensions or other project appertaining to the Joint System, based upon the schedule of rates and charges then in effect. However, any such increase which is estimated to be derived from residences and businesses, must be derived from the connection of existing residences and businesses, who or which are required to connect to the Joint System upon commencement of the operation of any improvements and extensions or other projects connected to the Joint System.

Section 703. Certification of Revenues. A written certification by an independent professional engineer and the Manager of the Joint System, that such annual Gross Pledged Joint Revenues, when adjusted as hereinabove provided, are sufficient to pay such

amounts, as provided in Subsection (b) of Section 702 hereof, shall be conclusively presumed to be accurate in determining the right of the County to authorize, issue, sell and deliver additional bonds or other additional securities on a parity with the Bonds authorized herein.

Section 704. Subordinate Securities Permitted. Nothing herein contained shall be construed so as to prevent the County from issuing additional bonds or other additional securities payable from the revenues pledged herein and having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds.

Section 705. Superior Securities Prohibited. Nothing herein contained shall be construed so as to permit the County or the City to issue additional bonds or other additional securities payable from the sewer revenues pledged herein and having a lien thereon prior and superior to the lien thereon of the Bonds authorized herein.

Section 706. Parity Securities-Bond Retirement, Bond Reserve and O & M Expense Reserve Accounts. Simultaneously with the issuance of parity bonds, there shall be deposited to the Reserve Account an amount equal to the average annual principal and interest requirements or a Reserve Fund Credit Facility in lieu thereof or any combination thereof. The County, in connection with each series of additional parity securities, if any, shall provide that such parity securities shall be payable from the Sewer Bond Retirement Account, the Bond Reserve Account, and the O & M Expense Reserve Account.

Section 707. Issuance of Refunding Securities. At any time after the Bonds, or any part thereof, are issued and remain Outstanding, if the Board shall find it desirable to refund any Outstanding Bonds or any subordinate securities heretofore or hereafter issued, such Bonds or such subordinate securities, or any part thereof, may be refunded, subject to the provisions of Section 708 hereof, if (1) the Bonds or subordinate securities so to be refunded, at the time or times of their required surrender for payment, shall then mature or shall be then callable for prior redemption at the County's option upon proper call, or (2) the holder or holders of all Outstanding Bonds or such subordinate securities so to be refunded consent to such surrender and payment.

Section 708. Protection of Securities Not Refunded. Any refunding securities payable from any Net Pledged Joint Revenues shall be issued with such details as the Board may by resolution provide so long as there is no impairment of any contractual obligation imposed upon the County by any proceedings authorizing the issuance of any unrefunded portion of such Outstanding securities of any one or more issues; but so long as the Bonds, or any part thereof, are Outstanding, refunding securities payable from any Net Pledged Joint Revenues may be issued on a parity with the unrefunded Bonds only if:

A. Prior Consent. The County first receives the consent of the holder or holders of the unrefunded portion of such Bonds; or

B. Requirements Not Increased. The combined maximum annual principal and interest requirements for all Bonds and other parity securities Outstanding immediately after the issuance of the refunding securities is not greater than the combined maximum annual principal and interest requirements for all Bonds and other parity securities Outstanding immediately prior to the issuance of the refunding securities and the lien of any refunding parity securities on the Net Pledged Joint Revenues is not raised to a higher priority than the lien thereon of any securities thereby refunded; or

C. Earnings Test. The refunding securities are issued in compliance with Section 702 hereof.

ARTICLE VIII

MISCELLANEOUS PROTECTIVE COVENANTS; REQUIREMENTS RELATING TO BOND INSURANCE POLICY

Section 801. Performance of Duties. The County, acting by and through the Commissioners, will faithfully and punctually perform or cause to be performed all duties with respect to the revenues pledged herein and the Joint System required by the Constitution and laws of the State, including the proper segregation of the proceeds of the Bonds and the revenues pledged herein and their application from time to time to the respective accounts or funds.

Section 802. Efficient Operation and Maintenance. The City will operate the Joint System in accordance with the Service Agreement; and, so long as any of the Bonds herein authorized are outstanding, will maintain the Joint System in efficient operating condition and make such improvements, extensions, enlargements, repairs and betterments thereto as may be necessary or advisable to insure its economical and efficient operation at all times.

Section 803. Other Liens. Other than as provided by this Resolution there are no liens or encumbrances of any nature, whatsoever, on or against the Joint System or the Gross Pledged Joint Revenues pledged herein derived or to be derived from the operation of same.

Section 804. Competing Facilities. As long as any of the Bonds hereby authorized are outstanding, the County shall not grant any franchise or license to competing facilities, nor shall it permit during said period (except as it may be legally required to do so) any person, association, firm, or corporation to sell sewer services or facilities to any consumer, public or private, within the area of the Joint System within the County.

Section 805. Alienating Facilities. Neither the County nor the

City will sell, lease, mortgage, pledge, or otherwise encumber, or in any manner dispose of, or otherwise alienate, the Joint System, or any part thereof, including any and all improvements, extensions and additions that may be made thereto, until all the Bonds herein authorized to be issued shall have been paid in full, both principal and interest, or unless provision has been made therefor. Either the County or the City may sell any portion of such property which shall have been replaced by other property of at least equal value, or which shall cease to be necessary for the efficient operation of the Joint System, but in no manner nor to such extent as might prejudice the security for the payment of the Bonds herein authorized, provided, however, that in the event of any sale, the proceeds of such sale shall be distributed as Gross Pledged Joint Revenues to the Joint System.

Section 806. Management; Agreement. The City shall manage and operate the Joint System in accordance with the Service Agreement between the City and County, dated May 1, 1980, such Agreement being incorporated herein by specific reference and attached hereto as Exhibit I. The Agreement shall not be terminated so long as any of the Bonds are outstanding.

Section 807. Reasonable and Adequate Charges. While the Bonds or any of them remain outstanding and unpaid, the rates for all services rendered by the Joint System to the City and County and their inhabitants and to all consumers of the Joint System, on a non-discriminatory basis taking into consideration existing contracts, shall be reasonable and just, taking into account and consideration the cost and value of the Joint System and the amounts necessary for the retirement of all Bonds and other securities or obligations payable from the Gross Pledged Joint Revenues pledged, the accruing interest thereon and reserves. There shall be charged against all purchasers of service, including the County and the City, such rates, fees and charges as shall be adequate to meet all of the requirements of this and the preceding Sections hereof, and which shall be at a minimum sufficient to produce Gross Pledged Joint Revenues annually to pay the annual operation and maintenance expenses, and an amount equal to 120% of both the principal of and the interest on the Bonds and parity bonds payable annually from the Gross Pledged Joint Revenues (excluding the reserves therefor) and equal to 150% of both the principal of and interest on the Bonds and parity bonds payable annually less the amount on deposit in the O & M Expense Reserve Account. No free service, facilities nor commodities shall be furnished by the Joint System.

Section 808. Periodic Independent Rate Study. If deemed necessary by the City or the County, not more than three years from the date of delivery of the Bonds and not less than once every succeeding five years therefrom until the Bonds are paid, the Manager of the Joint System will cause an independent professional engineer to prepare an analysis of the rates, fees and charges used in the provision of sewer service by the Joint System. Such analysis shall compare the schedule of rates, fees, and charges and the

Gross Pledged Joint Revenues produced therefrom by the Joint System to the historical and projected operation and maintenance expenses and the annual principal and interest requirements of the outstanding Bonds and any other outstanding parity securities, and based on such comparison, if necessary, the Manager shall recommend changes in the rates, fees and charges in order to insure proper compliance with the covenants and requirements stipulated herein.

Section 809. Billing Procedure. All bills for sewer service or facilities furnished or serviced by or through the Joint System shall be rendered to customers in accordance with the Service Agreement.

Section 810. Records. So long as any of the Bonds remain outstanding, proper books of record and account will be kept by the Manager in accordance with the Service Agreement.

Section 811. Audits. Audits of the books and accounts of the Joint System shall be made by an independent accountant. The audit report shall be available for inspection by any owner of any of the Bonds at his or her request, and by the Purchasers, or any successor thereof known to the Manager. Any such owner or other recipient of such report shall have the right, at his or her own expense, to discuss with the independent accountant or with the person making the audit and report the contents thereof and to ask for such additional information as he or she may reasonably require.

Section 812. Insurance. Insurance of the Joint System shall be maintained in accordance with the Service Agreement.

Section 813. Tax Covenant. The County covenants for the benefit of the registered owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, or any other funds of the County or any facilities refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in section 55(b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under section 56 of the Code in calculating corporate alternative minimum taxable income, or (iii) would cause the interest on the Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present Colorado law. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the County in fulfilling the above covenant under the Code and Colorado law have been met.

Section 814. Bank Eligibility. For purposes of Section 265(b)(3)(B) of the Code, the County hereby designates the Bonds as qualified tax-exempt obligations.

Section 815. Agreement to Provide Bond Insurer Certain Information; Rights of Bond Insurer Suspended Upon Default. The Manager will provide the Bond Insurer a copy of the annual budget of the Joint System, audited financial statements, a statement of the amount on deposit in the Bond Reserve Account as of the last valuation and, if not presented in the audited financial statements, a statement of the Gross Pledged Joint Revenues of the Joint System pledged to the payment of Bonds in such fiscal year promptly after they become available. In addition, the Manager will provide the Bond Insurer with (a) a copy of the official statement, if any, prepared in connection with the issuance of parity securities or subordinate securities within 30 days after the sale thereof, (b) notice of any draw upon or deficiency due to market fluctuation in the amount, if any, on deposit in the Bond Reserve Account, (c) notice of redemption, other than mandatory sinking fund redemption, of any of the Bonds including the principal amount, maturities and CUSIP numbers thereof, (d) simultaneously with the delivery of the annual audited financial statements: (A) the number of the Joint System users as of the end of the applicable fiscal year; (B) notification of the withdrawal of any Joint System user comprising 4% or more of Joint System sales measured in terms of revenue dollars since the last reporting date; (C) any significant plant retirements or expansions planned or undertaken since the last reporting date; (e) immediate notice of any payment default on the Bonds and notice of any other default under the Resolution within 30 days of the Manager's knowledge thereof, and (f) such additional information as the Bond Insurer reasonably requests from time to time. Notwithstanding any other provision of this Ordinance, any rights granted to or conferred upon the Bond Insurer hereunder shall be in effect only so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, and upon and for the duration of any such default by the Bond Insurer its rights hereunder may be suspended by the County (except to the extent of subrogation for any payments under the Bond Insurance Policy theretofore made by the Bond Insurer) until such default is cured. The Bond Insurer shall be a party in interest to this Resolution for all purposes relating to payment of and security for the Bonds and enforcement of rights and remedies.

Section 816. Requirements for Reserve Fund Credit Facility. In the event the Minimum Reserve, or any part of it, is fulfilled by a deposit of a Reserve Fund Credit Facility (other than a credit instrument issued by the Bond Insurer) in lieu of cash, the following requirements must be met.

(1) A surety bond or insurance policy issued to the entity serving as Paying Agent (the "Fiduciary"), as agent of the bondholders, by a company licensed to issue an insurance policy guaranteeing the

timely payment of debt service on the Bonds (a "municipal bond insurer") may be deposited in the Bond Reserve Account to meet the Minimum Reserve if the claims paying ability of the issuer thereof shall be rated "AAA" or "Aaa" by S&P or Moody's, respectively; and

(2) A surety bond or insurance policy issued to the Fiduciary, as agent of the bondholders, by an entity other than a municipal bond insurer may be deposited in the Bond Reserve Account to meet the Minimum Reserve requirement if the form and substance of such instrument and the issuer thereof shall be approved by the Bond Insurer; and

(3) An unconditional irrevocable letter of credit issued to the Fiduciary, as agent of the bondholders, by a bank may be deposited in the Reserve Account to meet the Minimum Reserve requirement if the issuer thereof is rated at least "AA" by S&P. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of the principal or interest on the Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify the Manager and the Fiduciary, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

If such notice indicates that the expiration date shall not be extended, the County shall deposit in the Bond Reserve Account an amount sufficient to cause the cash or permitted investments on deposit in the Bond Reserve Account together with any other qualifying credit instruments, to equal the Bond Reserve on all outstanding Bonds, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the Reserve Fund Credit Facility is replaced by a Bond Reserve Insurance Policy meeting the requirements in any of paragraphs (1) - (3) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The Fiduciary shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Bond Reserve Account is fully funded in its required amount.

(4) The use of any Reserve Fund Credit Facility pursuant to this Section shall be subject to receipt of an opinion of counsel acceptable to the Bond Insurer and in form and substance satisfactory to the Bond Insurer as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Bond Insurer. In

addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to the Bond Insurer and in form and substance satisfactory to the Bond Insurer to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against the issuer of the Bonds (or any other account party under the letter of credit).

(5) The obligation to reimburse the issuer of a Reserve Fund Credit Facility for any fees, expenses, claims or draws upon such Reserve Fund Credit Facility shall be subordinate to the payment of debt service on the Bonds. The right of the issuer of a Reserve Fund Credit Facility to payment or reimbursement of its fees and expenses shall be subordinated to cash replenishment of the Bond Reserve Account, and, subject to the second succeeding sentence, its right to reimbursement for claims or draws shall be on a parity with the cash replenishment of the Bond Reserve Account. The Reserve Fund Credit Facility shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the Reserve Fund Credit Facility to reimbursement will be further subordinated to cash replenishment of the Bond Reserve Account to an amount equal to the difference between the full original amount available under the Reserve Fund Credit Facility and the amount then available for further draws or claims. If (a) the issuer of a Reserve Fund Credit Facility becomes insolvent or (b) the issuer of a Reserve Fund Credit Facility defaults in its payment obligations thereunder or (c) the claims-paying ability of the issuer of the insurance policy or surety bond falls below a S&P "AA" or a Moody's "Aaa" or (d) the rating of the issuer of the letter of credit falls below a S&P "AA", the obligation to reimburse the issuer of the Reserve Fund Credit Facility shall be subordinate to the cash replenishment of the Bond Reserve Account.

A. If (a) the revolving reinstatement feature described in the preceding paragraph is suspended or terminated or (b) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below a S&P "AAA" or a Moody's "Aaa" or (c) the rating of the issuer of the letter of credit falls below a S&P "AA", the County shall either (i) deposit into the Bond Reserve Account an amount sufficient to cause the cash or Permitted Investments on deposit in the Bond Reserve Account to equal the Minimum Reserve on all outstanding Bonds, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (ii) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of paragraphs 1-3 above within six months of such occurrence. In the event (a) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls

below "A" or (b) the rating of the issuer of the surety bond or insurance policy falls below "A" or (c) the issuer of the Reserve Fund Credit Facility defaults in its payment obligations or (d) the issuer of the Reserve Fund Credit Facility becomes insolvent, the County shall either (i) deposit into the Bond Reserve Account an amount sufficient to the cause the cash or Permitted Investments on deposit in the Bond Reserve Account to equal to Minimum Reserve on all outstanding Bonds, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (ii) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of paragraphs (1) - (3) above within six months of such occurrence.

B. Where applicable, the amount available for draws or claims under the Reserve Fund Credit Facility may be reduced by the amount of cash or Permitted Investments deposited in the Reserve Account pursuant to clause (i) of the preceding subparagraph (6).

C. If the County chooses the above described alternatives to a cash-funded Bond Reserve Account, any amounts owed by the County to the issuer of such credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to this Resolution for any purpose, e.g., rate covenant or additional bonds test.

D. The Fiduciary shall ascertain the necessity for a claim or draw upon the Reserve Fund Credit Facility and to provide notice to the issuer of the Reserve Fund Credit Facility in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the Reserve Fund Credit Facility) prior to each interest payment date.

E. Cash on deposit in the Bond Reserve Account shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Fund Credit Facility. If and to the extent that more than one Reserve Fund Credit Facility is deposited in the Reserve Account, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Section 817. Payment Procedure Pursuant to Municipal Bond Insurance Policy. As long as the Bond Insurance Policy shall be in full force and effect, the County, the Registrar and the Paying Agent agree to comply with the following provisions:

(a) If, on the third day preceding any interest payment date for the Bonds there is not on deposit with the Paying Agent sufficient moneys available to pay all principal of and interest on the Bonds due on such date, the Paying Agent shall immediately notify the Bond Insurer and Citibank, N.A., New York, New York or its

successor as its Fiscal Agent (the "Fiscal Agent") of the amount of such deficiency. If, by said interest payment date, the County has not provided the amount of such deficiency, the Paying Agent shall notify the Bond Registrar which shall simultaneously make available to the Paying Agent, the Bond Insurer and to the Fiscal Agent the registration books for the Bonds maintained by the Paying Agent. In addition:

(i) The Paying Agent shall provide the Bond Insurer with a list of the Bondholders entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to Bondholders entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay the principal of the Bonds surrendered to the Fiscal Agent by the Bondholders entitled to receive full or partial principal payments from the Bond Insurer; and

(ii) The Paying Agent shall, at the time the registration books are made available to the Bond Insurer pursuant to (i) above, notify Bondholders entitled to receive the payment of principal or interest on the Bonds from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Bond Insurance Policy, (3) that, except as provided in paragraph (b) below, in the event that any Bondholder is entitled to receive full payment of principal from the Bond Insurer, such Bondholder must tender his Bond with the instrument of transfer in the form provided on the Bond executed in the name of the Bond Insurer, and (4) that, except as provided in paragraph (b) below, in the event that such Bondholder is entitled to receive partial payment of principal from the Bond Insurer, such Bondholder must tender his Bond for payment first to the Paying Agent, which shall note on such Bond the portion of principal paid by the Paying Agent, and then, with an acceptable form of assignment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Bondholder subject to the terms of the Bond Insurance Policy.

(b) In the event that the Paying Agent has notice that any payment of principal or interest on a Bond has been recovered from a Bondholder pursuant to the United States Bankruptcy Code by a Paying Agent in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time it provides notice to the Bond Insurer, notify all Bondholders that in the event that any Bondholder's payment is so recovered, such Bondholder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Paying Agent shall furnish to the Bond Insurer its records evidencing the payments of principal and interest on the Bonds which have been made by the Paying Agent and subsequently recovered from Bondholders, and the dates on which such payments were made.

(c) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Paying Agent shall note the Bond Insurer's right as subrogee on the registration books maintained by the Bond Registrar upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Bondholders of such Bonds and (2) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books for the Bonds maintained by the Paying Agent upon receipt of proof of the payment of principal thereof to the Bondholders of such Bonds. Notwithstanding anything in this Resolution or the Bonds to the contrary, the Paying Agent shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

Section 818. Miscellaneous Provisions Regarding the Bond Insurance Policy and the Bond Insurer. (1) For all purposes of Articles X and XI governing events of default and remedies and amendments and supplements, except the giving of any required notices to Bondholder, the Bond Insurer shall be deemed to be the sole holder of the Bonds for so long as it has not failed to comply with its payment obligations under the Bond Insurance Policy.

(2) The notice addresses for the Bond Insurer and the Fiscal Agent are as follows:

Financial Guaranty Insurance Company
115 Broadway
New York, New York 10006
Attention: Managing Counsel

Citibank, N.A.
20 Exchange Place - 16th Floor
New York, New York 10005
Attention: Municipal Trust and Agency Services Administration

(3) For all purposes, variable rate indebtedness issued under this Resolution or at any time in the future if on parity with the Bonds, shall be assumed to bear interest at the highest of: (i) the actual rate on the date of calculation, or if the indebtedness is not yet outstanding, the initial rate (if established and binding), (ii) if the indebtedness has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (1) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Internal Revenue Code, the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if no longer published) plus fifty (50) basis points, or (2) if interest is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities plus fifty (50)

basis points.

Notwithstanding the foregoing, for purposes of any rate covenant measuring actual debt service coverage during a test period, variable rate indebtedness shall be deemed to bear interest at the actual rate per annum applicable during the test period.

ARTICLE IX

DEFEASANCE

Section 901. Defeasance. When all principal and interest 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 Resolution. There shall be deemed to be such due payment when the County has placed in escrow or trust with an insured bank located within or without the State and exercising trust powers, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities (as defined below) in which such amount wholly or in part may be initially invested) to meet all principal and interest payments on the Bonds, as the same become due to the final maturities of the Bonds, or upon any prior redemption date as of which the County shall have exercised its prior redemption option by a call of such Bonds for payment. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the County and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule.

For purposes of this Section "Federal Securities" means direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination thereof).

The Bond Insurer may approve the use of other securities to defease the Bonds, in its discretion. In the event of an advance refunding, the County shall cause to be delivered a verification report of an independent nationally recognized certified public accountant.

ARTICLE X

PRIVILEGES, RIGHTS AND REMEDIES

Section 1001. Bondholder's Remedies. Each holder of any Bond issued hereunder shall be entitled to all of the privileges,

rights and remedies provided or permitted in this Resolution and as otherwise provided or permitted by law or in equity or by other statutes, subject to the applicable provisions concerning the Gross Pledged Joint Revenues and the proceeds of the Bonds. Nothing herein affects or impairs the right of any holder of any Bond to enforce the payment of the principal and interest payments due in connection with his Bond or the obligation of the County to pay the principal of and interest on each Bond to the holder thereof at the time and the place expressed in such Bond.

Section 1002. Events of Default. Each of the following events is hereby declared an "event of default,":

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

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

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

(d) Nonperformance of Duties. The County shall have failed to carry out and to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Gross Pledged Joint Revenues, to the Refunding Project, to the Joint System, or to all or any combination thereof, or otherwise including, without limitation, this Resolution, and such failure shall continue for sixty (60) days after receipt of notice from the holders of at least 10% in principal amount of the Bonds then outstanding;

(e) Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction, with the consent or acquiescence of the County, appointing a receiver or receivers for the Joint System or for the Gross Pledged Joint Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or both such Joint System and such moneys, or if any order or decree, having been entered without the consent or acquiescence of the County, is not vacated or discharged or stayed on appeal within sixty (60) days after entry;

(f) Default of Any Provision. The County 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 Resolution 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 County by the Bond Insurer or the

holders of at least 10% in aggregate principal amount of the Bonds then outstanding.

In determining whether a payment default has occurred or whether a payment on the Bonds has been made under this Resolution, no effect shall be given to payments made under the Bond Insurance Policy.

Section 1003. Remedies for Defaults. Upon the happening and continuance of any of the events of default, as provided in Section 1002 hereof, then and in every case the Bond Insurer or, with the prior written consent of the Bond Insurer, the holder or holders of not less than 25% in aggregate principal amount of the Bonds then outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the County and its agents, officers and employees to protect and to enforce the rights of any holder of Bonds under this Resolution by mandamus or by other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or an operation trustee or for the specific performance of any covenant or agreement contained herein or for any proper legal or equitable remedy as such holder or holders may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any holder of any Bond, or to require the County to act as if it were the trustee of an expressed trust, or any combination of such remedies, or as otherwise may be authorized by any statute or other provision of law. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all holders of the Bonds and any parity securities. Any receiver or operating trustee appointed in any proceedings to protect the rights of such holders hereunder, the consent to any such appointment being hereby expressly granted by the County, may collect, receive and apply all Gross Pledged Joint Revenues arising after the appointment of such receiver or operating trustee in the same manner as the County itself might do.

Section 1004. Rights and Privileges Cumulative. The failure of any holder of any outstanding Bond or the Bond Insurer to proceed in any manner herein provided shall not relieve the County, or any of its officers, agents or employees of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such holder (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 holder shall not be deemed a waiver of any other right or privilege thereof.

Section 1005. Duties upon Defaults. Upon the happening of any of the events of default as provided in Section 1002 hereof, the County, in addition, will do and perform all proper acts on behalf of and for the holders of the outstanding Bonds to protect and to preserve the security created for the payment of their Bonds and

to insure the prompt payment of the principal of and interest on the Bonds as the same become due. During any period of default, so long as any of the Bonds are outstanding, except to the extent it may be unlawful to do so, all Gross Pledged Joint Revenues shall be paid into the Bond Retirement Account, or, in the event of securities hereafter issued and outstanding during such period of time on a parity with the Bonds, shall be paid into the Bond Retirement Account for all parity securities, including the Bonds, shall be paid into the Bond Retirement Account for all parity securities, including the Bonds, on an equitable prorated basis, and used for the purposes therein provided. If the County fails or refuses to proceed as in this Section provided, the holder or holders of not less than 25% in principal aggregate amount of the Bonds then outstanding, after demand in writing, may proceed to protect and enforce the rights of the holders of the Bonds as hereinabove provided; and to that end and any such holders of outstanding Bonds shall be subrogated to all rights of the County under any agreement or contract involving the Gross Pledged Joint Revenues entered into prior to the effective date of this Resolution or thereafter while any of the Bonds are outstanding.

Section 1006. Prejudicial Action Unnecessary. Nothing herein requires the County to proceed as provided herein if it determines in good faith and without any abuse of its discretion that if the County so proceeds it is more likely than not to incur a net loss rather than a net gain or such action is otherwise likely to affect materially and prejudicially the holders of the outstanding Bonds and any outstanding parity securities.

ARTICLE XI

AMENDMENT OF RESOLUTION

Section 1101. Privilege of Amendments. This Resolution may be amended or modified by resolution duly adopted by the Board, without receipt by it of any additional consideration, but with the written consent of the Bond Insurer or the holders of at least 66% in aggregate principal amount of the Bonds authorized by this Resolution and outstanding at the time of the adoption of such amendatory or supplemental instrument, including any outstanding refunding securities as may be issued for the purpose of refunding any of the Bonds, provided that no such amendatory or modifying instrument shall permit:

(a) 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

(b) Reducing Return. A reduction in the principal amount of any Bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith, without the consent of the holder of the Bond; or

(c) 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 Resolution; or

(d) Modifying Amendment Terms. A reduction of the principal amount or percentages of Bonds, or any modification otherwise affecting the description of Bonds, or otherwise changing the consent of the holders of Bonds, which may be required herein for any amendment or supplemental hereto; or

(e) Priorities Between Bonds. The establishment of priorities as between Bonds issued and outstanding under the provisions of this Resolution; or

(f) Partial Modification. Any modifications otherwise materially and prejudicially affecting the rights or privileges of the holders of less than all of the Bonds then outstanding.

Notwithstanding the foregoing provisions of this Section, this resolution and the rights and obligations of the County and of the holders of the Bonds may also be modified or amended at any time, with the consent of the Bond Insurer but without the consent of any holders of the Bonds, but only to the extent permitted by law and if the City passes a confirming ordinance incorporating any such amendments or modifications, and only for any or all of the following purposes:

(i) to add to the covenants and agreements of the County in this resolution contained other covenants and agreements thereafter to be observed; or

(ii) to make such provisions for the purpose of curing any ambiguity or of curing or correcting any formal defect or omission in this resolution, or in regard to questions arising under this resolution, as the County may deem necessary or desirable, and which shall not adversely affect the interests of the holders of the Bonds.

Whenever the Board proposes to amend or modify this Resolution under the provisions of Section 1101 hereof it shall give notice of the proposed amendment by first class mail to all registered owners of Bonds. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the County Clerk for public inspection. Any rating agency then rating the Bonds must also receive notice of each amendment and a copy thereof at least 15 days in advance of its execution or adoption.

Section 1102. Time for Amendment. If the resolution is required to be consented to, whenever at any time within one year from the date of the completion of the notice is required to be given by Section 1001 hereof shall be filed in the office of the County Clerk an instrument or instruments executed by the holders of at least 66% in aggregate principal amount of the Bonds then outstanding, which instrument or instruments shall refer to the

proposed amendatory resolution described in such notice and shall specifically consent to and approve the adoption of such resolution, thereupon, but not otherwise, the Board may adopt such amendatory resolution and such resolution shall become effective. If the resolution is required to be consented to, if the holders of at least 66% in aggregate principal amount of the Bonds then outstanding, at the time of the adoption of such amendatory resolution, or the predecessors in title of such holders, 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 resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the County from taking any action 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 holders 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 the holder who gave such consent or by a successor in title, by filing notice of such revocation with the County Clerk, but such revocation shall not be effective if the holders of at least 66% in aggregate principal amount of the Bonds outstanding as herein provided, prior to the attempted revocation, shall have consented to and approved the amendatory resolution referred to in such revocation.

If the resolution is not required to be consented to by the holders of the Bonds, the amendatory resolution may be adopted by the Board at any time but such resolution shall not be effective until the City has passed a confirming ordinance as specified in Section 1101 hereof.

The Bond Insurer shall be provided with a full transcript of all proceedings relating to the execution of any supplemental resolution.

Section 1103. Unanimous Consent. Notwithstanding anything in the foregoing provisions contained, the terms and the provisions of this Resolution, or of any resolution amendatory thereof or supplemental thereto, the rights and the obligations of the County and of the holders of the Bonds may be modified or amended in any respect upon the adoption by the County and upon the filing with the County Clerk of an instrument to that effect and with the consent of the holders of all the then outstanding Bonds; and no notice to holders of Bonds, either by mailing or by publication, shall be required, nor shall the time of consent be limited except as may be provided in such consent.

Section 1104. Exclusion of County's Bonds. At the time of any consent or of other action taken hereunder the County shall furnish to the County Clerk a certificate, upon which the County Clerk may rely, describing all Bonds to be excluded for the purpose of consent or of other action or of any calculation of outstanding Bonds provided for hereunder, and, with respect to

such excluded Bonds, the County shall not be entitled or required with respect to such Bond to give or obtain any consent or to take any other action provided for hereunder.

Section 1105. Notation on Bonds. Bonds delivered after the effective date of any action taken as provided in Sections 1101 and 1102 hereof, or Bonds outstanding at the effective date of such action, may bear a notation by endorsement or otherwise in form approved by the Board as to such action; and if any such Bond so authenticated and delivered after such effective date shall bear such notation, then upon demand of the holder of any Bond outstanding at such effective date and upon presentation of his Bond for such purpose at the principal office of the County, suitable notation shall be made on such Bond by the County Clerk as to any such action. If the Board so determines, new bonds so modified as in the opinion of the Board to conform to such action shall be prepared, authenticated and delivered; and upon demand of the holder of any Bond then outstanding, shall be exchanged without cost to such holder for Bonds then outstanding upon surrender of such outstanding Bonds.

RESOLUTION adopted and approved this 15th day of December, 1992.

Chairman

(SEAL)

ATTEST:

County Clerk

JOINT SEWERAGE SERVICE AGREEMENT

THIS AGREEMENT, made and entered into this 1st day of May, A.D. 1980, by and between the CITY OF GRAND JUNCTION, a municipal corporation of the State of Colorado, hereinafter referred to as the "City", and the COUNTY OF MESA, a county corporation organized under the laws of the State of Colorado, hereinafter referred to as the "County",

WITNESSETH:

WHEREAS, the City maintains its own facilities for the treatment of sewage and has, for many years, treated the sewage from areas around the City; these now include the lands within the Central Grand Valley Sanitation District, the Fruitvale Sewage District, the Orchard Mesa Sewage District and the Ridges Metropolitan District. In addition, the City treats sewage from certain areas without the City, the sewage being from areas not within special service districts, but in which annexation commitments are made

for the consideration of being permitted to be within the City system. At the present time, there remains outstanding sewer refunding revenue bonds in the amount of \$1,080,000 which constitutes a first lien on the revenues of the City's sewer system for the retirement of those bonds; and

WHEREAS, the Grand Junction 201 Plan for wastewater treatment requires a new wastewater treatment plant, with abandonment of the old plant, and includes as major parts of the plan the River Road interceptor to run from the old wastewater treatment plant of the City of Grand Junction to a new plant, completion of the Paradise Hills interceptor, and three interceptors into the River Road line, or the new plant, all coming from the Redlands area. There is a possibility that an interim plant may also have to be completed as a part of the project until the completion of the new wastewater treatment plant; and

WHEREAS, the City and the County have determined that the best interests of the City and County will be served by the County's participation in the project of providing adequate wastewater treatment facilities for all residents within the Grand Junction 201 Service area. It is further determined that the local funding for the required improvements and expansions will be financed by the issuance of sewer revenue bonds by the County; and

WHEREAS, the General Assembly of the State of Colorado has declared in Section 25-1-201, C.R.S. 1973 as amended:

The purpose of this part 2 is to implement the provisions of section 18 (2)(a) and (2)(b) of article XIV of the state constitution, adopted at the 1970 general election, and the amendment to section 2 of article XI of the state constitution, adopted at the 1974 general election, by permitting and encouraging governments to make the most efficient and effective use of their powers and responsibilities by cooperating and contracting with other governments, and to this end this part 2 shall be liberally construed; and

WHEREAS, said part 2 defines in subsection 25-1-202 (a) as follows:

(2) "Political subdivision" means a county, city and county, city, town, service authority, school district, local improvement district, law enforcement authority, water, sanitation, fire protection, metropolitan, irrigation, drainage, or other special district, or any other kind of municipal, quasi-municipal, or public corporation organized pursuant to law; and

WHEREAS, subsection 203 provides as follows:

(1) Governments may cooperate or contract with one another to provide any function, service, or facility lawfully authorized to each of the cooperating or contracting units, including the sharing of costs, the imposition of taxes, or the incurring of

debt, only if such cooperation or contracts are authorized by each party thereto with the approval of its legislative body or other authority having the power to so approve.

(2) Any such contract shall set forth fully the purposes, powers, rights, obligations, and the responsibilities, financial and otherwise, of the contracting parties.

(3) Where other provisions of law provide requirements for special types of intergovernmental contracting or cooperation, those special provisions shall control.

(4) Any such contract may provide for the joint exercise of the function, service, or facility, . . . ; and

WHEREAS, the parties hereto, in order to cooperate and contract with one another to jointly exercise their authority to provide sewage service, enter into this Agreement.

NOW, THEREFORE, for and in consideration of the premises and for further good and valuable consideration hereinafter set forth, it is mutually agreed between the parties as follows:

1. Presently the areas around and within the City are being provided sewerage service by the City (referred to herein as the City Sewerage System). It is the intention of the Parties hereto that this system be operated and connected with a sewerage system outside the City, to be constructed pursuant to this Agreement (referred to herein as the County Sewerage System), so that both systems be operated and managed as a single system (referred to herein as the Joint System).

The Joint System shall be operated as a single system for the purposes of wastewater collection and treatment; joint rates, tolls, and fees charged; and the designation or facility capacities to serve specific drainage basins. The systems shall be considered separate systems for the purposes of establishing zoning, subdivision and building permit criteria before a connection permit is available to users; and for collection line extensions within drainage areas.

I.

OPERATION OF THE JOINT SYSTEM

1. The Parties agree that the Utility Department of the City (referred to herein as the Manager) will establish the joint annual charges in the amounts that will be fair and reasonable for the carriage and treatment of the joint sewage and will raise sufficient annual revenue to meet the requirement set out in the resolutions of the County authorizing the issuance of Sewerage Revenue Bonds. The Manager will, prior to the 1st day of October of each year, submit to both the Board of County Commissioners of Mesa County and the City Council of the City of Grand Junction,

its anticipated budget for the following year, including its recommended user charges, tap fees and plant investment fees to be charged within the system. Such charges or fees shall be sufficient to meet the needs of the total costs for the operation, maintenance, principal and interest on Bonds, and will be uniform for those similarly situated within the system. The Board and Council shall approve such charges and fees. This provision is not intended to prevent the City, County or one of the special districts or organizations which provide sewerage systems within a neighborhood from charging, in addition to the charges and fees mentioned, such additional charges or fees to accomplish an effective sewerage system within their communities and under the laws covering their activities. This provision is not intended to authorize any other entities with authority to provide sewer service to areas being served or to be served by the City or County.

2. In order to reimburse the City for expenses incurred by the Manager and other Departments of the City indirectly involved in the Joint Sewerage System, the Parties agree that anticipated budget submitted by the Manager will contain a line item specifying the amount of anticipated reimbursement.

3. This agreement grants complete authority to the Manager to manage, operate, bill fees and charges for the entire joint system, and to do whatever is necessary and proper to administer the joint system which constitutes complete authority, except the authority of eminent domain, rate setting, construction of new facilities or expansion of the joint system. The city and the County reserves these specific powers to be exercised by the City and/or the County.

4. After the initial construction of the County System as provided for in Section IV hereof, any additional expansions of the City Sewer System, the County Sewer System or the Joint Sewer System shall be constructed to the specifications as contained in current "Sewer Specifications" of the City, which specifications shall apply as the minimum standard for construction in all locations. Should the sewer lines and installations constructed be located on other than lands dedicated to public use and upon which sewers may be placed, the Parties covenant that they will acquire the fee title or the appropriate rights-of-way or easements, free and clear of all liens and encumbrances, to the lands required for the purpose of facilities to be installed hereunder prior to the commencement of construction.

A. All plans for connecting lines or relief work within the City shall be approved by the City.

B. All plans for new construction outside the City may, at the request of the County, be approved by the County, but shall be reviewed and approved by the City.

5. Prior to any connection to the Joint Sewerage System referred

to herein, such construction shall be approved by the Manager; the Manager may assure himself that the person doing the work will restore to the original condition as of the time of disturbance any of said streets, roadways, alleys, or grounds which it may disturb in laying, maintaining or operating said connecting sewer line and that in the use of streets, roadways, or alleys, said person will hold the Manager, the City and the County harmless from any and all claims arising directly or indirectly out of the exercise of the authority herein granted. Said person shall indemnify the Manager, the City and the County against expenses incurred because of settling of backfill, loss of ground cover or street surfacing, or damage to the sewer pipe, for a period of one year from the date of completion of construction of said portions. The Manager may further require that it be furnished satisfactory proof that said person is insured by a public liability insurance carrier authorized to do business in the State of Colorado. Public liability insurance shall provide limits of not less than \$50,000.00/\$100,000.00 for injuries or death for one or more than one person in any one accident and damage to property in the amount of \$100,000.00 arising as the result of the construction of such sewerage system to the joint sewer main above described. All policies shall be subject to the approval of the Manager for adequacy, form of protection and company.

6. Each party agrees that they may discharge sewage through the connecting line hereof from the area described in Section II hereof, upon condition, however, that no waste oil, acid and other matter that may be detrimental to the treatment process employed in Joint Sewage Treatment Plant, nor any storm or ground waters, shall be permitted to be discharged into said connecting line and provided further that the Manager shall properly maintain said connecting sewer line. If any discharge is permitted through said line contrary to the limitations provided in this paragraph, the parties agree that the City may do whatever is necessary to rectify said sewage or perform said maintenance so as to conform with the requirements of this paragraph before discharging the same through said connecting line and make any rectification or do such maintenance work at the expense of the Connector, and that both Parties will use their full authority to pay the required expense of any such rectification or maintenance work.

7. The Parties agree to prevent sewage from any area other than that described in this Agreement or this Agreement as amended, from being discharged into the Joint Sanitary Sewerage System.

II.

AREAS COVERED BY THIS AGREEMENT

1. This Agreement is intended to control the operation of the City Sewerage System, County Sewerage System and the Joint System in four areas as follows:

A. Area I is the area within the boundaries of the City;

B. Area II is all of the territory outside of the City but within two miles of the boundaries of the City, as that boundary changes from time to time;

C. Area III is the territory within the four Quasi-municipal corporations; Central Grand Valley Sanitation District, the Fruitvale Sewage District, the Orchard Mesa Sewage District and the Ridges Metropolitan District;

D. Area IV is all of the territory within Mesa County and within the Grand Junction 201 Service Area, exclusive of Areas I, II and III.

2. The authority to provide sewerage service in these areas will be controlled to the extent applicable by the Resolution of the County in issuing its Sewerage Revenue Bonds and the Ordinance of the City adopted pursuant to that Resolution. To the extent that said Resolution and Ordinance are not applicable to sewerage service, those areas will be controlled as follows:

A. Area I by the Ordinance, Resolution and Operational Procedure established by the City;

B. Area II by the Resolution and Operational Procedure established by the County, except that prior to any connection to the sewerage system the Connector shall comply with requirements of the concerning annexation policies of the City;

C. Area III the sewerage service shall be provided pursuant to those certain existing contracts between the City and the four named Quasi-municipal districts;

D. Area IV by the Resolution and Operational Procedure established by the County.

III.

OWNERSHIP OF FACILITIES

1. Ownership during the term of this Agreement is as follows:

A. The County will own the wastewater treatment plant and River Road and Redlands Interceptors. The City shall own the Paradise Hills Interceptors in addition to all lines and other facilities currently owned. The ownership of all lines within any area that is annexed to the City will be transferred to the City;

B. The County will own lines and other facilities within the joint system and not owned by the City or the four named Quasi-municipal districts;

2. Ownership means ownership subject to the rights and interest of the Parties as set out in their Agreement.

3. Ownership of the facilities upon termination of this Agreement shall be as provided in the Agreement terminating this Agreement.

IV.

BONDING AND CONSTRUCTION

1. The Parties intend to construct certain facilities, requiring approximately \$24,000,000 of construction funds.

2. The County will issue its Sewer Revenue Bonds; the proceeds from such issue will provide funding for the balance of costs of the facilities and lines not funded by a federal grant. This bond issue will be increased in size so that there are sufficient funds to refund the existing City sewer revenue indebtedness thereby defeasing and satisfying certain covenants which pledge the present City sewer revenues for the payment of these City bonds. The City and County will then pledge of all revenues of the joint system to the County sewer revenue and refunding bonds. The bond issue will also be of sufficient size to reimburse the City and County for issuance costs and other amounts which have been or will be expended for the project.

3. The facilities to be constructed are as follows:

A. River Road and Paradise Hills - Phase B interceptors.

B. Independent Avenue interceptor.

C. Goat Wash interceptor, including river crossing.

D. Tiara Rado interceptor, including river crossing.

E. Scenic interceptor, including river crossing.

F. 12.5 MGD Persigo Wash treatment facility.

G. An interim treatment facility as may be required to provide for adequate treatment prior to the completion of the permanent plant. Such interim facility will be constructed to provide for the best possible continued utilization upon completion of the permanent plant. The determination as to its operation and construction will be as is contemplated herein for the operation and construction of the other facilities referred to herein.

4. Prior to construction of the facilities the Manager shall proceed with public bid. The bids shall be reviewed by both parties hereto and upon agreement, a bonded contract signed for construction of these facilities. Thereafter, the Manager will act with the Project Engineer in control of the construction of the phases of the project. Change Orders not exceeding \$50,000.00 may be approved by the Manager without the approval of the Board of the County or the Council of the City. Amounts over that amount

shall have approval of both the City and the County before being instituted.

V.

MISCELLANEOUS PROVISIONS

1. During the period of construction of the facilities, the City will continue to operate its system as it has been in the past without concern for the terms of this agreement, except as charges or fees are being made which relate to the operation of the system contemplated by this agreement, those charges and fees being accounted for in the manner in which they have the relationship.

2. Beginning January 1, 1981, the City, as operator of the system, will establish a joint Sewer Operations Fund. The assets of each of the parties will be accounted for within this fund. Those monies will be placed within the fund that have been determined by the Council and the Board for generation by the plans for the joint system operation in accordance with proper accounting procedures.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals on the day and year first above written.

CITY OF GRAND JUNCTION

By:

President of the Council

Attest:

Neva B. Lockhart, CMC

City Clerk

COUNTY OF MESA

Chairman of the Board of County Commissioners of the County of Mesa

Attest:

County Clerk

By Betty Schell, Deputy County Clerk

RESOLUTION

AMENDING JOINT SEWERAGE SERVICE AGREEMENT BETWEEN THE CITY OF

GRAND JUNCTION AND THE COUNTY OF MESA, COLORADO.

WHEREAS, under date of May 1, 1980, the City of Grand Junction and the County of Mesa entered into a "JOINT SEWERAGE SERVICE AGREEMENT"; and

WHEREAS, in Paragraph 1 of that Agreement there is certain language concerning the levying of charges and fees for the use of the system contemplated by the Agreement, which language may be unclear as to the setting of those charges and fees;

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

1. That Paragraph 1 of said Agreement, which now reads:

"1. The Parties agree that the Utility Department of the City (referred to herein as the Manager) will establish the joint annual charges in amounts that will be fair and reasonable for the carriage and treatment of the joint sewage and will raise sufficient annual revenue to meet the requirement set out in the resolutions of the County authorizing the issuance of Sewerage Revenue Bonds. The Manager will, prior to the 1st day of October of each year, submit to both the Board of County Commissioners of Mesa County and the City Council of the City of Grand Junction, its anticipated budget for the following year, including its recommended user charges, tap fees and plant investment fees to be charged within the system. Such charges or fees shall be sufficient to meet the needs of the total costs for the operation, maintenance, principal and interest on Bonds, and will be uniform for those similarly situated within the system. The Board and Council shall approve such charges and fees. This provision is not intended to prevent the City, County or one of the special districts or organizations which provide sewerage systems within a neighborhood from charging, in addition to the charges and fees mentioned, such additional charges or fees to accomplish an effective sewerage system within their communities and under the laws covering their activities. This provision is not intended to authorize any other entities with authority to provide sewer service to areas being served or to be served by the City or County."

shall be amended to read:

"1. The Parties agree that the Utility Department of the City (referred to herein as the Manager) will establish the joint annual charges in amounts that will be fair and reasonable for the carriage and treatment of the joint sewage and will raise sufficient annual revenue to meet the requirement set out in the resolutions of the County authorizing the issuance of Sewerage Revenue Bonds. The Manager will, prior to the 1st day of October of each year, submit to both the Board of County Commissioners of Mesa County and the City Council of the City of Grand Junction, its anticipated budget for the following year, including its

recommended user charges, tap fees and plant investment fees to be charged within the system. Such charges or fees shall be sufficient to meet the needs of the total costs for the operation, maintenance, principal and interest on Bonds, and will be uniform for those similarly situated within the system. The Board shall adopt and the Council shall affirm such charges and fees. This provision is not intended to prevent the City, County or one of the special districts or organizations which provide sewerage systems within a neighborhood from charging, in addition to the charges and fees mentioned, such additional charges or fees to accomplish an effective sewerage system within their communities and under the laws covering their activities. This provision is not intended to authorize any other areas being served or to be served by the City or County."

2. This Resolution shall act as an amendment of the Joint Agreement and shall be attached thereto and made a part thereof for future reference.

PASSED and ADOPTED this 1st day of October, 1980.

President of the Council

Attest:

Neva B. Lockhart, CMC

City Clerk

RESOLUTION NO. MCM 80-154

AMENDING JOINT SEWERAGE SERVICE AGREEMENT BETWEEN THE CITY OF GRAND JUNCTION AND THE COUNTY OF MESA, COLORADO.

WHEREAS, under date of May 1, 1980, the City of Grand Junction and the County of Mesa entered into a "JOINT SEWERAGE SERVICE AGREEMENT"; and

WHEREAS, in Paragraph 1 of that Agreement there is certain language concerning the levying of charges and fees for the use of the system contemplated by the Agreement, which language may be unclear as to the setting of those charges and fees;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF MESA:

1. That Paragraph 1 of said Agreement, which now reads:

"1. The Parties agree that the Utility Department of the City (referred to herein as the Manager) will establish the joint annual charges in amounts that will be fair and reasonable for the carriage and treatment of the joint sewage and will raise

sufficient annual revenue to meet the requirement set out in the resolutions of the County authorizing the issuance of Sewerage Revenue Bonds. The Manager will, prior to the 1st day of October of each year, submit to both the Board of County Commissioners of Mesa County and the City Council of the City of Grand Junction, its anticipated budget for the following year, including its recommended user charges, tap fees and plant investment fees to be charged within the system. Such charges or fees shall be sufficient to meet the needs of the total costs for the operation, maintenance, principal and interest on Bonds, and will be uniform for those similarly situated within the system. The Board and Council shall approve such charges and fees. This provision is not intended to prevent the City, County or one of the special districts or organizations which provide sewerage systems within a neighborhood from charging, in addition to the charges and fees mentioned, such additional charges or fees to accomplish an effective sewerage system within their communities and under the laws covering their activities. This provision is not intended to authorize any other entities with authority to provide sewer service to areas being served or to be served by the City or County."

shall be amended to read:

"1. The Parties agree that the Utility Department of the City (referred to herein as the Manager) will establish the joint annual charges in amounts that will be fair and reasonable for the carriage and treatment of the joint sewage and will raise sufficient annual revenue to meet the requirement set out in the resolutions of the County authorizing the issuance of Sewerage Revenue Bonds. The Manager will, prior to the 1st day of October of each year, submit to both the Board of County Commissioners of Mesa County and the City Council of the City of Grand Junction, its anticipated budget for the following year, including its recommended user charges, tap fees and plant investment fees to be charged within the system. Such charges or fees shall be sufficient to meet the needs of the total costs for the operation, maintenance, principal and interest on Bonds, and will be uniform for those similarly situated within the system. The Board shall adopt and the Council shall affirm such charges and fees. This provision is not intended to prevent the City, County or one of the special districts or organizations which provide sewerage systems within a neighborhood from charging, in addition to the charges and fees mentioned, such additional charges or fees to accomplish an effective sewerage system within their communities and under the laws covering their activities. This provision is not intended to authorize any other areas being served or to be served by the City or County."

2. This Resolution shall act as an amendment of the Joint Agreement and shall be attached thereto and made a part thereof for future reference.

PASSED and ADOPTED this 7th day of October, 1980.

Chairman of the Board of County Commissioners of the County of
Mesa

Attest:

Earl Sawyer

County Clerk