

ORDINANCE NO. 2902

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY OF GRAND JUNCTION, COLORADO, DOWNTOWN DEVELOPMENT AUTHORITY TAX INCREMENT REVENUE BONDS, SERIES 1996; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS, THE MANNER AND TERMS OF ISSUANCE, THE MANNER OF EXECUTION, THE METHOD OF PAYMENT AND THE SECURITY THEREFOR; PLEDGING THE TAX INCREMENT REVENUES OF THE CITY FOR THE PAYMENT OF THE BONDS; PROVIDING CERTAIN COVENANTS AND OTHER DETAILS AND MAKING OTHER PROVISIONS CONCERNING THE BONDS AND THE TAX INCREMENT REVENUES; PROVIDING FOR THE PAYMENT AND DISCHARGE OF THE CITY'S OUTSTANDING TAX INCREMENT BONDS; RATIFYING ACTION PREVIOUSLY TAKEN AND APPERTAINING THERETO; AND REPEALING ALL ORDINANCES IN CONFLICT HEREWITH.

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

Section 1. Definitions. Terms used in this Ordinance shall have the meanings specified in this section for all purposes of this Ordinance and of any ordinance amendatory hereof, supplemental hereto or relating hereto, and of any instrument or document appertaining hereto, except where the context by clear implication otherwise requires. All definitions include the singular and plural and include all genders. Certain terms are parenthetically defined elsewhere herein.

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

Additional Bonds: the one or more series of bonds or other securities or obligations authorized to be issued by the City pursuant to Section 18 hereof and having a lien on the Pledged Revenues on a parity with the lien of the 1996 Bonds.

Annual Financial Information: the financial information and operating data with respect to the City and the Authority of the type set forth in the Official Statement under the captions "THE AUTHORITY -- The Tax Increment Fund," "THE PLAN OF DEVELOPMENT AREA" and "OVERLAPPING TAXING ENTITIES OF THE PLAN OF DEVELOPMENT AREA -- Ad Valorem Tax Data," delivered at least annually to each Repository pursuant to Section 30 hereof, including Audited Financial Statements of the City if and to the extent the Audited

Financial Statements are available when the Annual Financial Information is prepared.

Audited Financial Statements: the City's annual financial statements, prepared in accordance with generally accepted accounting principles as in effect from time to time, audited by a firm of certified public accountants.

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

Average Annual Debt Service: the sum of principal and interest requirements on the Bonds to be paid during each Fiscal Year for the period beginning with the Fiscal Year in which such computation is being made and ending with the last Fiscal Year in which any Bond becomes due, divided by the number of Fiscal Years (including portions thereof) during the period beginning with the Fiscal Year in which such computation is being made and ending with the last Fiscal Year in which any Bond becomes due.

Bond Account: the account by that name created by Section 15 hereof.

Bond Purchase Agreement: the Bond Purchase Agreement, to be dated as of the date it is presented to the President of City Council, between the City and the Purchaser.

Bond Reserve Insurance Policy: any insurance policy, surety bond, irrevocable letter of credit or similar instrument deposited in or credited to the Reserve Account in lieu of or in partial substitution for moneys on deposit therein. The issuer providing any such Bond Reserve Insurance Policy shall be an issuer which then is rated in the highest rating category by one of Moody's Investors Service, Inc., Standard & Poor's Corporation, A.M. Best & Company, or their successors.

Bonds: the Outstanding 1996 Bonds and any Outstanding Additional Bonds.

Business Day: a day on which banks located in the cities in which the principal offices of each of the Paying Agent and the Registrar are not required or authorized to be closed and on which the New York Stock Exchange is not closed.

City: the City of Grand Junction, Colorado.

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

Charter: the home rule Charter of the City, including all amendments thereto prior to the date hereof.

Commercial Bank: any depository for public funds permitted by the laws of the

State for political subdivisions of the State which has a capital and surplus of \$10,000,000 or more, and which is located within the United States.

Escrow Account: the account created and designated as such pursuant to the Escrow Agreement.

Escrow Agreement: the Escrow Agreement dated as of April 15, 1996 between the City and the Escrow Bank.

Escrow Bank: Norwest Bank Colorado, N.A., Denver, Colorado, or its successor, which shall perform the function of escrow bank as set forth in this Ordinance and the Escrow Agreement.

Event Information: the information delivered pursuant to Section 30D hereof.

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

Governmental Obligations: any of the following which are noncallable and which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) direct general obligations of, or obligations the payment of principal of and interest on which are unconditionally guaranteed by, the United States of America;

(b) bonds, debentures, notes, or other evidences of indebtedness issued by the Export-Import Bank of the United States, the Federal Financing Bank, the Farmers Home Administration, the General Services Administration, the U.S. Maritime Administration, or the U.S. Department of Housing and Urban Development; or

(c) evidences of ownership interests in obligations described in paragraph (a) or (b) above.

Improvement Project: means the improvements in the Plan of Development Area acquired with proceeds of the 1996 Bonds, which improvements shall all be for the purpose of improving traffic and pedestrian circulation within the Plan of Development Area.

Letter of Representations: the Letter of Representations between the City and The Depository Trust Company.

Maximum Annual Debt Service Requirement: the maximum amount of all required payments of principal and interest on the Outstanding Bonds which will become due in any Fiscal Year.

MSRB: the Municipal Securities Rulemaking Board. The current address of the MSRB is 1640 King Street, #300, Alexandria, Virginia 22314, Attn: The Interim CDI System, telephone: (202) 223-9503.

1996 Bonds: the City's Downtown Development Authority Tax Increment Revenue Bonds, Series 1996 issued pursuant to this Ordinance.

NRMSIR: each nationally recognized municipal securities information repository recognized by the SEC from time to time pursuant to the Rule. Such NRMSIRs currently include: (1) Kenny Information Systems, 65 Broadway - 16th Floor, New York, New York 10006-2503, Attn: Kenny Repository Service, telephone (212) 770-4595, fax: (212) 797-7994; (2) Thompson Financial Services, Attn: Municipal Disclosure, 395 Hudson Street, New York, New York 10014-3669, telephone: (212) 807-3814, fax: (212) 989-9282; (3) Bloomberg Municipal Repositories, P. O. Box 840, Princeton, New Jersey 08452-0840, telephone: (609) 279-3200, fax: (609) 279-5962; (4) Moody's NRMSIR, Public Finance Information Center, 99 Church Street, New York, New York 10007, telephone: (800) 339-6306, fax: (212) 553-1460; (5) Disclosure, Inc., 5161 River Road, Bethesda, Maryland 20816-1584, Attn: Document Acquisitions/Municipal Securities, telephone: (301) 951-1450, fax: (301)718-2329; and (6) R.R. Donnelley Financial Municipal Securities Disclosure Archive, 559 Main Street, Hudson, Massachusetts 01749, telephone: (800) 580-3670, fax: (508) 562-1969.

Official Statement: the Official Statement delivered in connection with the original issue and sale of the 1996 Bonds.

Ordinance: this Ordinance of the City, which provides for the issuance and delivery of the 1996 Bonds.

Outstanding: as of any date of calculation, all Bonds theretofore executed, issued and delivered by the City except:

- (a) Bonds theretofore canceled by the City, Registrar or Paying Agent,

or surrendered to the City, Registrar or Paying Agent for cancellation;

(b) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the City and authenticated by the Registrar unless proof satisfactory to the Registrar is presented that any such Bonds are duly held by the lawful registered owners thereof; or

(c) Bonds deemed to have been paid as provided in Section 21 hereof or any similar section of an Ordinance authorizing Additional Bonds.

Owner or registered owner: the registered owner of any 1996 Bond as shown on the registration books kept by the Registrar.

Paying Agent: Norwest Bank Colorado, N.A., Denver, Colorado, being the agent for the City for the payment of the 1996 Bonds and interest thereon, or its successors and assigns.

Permitted Investment: any investment or deposit permitted by the Act.

Person: any individual, firm, partnership, corporation, company, association, joint-stock association or body politic; and the term includes any trustee, receiver, assignee or other similar representative thereof.

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

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

Pledged Revenues: the Tax Increments (less 20% of the Tax Increments originating from sales tax revenues for most of the Plan of Development Area and 30% of such increments from the remainder of the Plan of Development Area as provided in Grand Junction City Ordinance #28-83), all funds deposited in the Tax Increment Fund, Bond Account and Reserve Account, and investment income from the Bond Account, Reserve Account and Tax Increment Fund, subject to Federal tax laws regarding arbitrage rebate.

Principal Operations Office: means the principal operations office of the Registrar and Paying Agent, currently located at Norwest Bank Minnesota, Minneapolis, Minnesota.

Project: means, collectively, the Improvement Project and the Refunding Project.

Purchaser: means George K. Baum & Company.

Rebate Account: the account by that name created by Section 15 hereof.

Refunded Bonds: means the City's Tax Increment Bonds, Series 1990, dated August 15, 1990 and issued pursuant to the Refunded Bond Ordinance.

Refunded Bond Ordinance: means the City ordinance adopted and approved on August 15, 1990 authorizing the issuance of the Refunded Bonds.

Refunded Bond Requirements: means (i) the principal of the Refunded Bonds which comes due on and after August 15, 1996 and on and before August 15, 1998; (ii) the principal of the Refunded Bonds which comes due August 15, 1999 through and including August 15, 2004, which principal will be paid upon prior redemption of such Refunded Bonds on August 15, 1998; (iii) a redemption premium of 1% of the par amount of the Refunded Bonds described in clause (ii); and (iv) the interest on the Refunded Bonds which comes due from August 15, 1996 through and including August 15, 1998.

Refunding Project: means the refunding, paying and discharging of the Refunded Bond Requirements.

Registrar: Norwest Bank Colorado, N.A., Denver, Colorado, being the agent for the City for the registration, transfer and exchange of the 1996 Bonds, or its successors.

Registrar Agreement: the Registrar Agreement between the City and the Registrar dated as of April 15, 1996.

Regular Record Date: the last business day of the calendar month next preceding each interest payment date for the 1996 Bonds (other than a special interest payment date hereafter fixed for the payment of defaulted interest).

Repository: (i) each NRMSIR and (ii) any SID.

Reserve Account: the account by that name created by Section 15.

Reserve Account Requirement: except as otherwise may be provided as described in Section 15B hereof, an amount equal to the least of (i) 100% of the Maximum Annual Debt Service Requirement, (ii) 125% of the Average Annual Debt Requirement, or (iii) 10% of the original proceeds of the Bonds.

Resolution: the Council Resolution adopted December 16, 1981 approving the Plan and establishing the Tax Increment Fund, all as amended from time to time.

Rule: Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12).

SID: any State Information Depository operated or designated by the State that receives information from all issuers within the State. As of the date hereof, no SID exists for the State.

SEC: the Securities and Exchange Commission.

Special Record Date: a special date fixed to determine the names and addresses of registered owners for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in Section 6 hereof.

State: the State of Colorado.

Tax Code: the Internal Revenue Code of 1986, as amended to the date of delivery of the 1996 Bonds, and any regulations promulgated thereunder.

Tax Increments: that portion of the ad valorem and municipal sales tax revenue produced from the Plan of Development Area which are in excess of the amounts certified as base amounts by the County Assessor and City Finance Director pursuant to Section 31-25-807(3) of the Act and are pledged herein for repayment of and as security for the Bonds. "Tax Increments" also include specific ownership taxes, if and to the extent received by the City in connection with the property tax increment.

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

Trust Bank: a Commercial Bank which is authorized to exercise and is exercising trust powers.

Section 1. Recitals.

A. The City is a municipal corporation duly organized and existing under the City's Charter adopted pursuant to Article XX of the Constitution of the State of Colorado.

B. The Authority was organized by the City pursuant to the Act as a Colorado Downtown Development Authority for the purposes of the Act and subsequently improving the area of the City contained within the Plan of Development Area. The Authority proposed and submitted the Plan to Council, and the Plan was approved by the Council in the Resolution. The Plan has been modified from time to time by amendments to the Resolution for the purpose of including additional property within the Plan of Development Area and other relevant changes. The Plan provides for a division of taxes pursuant to Section 31-25-807(3) of the Act. The

Resolution established the Tax Increment Fund for the deposit of the Tax Increments resulting from such division of taxes.

C. Pursuant to the Act, the City is permitted to issue securities made payable from the Tax Increments for the purposes of a project if the issuance of such bonds and the pledge of such revenues are first submitted for approval to the qualified electors of the Authority at a special election held for such purpose.

D. In addition, Article X, Section 20 of the Colorado Constitution requires voter approval in advance for the creation of any multiple-fiscal year direct or indirect debt or other financial obligation (except that refundings of existing debt at lower interest rates do not require an election).

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

F. The City has previously utilized \$2,550,000 of the existing authorization, leaving authorization of \$7,450,000 before issuance of the 1996 Bonds.

G. The City has heretofore issued the Refunded Bonds in the original aggregate principal amount of \$1,300,000, of which \$915,000 remains outstanding, bearing interest at the rates designated below, payable semi-annually on February 15 and August 15 each year, and maturing on August 15 in each of the years and amounts as follows:

<u>Maturity (August 15)</u>	<u>Principal Amount</u>	<u>Interest Rate (Per Annum)</u>
1996	\$75,000	7.30%
1997	75,000	7.40
1998	75,000	7.50
1999	75,000	7.60
2000	85,000	7.70
2001	90,000	7.80
2002	95,000	7.90
2003	105,000	8.00
2004	240,000	8.00

H. The Refunded Bonds maturing on and after August 15, 1999 are subject to redemption prior to maturity, at the option of the City, in whole or in part, on August 15, 1998, or on any date thereafter at the redemption prices set forth below (expressed as a percentage of the principal amount so redeemed) plus accrued interest to the redemption date:

<u>Redemption Dates (Inclusive)</u>	<u>Price</u>
August 15, 1998 through August 14, 1999	101.0%
August 15, 1999 through August 14, 2000	100.5
August 15, 2000 and thereafter	100

I. The City is not delinquent in the payment of the principal of, premium, if any, or interest on any of the Refunded Bonds.

J. Pursuant to the Act, the principal amount of refunding bonds may exceed the principal amount of the refunded bonds if the aggregate principal and interest costs of the refunding bonds do not exceed such unaccrued costs of the bonds refunded. In addition, pursuant to Article X, Section 20 of the Colorado Constitution, refunding bonds can be issued without an election if they are issued at a lower interest rate than the bonds which are being refunded.

K. The 1996 Bonds issued for the Improvement Project shall be issued with terms such that they meet the requirements of the 1982 authorization.

L. The 1996 Bonds issued for the Refunding Project are expected to meet the requirements of the Act and the Colorado Constitution. If the 1996 Bonds for the Refunding Project do not meet the requirements of Act and the Colorado Constitution for the issuance of refunding bonds without an election, the City has determined and does hereby determine to use

1982 authorization for the Refunding Project because issuance of 1996 Bonds for the Refunding Project permits the City to issue 1996 Bonds for the Improvement Project without meeting the requirements for issuance of additional bonds under the ordinance authorizing the Refunded Bonds.

M. Other than the Refunded Bonds, which will be defeased concurrent with the issuance of the 1996 Bonds, there are no liens on the Pledged Revenues. The Pledged Revenues may now be pledged lawfully and irrevocably for the payment of the 1996 Bonds.

N. The City expects to receive a proposal from the Purchaser for the purchase of the 1996 Bonds for the purpose of defraying in whole or in part the costs of the Project and costs of issuance of the 1996 Bonds.

O. There have been presented to the Council the proposed forms of the Letter of Representations, the Bond Purchase Agreement, the Escrow Agreement and the Registrar Agreement.

P. The City Council desires to cause the 1996 Bonds to be issued, to authorize and direct the application of the proceeds thereof as set forth herein, and to provide security for the payment thereof, all in the manner hereinafter set forth.

Section 2. Ratification. All actions heretofore taken (not inconsistent with the provisions of this Ordinance) by the City Council and other officers of the City in the creation of the Tax Increment Fund, the pledging of the Tax Increments (to the extent described herein), implementation of the Project, and selling and issuing the 1996 Bonds for those purposes are ratified, approved and confirmed.

Section 3. Authorization of Project. The Project hereby is authorized at a cost of not exceeding \$1,700,000 (excluding costs to be paid from sources other than the proceeds of the 1996 Bonds). The useful life of the Improvement Project is not less than 10 years.

Section 4. Authorization of the 1996 Bonds. There hereby are authorized to be issued fully registered Tax Increment revenue securities of the City, to be designated "City of Grand Junction, Colorado, Downtown Development Authority Tax Increment Revenue Bonds, Series 1996" in the aggregate principal amount not to exceed \$1,700,000, to be payable and collectible, both as to principal and interest, from the Pledged Revenues.

Section 5. 1996 Bond Details. The 1996 Bonds shall be issued in fully registered form (i.e., registered as to both principal and interest) initially registered in the name of

Cede & Co. as nominee for The Depository Trust Company, shall be dated as of April 15, 1996, shall be issued in the denomination of \$5,000 or any integral multiple thereof (provided that no 1996 Bond may be in a denomination which exceeds the principal coming due on any maturity date, and no individual 1996 Bond will be issued for more than one maturity) and shall be numbered in such manner as the Registrar may determine. The 1996 Bonds shall bear interest from their dated date until maturity or prior redemption at the rates per annum to be established in the Bond Purchase Agreement, payable semiannually on May 15 and November 15 in each year, commencing on November 15, 1996, except that any 1996 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 duly provided for, or if no interest has been paid, from the date of the 1996 Bonds. The maximum net effective interest rate on the Bonds shall be 7.00%. The 1996 Bonds shall mature on the dates and in the amounts and bear interest at the rates, all to be set forth in the Bond Purchase Agreement.

The President of the Council is hereby authorized and directed to execute the Bond Purchase Agreement, for and on behalf of the City, and the City Clerk is hereby directed to attest the President's signature thereto, all if the following requirements have been met:

(i) The aggregate principal amount of the 1996 Bonds shall not exceed \$1,700,000.

(ii) The net effective interest rate on the 1996 Bonds shall not exceed the maximum net effective interest rate set forth above.

(iii) The Purchaser shall certify as to the debt service of the 1996 Bonds allocable to the Improvement Project and that allocable to the Refunding Project (including, in each case, allocable costs of issuance), and that the debt service on the Refunding Project meets the requirements of the Act and the Colorado Constitution as set forth in the Recitals hereto. In the alternative, if the 1982 authorization is being used for all of the 1996 Bonds, the Purchaser shall certify that the 1996 Bonds meet the requirements specified in the 1982 authorization.

(iv) It shall not be necessary that the 1996 Bonds be callable; however, if they are, the terms of such redemption, including the years in which the 1996 Bonds shall be callable, shall be set forth in the Bond Purchase Agreement.

(v) The Purchaser's discount shall not exceed .80% of the principal

amount of the 1996 Bonds.

The principal of and premium, if any, on any 1996 Bond shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar at the Principal Operations Office, upon maturity thereof or prior redemption and upon presentation and surrender at the Principal Operations Office of the Paying Agent. If any 1996 Bond shall not be paid upon such presentation and surrender at or after maturity or prior redemption, it shall continue to draw interest at the same interest rate borne by said 1996 Bond until the principal thereof is paid in full. Payment of interest on any 1996 Bond shall be made by check or draft mailed by the Paying Agent from the Principal Operations Office, 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 the address shown on the registration records kept by the Registrar at the close of business on the Regular Record Date for such interest payment date; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular 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 any such defaulted interest. Such Special Record Date and the date fixed for payment of the defaulted interest shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest. Notice of the Special Record Date and the date fixed for payment of the defaulted interest shall be given to the registered owners of the 1996 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 1996 Bond by such alternative means as may be mutually agreed to between the owner of such 1996 Bond and the Paying Agent (provided, however, that the City shall not be required to make funds available to the Paying Agent prior to the interest payment dates stated in the Registrar Agreement). 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.

Section 6. Prior Redemption.

A. The prior redemption provisions relating to the 1996 Bonds, if any, shall be set forth in the Bond Purchase Agreement.

B. If the 1996 Bonds are subject to prior redemption, in the case of 1996 Bonds of a denomination larger than \$5,000, a portion of such 1996 Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Registrar shall, without charge to the owner of such 1996 Bond, authenticate and issue a replacement 1996 Bond or Bonds for the unredeemed portion thereof.

C. The City shall (unless waived by the Registrar) give written instructions concerning any prior redemption to the Registrar at least 60 days prior to such redemption date. Notice of redemption shall be given by the Registrar in the name of the City, by sending a copy of such notice by first-class postage prepaid mail, not more than 60 nor less than 30 days prior to the redemption date, to the Purchaser, and to each registered owner of any 1996 Bond, all or a portion of which is called for prior redemption, at his address as it last appears on the registration records kept by the Registrar. Failure to give such notice by mailing to the registered owner of any 1996 Bond or to the Purchaser of any defect therein, shall not affect the validity of the proceedings for the redemption of any other 1996 Bonds.

Such notice shall identify the 1996 Bonds or portions thereof to be redeemed (if less than all are to be redeemed) and the date fixed for redemption, and shall further state that on such redemption date the principal amount thereof and the designated premium thereon, if any, will become due and payable at the Paying Agent, and that from and after such date interest will cease to accrue. 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 Paying Agent and the registered owner). Notice having been given in the manner hereinabove provided, the 1996 Bond or Bonds so called for redemption shall become due and payable on the redemption date so designated; and upon presentation and surrender thereof at the Paying Agent, the City will pay the principal of and premium, if any, on 1996 Bond or Bonds so called for redemption.

Section 7. Lien on Pledged Revenues; Special Obligations. The 1996 Bonds constitute a pledge of, and an irrevocable first lien (but not necessarily an exclusively first lien) on all of the Pledged Revenues. The 1996 Bonds are equitably and ratably secured by a lien on the Pledged Revenues. All of the 1996 Bonds, together with the interest accruing thereon shall be payable and collectible solely out of the Pledged Revenues, which are hereby irrevocably so pledged; the owner or owners of the 1996 Bonds may not look to any general or other fund of the

City or the Authority for the payment of principal and interest on the 1996 Bonds, except the designated special funds pledged therefor; and the 1996 Bonds shall not constitute an indebtedness nor a debt within the meaning of any applicable charter, constitutional or statutory provision or limitation; nor shall they be considered or held to be general obligations of the City or the Authority.

Section 8. Form of 1996 Bonds and Registration Panel. The 1996 Bonds and the registration panel shall be substantially as follows (provided that any portion of the 1996 Bond text may, with appropriate references, be printed on the back of the 1996 Bonds), with such omissions, insertions, endorsements, and variations as to any recitals of fact or other provisions as may be required by the circumstances (including required by the final terms of the Bond Purchase Agreement), be required or permitted by this Ordinance, or be consistent with this Ordinance and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Bond)

* Insert if bonds are delivered pursuant to Section 12 of this Ordinance.

**Insert if bonds are delivered to The Depository Trust Company pursuant to Section 13 of this Ordinance.

UNITED STATES OF AMERICA

STATE OF COLORADO

COUNTY OF MESA

CITY OF GRAND JUNCTION, COLORADO
DOWNTOWN DEVELOPMENT AUTHORITY
TAX INCREMENT REVENUE BOND
SERIES 1996

NO. R- _____ \$ _____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
_____%	November 15, _____	April 15, 1996	

REGISTERED OWNER: ****CEDE & CO.****

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Grand Junction, in the County of Mesa and State of Colorado (the "City"), for value received, promises to pay to the registered owner specified above, or registered assigns, solely from the special funds provided therefor, the principal amount specified above, on the maturity date specified above (unless called for earlier redemption), and to pay from said sources interest thereon on May 15 and November 15 of each year, commencing on November 15, 1996, at the interest rate per annum specified above, until the principal sum is paid or payment has been provided therefor. This bond will bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the date of this bond. The principal of this bond is payable upon presentation and surrender hereof to the Principal Operations Office of the City's registrar and paying agent (the "Registrar" or the "Paying Agent"), initially Norwest Bank Colorado, N.A., in Denver, Colorado, whose Principal Operations Office is

currently located at Norwest Bank Minnesota, Minneapolis, Minnesota. Interest on this bond will be paid 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), by check or draft mailed to the person in whose name this bond is registered (the "registered owner") in the registration records of the City maintained by the Registrar at the Principal Operations Office and at the address appearing thereon at the close of business on the last business day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Regular 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 for the payment of any 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 "1996 Bonds") not less than ten days prior to the Special Record Date. Alternative means of payment of interest may be used if mutually agreed to between the owner of any Bond and the Paying Agent, as provided in the ordinance of the City authorizing the issuance of the 1996 Bonds (the "Bond Ordinance"). 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 1996 Bonds maturing on _____ and thereafter are subject to prior redemption, at the option of the City, in whole, or in part, in integral multiples of \$5,000, from such maturities as are selected by the City, and if less than all of the 1996 Bonds of a maturity are to be redeemed, by lot within a maturity in such manner as the Registrar may determine, on _____ or on any date thereafter, at a redemption price equal the principal so redeemed plus accrued interest to the redemption date.]

In the case of redemption of Bonds of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Registrar shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. Redemption shall be made upon not more than 60 days' and not less than 30 days' mailed notice to the original purchaser and to each registered owner of Bonds to be redeemed as shown on the registration records kept by the Registrar, in the

manner and upon the conditions provided in the Bond Ordinance.

The 1996 Bonds are issuable only as fully registered Bonds in denominations of \$5,000 or any integral multiples thereof and are exchangeable for fully registered Bonds of the same maturity and series in equal aggregate principal amounts and in authorized denominations at the aforesaid office of the Registrar, but only in the manner, subject to the limitations and conditions, and upon payment of the charges provided in the Bond Ordinance.

The 1996 Bonds are not transferable or exchangeable, except as set forth in the Bond Ordinance. Upon any partial prior redemption of this Bond, Cede & Co. in its discretion may request the Bond Registrar to authenticate a new Bond or make an appropriate notation on this Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case this Bond must be presented to the Bond Registrar prior to final payment.

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 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 series, aggregate principal amount and maturity will be issued to the transferee in exchange for this bond, subject to such terms and conditions and on payment of the charges as set forth in the Bond Ordinance.

The City and the Registrar and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of making payment and for all other purposes, except to the extent otherwise provided hereinabove and in the Bond Ordinance with respect to Regular and Special Record Dates for the payment of interest.

The Registrar will not be required to transfer or exchange (i) any Bond or portion thereof during a period beginning at the opening of business 15 days before 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 (ii) any Bond or portion thereof after the mailing of notice calling such Bond or any portion thereof for prior redemption, except the unredeemed portion of Bonds being redeemed in part.

The 1996 Bonds are authorized for the purpose of defraying wholly or in part the costs of the Project (as defined in the Bond Ordinance), for the payment of costs and expenses

incidental thereto and to the issuance of the 1996 Bonds, [and for funding a reserve for the 1996 Bonds,] all under the authority of and in full conformity with the Constitution of the State of Colorado and the Act (as defined in the Bond Ordinance) and pursuant to the Bond Ordinance duly adopted, published and made a law of the City, all prior to the issuance of this bond.

The 1996 Bonds do not constitute a debt or an indebtedness of the City within the meaning of any applicable charter, constitutional or statutory provision or limitation, shall not be considered or held to be a general obligation of the City, and are payable from, and constitute a pledge of and an irrevocable lien (but not necessarily an exclusive lien) on, all of the proceeds to be derived by the City from the Pledged Revenues (the "Pledged Revenues"), consisting of funds derived from the incremental increase in property tax revenues (including specific ownership taxes, if and to the extent received by the City in connection with the incremental property tax revenues) and a portion of the incremental increase in sales tax revenues (the "Tax Increments") calculated with reference to a base year within the area of the City subject to the Plan of Development for the Grand Junction Downtown Development Authority, and also consisting of the Bond Account, Reserve Account, the Tax Increment Fund and investment income of the Bond Account, Reserve Account and Tax Increment Fund, all as more specifically provided in the Bond Ordinance.

The 1996 Bonds constitute a pledge of, and an irrevocable first lien (but not necessarily an exclusively first lien) on all of the Pledged Revenues. The 1996 Bonds are equitably and ratably secured by a lien on the Pledged Revenues.

Payment of the principal of and interest on this bond shall be made from, and as security for such payment there are irrevocably pledged, pursuant to the Bond Ordinance, moneys deposited and to be deposited in a special account of the City (the "Bond Account") into which account the City has covenanted under the Bond Ordinance to pay from the Pledged Revenues a sum sufficient, together with other moneys available in the Bond Account therefor, to pay when due the principal of and interest on the 1996 Bonds and any Additional Bonds (as defined in the Bond Ordinance). In addition, there is irrevocably and exclusively pledged to the payment of the 1996 Bonds and any Additional Bonds a reserve account (the "Reserve Account") which has been partially funded with 1996 Bond proceeds and is required to be accumulated with Pledged Revenues until it is at the "Reserve Account Requirement," and will be maintained as provided in the Bond Ordinance. Except as otherwise specified in the Bond Ordinance, this bond is entitled to

the benefits of the Bond Ordinance equally and ratably both as to principal (and redemption price) and interest with all other Bonds issued and to be issued under the Bond Ordinance, to which reference is made for a description of the rights of the owners of the 1996 Bonds and the rights and obligations of the City. This bond is payable from the Pledged Revenues, and the owner hereof may not look to any general or other fund of the City for the payment of the principal of and interest on this bond except the Pledged Revenues. Reference is made to the Bond Ordinance for the provisions, among others, with respect to the custody and application of the proceeds of the 1996 Bonds, the receipt and disposition of the Pledged Revenues, the nature and extent of the security, the terms and conditions under which additional bonds payable from the Pledged Revenues may be issued, the rights, duties and obligations of the City, and the rights of the owners of the 1996 Bonds; and by the acceptance of this bond the owner hereof assents to all provisions of the Bond Ordinance. The principal of and the interest on this bond shall be paid, and this bond is transferable, free from and without regard to any equities between the City and the original or any intermediate owner hereof or any setoffs or cross-claims.

FOR PURPOSES OF SECTION 265(b)(3)(B) OF THE TAX CODE, THE CITY HAS DESIGNATED THE 1996 BONDS AS A QUALIFIED TAX-EXEMPT OBLIGATION.

This bond must be registered in the name of the owner as to both principal and interest on the registration records kept by the Registrar at the Principal Operations Office in conformity with the provisions stated herein and endorsed herein and subject to the terms and conditions set forth in the Bond Ordinance. No transfer of this bond shall be valid unless made on the registration records maintained at the principal office of the Registrar by the registered owner or his attorney duly authorized in writing.

It is further certified and recited that all the requirements of law have been fully complied with by the proper City officers in the issuance of this bond.

This bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication herein.

IN TESTIMONY WHEREOF, the City Council of the City of Grand Junction has caused this bond to be signed and executed in its name with a manual or facsimile signature of the President of the City Council, and to be signed, executed and attested with a manual or facsimile signature of the City Clerk, with a manual or facsimile impression of the seal of the City affixed hereto, all as of the date specified above.

(Manual or Facsimile Signature)
President of the City Council

(MANUAL OR FACSIMILE SEAL)

Attest:

(Manual or Facsimile Signature)
City Clerk

(End of Form of Bond)

(Form of Registrar's Certificate of Authentication)

This is one of the 1996 Bonds described in the within-mentioned Bond Ordinance, and this Bond has been duly registered on the registration records kept by the undersigned as Registrar for such Bonds.

Date of Authentication
and Registration: _____

NORWEST BANK COLORADO, N.A., as Registrar

By: _____
Authorized Officer or Employee

(End of Form of Registrar's Certificate of Authentication)

**(Form of Prepayment Panel)

The following installments of principal (or portion thereof) of this bond have been prepaid in accordance with the terms of the Bond Ordinance authorizing the issuance of this bond.

<u>Date of Prepayment</u>	<u>Principal Prepaid</u>	<u>Signature of Authorized Representative of the Depository</u>

(End of Form of Prepayment Panel)**

*(Form of Assignment)

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within bond and hereby irrevocably constitutes and appoints _____ attorney, to transfer the same on the records of the Registrar, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed by a member
of the Medallion Signature Program:

Address of transferee:

Social Security or other tax
identification number of transferee:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

EXCHANGE OR TRANSFER FEES MAY BE CHARGED

(End of Form of Assignment)*

Section 9. Negotiability. Subject to the registration provisions hereof, the 1996 Bonds shall be fully negotiable and shall have all the qualities of negotiable paper, and the owner or owners thereof shall possess all rights enjoyed by the holders or owners of negotiable instruments under the provisions of the Uniform Commercial Code-Investment Securities. The principal of and interest on the 1996 Bonds shall be paid, and the 1996 Bonds shall be transferable, free from and without regard to any equities between the City and the original or any intermediate owner of any 1996 Bonds or any setoffs or cross-claims.

Section 10. Execution. The 1996 Bonds shall be executed in the name and on behalf of the City by the signature of the President of the Council, shall be sealed with a manual or facsimile impression of the seal of the City and attested by the signature of the City Clerk. Each 1996 Bond shall be authenticated by the manual signature of an authorized officer or employee of the Registrar as hereinafter provided. The signatures of the Mayor and the City Clerk may be by manual or facsimile signature. The 1996 Bonds bearing the manual or facsimile signatures of the officers in office at the time of the authorization thereof shall be the valid and binding obligations of the City (subject to the requirement of authentication by the Registrar as hereinafter provided), notwithstanding that before the delivery thereof and payment therefor or before the issuance of the 1996 Bonds upon transfer or exchange, any or all of the persons whose manual or facsimile signatures appear thereon shall have ceased to fill their respective offices. The Mayor and the City Clerk shall, by the execution of a signature certificate pertaining to the 1996 Bonds, adopt as and for their respective signatures any facsimiles thereof appearing on the 1996 Bonds. At the time of the execution of the signature certificate, the Mayor and the City Clerk may each adopt as and for his or her facsimile signature the facsimile signature of his or her predecessor in office in the event that such facsimile signature appears upon any of the 1996 Bonds.

No 1996 Bond shall be valid or obligatory for any purpose unless the certificate of authentication, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by the Registrar if manually signed by an authorized officer or employee of the Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the 1996 Bonds issued hereunder. By authenticating any of the 1996 Bonds initially delivered pursuant to this Ordinance, the Registrar shall be deemed to have assented to the

provisions of this Ordinance.

Section 11. Registration, Transfer and Exchange.

A. Except as provided in Section 13, records for the registration and transfer of the 1996 Bonds shall be kept by the Registrar, which is hereby appointed by the City as registrar (i.e., transfer agent) for the 1996 Bonds. Upon the surrender for transfer of any 1996 Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Registrar shall enter such transfer on the registration records and shall authenticate and deliver in the name of the transferee or transferees a new 1996 Bond or Bonds of the same series, of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. 1996 Bonds may be exchanged at the Registrar for an equal aggregate principal amount of 1996 Bonds of the series and the same maturity of other authorized denominations. The Registrar shall authenticate and deliver a 1996 Bond or Bonds which the registered owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. The Registrar may impose reasonable charges in connection with such exchanges and transfers of 1996 Bonds, which charges (as well as any tax or other governmental charge required to be paid with respect to such exchange or transfer) shall be paid by the registered owner requesting such exchange or transfer.

B. Except as provided in Section 13, the Registrar shall not be required to transfer or exchange (1) any 1996 Bond or portion thereof during a period beginning at the opening of business 15 days before the day of the mailing of notice of prior redemption as herein provided and ending at the close of business on the day of such mailing, or (2) any 1996 Bond or portion thereof after the mailing of notice calling such 1996 Bond or any portion thereof for prior redemption, except for the unredeemed portion of the 1996 Bonds being redeemed in part.

C. The person in whose name any 1996 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 purposes; except as may be otherwise provided in Section 6 hereof with respect to payment of interest; and, subject to such exception, payment of or on account of either principal or interest on any 1996 Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative, but such registration may be changed upon transfer of such 1996 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 1996 Bond to the extent of the sum or sums so paid.

D. If any 1996 Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it and the City may reasonably require, authenticate and deliver a replacement 1996 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 1996 Bond shall have matured or is about to become due and payable, the Registrar may direct the Paying Agent to pay such 1996 Bond in lieu of replacement.

E. The officers of the City are authorized to deliver to the Registrar fully executed but unauthenticated 1996 Bonds in such quantities as may be convenient to be held in custody by the Registrar pending use as herein provided.

F. Whenever any 1996 Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such 1996 Bond shall be promptly canceled by the Paying Agent or Registrar, and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or Registrar to the City.

Section 12. Book Entry.

A. Notwithstanding any contrary provision of this Ordinance, the 1996 Bonds shall initially be evidenced by one 1996 Bond for each maturity in which the 1996 Bonds mature in denominations equal to the aggregate principal amount of the 1996 Bonds maturing for that maturity. Such initially delivered 1996 Bonds shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company, the securities depository for the 1996 Bonds. The 1996 Bonds may not thereafter be transferred or exchanged except:

(1) to any successor of The Depository Trust Company or its nominee, which successor must be both a "clearing corporation" as defined in Section 4-8-102(3), Colorado Revised Statutes and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended; or

(2) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or this clause (2) of this paragraph A, or a determination by the Council that The Depository Trust Company or such successor or new

depository is no longer able to carry out its functions, and the designation by the Council of another depository institution acceptable to the Council and to the depository then holding the 1996 Bonds, which new depository institution must be both a "clearing corporation" as defined in Section 4-8-102(3), Colorado Revised Statutes and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor new depository; or

(3) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or clause (2) of this paragraph A, or a determination of the Council that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the failure by the Council, after reasonable investigation, to locate another qualified depository institution under clause (2) to carry out such depository functions.

B. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) of paragraph A hereof or designation of a new depository pursuant to clause (2) of paragraph A hereof, upon receipt of the Outstanding 1996 Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, a new 1996 Bond for each maturity of the 1996 Bonds then Outstanding shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (3) of paragraph A hereof and the failure after reasonable investigation to locate another qualified depository institution for the 1996 Bonds as provided in clause (3) of paragraph A hereof, and upon receipt of the Outstanding 1996 Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, new 1996 Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof, as provided in and subject to the limitations of Section 12 hereof, registered in the names of such persons, and in such authorized denominations as are requested in such written transfer instructions; however, the Registrar shall not be required to deliver such new 1996 Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

C. The Council, the Registrar and the Paying Agent shall be entitled to treat the registered owner of any 1996 Bond as the absolute owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the

Council, the Registrar and the Paying Agent shall have no responsibility for transmitting payments to the beneficial owners of the 1996 Bonds held by The Depository Trust Company or any successor or new depository named pursuant to paragraph A hereof.

D. The Council, the Registrar and the Paying Agent shall endeavor to cooperate with The Depository Trust Company or any successor or new depository named pursuant to clause (1) or (2) of paragraph A hereof in effectuating payment of the principal amount of the 1996 Bonds upon maturity or prior redemption by arranging for payment in such a manner that funds representing such payments are available to the depository on the date they are due.

Section 13. Delivery of 1996 Bonds and Disposition of Proceeds; Disposition of Other Moneys.

A. 1996 Bond Proceeds. When the 1996 Bonds have been duly executed by appropriate City officers and authenticated by the Registrar, the City shall cause the 1996 Bonds to be delivered to the Purchaser on receipt of the agreed purchase price. The 1996 Bonds shall be delivered in such denominations as the Purchaser shall direct (but subject to the provisions of Sections 12 and 13 hereof); and the Registrar shall initially register the 1996 Bonds in such name or names as the Purchaser shall direct.

The proceeds of the 1996 Bonds, including without limitation the accrued interest thereon, shall be deposited promptly by the City and shall be accounted for in the following manner and are hereby pledged therefor, but the Purchaser of the 1996 Bonds or any subsequent Owner in no manner shall be responsible for the application or disposal by the City or any of its officers of any of the funds derived from the sale:

(i) All accrued interest, if any, received in respect of the 1996 Bonds shall be credited to the Bond Account to be applied to the payment of the 1996 Bonds.

(ii) An amount equal to 5% of the aggregate principal amount of the 1996 Bonds shall be deposited to the Reserve Account.

(iii) An amount sufficient, together with other available moneys (including amounts on deposit in the Reserve Fund established for the Refunded Bonds and amounts deposited to the Escrow Account from the Tax Increment Fund), to establish any initial cash balance remaining uninvested and to buy Federal Securities (as defined in the Refunded Bond Ordinance) to effect the Refunding Project shall be deposited in the Escrow Account.

(iv) All remaining proceeds of the 1996 Bonds shall be credited to the Tax Increment Projects Fund, hereby created, to be used for the Improvement Project and for the costs of issuance of the 1996 Bonds. After payment of all costs of the Improvement Project and costs of issuance of the 1996 Bonds, or after adequate provisions therefor is made, any unexpended balance of the proceeds of the 1996 Bonds shall be deposited in the Bond Account and applied to the payment of the principal of and interest on the 1996 Bonds.

B. Other Available Moneys. Upon issuance of the 1996 Bonds, all amounts on deposit in the Reserve Fund established for the Refunded Bonds shall be deposited into the Escrow Account to be used to pay Refunded Bond Requirements. In addition, the City Finance Director is hereby directed to deposit all or a portion of the amounts on deposit in the Tax Increment Fund into the Escrow Account, as necessary to implement the Refunding Project.

Section 14. Use of Pledged Revenues. So long as any Bonds shall be Outstanding, either as to principal or interest, all Pledged Revenues, immediately upon their receipt, shall be deposited in the Tax Increment Fund, to be applied as described below:

A. Bond Account. A special account is hereby created and designated as the "City of Grand Junction, Colorado, Downtown Development Authority Tax Increment Bond Account" (the "Bond Account"). The Bond Account shall be held, administered and distributed by the City in accordance with the terms of this Ordinance and the Paying Agent Agreement. As moneys are received in the Tax Increment Fund they shall be credited immediately to the Bond Account until the total amount accumulated therein is equal to the sum of the following:

(1) Interest payments. The aggregate amount of the next maturing installment of interest on the Bonds, plus

(2) Principal payments. The aggregate amount of the next maturing installment of principal of the Bonds.

Once there has been accumulated in the Bond Account the entire amount necessary for the payment of principal and interest on the Bonds in the current Fiscal Year, no moneys need be deposited in the Bond Account until the following Fiscal Year. The moneys in the Bond Account shall be used only to pay the principal of, prior redemption premium if any, and interest on the Bonds as the same becomes due.

B. Reserve Account. A special fund is hereby created and designated as the

"City of Grand Junction Downtown Development Authority Tax Increment Revenue Bonds Reserve Account." The Reserve Account shall initially be funded with 1996 Bonds equal to 5% of the aggregate principal amount of the 1996 Bonds. Thereafter, from the first Pledged Revenues received and not needed pursuant to Section 15A, amounts shall be deposited in the Reserve Account until it is funded at the Reserve Account Requirement. Once the Reserve Account Requirement has been accumulated in the Reserve Account, except as hereinafter provided, from the first Pledged Revenues received and not needed to be deposited into the Bond Account, there shall be deposited in the Reserve Account an amount, if any, which is necessary to maintain the Reserve Account as a continuing reserve in an amount not less than the Reserve Account Requirement or to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy. In determining the amounts required to be deposited as provided above, the City shall receive credit for any investment earnings on the deposit in the Reserve Account. Investment earnings on deposits in the Reserve Account shall remain in the Reserve Account if the amount on deposit in the Reserve Account does not equal the Reserve Account Requirement. Any amount in excess of the Reserve Account Requirement shall be transferred to the Tax Increment Fund, to be used for the purposes of such fund as herein described, unless such amount must be rebated to the federal government. No credit need be made to the Reserve Account so long as the moneys and/or a Bond Reserve Insurance Policy therein equal the Reserve Account Requirement (regardless of the source of such accumulations). The Reserve Account Requirement shall be accumulated and maintained as a continuing reserve to be used, except as otherwise provided in this Section and except as provided in Paragraphs C and E of this Section and Section 21 hereof, only to prevent deficiencies in the payment of the principal of and the interest on the Bonds resulting from the failure to credit to the Bond Account sufficient funds to pay said principal and interest as the same accrue or to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy. The Reserve Account Requirement shall be calculated upon (i) any principal payment, whether at stated maturity or upon redemption, (ii) the issuance of Additional Bonds, or (iii) the defeasance of all or a portion of the Bonds.

In lieu of all or a portion of the moneys required to be deposited in the Reserve Account by this Ordinance, the City may at any time or from time to time deposit a Bond Reserve

Insurance Policy in the Reserve Account in full or partial satisfaction of the Reserve Account Requirement. Any such Bond Reserve Insurance Policy shall be payable (or available to be drawn upon) on any date on which moneys will be required to be withdrawn from the Reserve Account as provided herein. Upon deposit of any Bond Reserve Insurance Policy in the Reserve Account, the City may transfer moneys equal to the amount payable under the Bond Reserve Insurance Policy from the Reserve Account and apply such moneys to any lawful purpose, subject to the requirements of the Act and the Resolution.

If the tax covenant contained in Section 20K of this Ordinance does not permit the use of proceeds of any series of Bonds for a full funding of the Reserve Account in the amount necessary to have the Reserve Account funded at the Reserve Account Requirement, the maximum amount of proceeds of such series of Bonds which may be deposited to the Reserve Account pursuant to Section 20K shall be deposited to the Reserve Account upon the issuance of such series of Bonds and Pledged Revenues shall be deposited to the Reserve Account as received and not required to be deposited into the Bond Account so that as soon as possible after the date of issuance of such series of Bonds the amount on deposit in the Reserve Account shall equal the Reserve Account Requirement.

Notwithstanding the definition of Reserve Account Requirement set forth in Section 1 hereof, if the Purchaser reasonably determines that a larger Reserve Account Requirement is necessary in order to market the 1996 Bonds at reasonable interest rates, the President of Council is hereby authorized to increase the Reserve Account Requirement, such increase to be specified in the Bond Purchase Agreement and to be deemed to replace the Reserve Account Requirement set forth in Section 1 hereof.

C. Termination Upon Deposits to Maturity or Redemption Date. No payment need be made into the Bond Account, the Reserve Account, or both, if the amount in the Bond Account and the amount in the Reserve Account total a sum at least equal to the entire amount of the Outstanding Bonds, both as to principal and interest to their respective maturities, or to any redemption date on which the City shall have exercised its option to redeem the Bonds then Outstanding and thereafter maturing, including any prior redemption premiums then due, and both accrued and not accrued, in which case moneys in the Bond Account and Reserve Account in an amount at least equal to such principal and interest requirements shall be used solely to pay such as

the same accrue, and any moneys in excess thereof in the two Accounts may be withdrawn and used for any lawful purpose.

D. Defraying Delinquencies in Bond and Reserve Accounts. If on any required payment date the City shall for any reason not have in the Bond Account the full amount above stipulated, then an amount shall be paid into the Bond Account on such date from the Reserve Account equal to the difference between the amount paid and the full amount so stipulated. Any cash on deposit in the Reserve Account shall be transferred to the Bond Account to cover such a deficiency prior to the transfer of funds drawn under the Bond Reserve Insurance Policy. After such a draw any available Pledged Revenues, after the payments required by Paragraph A of this Section, shall be used first to repay the issuer of the Bond Reserve Insurance Policy to reinstate the Bond Reserve Insurance Policy and then to replenish cash in the Reserve Account. The cash so used shall be replaced in the Reserve Account from the first Pledged Revenues received that are not required to be otherwise applied by this Section, but excluding any payments required for any subordinate obligations; provided, however, that an amount equal to the amount withdrawn from the Reserve Account shall be deposited by the City in the Reserve Account no later than twelve months from the date of such withdrawal.

In the event that said first moneys credited to the Tax Increment Fund have been insufficient during a given Fiscal Year (except the 1996 Fiscal Year, when the Reserve Account is first being built up to the Reserve Account Requirement) to rebuild the Reserve Account to the Reserve Account Requirement, then during the month of December of said Fiscal Year, the City may at its option and sole discretion, transfer to the Reserve Account from surplus legally available funds a sum equal to the difference between the Reserve Account Requirement, and any lesser sum deposited therein. The City intends to include the question of whether to so replenish the Reserve Account on its agenda in December of any Fiscal Year for which the balance of the Reserve Account is less than the Reserve Account Requirement. If and to the extent the City decides to replenish the Reserve Account from surplus legally available funds, all such City moneys deposited into the Reserve Account shall be deemed a loan to the Tax Increment Fund, to be paid back on an annually subordinate basis pursuant to Section 15G as a "subordinate obligation."

If at any time the City shall for any reason fail to pay into the Reserve Account the full amount above stipulated from the Pledged Revenues, the difference between the amount paid

and the amount so stipulated shall in a like manner be paid therein from the first Pledged Revenues thereafter received not required to be applied otherwise by this Section, but excluding any payments required for any subordinate obligations. The moneys in the Bond Account and in the Reserve Account shall be used solely for the purpose of paying the principal and any redemption premium of and the interest on the Bonds, except that moneys in the Reserve Account shall be used to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy; provided, however, that any moneys at any time in excess of the Reserve Account Requirement calculated with respect to the Bonds in the Reserve Account may be withdrawn therefrom and deposited in the Tax Increment Fund, to be used for the purposes of such fund and herein described, and provided, further, that any moneys in the Bond Account and in the Reserve Account in excess of accrued and unaccrued principal and interest requirements to the respective maturities of the Outstanding Bonds may be used as provided in Paragraphs G and H of this Section.

E. Rebate Account. Third, there shall be deposited in a special account hereby created and to be known as the "City of Grand Junction 1996 Downtown Development Authority Tax Increment Revenue Bonds Rebate Account" amounts required by Section 148(f) of the Tax Code to be held until such time as any required rebate payment is made. Amounts in the Rebate Account shall be used for the purpose of making the payments to the United States required by Section 148(f) of the Tax Code. Any amounts in excess of those required to be on deposit therein by Section 148(f) of the Tax Code shall be withdrawn therefrom and deposited into the Bond Account. Funds in the Rebate Account shall not be subject to the lien created by this Ordinance to the extent such amounts are required to be paid to the United States Treasury. A similar rebate account may be created for any series of Additional Bonds and payments into such account shall have the same priority as payments into the Rebate Account created hereunder.

F. Interest on Bond Reserve Insurance Policy Draws. After the payments required by Paragraphs A, B and E of this Section, the Pledged Revenues shall be used to pay interest on amounts advanced under any Bond Reserve Insurance Policy.

G. Payment for Subordinate Obligations. After the payments required by Paragraphs A, B, E, and F of this Section, the Pledged Revenues shall be used by the City for the payment of interest on and principal of any obligations secured by Pledged Revenues subordinate to

the lien of the 1996 Bonds (including the repayment of any City loan to replenish the Reserve Account), hereafter authorized to be issued, including reasonable reserves therefor.

H. Use of Remaining Revenues. After making the payments required to be made by this Section, any remaining Pledged Revenues may be used for any lawful purpose. Without limiting the foregoing, to the extent permitted by law, the City is hereby authorized to transfer any and all remaining Pledged Revenues which constitute investment income on moneys in the Tax Increment Fund (including, to the extent it is transferred to the Tax Increment Fund, investment earnings on the Reserve Account) to the Authority to be used for administrative expenses.

Section 15. General Administration of Accounts. The accounts designated in Sections 14 and 15 hereof and the Tax Increment Fund shall be administered as follows subject to the limitations stated in Section 20K hereof:

A. Budget and Appropriation of Accounts. The sums provided to make the payments specified in Section 15 hereof are hereby appropriated for said purposes, and said amounts for each year shall be included in the annual budget and the appropriation ordinance or measures to be adopted or passed by the City Council in each year respectively while any of the 1996 Bonds, either as to principal or interest, are Outstanding and unpaid.

B. Places and Times of Deposits. Each of the special accounts created in Section 14 or 15 hereof and the Tax Increment Fund shall be maintained as a book account kept separate and apart from all other accounts or funds of the City as trust accounts solely for the purposes herein designated therefor. For purposes of investment of moneys, nothing herein prevents the commingling of moneys accounted for in any two or more such book accounts pertaining to the Pledged Revenues or to such accounts and any other funds of the City to be established under this Ordinance. Moneys in any such book account shall be continuously secured to the fullest extent required by the laws of the State for the securing of public accounts. Each periodic payment shall be credited to the proper book account not later than the date therefor herein designated, except that when any such date shall be a Saturday, a Sunday or a legal holiday, then such payment shall be made on or before the next preceding business day.

C. Investment of Accounts. Any moneys in any account established by Section 14 or 15 of this Ordinance and the Tax Increment Fund may be invested or reinvested in

any Permitted Investment. Securities or obligations purchased as such an investment shall either be subject to redemption at any time at face value by the holder thereof at the option of such holder, or shall mature at such time or times as shall most nearly coincide with the expected need for moneys from the account in question. Securities or obligations so purchased as an investment of moneys in any such account shall be deemed at all times to be a part of the applicable account. The City shall present for redemption or sale on the prevailing market any securities or obligations so purchased as an investment of moneys in a given account whenever it shall be necessary to do so in order to provide moneys to meet any required payment or transfer from such account. The City shall have no obligation to make any investment or reinvestment hereunder, unless any moneys on hand and accounted for in any one account exceed \$5,000 and at least \$5,000 therein will not be needed for a period of not less than 60 days. In such event the City shall invest or reinvest not less than substantially all of the amount which will not be needed during such 60 day period, except for any moneys on deposit in an interest bearing account in a Commercial Bank, without regard to whether such moneys are evidenced by a certificate of deposit or otherwise, pursuant to this Section 16C and Section 16E hereof; but the City is not required to invest, or so to invest in such a manner, any moneys accounted for hereunder if any such investment would contravene the covenant concerning arbitrage in Section 20K hereof.

D. No Liability for Losses Incurred in Performing Terms of Ordinance. Neither the City nor any officer of the City shall be liable or responsible for any loss resulting from any investment or reinvestment made in accordance with this Ordinance.

E. Character of Funds. The moneys in any fund or account herein authorized shall consist of lawful money of the United States or investments permitted by Section 16C hereof or both such money and such investments. Moneys deposited in a demand or time deposit account in or evidenced by a certificate of deposit of a Commercial Bank pursuant to Section 16C hereof, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States.

Section 16. A. Maintenance of Escrow Account. The Escrow Account shall be maintained in an amount at the time of those initial deposits therein and at all times subsequently at least sufficient, together with the known minimum yield to be derived from the initial investment and any temporary reinvestment of the deposits therein or any part thereof in Federal Securities, to

pay the Refunded Bond Requirements.

B. Use of Escrow Account. Moneys shall be withdrawn by the Escrow Bank from the Escrow Account in sufficient amounts and at such times to permit the payment without default of the Refunded Bond Requirements. Any moneys remaining in the Escrow Account after provision shall have been made for the redemption in full of the Refunded Bonds shall be applied to any lawful purpose as the Council may hereafter determine.

C. Insufficiency of Escrow Account. If for any reason the amount in the Escrow Account shall at any time be insufficient for the purpose of Sections 17A and B hereof pertaining thereto, the City shall forthwith from the first available Pledged Revenues deposit in such account such additional moneys as shall be necessary to permit the payment in full of the Refunded Bond Requirements as herein provided.

D. Exercise of Option. The Council has elected and does hereby declare its intent to exercise on the behalf and in the name of the City its option to redeem on August 15, 1998, all of the outstanding Refunded Bonds maturing on and after August 15, 1999. The Council is hereby obligated so to exercise such option, which option shall be deemed to have been exercised when notice is duly given and completed forthwith after the issuance of the 1996 Bonds as herein provided in this Section 17.

E. Initial Notice of Prior Redemption and Defeasance. The City hereby authorizes and directs the Escrow Bank to effectuate the giving of the notice of prior redemption and defeasance of all the Refunded Bonds, in the name of and on behalf of the City forthwith upon issuance of the 1996 Bonds.

F. Manner of Giving Notices. Notice of redemption of the Refunded Bonds shall be given by mailing a copy of the notice by first class mail (postage prepaid) to the registered owners of the Refunded Bonds at the addresses shown on the registration records of the registrar for the Refunded Bonds.

G. Form of Notice. The notice of prior redemption and defeasance so to be given forthwith shall be in substantially the following form:

(Form of Notice)

NOTICE OF PRIOR REDEMPTION AND DEFEASANCE

OF

CITY OF GRAND JUNCTION, COLORADO
DOWNTOWN DEVELOPMENT AUTHORITY
TAX INCREMENT BONDS
SERIES 1990

NOTICE IS HEREBY GIVEN that the City of Grand Junction, Colorado (the "City") has caused to be deposited in escrow with Norwest Bank Colorado, N.A., in Denver, Colorado, refunding bond proceeds and other funds which have been invested (except for an initial cash balance remaining uninvested) in bills, notes, bonds and similar securities which are non-callable direct obligations of the United States of America, to refund, pay, and discharge the principal, redemption premium and interest of all its outstanding City of Grand Junction, Colorado, Downtown Development Authority Tax Increment Bonds, Series 1990, dated August 15, 1990 (the "Refunded Bonds"), as the same become due on and after August 15, 1996 until their payment dates and on the redemption date designated below.

The Refunded Bonds maturing on and after August 15, 1999 in the aggregate principal amount of \$690,000 will be called for redemption on August 15, 1998. On such date the principal amount of the Refunded Bonds, accrued interest thereon to the redemption date and a redemption premium of 1% of the principal amount so redeemed, will become due and payable at the office of the paying agent for the Refunded Bonds, Colorado National Bank, in Denver, Colorado, and thereafter interest will cease to accrue.

According to a report pertaining to such escrow, of _____, _____, Colorado, certified public accountants, the escrow, including the known minimum yield from such investments and the initial cash balance remaining uninvested, is fully sufficient at the time of the deposit and at all times subsequently, to pay the principal, and interest and prior redemption premiums on the Refunded Bonds as the same become due on and after August 15, 1996, and up to and including August 15, 1998 upon the redemption of the Refunded Bonds.

DATED _____, 1996.

CITY OF GRAND JUNCTION, COLORADO

By: /s/ Ron Lappi
Finance Director

NORWEST BANK COLORADO, N.A.

By: /s/
Title: Authorized Officer

(End of Form of Notice)

H. Supplemental Notice to be Given. The Escrow Bank hereby is authorized and directed to again give notice of prior redemption and defeasance of the Refunded Bonds not more than 60 nor less than 30 days prior to their redemption date, by mail, in the manner provided above and in strict compliance with the ordinance authorizing the Refunded Bonds and with this Ordinance. The notice of prior redemption and defeasance so to be given shall be in substantially the form provided above.

Section 17. Additional Bonds.

A. Limitations Upon Issuance of Additional Bonds. Nothing in this Ordinance shall be construed in such a manner as to prevent the issuance by the City of Additional Bonds payable from and constituting a lien upon the Pledged Revenues on a parity with the lien of the 1996 Bonds; but before any such Additional Bonds are authorized or actually issued (excluding any parity refunding securities refunding the Bonds or a part thereof, as provided in Section 19 hereof), the following provisions B through F must all first be satisfied.

B. Absence of Default. At the time of the adoption of the supplemental ordinance or other instrument authorizing the issuance of the Additional Bonds, the City shall not be in default in making any payments required by Section 15 hereof.

C. Historic Revenues Test. The Tax Increments constituting Pledged Revenues, as certified by the Council, received in the last complete Fiscal Year immediately preceding the date of the issuance of such Additional Bonds, shall have been sufficient to pay an amount at least equal to 125% of the sum derived by adding the following: (i) the Average Annual Debt Service for the Outstanding Bonds; and (ii) the Average Annual Debt Service for the Additional Bonds proposed to be issued.

D. Projected Revenues Test. The estimated Tax Increments constituting Pledged Revenues, as reasonably estimated and certified by the Council, for the Fiscal Year of issuance of the proposed Additional Bonds, shall be sufficient to pay an amount at least equal to 125% of the sum derived by adding: (i) the Average Annual Debt Service for the Outstanding Bonds, and (ii) the Average Annual Debt Service for the Additional Bonds proposed to be issued.

E. Adjustment of Projected and Historic Revenues. In the computation of the projected and historic revenues tests in Section 18 hereof, the amount of the Tax Increments constituting Pledged Revenues for such Fiscal Year may be increased by the amount of gain which

will result from any increase in the amount of the assessed valuation of taxable property within the Plan of Development Area, the mill levy or percentage of sales tax which will be applied in the City during that Fiscal Year as provided in final ordinances, certifications, or resolutions of the City or county or other taxing authority, approved if required by the electors, providing for such increase.

F. Adequate Reserves. The proceedings under which any such Additional Bonds are issued must contain a covenant by the City to maintain the Reserve Account from any source legally available to the City, in an amount at least equal to the Reserve Account Requirement. The proceedings must also provide for the deposit of moneys to the Reserve Account at the time such Additional Bonds are delivered sufficient to establish a balance in the Reserve Account equal to the minimum requirement specified above, except as otherwise provided in Section 15B with respect to limitations derived from the Tax Code and except that such proceedings may permit the Reserve Account to be accumulated to the Reserve Account Requirement.

G. Reduction of Annual Requirements. The respective annual debt service requirements set forth in Section 18 hereof (including as such a requirement, the amount of any prior redemption premiums due on any redemption date as of which the City shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of bonds or securities for redemption) shall be reduced to the extent such debt service requirements are scheduled to be paid in each of the respective Fiscal Years with moneys held in trust or in escrow for that purpose by any Trust Bank located within or without the State, including the known minimum yield from any investment of such moneys in Governmental Obligations and bank deposits, including any certificate of deposit.

H. Certification of Revenues. In the case of the computation of the revenue tests provided in Sections 18C and 18D, and when adjusted in the manner provided in Section 18E, the specified and required written certification by the Council that such annual revenues are sufficient to pay such amounts as provided in Sections 18C and 18D hereof shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver Additional Bonds on a parity with the then Outstanding Bonds.

I. Subordinate Securities Permitted. Nothing herein prevents the City from issuing additional bonds or other additional securities for any lawful purpose payable from the

Pledged Revenues having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds.

J. Superior Securities Prohibited. Nothing herein permits the City to issue, and the City will not issue, additional bonds or other additional securities payable from the Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the Bonds.

Section 18. Refunding Obligations.

A. Generally. If at any time after the 1996 Bonds, or any part thereof, shall have been issued and remain Outstanding, the City shall find it desirable to refund any Outstanding obligations payable from the Pledged Revenues, said obligations, or any part thereof, may be refunded, subject to the provisions of Paragraph B of this Section, if (1) the obligations to be refunded, at the time of their required surrender for payment, shall then mature or shall then be callable for prior redemption at the City's option upon proper call, or (2) the owners of the obligations to be refunded consent to such surrender and payment.

B. Protection of Obligations Not Refunded. Any refunding obligations payable from the Pledged Revenues shall be issued with such details as the City Council may provide, so long as there is no impairment of any contractual obligation imposed upon the City by any proceedings authorizing the issuance of any unrefunded portion of obligations payable from the Pledged Revenues; but so long as any 1996 Bonds are Outstanding, refunding obligations payable from the Pledged Revenues may be issued on a parity with the unrefunded Bonds only if:

(1) Prior Consent. The City first receives the consent of the owner or owners of the unrefunded Bonds; or

(2) Requirements. The refunding obligations do not increase by more than \$25,000, for any Fiscal Year prior to and including the last maturity date of any unrefunded Bonds, the aggregate principal and interest requirements evidenced by such refunding obligations and by any Outstanding Bonds not refunded, and the lien of any refunding parity obligations on the Pledged Revenues is not raised to a higher priority than the lien thereon of any obligations thereby refunded; or

(3) Earnings Tests. The refunding obligations are issued in compliance with Section 18 hereof.

Section 19. Protective Covenants. The City hereby additionally covenants and

agrees with each and every owner of the 1996 Bonds that:

A. Use of 1996 Bond Proceeds. The City will proceed with the Project without delay and with due diligence.

B. Payment of 1996 Bonds. The City will promptly pay the principal of and interest on every 1996 Bond issued hereunder and secured hereby on the dates and in the manner specified herein and in said 1996 Bonds according to the true intent and meaning hereof. Such principal and interest is payable solely from the Pledged Revenues.

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

Unless required by law, the City shall not make any further modification of the Resolution or the Plan which would reduce the Tax Increments deposited or to be deposited in the Tax Increment Fund or otherwise materially impair the pledged security for the Bonds unless the required consent is obtained, all as provided in Section 29 of this Ordinance.

The City shall maintain the Tax Increment Fund as a fund of the City separate and distinct from all other funds of the City and immediately upon receipt or collection of the Tax Increments shall deposit the Tax Increments (less 20% of the Tax Increments originating from sales tax revenues from most of the properties in the Plan of Development Area and 30% from the remainders of the Plan of Development Area as specified in Grand Junction City Ordinance #28-83) into said fund.

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

The foregoing covenants are subject to compliance by the City with its Charter, any legislation of the United States or the State or any regulation or other action taken by the federal government or any State agency or any political subdivision of the State pursuant to such legislation, in the exercise of the police power thereof or the public welfare, which legislation, regulation or action applies to the City as a Colorado municipality and limits or otherwise inhibits the amount of such tax revenues due to the City. All of the Tax Increments (less 20% of the Tax Increments originating from sales tax revenues from most of the properties in the Plan of Development Area and 30% of such Increments from the remainder of the Plan of Development

Area) shall be subject to the payment of the debt service requirements of all Bonds payable from the Pledged Revenues and the Tax Increment Fund, including reserves therefor, as provided herein or in any instrument supplemental or amendatory hereto.

D. Defense of Legality of Application and Use of Tax Increments. There is not pending or threatened any suit, action or proceeding against or affecting the City before or by any court, arbitrator, administrative agency or other governmental authority which affects the validity or legality of this Ordinance, the Resolution, or the imposition and collection of the Tax Increments, any of the City's obligations under this Ordinance or any of the transactions contemplated by this Ordinance or the Resolution.

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

Except as specified in this Ordinance, the City has not assigned or pledged the Pledged Revenues or Tax Increment Fund in any manner which would diminish the security for payment of the Bonds.

E. Further Assurances. At any and all times the City shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Pledged Revenues and other funds and accounts hereby pledged or assigned, or intended so to be, or which the City may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Ordinance. The City, acting by and through its officers, or otherwise, shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of said Pledged Revenues and other funds and accounts pledged hereunder and all the rights of every owner of any of the Bonds against all claims and demands of all Persons whomsoever.

F. Conditions Precedent. Upon the issuance of any of the 1996 Bonds, all conditions, acts and things required by the Constitution or laws of the United States, the Constitution or laws of the State, the Charter or this Ordinance, to exist, to have happened, and to

have been performed precedent to or in the issuance of the 1996 Bonds shall exist, have happened and have been performed, and the 1996 Bonds, together with all other obligations of the City, shall not contravene any debt or other limitation prescribed by the Constitution or laws of the United States, the Constitution or laws of the State or the Charter.

G. Records. So long as any of the 1996 Bonds remain Outstanding, proper books of record and account will be kept by the City, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Pledged Revenues and the accounts created or continued by this Ordinance.

H. Audits. The City further agrees that it will cause an audit of such books and accounts to be made by a certified public accountant, who is not an employee of the City, showing the Pledged Revenues. The City agrees to allow the owner of any of the 1996 Bonds to review and copy such audits and reports, at the City's offices, at his request. Copies of such audits and reports will be furnished to the Purchaser.

I. Performing Duties. The City will faithfully and punctually perform all duties with respect to the Pledged Revenues required by the Charter and the Constitution and laws of the State and the ordinances and resolutions of the City, including but not limited to the segregation of the Pledged Revenues and their application to the respective accounts herein designated.

J. Other Liens. As of the date of issuance of the 1996 Bonds, there are no liens or encumbrances of any nature whatsoever on or against any of the Pledged Revenues.

K. Tax Covenant. The City covenants for the benefit of the Registered Owners of the 1996 Bonds that it will not take any action or omit to take any action with respect to the 1996 Bonds, the proceeds thereof, any other funds of the City or any facilities financed or refinanced with the proceeds of the 1996 Bonds if such action or omission (i) would cause the interest on the 1996 Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the 1996 Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the 1996 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 1996 Bonds until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code and Colorado law have been met.

The City hereby designates the 1996 Bonds as a qualified tax-exempt obligation for purposes of Section 265(b)(3)(B) of the Tax Code.

L. City's Existence. The City will maintain its corporate identity and existence so long as any of the 1996 Bonds remain Outstanding, unless another political subdivision by operation of law succeeds to the duties, privileges, powers, liabilities, disabilities, immunities and rights of the City and is obligated by law to receive and distribute the Pledged Revenues in place of the City, without materially adversely affecting the privileges and rights of any owner of any Outstanding 1996 Bonds.

M. Performance of Duties. The City will faithfully and punctually perform or cause to be performed all duties with respect to the Pledged Revenues required by the laws of the State and the resolutions of the City, including without limitation the proper segregation of the Pledged Revenues as set forth in Section 15 hereof and their application to the respective accounts as herein provided.

N. Prompt Collections. The City will cause the Pledged Revenues to be collected promptly and accounted for in the accounts as herein provided.

O. Surety Bonds. Each official of the City having custody of the Pledged Revenues, or responsible for their handling, shall be fully bonded at all times, which bond shall be conditioned upon the proper application of such money.

P. Prejudicial Contracts and Action Prohibited. No contract will be entered into, nor will any action be taken, by the City by which the rights and privileges of any Owner are impaired or diminished.

Section 20. Defeasance. When the 1996 Bonds have been fully paid both as to principal and interest, all obligations hereunder shall be discharged and the 1996 Bonds shall no longer be deemed to be Outstanding for any purpose of this Ordinance, except as set forth in Section 20K hereof. Payment of any 1996 Bonds shall be deemed made when the City has placed in escrow with a Trust Bank an amount sufficient (including the known minimum yield from

Governmental Obligations) to meet all requirements of principal, interest, and any prior redemption premiums on such 1996 Bonds as the same become due to maturity or a designated prior redemption date; and, if 1996 Bonds are to be redeemed prior to maturity pursuant to Section 7A hereof, when the City has given to the Registrar irrevocable written instructions to give notice of prior redemption in accordance with Section 7C hereof. The Governmental Obligations shall become due at or prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule agreed upon between the City and such Trust Bank at the time of creation of the escrow and shall not be callable prior to their scheduled maturities by the City thereof.

In the event that there is a defeasance of only part of the 1996 Bonds of any maturity, the Registrar shall, if requested by the City, institute a system to preserve the identity of the individual 1996 Bonds or portions thereof so defeased, regardless of changes in bond numbers attributable to transfers and exchanges of 1996 Bonds; and the Registrar shall be entitled to reasonable compensation and reimbursement of expenses from the City in connection with such system.

Section 21. Delegated Powers. The officers of the City be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limiting the generality of the foregoing; the printing of the 1996 Bonds with the opinion of bond counsel thereon; entering into and executing appropriate agreements with the Registrar and Paying Agent as to its services hereunder; the printing, distribution and execution of the Official Statement for the 1996 Bonds in substantially the form of the Preliminary Official Statement now before the Council, but with such amendments, additions and deletions as are in accordance with facts and not inconsistent herewith; and the execution of such certificates as may be required by the Purchaser, including, but not necessarily limited to, the absence and existence of factors affecting the exclusion of interest on the 1996 Bonds from gross income for federal income tax purposes.

The form, terms and provisions of the Registrar Agreement, the Escrow Agreement, the Bond Purchase Agreement, and the Letter of Representations hereby are approved, and the City shall enter into and perform its obligations under the Registrar Agreement, the Escrow Agreement, the Bond Purchase Agreement, and the Letter of Representations in substantially the forms of such

documents presented to the City Council at this meeting, with only such changes therein as are required by the circumstances and are not inconsistent herewith; and the Mayor and City Clerk are hereby authorized and directed to execute and deliver such documents as required hereby; provided, however, that execution of any of such documents is contingent upon the conditions precedent to the execution of the Bond Purchase Agreement, as specified in Section 6 hereof, having been met.

Section 22. Events of Default. Each of the following events is hereby declared an "event of default:"

A. Nonpayment of Principal. If payment of the principal of any of the 1996 Bonds shall not be made when the same shall become due and payable at maturity or by proceedings for prior redemption; or

B. Nonpayment of Interest. If payment of any installment of interest on the 1996 Bonds shall not be made when the same becomes due and payable; or

C. Incapable to Perform. If the City shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

D. Default of any Provision. If the City shall default in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the 1996 Bonds or in this Ordinance on its part to be performed, other than those delineated in Paragraphs A and B of this Section and those in Section 30 hereof, and if such default shall continue for 60 days after written notice specifying such default and requiring the same to be remedied shall have been given to the City by the owners of not less than 25% in aggregate principal amount of the 1996 Bonds then Outstanding.

Section 23. Remedies. Upon the happening and continuance of any event of default as provided in Section 23 hereof, the owner or owners of not less than 25% in aggregate principal amount of the Outstanding Bonds, or a trustee therefor, may protect and enforce their rights hereunder by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenants, the appointment of a receiver (the consent of such appointment being hereby granted), injunctive relief, or requiring the City Council to act as if it were the trustee of an express trust, or any combination of such remedies. All proceedings shall be maintained for the equal benefit of all owners of Bonds. The failure of any owner to proceed does not relieve the City or any person of any liability for failure to perform any duty hereunder. The

foregoing rights are in addition to any other right available to the owners of Bonds and the exercise of any right by any owner shall not be deemed a waiver of any other right.

Section 24. Duties Upon Default. Upon the happening of any of the events of default as provided in Section 23 of this Ordinance, the City, in addition, will do and perform all proper acts on behalf of and for the owners of the Bonds to protect and preserve the security created for the payment of the Bonds and to insure the payment of the principal of and interest on said Bonds promptly as the same become due. Proceeds derived from the Pledged Revenues, so long as any of the Bonds herein authorized, either as to principal or interest, are Outstanding and unpaid, shall be paid into the Bond Account and the Reserve Account, pursuant to the terms hereof and to the extent provided herein, and used for the purposes herein provided. In the event the City fails or refuses to proceed as in this Section provided, the owner or owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, after demand in writing, may proceed to protect and enforce the rights of such owners as hereinabove provided.

Section 25. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the City shall determine that it wishes to replace said Registrar or Paying Agent, the City may, upon notice mailed to each owner of any 1996 Bond at his address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. Every such successor Registrar or Paying Agent shall be the City or a bank or trust company having a shareowner's equity (e.g., capital, surplus, and undivided profits), however denominated, of not less than \$10,000,000. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the City shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Section 26. Severability. If any one or more sections, sentences, clauses or parts of this Ordinance shall for any reason be held invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this Ordinance, but shall be confined in its operation to the specific sections, sentences, clauses or parts of this Ordinance so held unconstitutional or invalid, and the inapplicability and invalidity of any section, sentence, clause or part of this Ordinance in any one or more instances shall not affect or prejudice in any way the applicability and validity of this Ordinance in any other instances.

Section 27. Repealer. All bylaws, 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 revise any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 28. Amendment. After any of the 1996 Bonds have been issued, this Ordinance shall constitute a contract between the City and the holders of the 1996 Bonds and shall be and remain irrevocable until the 1996 Bonds and the interest thereon have been fully paid, satisfied and discharged.

A. The City may, without the consent of, or notice to the owners of the 1996 Bonds, adopt such ordinances supplemental hereto (which supplemental amendments shall thereafter form a part hereof) for any one or more or all of the following purposes:

(1) to cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in this Ordinance, or to make any provisions with respect to matters arising under this Ordinance or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the owners of the 1996 Bonds;

(2) to subject to the lien of this Ordinance additional revenues, properties or collateral;

(3) to grant or confer upon the Registrar for the benefit of the registered owners of the 1996 Bonds any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the registered owners of the 1996 Bonds;

(4) to qualify this Ordinance under the Trust Indenture Act of 1939; or

(5) to amend Section 30 of this Ordinance in accordance with the terms thereof.

B. Exclusive of the amendatory ordinances permitted by Paragraph A of this Section, this Ordinance may be amended or supplemented by ordinance adopted by the City Council in accordance with the law, without receipt by the City of any additional consideration but with the written consent of the owners of at least 66% in aggregate principal amount of the 1996 Bonds Outstanding at the time of the adoption of such amendatory or supplemental ordinance; provided, however, that, without the written consent of the owners of all of the 1996 Bonds

adversely affected thereby, no such Ordinance shall have the effect of permitting:

- (1) An extension of the maturity of any 1996 Bond authorized by this Ordinance; or
- (2) A reduction in the principal amount of any 1996 Bond, the rate of interest thereon, or the prior redemption premium thereon; or
- (3) The creation of a lien upon or pledge of Pledged Revenues ranking prior to the lien or pledge created by this Ordinance; or
- (4) A reduction of the principal amount of 1996 Bonds required for consent to such amendatory or supplemental ordinance; or
- (5) The establishment of priorities as between 1996 Bonds issued and Outstanding under the provisions of this Ordinance; or
- (6) The modification of or otherwise affecting the rights of the owners of less than all of the 1996 Bonds then Outstanding.

Copies of any waiver, modification or amendment to this Ordinance shall be delivered to any entity then maintaining a rating on the 1996 Bonds.

Section 29. Continuing Disclosure Undertaking. A. This Section constitutes a written undertaking of the City for the benefit of bondholders.

B. Commencing with the fiscal year ended December 31, 1996 and annually while the 1996 Bonds remain outstanding, the City agrees to provide or cause to be provided annually to each Repository the Annual Financial Information.

Such Annual Financial Information shall be provided to each Repository within 180 days of the end of the City's fiscal year. If not provided as a part of the Annual Financial Information, the City's Audited Financial Statements will be provided to each Repository each year when they become available.

C. The City may provide Annual Financial Information by specific reference to documents previously provided to each Repository or filed with the SEC; provided, however, that if the document so referenced is a final official statement within the meaning of the Rule, such final official statement must be available from the MSRB.

D. At any time the 1996 Bonds are outstanding, the City shall provide, in a timely manner, to the MSRB and the SID, notice of any of the following events with respect to the

1996 Bonds, if such event is material:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the 1996 Bonds;
- (7) Modifications to rights of Bondholders;
- (8) 1996 Bond calls;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the 1996 Bonds; and
- (11) Rating changes.

E. At any time the 1996 Bonds are outstanding, the City shall provide, in a timely manner, to the MSRB and the SID, notice of any failure of the City to timely provide the Annual Financial Information as specified in Paragraph C of this Section.

F. The obligations of the City hereunder shall be for the benefit of the registered owners of the 1996 Bonds (including, for purposes of this Section, beneficial owners of the 1996 Bonds). Unless otherwise required by law, no Bondholder shall be entitled to damages for the City's non-compliance with its undertakings set forth in this Section; however, Bondholders may enforce specific performance of such undertakings by any judicial proceeding available. Breach of the undertakings of the City hereunder shall not constitute an event of default under Section 23 hereof and none of the rights and remedies provided by Section 23 hereof shall be available to the Bondholders.

G. The undertaking contained in this Section shall be in effect from and after the issuance and delivery of the 1996 Bonds and shall extend to the earlier of (i) the date all

principal and interest on the 1996 Bonds shall have been deemed paid pursuant to the terms of this Ordinance; (ii) the date that the City shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking for certain bonds and other obligations are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to bonds.

H. This Section may be amended from time to time without the consent of the holders of the 1996 Bonds in compliance with the Rule and any interpretive guidance related to the Rule. The City shall provide notice of such amendment to each Repository.

Section 30. Ordinance Irrepealable. After any of the 1996 Bonds herein authorized are issued, this Ordinance shall constitute a contract between the City and the owners of the 1996 Bonds, and shall be and remain irrepealable until the 1996 Bonds and interest thereon shall be fully paid, canceled and discharged as herein provided.

Section 31. Disposition of Ordinance. This Ordinance, as adopted by the Council, shall be numbered and recorded by the City Clerk in the official records of the City. The adoption and publication shall be authenticated by the signatures of the President of the Council and City Clerk, and by the certificate of publication.

Section 32. Effective Date. This ordinance shall be in full force and effect 30 days after publication following final passage.

INTRODUCED, PASSED ON FIRST READING, APPROVED AND ORDERED
PUBLISHED IN FULL this 6th day of March, 1996.

CITY OF GRAND JUNCTION, COLORADO

/s/ Ron Maupin

President of the Council

Attest:

/s/ Stephanie Nye

City Clerk

INTRODUCED, PASSED ON SECOND READING, APPROVED AND
ORDERED PUBLISHED IN FULL this 20th day of March, 1996.

CITY OF GRAND JUNCTION, COLORADO

/s/ Ron Maupin
President of the Council

Attest:

/s/ Theresa F. Martinez
Deputy City Clerk

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