

1 to the principal amount of such borrowing and with such terms and conditions, including
2 provisions for redemption prior to maturity with or without payment of premium, as the City may
3 determine?; and

4 WHEREAS, the City has not previously issued any of the debt authorized pursuant to the
5 2020 Election; and

6 WHEREAS, the Council proposes to extend, better, otherwise improve and equip the
7 System (as more fully described herein, the “Project”); and

8 WHEREAS, the City is authorized by Section 10.2 of the Charter, and the Enterprise Act,
9 to issue revenue bonds authorized by action of the Council; and

10 WHEREAS, the City intends to issue its “City of Longmont, Colorado, Enterprise Water
11 Revenue Bonds, Series 2021” (the “Bonds”) to defray in part the costs of the Project; and

12 WHEREAS, except for the Drinking Water Revolving Fund Loan Agreement dated as of
13 the June 1, 2003, between the City and the Colorado Resources and Power Development Authority,
14 and the related Governmental Agency Bond (the “Prior Bonds”), the City has not previously
15 pledged nor hypothecated the revenues derived or to be derived from the operation of the System,
16 or any part thereof, to the payment of any bonds or other financial obligations or for any other
17 purpose; and

18 WHEREAS, pursuant to the terms of the Prior Bonds, additional bonds may be issued
19 which are payable from and have an irrevocable lien upon the Net Pledged Revenues of the System
20 on a parity with the Prior Bonds, with the result that the Net Pledged Revenues of the System may
21 now be pledged lawfully and irrevocably to the payment of the Bonds; and

22 WHEREAS, the City intends to conduct a public sale of the Bonds for the purpose of
23 defraying in whole or in part the costs of the Project as required by Section 10.7 of the Charter;
24 and

25 WHEREAS, pursuant to Section 11-57-203, C.R.S., the City desires to delegate to the City
26 Manager or the Chief Financial Officer the independent power to accept the proposal to purchase
27 the Bonds and to make final determinations relating to the Bonds, subject to the parameters
28 contained in Section 213 of this Ordinance.

29 NOW THEREFORE, THE COUNCIL OF THE CITY OF LONGMONT, COLORADO,
30 ORDAINS:

ARTICLE I
DEFINITIONS, INTERPRETATION,
RATIFICATION AND EFFECTIVE DATE

Section 101. Meanings and Construction.

A. Definitions. The terms in this Section for all purposes of this Ordinance and of any ordinance amendatory hereof or supplemental hereto, or relating hereto, and of any other ordinance or any other document pertaining hereto, except where the context by clear implication otherwise requires, shall have the meanings herein specified:

“acquire” or “acquisition” means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the Federal Government, the State, any body corporate and politic therein, or any other Person, the endowment, bequest, devise, transfer, assignment, option to purchase, other contract, or other acquisition, or any combination thereof, of any properties pertaining to the System, or an interest therein, or any other properties herein designated.

“Bond Counsel” means an attorney or a firm of attorneys, designated by the City of nationally recognized standing in matters pertaining to the tax status of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Fund” means the special fund designated as the “City of Longmont, Enterprise Water Revenue Bonds, Series 2021, Bond Fund” created pursuant to Section 505 hereof.

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

“Bonds” means City’s Enterprise Water Revenue Bonds, Series 2021, issued pursuant to this Ordinance.

“Book-entry form” or “book-entry system” means, with respect to the Bonds, a form or system, as applicable, under which physical Bond certificates in fully registered form are registered only in the name of The Depository Trust Company or its nominee as Owner, with the physical Bond certificates “immobilized” in the custody of The Depository Trust Company. The book-entry system maintained by and the responsibility of The Depository Trust Company and not

maintained by or the responsibility of the City or the Paying Agent is the record that identifies, and records the transfer of the interests of, the owners of book-entry interests in the Bonds.

“Business Day” means a day of the year, other than a Saturday or Sunday, other than a day on which commercial banks located in the city in which the principal corporate trust office of the Paying Agent is located are required or authorized to remain closed and other than a day on which the New York Stock Exchange is closed.

“Capital Improvements” means the acquisition of land, easements, facilities, and equipment (other than ordinary repairs and replacements), and those property improvements or any combination of property improvements which will constitute enlargements, extensions or betterments to the System and will be incorporated into the System.

“City” means the City of Longmont, Boulder and Weld Counties, Colorado, a municipal corporation and political subdivision of the State.

“City Clerk” means the City Clerk of the City, or his or her successor in functions, if any.

“City Manager” means the City Manager of the City, or his or her successor in functions, if any.

“Charter” means the home rule charter of the City, including all amendments thereto prior to the date hereof.

“Closing Date” means the date of delivery of and payment for the Bonds.

“Combined Maximum Annual Principal and Interest Requirements” means the largest sum of the principal of and interest on the Bonds, any other Outstanding Parity Bonds and any additional Parity Bonds proposed to be issued, excluding any securities the principal of which is payable within less than one year from the date on which issued, to be paid during any one Fiscal Year for the period beginning with the Fiscal Year in which such computation is made and ending with the Fiscal Year in which any Bond or other such security last becomes due at maturity or on a Redemption Date, whichever time is later (but excluding any reserve requirement to secure such payments unless otherwise expressly provided), subject in all respects to the following, as applicable:

(1) The word “principal,” as used in this definition, means the principal which must be paid to security Owners, whether on stated maturity dates or on mandatory Redemption Dates, or otherwise.

1 (2) Any computation made under this definition shall be adjusted for all purposes in
2 the same manner as is provided in Section 703 hereof.

3 “Commercial Bank” means a state or national bank or trust company which is a member
4 of the Federal Deposit Insurance Corporation (or any successors thereto) and of the Federal
5 Reserve System, which has a capital and surplus of \$10,000,000 or more, and which is located
6 within the United States of America.

7 “Continuing Disclosure Certificate” means the Continuing Disclosure Certificate for the
8 Bonds executed by the City.

9 “Cost of the Project” means all costs, as designated by the City, of the Project, or any
10 interest therein, which cost, at the option of the City (except as may be otherwise limited by law)
11 may include all, any one or other portion of the incidental costs pertaining to the Project, including,
12 without limitation:

13 (i) All preliminary expenses or other costs advanced by the City or advanced by the
14 Federal Government, the State or by any other Person from any source, with the approval of the
15 Council, or any combination thereof, or otherwise;

16 (ii) The costs of making surveys and tests, audits, preliminary plans, other plans,
17 specifications, estimates of costs and other preliminaries;

18 (iii) The costs of contingencies;

19 (iv) The costs of premiums on any builders’ risk insurance and performance bonds
20 during the construction, installation and other acquisition of the Project, or a reasonably allocated
21 share thereof;

22 (v) The costs of appraising, printing, estimates, advice, inspection, other services of
23 engineers, architects, accountants, financial consultants, attorneys at law, clerical help and other
24 agents and employees;

25 (vi) The costs of making, publishing, posting, mailing and otherwise giving any notice
26 in connection with the Project and the issuance of the Bonds;

27 (vii) All costs and expenses of issuing the Bonds including, without limitation, fees of
28 the Paying Agent, Bond Counsel, counsel to the Purchaser, counsel to the City, financial advisor,
29 rating agencies and printers to the extent not defrayed as an Operation and Maintenance Expense;

30 (viii) The costs of the filing or recording of instruments and the cost of any title insurance
31 premiums;

1 (ix) The costs of funding any construction loans and other temporary loans pertaining
2 to the Project and of the incidental expenses incurred in connection with such loans;

3 (x) The costs of demolishing, removing, or relocating any buildings, structures, or other
4 facilities on land acquired for the Project, and of acquiring lands to which such buildings, structures
5 or other facilities may be moved or relocated;

6 (xi) The costs of machinery and equipment;

7 (xii) The costs of any properties, rights, easements or other interests in properties, or any
8 licenses, privileges, agreements and franchises;

9 (xiii) The payment of the premium for the Insurance Policy issued by the Insurer and
10 Reserve Fund Insurance Policy issued by the Surety Provider;

11 (xiv) The costs of labor, material and obligations incurred to contractors, builders and
12 materialmen in connection with the acquisition and construction of the Project;

13 (xv) The costs of amending any ordinance or other instrument pertaining to the Bonds
14 or otherwise to the System; and

15 (xvi) All other expenses pertaining to the Project.

16 “Council” means the City Council of the City.

17 “C.R.S.” means the Colorado Revised Statutes, as amended and supplemented as of the
18 date hereof.

19 “Events of Default” means the events stated in Section 903 hereof.

20 “Federal Government” means the United States of America and any agency,
21 instrumentality or corporation thereof.

22 “Federal Securities” means bills, certificates of indebtedness, notes, or bonds which are
23 direct obligations of, or the principal and interest of which obligations are unconditionally
24 guaranteed by, the United States of America.

25 “Chief Financial Officer” means the Chief Financial Officer of the City, or his or her
26 successor in functions, if any.

27 “Fitch” means Fitch, Inc., a corporation organized and existing under the laws of the State
28 of Delaware, its successors and assigns.

29 “Fiscal Year” means the calendar year or any other 12-month period hereafter selected by
30 the City as its fiscal year.

1 “Gross Pledged Revenues” all income from rates, fees, tolls and charges and tap fees, or
2 any combination thereof, but not special assessments, for the services furnished by, or the direct
3 or indirect connection with, or the use of, or any commodity from the System, including without
4 limiting the generality of the foregoing, minimum charges, charges for the availability of service,
5 disconnection fees, reconnection fees and reasonable penalties for any delinquencies, and all
6 income or other realized gain, if any, from any investment of Gross Pledged Revenues and of the
7 proceeds of securities payable from Net Pledged Revenues (except income or other gain from any
8 investment of moneys held in an escrow fund or account for the defeasance of securities payable
9 from the Net Pledged Revenues or any other similar fund) to the extent not required to be rebated
10 to the federal government. Gross Pledged Revenues shall also include amounts on deposit in a rate
11 stabilization fund. Gross Pledged Revenues excludes any refund of rates, tolls and charges due to
12 others.

13 “improve” or “improvement” means the extension, reconstruction, alteration, betterment
14 or other improvement by the construction, purchase or other acquisition of facilities, including,
15 without limitation, appurtenant machinery, apparatus, fixtures, structures and buildings.

16 “Independent Accountant” means any certified public accountant, or any firm of certified
17 public accountants, duly licensed to practice and practicing as such under the laws of the State:

- 18 (i) Who is, in fact, independent and not under the control of the City;
19 (ii) Who does not have any substantial interest, direct or indirect, with the City, and
20 (iii) Who is not connected with the City as an officer or employee thereof, but who may
21 be regularly retained to make annual or similar audits of any books or records of the City.

22 “Independent Engineer” means an individual, firm or corporation engaged in the
23 engineering profession of recognized good standing and having specific experience in respect of
24 business and properties of a character similar to those of the System, which individual, firm or
25 corporation has no substantial interest, direct or indirect, in the City and in the case of an individual,
26 is not a member of the Council, or an officer or employee of the City, and in the case of a firm or
27 corporation, does not have a partner, director, officer or employee who is a member of the Council
28 or an officer or employee of the City.

29 “Insurance Policy” means the municipal bond new issue insurance policy, if any, issued by
30 the Insurer that guarantees payment of principal of and interest on the Bonds when due.

31 “Insurer” means the issuer of the Insurance Policy, if any, as set forth in the Sale Certificate.

1 “Insurance Agreement” means an agreement entered into between the City and any Insurer
2 pursuant to Section 213 of this Ordinance.

3 “Investment Securities” means any securities or other obligations permitted as investments
4 of moneys of the City under the laws of the State.

5 “Letter of Representations” means the Blanket Issuer Letter of Representations from the
6 City to The Depository Trust Company in connection with the issuance of the Bonds in a book-
7 entry system, as supplemented and amended from time to time.

8 “Mayor” means the Mayor of the City or his or her successor in functions, if any.

9 “Moody’s” means Moody’s Investor Services, Inc., a corporation organized and existing
10 under the laws of the State of Delaware, its successors and assigns.

11 “Net Pledged Revenues” means the Gross Pledged Revenues remaining after the payment
12 of the Operation and Maintenance Expenses of the System.

13 “Official Statement” means the Official Statement delivered in connection with the original
14 issuance and sale of the Bonds.

15 “Operation and Maintenance Expenses” means such reasonable and necessary current
16 expenses of the City, paid or accrued, of operating, maintaining and repairing the System as may
17 be determined by the City, including, except as limited by contract or otherwise limited by law,
18 without limiting the generality of the foregoing:

19 (a) Engineering, auditing, legal and other overhead expenses directly related and
20 reasonably allocable to the administration, operation and maintenance of the System;

21 (b) Insurance, surety bond and interest rate cap agreement premiums appertaining to
22 the System;

23 (c) The reasonable charges of any paying agent, registrar, transfer agent, depository or
24 escrow bank appertaining to any securities payable from the Net Pledged Revenues;

25 (d) Annual payments to pension, retirement, health and hospitalization funds
26 appertaining to the System;

27 (e) Any taxes, assessments, franchise fees or other charges or payments in lieu of the
28 foregoing;

29 (f) Ordinary and current rentals or equipment or other property;

30 (g) Contractual services, professional services, salaries, administrative expenses and
31 costs of labor appertaining to the System, the cost of water purchased for delivery through the

1 System and the cost of materials and supplies used for current operation or routine maintenance or
2 repair of the System;

3 (h) The costs incurred in the billing and collection of all or any part of the Gross
4 Pledged Revenues;

5 (i) Any costs of utility services furnished to the System by the City or otherwise;

6 (j) Any other such expenses considered by the City in determining the amount of
7 water rates, fees, tolls and charges imposed for operation and maintenance; and

8 (k) Expenses in connection with the issuance of bonds or other securities
9 evidencing any loan to the City and payable from Gross Pledged Revenues.

10 “Operating Expenses” do not include:

11 (a) Any allowance for depreciation;

12 (b) Any costs of improvement, extension or betterment that qualify as capital items in
13 accordance with generally accepted accounting principles;

14 (c) Any accumulation of reserves for capital replacements;

15 (d) Any reserves for operation, maintenance or repair of the System;

16 (e) Any allowance for the redemption of any bonds or other securities payable from the
17 Net Pledged Revenues or the payment of any interest thereon;

18 (f) Any liabilities incurred in the acquisition of any facilities constituting part of the
19 System; and

20 (g) Any other ground of legal liability not based on contract.

21 “Ordinance” means this ordinance of the City, which provides for the issuance and
22 delivery of the Bonds.

23 “Outstanding” when used with reference to the Bonds, the Parity Bonds, or any other
24 designated securities and as of any particular date means all the Bonds, the Parity Bonds, or any
25 such other securities payable from the Net Pledged Revenues or otherwise pertaining to the
26 System, as the case may be, in any manner theretofore and thereupon being executed and delivered:

27 (i) Except any Bond, Parity Bonds, or other security canceled by the City, by any
28 paying agent, or otherwise on the City’s behalf, at or before such date;

29 (ii) Except any Bond, Parity Bond, or other security deemed to be paid as provided in
30 Section 1201 hereof or any similar provision of the ordinance authorizing the issuance of such
31 other security; and

1 (iii) Except any Bond, Parity Bond, or other security in lieu of or in substitution for
2 which another Bond or other security shall have been executed and delivered pursuant to
3 Sections 306, 307 or 1108 hereof or any similar provisions of the ordinance authorizing the
4 issuance of such other security.

5 “Owner” means the registered owner of any designated Bond, Parity Bond, or other
6 designated security.

7 “Parity Bonds” means the Prior Bonds, and any securities hereafter issued payable from
8 and having an irrevocable lien upon the Net Pledged Revenues on a parity with the Bonds.

9 “Parity Bond Ordinances” means any ordinances or agreements previously or hereafter
10 entered into by the City with respect to or authorizing the issuance of Parity Bonds.

11 “Paying Agent” means U.S. Bank National Association, in Denver, Colorado, and being
12 an agent of the City for the payment of the Bond Requirements due in connection with the Bonds,
13 the registrar for the Bonds and for other administration of moneys pertaining to the Bonds and
14 includes any successor Commercial Bank as paying agent.

15 “Paying Agent Agreement” means the agreement between the City and the Paying Agent.

16 “Person” means a corporation, firm, other body corporate (including, without limitation,
17 the Federal Government, the State, or any other body corporate and politic other than the City),
18 partnership, limited liability company, association or individual, and also includes an executor,
19 administrator, trustee, receiver or other representative appointed according to law.

20 “Policy Costs” means repayment of draws under the Reserve Fund Insurance Policy, if
21 any, plus all related reasonable expenses incurred by the Surety Provider, plus accrued interest
22 thereon.

23 “Preliminary Official Statement” means the Preliminary Official Statement delivered in
24 connection with the original issuance and sale of the Bonds.

25 “Prior Bonds” means the Drinking Water Revolving Fund Loan Agreement dated as of the
26 June 1, 2003, between the City and the Colorado Resources and Power Development Authority
27 and the related Governmental Agency Bond.

28 “Project” means, the land, facilities and rights constructed, installed, purchased and
29 otherwise acquired for the System, the cost of which is to be defrayed with a portion of the
30 proceeds of the Bonds and which constitutes Capital Improvements.

1 “Project Fund” means the special fund designated as the “City of Longmont, Enterprise
2 Water Revenue Bonds, Series 2021, Project Fund” created pursuant to Section 501 hereof.

3 “Purchaser” means the original purchaser of the Bonds as specified in the Sale Certificate.

4 “Rating Agency” means each nationally recognized securities rating agency then
5 maintaining a rating on the Bonds and initially means Standard & Poor’s.

6 “Rebate Fund” means the special fund designated as the “City of Longmont, Enterprise
7 Water Revenue Bonds, Series 2021, Rebate Fund” created pursuant to Section 509 hereof.

8 “Record Date” means the close of business on the fifteenth day (whether or not a Business
9 Day) of the calendar month next preceding an interest payment date.

10 “Redemption Date” means the date fixed for the redemption prior to their respective
11 maturities of any Bonds or other designated securities payable from Net Pledged Revenues in any
12 notice of prior redemption or otherwise fixed and designated by the City.

13 “Reserve Fund” means the special fund designated as the “City of Longmont, Enterprise
14 Water Revenue Bonds, Series 2021, Reserve Fund” created pursuant to Section 505 hereof.

15 “Reserve Fund Insurance Policy” means any insurance policy, surety bond, irrevocable
16 letter of credit or similar instrument deposited in or credited to the Reserve Fund in lieu of or in
17 partial substitution for moneys on deposit therein.

18 “Reserve Fund Requirement” has the meaning ascribed to such term in the Sale Certificate.

19 “Sale Certificate” means the sale certificate of the City relating to the Bonds issued
20 pursuant to the Supplemental Public Securities Act and described in Section 213 hereof.

21 “Special Record Date” means the record date for determining ownership of the Bonds for
22 purposes of paying accrued but unpaid interest, as such date may be determined pursuant to this
23 Ordinance.

24 “Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The
25 McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of
26 New York, its successors and its assigns.

27 “State” means the State of Colorado.

28 “Subordinate Securities” means securities or other obligations payable from the Net
29 Pledged Revenues subordinate and junior to the lien thereon of the Bonds and any Parity Bonds.

30 “Supplemental Public Securities Act” means Part 2 of Article 57 of Title 11, C.R.S., as
31 amended.

1 “Surety Provider” means the Insurer or any other entity issuing a Reserve Fund Insurance
2 Policy with respect to the Bonds, provided that such other entity is rated at least “A” or higher by
3 Standard & Poor’s, Moody’s or Fitch at the time such policy, bond or letter of credit is deposited
4 in or credited to the Reserve Fund.

5 “System” means the City’s system for the collection, treatment and discharge of water and
6 consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired
7 by the City, whether situated within or without the City boundaries, used in connection with such
8 system of the City, and in any way appertaining thereto, including all present or future
9 improvements, extensions, enlargements, betterments, replacements or additions thereof or thereto
10 and administrative facilities

11 “Tax Compliance Certificate” means one or more federal tax compliance certificates
12 executed by the City in connection with the initial issuance and delivery of the Bonds.

13 “Tax Code” means the Internal Revenue Code of 1986, as amended to the date of delivery
14 of the Bonds, and the regulations promulgated thereunder.

15 “Term Bonds” means Bonds that are payable on or before their specified maturing dates
16 from sinking fund payments established for that purpose and calculated to retire such Bonds on or
17 before their specified maturity dates.

18 “Trust Bank” means a Commercial Bank which is authorized to exercise and is exercising
19 trust powers located within or without the State, and also means any branch of the Federal Reserve
20 Bank.

21 “Water Enterprise Fund” means the special fund maintained by the City and designated as
22 the “Water Enterprise Fund”.

23 B. City-Held Securities. Any securities payable from any Net Pledged Revenues held
24 by the City shall not be deemed to be Outstanding for the purpose of redemption nor Outstanding
25 for the purpose of consents hereunder or for any other purpose herein, except for payment.

26 Section 102. Parties Interested Herein. Nothing herein expressed or implied confers any
27 right, remedy or claim upon any Person, other than the City, the Council, the Paying Agent, the
28 Insurer, the Surety Provider, the Owners of the Bonds and the Owners of any Parity Bonds or other
29 securities payable from the Net Pledged Revenues when reference is expressly made thereto. All
30 the covenants, stipulations, promises and agreements herein contained by and on behalf of the City
31 shall be for the sole and exclusive benefit of the City, the Council, the Paying Agent, the Insurer,

1 the Surety Provider, the Owners of the Bonds and the Owners of any such other securities in the
2 event of such a reference.

3 Section 103. Ratification; Approval of Documents. All action heretofore taken (not
4 inconsistent with the provisions of this Ordinance) by the Council, the officers of the City and
5 otherwise taken by the City directed toward the Project and the sale and delivery of the Bonds for
6 such purposes, be, and the same hereby is, ratified, approved and confirmed.

7 Section 104. Repealer. All bylaws, orders, ordinances or parts thereof, inconsistent
8 herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be
9 construed to revive any such bylaw, order or ordinance, or part thereof, heretofore repealed. All
10 rules of the Council, if any, which might prevent the final passage and adoption of this Ordinance
11 are hereby suspended.

12 Section 105. Severability. If any section, subsection, paragraph, clause or other provision
13 of this Ordinance for any reason is invalid or unenforceable, the invalidity or unenforceability of
14 such section, subsection, paragraph, clause or other provision shall not affect any of the remaining
15 provisions of this Ordinance.

16 Section 106. Ordinance Irrepealable. After any of the Bonds are issued, this Ordinance
17 shall constitute an irrevocable contract between the City and the Owner or Owners of the Bonds
18 and this Ordinance shall be and shall remain irrepealable until the Bonds, as to all Bond
19 Requirements, shall be fully paid, canceled, and discharged, except as herein otherwise provided.

20 Section 107. Conclusive Recitals. Pursuant to Section 11-57-210 of the Supplemental
21 Public Securities Act, the Bonds shall contain a recital that they are issued pursuant to the
22 Supplemental Public Securities Act. Such recital shall be conclusive evidence of the validity and
23 the regularity of the issuance of the Bonds after their delivery for value.

24 Section 108. Limitation of Actions. Pursuant to Section 11-57-212 of the Supplemental
25 Public Securities Act, no legal or equitable action brought with respect to any legislative acts or
26 proceedings of the City in connection with the authorization or issuance of the Bonds, including
27 but not limited to the adoption of this Ordinance, shall be commenced more than thirty days after
28 the authorization of the Bonds.

29 ARTICLE II

30 DETERMINATION OF THE CITY'S AUTHORITY AND OBLIGATIONS;

APPROVAL OF RELATED DOCUMENTS; AND ELECTION TO
APPLY SUPPLEMENTAL PUBLIC SECURITIES ACT TO THE BONDS

Section 201. Authorization. The Bonds are issued in accordance with the Constitution and laws of the State, the Charter and the provisions of this Ordinance, specifically the Supplemental Public Securities Act; Title 37, Article 45.1, C.R.S., and all other laws of the State thereunto enabling. For the purpose of defraying the cost of the Project, the City hereby authorizes the Bonds to be issued in the aggregate principal amount provided in the Sale Certificate as approved by the City Manager or the Chief Financial Officer, subject to the parameters and restrictions contained in this Ordinance.

Section 202. Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the City shall be for the equal benefit, protection and security of the Owners of any and all of the Outstanding Bonds and any Outstanding Parity Bonds heretofore or hereafter authorized and issued, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of such securities over any other thereof, except as otherwise expressly provided in or pursuant to this Ordinance.

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

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

1 Section 205. No Pledge of Property. The payment of the Bonds and the Policy Costs is
2 not secured by an encumbrance, mortgage or other pledge of property of the City, except for the
3 Net Pledged Revenues and other moneys pledged for the payment of the Bond Requirements of
4 the Bonds. No property of the City, subject to such exception, shall be liable to be forfeited or
5 taken in payment of the Bonds or the Policy Costs.

6 Section 206. No Recourse Against Officers and Agents. No recourse shall be had for the
7 payment of the Bond Requirements of the Bonds or the Policy Costs or for any claim based thereon
8 or otherwise upon this Ordinance or any other ordinance pertaining hereto, against any individual
9 member of the Council or any officer, employee or other agent of the City, past, present or future,
10 either directly or indirectly through the Council, or the City, or otherwise, whether by virtue of any
11 penalty or otherwise, all such liability, if any, being by the acceptance of the Bonds and as part of
12 the consideration of their issuance specially waived and released.

13 Section 207. Authorization of the Project. The Council, on behalf of the City, does
14 hereby determine to undertake the Project, which is hereby authorized, and the proceeds of the
15 Bonds shall be used therefor.

16 Section 208. Enterprise Status. The Council, on behalf of the City, hereby confirms its
17 determination that the System is an “enterprise” for the purposes of Article X, Section 20 of the
18 State Constitution and Title 37 Article 45.1, C.R.S.

19 Section 209. Sale of Bonds. The Bonds shall be sold by competitive sale to the
20 Purchaser. Pursuant to the Supplemental Public Securities Act, the Council hereby delegates to
21 the City Manager or the Chief Financial Officer the authority to execute the proposal for the
22 purchase of the Bonds submitted by the Purchaser.

23 Section 210. Official Statement. The preparation and use of the Preliminary Official
24 Statement and of the final Official Statement are hereby authorized. The Chief Financial Officer
25 is hereby authorized to approve, on behalf of the City, the Official Statement. The execution of
26 the Official Statement by the Chief Financial Officer shall be conclusively deemed to evidence the
27 approval of the form and contents thereof by the City.

28 Section 211. Paying Agent. The Council hereby determines to approve the Paying Agent
29 Agreement. The Paying Agent may resign at any time on 30 days’ prior written notice to the City.
30 The City may remove the Paying Agent upon 30 days’ prior written notice to the Paying Agent.
31 If the Paying Agent appointed thereunder shall resign, or if the City shall determine to remove the

1 Paying Agent, then the City may appoint a successor Paying Agent, upon notice mailed to each
2 owner of any Bond at his address last shown on the registration records maintained by the Paying
3 Agent. No resignation or dismissal of the Paying Agent may take effect until a successor has been
4 appointed and has accepted the duties of the Paying Agent. Every such successor Paying Agent
5 shall be a Commercial Bank.

6 Section 212. Other Related Documents. The forms, terms and provisions of, and the
7 performance by the City of its obligations under the Preliminary Official Statement, the Paying
8 Agent Agreement, and the Continuing Disclosure Certificate are hereby approved, and the Mayor
9 or Mayor pro tem and the City Clerk or Deputy City Clerk are hereby authorized and directed to
10 execute each of such documents on behalf of and in the name of the City, and to deliver each of
11 such documents, in substantially the form on file with the City Clerk, with such changes as are not
12 inconsistent herewith. The Mayor, the City Manager or the Chief Financial Officer are hereby
13 authorized to execute and deliver any Insurance Agreement as may be required by an Insurer
14 relating to the issuance of the Insurance Policy or a Surety Provider relating to the Reserve Fund
15 Insurance Policy. The execution of any instrument by the appropriate officers of the City herein
16 authorized shall be conclusive evidence of the approval by the City of such instrument in
17 accordance with the terms hereof.

18 Section 213. Elections to Apply Supplemental Public Securities Act to the Bonds.
19 Pursuant to Section 11-57-204 of the Supplemental Public Securities Act, a public entity, including
20 the City, may elect in an act of issuance to apply all or any of the provisions of the Supplemental
21 Public Securities Act. The Council hereby elects to apply all of the provisions of the Supplemental
22 Public Securities Act to the Bonds. Pursuant to Section 11-57-205 of the Supplemental Public
23 Securities Act, the Council hereby delegates to the City Manager or the Chief Financial Officer
24 the authority to make the following determinations with respect to the Bonds, subject to the
25 parameters and restrictions contained in this Ordinance, without any requirement that the Council
26 approve such determinations:

27 (i) Interest Rate. The net effective rate of interest to be borne by the Bonds, which
28 shall not exceed 3.50%.

29 (ii) Redemption Provisions. The prior redemption provisions of the Bonds, provided
30 that the Bonds shall be subject to optional redemption not later than November 1, 2031 at a
31 redemption price not to exceed 100%.

1 (iii) Purchase Price. The price at which the Bonds will be sold to the purchaser,
2 provided that the purchase price of the Bonds shall not be less than 100% of the aggregate principal
3 amount of the Bonds.

4 (iv) Principal Amount. The aggregate principal amount of the Bonds, provided that
5 such principal amount shall not exceed \$55,000,000.

6 (v) Maturity Schedule. The amount of principal of the Bonds maturing, or subject to
7 mandatory sinking fund redemption in any particular year; provided that the maximum annual
8 repayment cost shall not exceed \$3,750,000.

9 (vi) Term of the Bonds. The Bonds shall not mature later than November 1, 2042.

10 (vii) Capitalized Interest. The existence and amount of any capitalized interest on the
11 Bonds.

12 (viii) Reserve Fund. The amount to be deposited in the Reserve Fund.

13 (ix) Bond Insurance. Whether the Bonds will be secured by an Insurance Policy or a
14 Reserve Fund Insurance Policy and the terms of any agreement with the provider of such Insurance
15 Policy or Reserve Fund Insurance Policy.

16 Such determinations shall be evidenced by the Sale Certificate signed by the City Manager
17 or the Chief Financial Officer dated and delivered as of the Closing Date, which shall not be more
18 than one year from the date of adoption of this Ordinance. If the City shall determine to not obtain
19 an Insurance Policy to secure the payment of principal of and interest on the Bonds, or not to obtain
20 a Reserve Fund Insurance Policy, any references to the Insurer, the Insurance Policy, the Reserve
21 Fund Insurance Policy, the Surety Provider, Policy Costs, the Insurance Agreement, or other
22 provisions relating to bond insurance shall be of no force or effect.

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION AND
ISSUANCE OF BONDS

Section 301. Bond Details.

A. Basic Provisions. The Bonds shall be issued in fully registered form (*i.e.* registered as to payment of both principal and interest), in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be lettered “R” and shall be numbered separately from 1 upward. The Bonds shall be dated as of the date of their delivery. The Bonds shall mature on November 1, in the years and amounts and subject to prior redemption as set forth herein and in the Sale Certificate. The Bonds shall bear interest from the most recent interest payment date to which interest has been paid, or if no interest has been paid, from their date until their respective maturities (or prior redemption) at the rates set forth in the Sale Certificate. No interest shall accrue on any Bonds owned by or on behalf of the City. Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months, payable semiannually on each May 1 and November 1, commencing on the date provided in the Sale Certificate.

B. Payment of Bonds. The principal of each Bond shall be payable at the principal corporate trust office of the Paying Agent, or at such other office as the Paying Agent directs in writing to the Owners of the Bonds, or at the principal office of its successor, upon presentation and surrender of the Bond. Payment of interest on any Bond shall be made to the Owner thereof by the Paying Agent on or before each interest payment date, (or, if such interest payment date is not a Business Day, on or before the next succeeding Business Day), to such Owner at his or her address as it appears on the registration records kept by the Paying Agent on the Record Date; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and shall be payable to the person who is the 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 such defaulted interest shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owners not less than ten days prior to the Special Record Date by first-class mail to each such Owner as shown on the Paying Agent’s registration books on a date selected by the Paying Agent, stating the date of the Special Record Date and the date fixed for the payment of such defaulted

1 interest. The Paying Agent may make payments of interest on any Bond by such alternative means
2 as may be mutually agreed to between the Owner of such Bond and the Paying Agent. If any Bond
3 is not paid upon its presentation and surrender at or after its maturity or prior redemption, interest
4 shall continue at its stated rate per annum until the principal thereof is paid in full. All such
5 payments shall be made in lawful money of the United States of America.

6 Section 302. Execution of Bonds. The Bonds shall be executed in the name of the City
7 by the manual or facsimile signature of the Mayor, shall be sealed with the corporate seal of the
8 City or a facsimile thereof thereunto affixed, imprinted, engraved or otherwise reproduced and
9 shall be attested by the manual or facsimile signature of the City Clerk. Any Bond may be signed
10 (manually or by facsimile), sealed or attested on behalf of the City by any person who, at the date
11 of such act, shall hold the proper office, notwithstanding that at the date of authentication, issuance
12 or delivery, such person may have ceased to hold such office. The Mayor and the City Clerk may
13 adopt as and for his or her own facsimile signature the facsimile signature of his or her predecessor
14 in office in the event that such facsimile signature appears on any of the Bonds. Before the
15 execution of any Bond, the Mayor and the City Clerk shall each file with the Colorado Secretary
16 of State his or her manual signature certified by him or her under oath.

17 Section 303. Authentication Certificate. The authentication certificate upon the Bonds
18 shall be substantially in the form and tenor provided in the form of the set forth in Section 309
19 hereof. No Bond shall be secured hereby or entitled to the benefit hereof, nor shall any Bond be
20 valid or obligatory for any purpose, unless the certificate of authentication, substantially in such
21 form, has been duly executed by the Paying Agent and such certificate of the Paying Agent upon
22 any Bond shall be conclusive evidence that such Bond has been authenticated and delivered
23 hereunder. The certificate of authentication shall be deemed to have been duly executed by it if
24 manually signed by an authorized officer or employee of the Paying Agent, but it shall not be
25 necessary that the same officer or employee sign the certificate of authentication on all of the
26 Bonds.

27 Section 304. Registration and Payment. The Paying Agent shall keep or cause to be kept
28 sufficient records for the registration and transfer of the Bonds, which shall at all times be open to
29 inspection by the City. Upon presentation for such purpose, the Paying Agent shall, under such
30 reasonable regulations as it may prescribe, register or transfer or cause to be registered or
31 transferred, on said records, Bonds as herein provided. Except as provided in Section 306 hereof,

1 the Person in whose name any Bond shall be registered on the registration records kept by the
2 Paying Agent shall be deemed and regarded as the absolute owner thereof for the purpose of
3 making payment of the Bond Requirements thereof and for all other purposes; and payment of or
4 on account of the Bond Requirements of any Bond shall be made only to the Owner thereof or his
5 or her legal representative, but such registration may be changed upon transfer of such Bond in the
6 manner and subject to the conditions and limitations provided herein. All such payments shall be
7 valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so
8 paid. The foregoing provisions of this Section are subject to the provisions of Section 307 hereof.

9 Section 305. Transfer and Exchange. Any Bond may be transferred upon the records
10 required to be kept pursuant to the provisions of Section 304 hereof by the Person in whose name
11 it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond
12 for cancellation, accompanied by delivery of a written instrument of transfer in a form approved
13 by the Paying Agent, duly executed. Whenever any Bond or Bonds shall be surrendered for
14 transfer, the Paying Agent shall authenticate and deliver a new Bond or Bonds for a like aggregate
15 principal amount and of the same maturity and interest rate and of any authorized denominations.
16 The Bonds may be exchanged by the Paying Agent for a like aggregate principal amount of Bonds
17 of the same maturity and interest rate and of other authorized denominations. The execution by
18 the City of any Bond of any denomination shall constitute full and due authorization of such
19 denomination and the Paying Agent shall thereby be authorized to authenticate and deliver such
20 Bond.

21 The Paying Agent shall not be required to transfer or exchange (a) any Bond subject to
22 redemption during a period beginning at the opening of business 15 days before the day of the
23 mailing of a notice of redemption of Bonds and ending at the close of business on the day such
24 notice is mailed, or (b) any Bond so selected for redemption in whole or in part after the mailing
25 of notice calling such Bond or any portion thereof for prior redemption except the unredeemed
26 portion of Bonds being redeemed in part.

27 The Paying Agent shall require the payment by any Owner requesting exchange or transfer
28 of any tax or other governmental charge required to be paid with respect to such exchange or
29 transfer, and may charge a sum sufficient to pay the cost of preparing each new Bond upon each
30 exchange or transfer and any other expenses of the City or the Paying Agent incurred in connection
31 therewith.

1 The foregoing provisions of this Section are subject to the provisions of Section 307 hereof.

2 Section 306. Bond Replacement. Upon receipt by the City and the Paying Agent of
3 evidence satisfactory to them of the ownership of and the loss, theft, destruction or mutilation of
4 any Bond and, in the case of a lost, stolen or destroyed Bond, of indemnity satisfactory to them,
5 and in the case of a mutilated Bond upon surrender and cancellation of the Bond, (a) the City shall
6 execute and the Paying Agent shall authenticate and deliver a new Bond of the same date, interest
7 rate and denomination in lieu of such lost, stolen, destroyed or mutilated Bond, or (b) if such lost,
8 stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, in lieu
9 of executing and delivering a new Bond as aforesaid, the City may pay such Bond. Any such new
10 Bond shall bear a number not previously assigned. The applicant for any such new Bond may be
11 required to pay all expenses and charges of the City and of the Paying Agent in connection with
12 the issuance of such Bond. All Bonds shall be held and owned upon the express condition that, to
13 the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement
14 and payment of mutilated, destroyed, lost or stolen Bonds, negotiable instruments or other
15 securities.

16 Section 307. Custodial Deposit.

17 A. Depository. Notwithstanding any contrary provision of this Ordinance, the Bonds
18 initially shall be evidenced by one Bond of the same maturity and interest rate in denominations
19 equal to the aggregate principal amount of the Bonds of the same maturity and interest rate. Such
20 initially delivered Bonds shall be registered in the name of "Cede & Co." as nominee for The
21 Depository Trust Company, the securities depository for the Bonds. The Bonds may not thereafter
22 be transferred or exchanged except:

23 (1) to any successor of The Depository Trust Company or its nominee, which successor
24 must be both a "clearing corporation" as defined in Section 4-8-102(a)(5), C.R.S. and a qualified
25 and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as
26 amended; or

27 (2) upon the resignation of The Depository Trust Company or a successor or new
28 depository institution under clause (1) or this clause (2) of this paragraph A, or a determination by
29 the Council that The Depository Trust Company or such successor or a new depository institution
30 is no longer able to carry out its functions, and the designation by the Council of another depository
31 institution acceptable to the Council and to the depository then holding the Bonds, which new

1 depository must be both a “clearing corporation” as defined in Section 4-8-102(a)(5), C.R.S. and
2 a qualified and registered “clearing agency” under Section 17A of the Securities Exchange Act of
3 1934, as amended, to carry out the functions of The Depository Trust Company or such successor
4 new depository institution; or

5 (3) upon the resignation of The Depository Trust Company or a successor or new
6 depository institution under clause (1) above or designation of a new depository institution
7 pursuant to clause (2) above, or a determination of the Council that The Depository Trust Company
8 or such successor or depository institution is no longer able to carry out its functions, and the
9 failure by the Council, after reasonable investigation, to locate another depository institution under
10 clause (2) to carry out such depository institution functions.

11 B. Successor. In the case of a transfer to a successor of The Depository Trust
12 Company or its nominee as referred to in clause (1) or (2) of paragraph A hereof, upon receipt of
13 the outstanding Bonds by the Paying Agent together with written instructions for transfer
14 satisfactory to the Paying Agent, a new Bond for each maturity and interest rate of the Bonds then
15 outstanding shall be issued to such successor or new depository, as the case may be, or its nominee,
16 as is specified in such written transfer instructions. In the case of a resignation or determination
17 under clause (3) of paragraph A hereof and the failure after reasonable investigation to located
18 another qualified depository institution for the Bonds as provided in clause (3) of paragraph A
19 hereof, and upon receipt of the outstanding Bonds by the Paying Agent, together with written
20 instructions for transfer satisfactory to the Paying Agent, new Bonds shall be issued in authorized
21 denominations as provided in and subject to the limitations of Sections 301, 304, and 305 hereof,
22 registered in the names of such Persons, as are requested in such written transfer instructions;
23 however, the Paying Agent shall not be required to deliver such new Bonds within a period of less
24 than 60 days from the date of receipt of such written transfer instructions.

25 C. Absolute Owner. The Council and the Paying Agent shall be entitled to treat the
26 Owner of any Bond as the absolute owner thereof for all purposes hereof and any applicable laws,
27 notwithstanding any notice to the contrary received by any or all of them and the Council and the
28 Paying Agent shall have no responsibility for transmitting payments or notices to the beneficial
29 owners of the Bonds held by The Depository Trust Company or any successor or new depository
30 named pursuant to paragraph A hereof.

CITY OF LONGMONT, COLORADO
ENTERPRISE WATER REVENUE BOND
SERIES 2021

No. R- _____ \$ _____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED AS OF</u>	<u>CUSIP</u>
_____ %	_____, 20__	[Date of Delivery]	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Longmont (the “City”), in the Counties of Boulder and Weld and State of Colorado (the “State”), for value received, hereby promises to pay to the registered owner specified above, or registered assigns, upon the presentation and surrender of this bond, solely from the special funds provided therefor, as hereinafter set forth, the principal amount set forth above on the maturity date specified above (unless this bond shall have been called for prior redemption, in which case on the Redemption Date) and to pay solely from such special funds interest hereon at the interest rate per annum specified above, payable semiannually on May 1 and November 1 in each year, beginning on May 1, 2021, until the principal amount is paid or payment has been provided for, as described in an ordinance adopted by the City Council of the City on March 16, 2021 (the “Ordinance”). This is one of an authorized series of bonds issued under the Ordinance (the “Bonds”). The Bonds are all issued under and equally and ratably secured by and entitled to the security of the Ordinance. To the extent not defined herein, terms used in this Bond shall have the same meanings as set forth in the Ordinance. This Bond bears interest, matures, is payable, is subject to redemption and is transferable as provided in the Ordinance.

Reference is made to the Ordinance and to all Ordinances supplemental thereto, with respect to the nature and extent of the security for the Bonds, the accounts, funds or revenues pledged, rights, duties and obligations of the City, the Paying Agent and the Insurer, the Surety Provider, the rights of the Owners of the Bonds, the events of defaults and remedies, the circumstances under which any Bond is no longer Outstanding, the issuance of additional bonds and the terms on which such additional bonds may be issued under and secured by the Ordinance, the ability to amend the Ordinance, and to all the provisions of which the Owner hereof by the acceptance of this Bond assents.

1 THE BONDS ARE ISSUED PURSUANT TO AND IN FULL COMPLIANCE WITH
2 THE CONSTITUTION AND LAWS OF THE STATE OF COLORADO, AND PURSUANT TO
3 THE ORDINANCE. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY,
4 SECURED BY THE NET PLEDGED REVENUES. THE BONDS DO NOT CONSTITUTE A
5 GENERAL OBLIGATION DEBT OF THE CITY, THE STATE OR ANY POLITICAL
6 SUBDIVISION THEREOF, AND NEITHER THE CITY, THE STATE NOR ANY OF THE
7 POLITICAL SUBDIVISIONS THEREOF IS LIABLE THEREFOR. NEITHER THE
8 MEMBERS OF THE CITY COUNCIL OF THE CITY NOR ANY PERSONS EXECUTING
9 THIS BOND SHALL BE PERSONALLY LIABLE FOR THIS BOND.

10 It is certified, recited and warranted that all the requirements of law have been fully
11 complied with by the proper officers of the City in the issuance of this Bond; that it is issued
12 pursuant to and in strict conformity with the Constitution of the State, and with the Ordinance and
13 any ordinances supplemental thereto; and that this Bond does not contravene any Constitutional
14 or statutory limitation.

15 This Bond is one of a series of bonds issued pursuant to the Bond Ordinance (the “Bond
16 Ordinance”) designated as the “City of Longmont, Colorado, Enterprise Water Revenue Bonds,
17 Series 2021 (the “Bonds”) in the aggregate principal amount of \$_____. The Bonds have been
18 duly authorized for the purpose of providing moneys to defray a portion of the cost of extending,
19 bettering or otherwise improving and equipping the System, (the “System”).

20 The bonds of the series of which this bond is one are issued under the authority of the City
21 Charter; Title 37, Article 45.1, C.R.S.; and Title 11, Article 57, Part 2, C.R.S., and in full
22 conformity therewith. Pursuant to Section 11-57-210, C.R.S., this recital shall be conclusive
23 evidence of the validity and the regularity of the issuance of the Bonds and the Bonds shall be
24 incontestable for any cause whatsoever after their delivery for value.

25 Payment of the principal of and interest of the Bonds shall be made solely from the Net
26 Pledged Revenues. The Net Pledged Revenues are irrevocably (but not exclusively) pledged as
27 security for such payment pursuant to the Ordinance.

28 This Bond shall not be valid or become obligatory for any purpose or be entitled to any
29 security or benefit under the Ordinance until the certificate of authentication hereon shall have
30 been duly executed by the Paying Agent.

IN WITNESS WHEREOF, the City has caused this Bond to be signed and executed in its name and upon its behalf with the facsimile signature of its Mayor, has caused the facsimile of the seal of the City to be affixed hereon and has caused this Bond to be signed, executed and attested with the facsimile signature of its City Clerk, all as of the date specified above.

By _____ (For Facsimile Signature)
MAYOR

(FACSIMILE SEAL)

Attest:

(For Facsimile Signature)

CITY CLERK

(FORM OF CERTIFICATE OF AUTHENTICATION)

CERTIFICATE OF AUTHENTICATION

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

U.S. Bank National Association, as Paying Agent

By _____
Authorized Signatory

Date of Authentication and Registration: _____

1
2
3
4

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

5
6

(FORM OF ASSIGNMENT)

ASSIGNMENT

7
8
9
10

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ to transfer the within Bond on the records kept for the registration thereof with full power of substitution in the premises.

11 Dated: _____

12
13
14
15
16
17

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatever. The signature must be guaranteed by an eligible

1 guarantor institution as defined in 17 CFR
2 § 240.17 Ad-15(a)(2).

3 Signature Guaranteed:

4 _____

5 Signature must be guaranteed by a member
6 of a Medallion Signature Program.

7

8 Address of Transferee:

9 _____

10 _____

11 _____

12 Social Security or other tax
13 identification number of
14 transferee:

15 _____

16 TRANSFER FEES MAY BE CHARGED

17 (END OF FORM OF ASSIGNMENT)

18

1 (FORM OF PREPAYMENT PANEL)

2 PREPAYMENT PANEL

3 The following installments of principal (or portions thereof) of this Bond have been prepaid
4 in accordance with the terms of the Ordinance.

5 _____

6			
7			Signature of
8			Authorized
9	Date of	Principal	Representative
10	<u>Prepayment</u>	<u>Prepaid</u>	<u>of DTC</u>
11	_____	_____	_____
12	_____	_____	_____
13	_____	_____	_____
14	_____	_____	_____

15 (END OF FORM OF PREPAYMENT PANEL)

16

17

18

19

20

21

22

23

24

25 (END OF FORM OF BOND)

1 Section 310. Optional Redemption. The Bonds will be subject to redemption, if any, at
2 the option of the City in the time and manner, in the amounts and at the prices, and from the funds
3 all as set forth in the Sale Certificate.

4 Notwithstanding the foregoing, the Bonds may not be redeemed pursuant to this Section
5 unless all Policy Costs, if any, due and owing at the time to the Surety Provider have been paid.

6 Section 311. Mandatory Sinking Fund Redemption. The Term Bonds, if any, shall be
7 subject to mandatory sinking fund redemption at the times, in the amounts and at the prices
8 provided in the Sale Certificate.

9 On or before the thirtieth day prior to each such sinking fund payment date, the Paying
10 Agent shall proceed to call the Term Bonds, if any, as provided in the Sale Certificate (or any Term
11 Bond or Term Bonds issued to replace such Term Bonds) for redemption from the sinking fund
12 on the next November 1, and give notice of such call without further instruction or notice from the
13 City.

14 At its option, to be exercised on or before the sixtieth day next preceding each such sinking
15 fund Redemption Date, the City may (a) deliver to the Paying Agent for cancellation Term Bonds
16 subject to mandatory sinking fund redemption on such date in an aggregate principal amount
17 desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Term
18 Bonds of the maturity and interest rate subject to mandatory sinking fund redemption on such date,
19 which prior to said date have been redeemed (otherwise than through the operation of the sinking
20 fund) and canceled by the Paying Agent and not theretofore applied as a credit against any sinking
21 fund redemption obligation. Each Term Bond so delivered or previously redeemed will be credited
22 by the Paying Agent at the principal amount thereof against the obligation of the City on such
23 sinking fund date and such sinking fund obligation will be accordingly reduced. The City will on
24 or before the sixtieth day next preceding each sinking fund Redemption Date furnish the Paying
25 Agent with its certificate indicating whether or not and to what extent the provisions of (a) and (b)
26 of the preceding sentence are to be availed with respect to such sinking fund payment. Failure of
27 the City to deliver such certificate shall not affect the Paying Agent's duty to give notice of sinking
28 fund redemption as provided in this paragraph.

29 Section 312. Partial Redemption. In the case of Bonds of a denomination larger than
30 \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed, in

1 which case the Paying Agent shall, without charge to the owner of such Bond, authenticate and
2 issue a replacement Bond or Bonds for the unredeemed portion thereof.

3 Section 313. Notice of Prior Redemption. Notice of optional or mandatory redemption
4 shall be given by the Paying Agent in the name of the City by sending a copy of such notice by
5 first-class, postage prepaid mail, not more than sixty nor less than thirty days prior to the
6 Redemption Date to each Owner at his address as it last appears on the registration books kept by
7 the Paying Agent; but neither failure to give such notice nor any defect therein shall affect the
8 redemption of any Bond. Such notice shall identify the Bonds to be so redeemed (if less than all
9 are to be redeemed) and the Redemption Date, and shall further state that on such Redemption
10 Date there will become and be due and payable upon each Bond so to be redeemed, at the principal
11 office of the Paying Agent, the principal amount thereof, accrued interest to the Redemption Date,
12 and the stipulated premium, if any, and that from and after such date interest will cease to accrue.
13 Notice having been given in the manner hereinabove provided, the Bond or Bonds so called for
14 redemption shall become due and payable on the Redemption Date so designated; and upon
15 presentation thereof at the principal office of the Paying Agent, the Paying Agent will pay the
16 Bond or Bonds so called for redemption. No further interest shall accrue on the principal of any
17 such Bond called for redemption from and after the Redemption Date, provided sufficient funds
18 are deposited with the Paying Agent and available on the Redemption Date.

19 Notwithstanding the provisions of this Section, any notice of redemption shall either (a)
20 contain a statement that the redemption is conditioned upon the receipt by the Paying Agent on or
21 before the Redemption Date of funds sufficient to pay the redemption price of the Bonds so called
22 for redemption, and that if such funds are not available, such redemption shall be canceled by
23 written notice to the Owners of the Bonds called for redemption in the same manner as the original
24 redemption notice was mailed, or (b) be given only if funds sufficient to pay the redemption price
25 of the Bonds so called for redemption are on deposit with the Paying Agent in the applicable fund
26 or account.

27 Section 314. Bonds Owned by the City. Bonds owned by or on behalf of the City shall
28 not be subject to redemption. At any time the City may surrender any Bonds owned by or on
29 behalf of the City to the Paying Agent, which shall promptly cancel such Bonds.

30 Section 315. No Partial Redemption After Default. Anything in this Ordinance to the
31 contrary notwithstanding, if there shall have occurred and is continuing an Event of Default

1 hereunder of which an officer of the Paying Agent has actual knowledge, there shall be no
2 redemption of less than all of the Bonds at the time Outstanding (other than pursuant to Section
3 402 hereof).

4 ARTICLE IV

5 USE OF BOND PROCEEDS AND OTHER MONEYS

6 Section 401. Disposition of Bond Proceeds.

7 A. The proceeds of the Bonds (net of underwriting discount), upon the receipt thereof,
8 shall be accounted for in the following manner and priority:

9 (i) Reserve Fund. An amount equal to the portion of the Reserve Fund Requirement
10 as described in the Sale Certificate shall be credited to the special and separate fund hereby created
11 and to be known as the “City of Longmont, Enterprise Water Revenue Bonds, Series 2021 Reserve
12 Fund.”

13 (ii) Project Fund. The remaining proceeds derived from the sale of the Bonds shall be
14 credited to the special and separate account hereby created and to be known as the “City of
15 Longmont, Enterprise Water Revenue Bonds, Series 2021 Project Fund.” Except as otherwise
16 provided herein, the moneys in the Project Fund shall be used solely for the purpose of paying the
17 Cost of the Project and for the purposes set forth in Section 502 hereof.

18 Section 402. Payment of Expenses. Moneys deposited in the Project Fund pursuant to
19 Section 501 hereof may be used and paid out by the City to defray the administrative costs of the
20 Project, including, without limitation, amounts to be paid to the Paying Agent, legal fees,
21 accounting fees, financial advisory fees, printing costs and rating fees. The City may defray any
22 such administrative costs from time to time as Operation and Maintenance Expenses to the extent
23 the moneys deposited in the Project Fund pursuant to Section 501 hereof are insufficient therefor.

24 Section 403. Completion of Project. When the Project is completed in accordance with
25 the relevant plans and specifications and all amounts due therefor, including all proper incidental
26 expenses and all administrative costs of the Project referred to in Section 502 hereof, are paid, or
27 for which full provision is made, the Chief Financial Officer, to the extent permitted by the Tax
28 Compliance Certificate, shall cause all surplus moneys remaining in the Project Fund, if any,
29 except for any moneys designated in the certificate to be retained to pay any unpaid accrued costs
30 or contingent obligations, to be transferred as follows: (a) To the Rebate Fund so as to enable the
31 City to comply with requirements of the Tax Compliance Certificate with respect to the Bonds,

1 (b) to the Reserve Fund to such extent as shall not cause the amount in the Reserve Fund to exceed
2 the Reserve Fund Requirement and (c) to the Bond Fund to the extent of any remaining balance of
3 such moneys to be applied against the next principal payment or payments coming due on the
4 Bonds. Nothing herein prevents the transfer from the Project Fund to the Bond Fund, at any time
5 prior to the termination of the Project Fund, of any moneys which the Chief Financial Officer by
6 certificate determines will not be necessary for the Project and will not be designated to be
7 transferred to the Rebate Fund.

8 Section 404. Lien on Bond Proceeds. Until the proceeds of the Bonds deposited in the
9 Project Fund are applied as herein provided, such Bond proceeds are subject to a lien thereon and
10 pledge thereof for the benefit of the Owners of the Outstanding Bonds as provided in Section 501
11 hereof.

12 Section 405. Purchaser Not Responsible. The validity of the Bonds is not dependent
13 upon nor affected by the validity or regularity of any proceedings relating to the application of the
14 Bond proceeds. The Purchaser and any subsequent Owners of any of the Bonds are not responsible
15 for the application or disposal by the City or by any of its officers, agents and employees of the
16 moneys derived from the sale of the Bonds or of any other moneys herein designated.

17 ARTICLE V

18 ADMINISTRATION OF AND ACCOUNTING FOR 19 PLEDGED REVENUES

20 Section 501. Pledge Securing Bonds. Subject only to the right of the City to cause
21 amounts to be withdrawn and paid on account of Operation and Maintenance Expenses of the
22 System, the Gross Pledged Revenues and, subject to the right of the City to cause amounts to be
23 withdrawn to pay the Cost of the Project as provided herein and other than moneys and securities
24 held in the Rebate Fund to the extent such amounts are required to be paid to the United States, all
25 moneys and securities paid or to be paid to or held or to be held in any fund or account under this
26 Article or under Section 501 hereof are hereby pledged, and a lien thereon is hereby created, to
27 secure the payment of the Bond Requirements of the Outstanding Bonds and to secure the
28 obligations of the City to pay the Policy Costs. The pledge of the Net Pledged Revenues to secure
29 the payment of the Bond Requirements of the Outstanding Bonds and the Parity Bonds is on a
30 parity with the pledge of the Net Pledged Revenues for, and lien thereon of the Parity Bonds
31 heretofore issued and any other Parity Bonds hereafter issued in compliance with the provisions

1 of Article VII hereof. The pledge of Net Pledged Revenues to secure the payment of the Policy
2 Costs is subordinate only to the pledge to pay the Bond Requirements with respect to the Bonds
3 and any Parity Bonds. The pledge of the Net Pledged Revenues and the funds or accounts as
4 described in this section shall be valid and binding from and after the date of the delivery of the
5 Bonds, and the moneys as received by the City and hereby pledged shall immediately be subject
6 to the lien of this pledge without any physical delivery thereof, any filing, or further act. The lien
7 of this pledge and the obligation to perform the contractual provisions hereby made shall have
8 priority over any or all other obligations and liabilities of the City except any Outstanding Parity
9 Bonds heretofore or hereafter authorized and any Policy Costs as provided herein. The lien of the
10 pledge of the Net Pledged Revenues and the funds or accounts as described in this section shall be
11 valid and binding as against all parties having claims of any kind in tort, contract or otherwise
12 against the City (except as herein otherwise provided) irrespective of whether such parties have
13 notice thereof.

14 Section 502. Water Enterprise Fund Deposits. So long as any of the Bonds shall be
15 Outstanding, as to any Bond Requirements and Policy Costs related to the Bonds, the entire Gross
16 Pledged Revenues, upon their receipt from time to time by the City, shall be set aside and credited
17 immediately to the special and separate account previously created and known as the “City of
18 Longmont, Enterprise Water Revenue Bonds, Water Enterprise Fund.”

19 Section 503. Administration of Water Enterprise Fund. So long as any of the Bonds shall
20 be Outstanding, as to any Bond Requirements and Policy Costs related to the Bonds, the following
21 payments shall be made from the Water Enterprise Fund, as provided in Sections 504 through 511
22 hereof.

23 Section 504. Operation and Maintenance Expenses. First, as a first charge on the Water
24 Enterprise Fund, from time to time there shall continue to be held therein moneys sufficient to pay
25 Operation and Maintenance Expenses, as they become due and payable, and thereupon they shall
26 be promptly paid. Any surplus remaining in the Water Enterprise Fund at the end of the Fiscal
27 Year and not needed for Operation and Maintenance Expenses shall be used for other purposes of
28 the Water Enterprise Fund as herein provided.

29 Section 505. Bond Fund Payments. Second, from any remaining Net Pledged Revenues,
30 there shall be credited, concurrently with each other and with amounts required to meet the Bond
31 Requirements with respect to any Outstanding Parity Bonds, to the special and separate accounts

1 hereby created and to be known as the “City of Longmont, Enterprise Water Revenue Bonds,
2 Series 2021, Bond Fund,” the following amounts:

3 A. Interest Payments. Monthly to the Bond Fund, commencing on the first day of the
4 month immediately succeeding the delivery of any of the Bonds, or commencing on the first day
5 of the month six months next prior to the first interest payment date of any of the Bonds, whichever
6 commencement date is later, an amount in equal monthly installments necessary, together with
7 any moneys therein and available therefor, to pay the interest due and payable on the Outstanding
8 Bonds on the next succeeding interest payment date.

9 B. Principal Payments. Monthly to the Bond Fund, commencing on the first day of
10 the month immediately succeeding the delivery of any of the Bonds, or commencing on the first
11 day of the month one year next prior to the first principal payment date of any of the Bonds,
12 whichever commencement date is later, an amount in equal monthly installments necessary,
13 together with any moneys therein and available therefor, to pay the principal and redemption
14 premium, if any, due and payable on the Outstanding Bonds on the next succeeding principal
15 payment date.

16 If prior to any interest payment date or principal payment date, there has been accumulated
17 in the Bond Fund the entire amount necessary to pay the next maturing installment of interest or
18 principal, or both, the payment required in paragraph A or B (whichever is applicable) of this
19 Section 505 may be appropriately reduced; but the required annual amounts again shall be so
20 credited to such account commencing on such interest payment date or principal payment date.

21 The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the
22 Bonds then Outstanding, as such Bond Requirements become due, except as provided in Sections
23 507 and 1201 hereof.

24 Section 506. Reserve Fund Payments. In satisfaction of the Reserve Fund Requirement,
25 upon delivery of the Bonds, either proceeds of the Bonds, cash or a Reserve Fund Insurance Policy
26 in the amount of the Reserve Fund Requirement being provided by Surety Provider shall be
27 deposited in the special and separate fund hereby created and to be known as the “City of
28 Longmont, Enterprise Water Revenue Bonds, Series 2021, Reserve Fund”. The proceeds of the
29 Bonds, cash or a Reserve Fund Insurance Policy shall be credited to Reserve Fund as provided in
30 the Sale Certificate. Any Reserve Fund Insurance Policy shall be held by the Paying Agent. Any
31 Reserve Fund Insurance Policy deposited to the credit of the Reserve Fund shall be valued at the

1 amount available to be drawn or otherwise paid pursuant to such Reserve Fund Insurance Policy
2 at the time of calculation. The Paying Agent shall maintain adequate records as to the amount
3 available to be drawn at any time under the Reserve Fund Insurance Policy and as to the amounts,
4 of which it has knowledge, of Policy Costs paid and owing to the Surety Provider. Such records
5 shall be open to inspection and verification by the Surety Provider during business hours of the
6 Paying Agent.

7 Upon the execution and delivery of the Bonds, there shall be deposited to the Reserve Fund
8 the amount set forth in Section 501(A)(i) hereof from proceeds of the Bonds or a Reserve Fund
9 Insurance Policy. Moneys on deposit in the Reserve Fund shall only be used to pay debt service
10 on the Bonds to the extent of any deficiency in the Bond Fund or may be applied to the defeasance
11 of the Bonds.

12 Thereafter, third, except as provided in Section 507 and 508 hereof, and concurrently with
13 any payments required to be made pursuant to any Parity Bond Ordinances with respect to any
14 reserve funds which may be, but are not required to be, established thereby and concurrently with
15 any repayment or similar obligations payable to any surety provider issuing any reserve fund
16 insurance policy with respect to any Parity Bonds, from any moneys remaining in the Water
17 Enterprise Fund there shall be credited to the Reserve Fund monthly, commencing on the first day
18 of the month next succeeding each date on which the moneys accounted for in the Reserve Fund
19 for any reason are less than the Reserve Fund Requirement, such amounts in substantially equal
20 monthly payments on the first day of each month to re-accumulate the Reserve Fund Requirement
21 by not more than 12 such monthly payments. If a Reserve Fund Insurance Policy is on deposit in
22 the Reserve Fund to fund all or a part of the Reserve Fund Requirement, the amounts payable into
23 the Reserve Fund pursuant to the immediately preceding sentence shall be paid by the City first to
24 the Surety Provider to reimburse it for Policy Costs due and owing and second to replenish cash
25 in the Reserve Fund. If there are insufficient Net Pledged Revenues to comply with the
26 requirements of the first sentence of this paragraph, available Net Pledged Revenues shall be
27 credited or paid to the Reserve Fund and to reserve funds which may be established by any Parity
28 Bond Ordinances (or to the Surety Provider or any other surety provider issuing any reserve fund
29 insurance policy with respect to any Parity Bonds) pro rata, based upon the aggregate principal
30 amount of the Bonds and any such Parity Bonds then Outstanding; provided, however, that
31 compliance with the provisions of this sentence shall not cure any Event of Default caused by non-

1 compliance with the first sentence of this paragraph. If there are insufficient Net Pledged Revenues
2 to comply with the requirements of the first sentence of this paragraph and more than one Reserve
3 Fund Insurance Policy is on deposit in the Reserve Fund, available Net Pledged Revenues credited
4 to or paid to the Reserve Fund shall be applied to reimburse the Surety Provider and any other
5 surety provider providing a Reserve Fund Insurance Policy pro rata, based upon the original
6 amount available to be drawn on each. The Reserve Fund Requirement shall be accumulated and,
7 if necessary, re-accumulated from time to time, in the Reserve Fund from Net Pledged Revenues,
8 except to the extent other moneys are credited to the Reserve Fund, and maintained as a continuing
9 reserve to be used, except as hereinafter provided in Sections 507, 508, 604 and 1201 hereof, only
10 to prevent deficiencies in the payment of the Bond Requirements of the Bonds Outstanding from
11 time to time from the failure to deposit into the Bond Fund sufficient moneys to pay such Bond
12 Requirements as the same accrue and become due. No payment need be made into the Reserve
13 Fund at any time so long as the moneys and/or the Reserve Fund Insurance Policy therein equal
14 not less than the Reserve Fund Requirement and there are no Policy Costs due and owing. Unless
15 otherwise provided in the Sale Certificate, the Reserve Fund Requirement shall be re-calculated
16 upon (i) any principal payment, whether at stated maturity or upon redemption, or (ii) the
17 defeasance of all or a portion of the Bonds.

18 The City may at any time substitute (a) cash or Investment Securities for a Reserve Fund
19 Insurance Policy or (b) a Reserve Fund Insurance Policy for cash or Investment Securities, so long
20 as the amount on deposit in the Reserve Fund after such substitution is at least equal to the Reserve
21 Fund Requirement. Notwithstanding the foregoing, no Reserve Fund Insurance Policy shall be
22 deposited by the City in the Reserve Fund for such substitution unless the City has received an
23 opinion of Bond Counsel to the effect that such substitution and the intended use by the City of
24 the cash or Investment Securities to be released from the Reserve Fund will not adversely affect
25 the exclusion from gross income for federal income tax purposes of interest on the Bonds.

26 Section 507. Termination of Deposits. No payment need be made into the Bond Fund or
27 the Reserve Fund if there are no Policy Costs due and owing and if the amount in the Bond Fund
28 and the amount in the Reserve Fund (exclusive of the amount available under a Reserve Fund
29 Insurance Policy) total a sum at least sufficient so that all Bonds Outstanding are deemed to have
30 been paid pursuant to Section 1201 hereof, in which case moneys therein (taking into account the
31 known minimum gain from any investment if such moneys in Investment Securities from the time

1 of any such investment or deposit shall be needed for such payment which will not be designated
2 for transfer to the Rebate Fund) shall be used (together with any such gain from such investments)
3 solely to pay the Bond Requirements of the Outstanding Bonds as the same become due; and any
4 moneys in excess thereof in those two accounts and any other moneys derived from the Net
5 Pledged Revenues or otherwise pertaining to the System may be used to make required payments
6 into the Rebate Fund or in any other lawful manner determined by the Council.

7 Section 508. Defraying Delinquencies. If at any time the City shall for any reason fail to
8 pay into the Bond Fund the full amount above stipulated from the Net Pledged Revenues, then an
9 amount shall be paid into the Bond Fund at such time from the Reserve Fund equal to the difference
10 between that paid from the Net Pledged Revenues and the full amount so stipulated. The City
11 shall use all cash in the Reserve Fund before drawing on a Reserve Fund Insurance Policy. If, (i)
12 upon notice from the City requesting a draw or (ii) failure of the Paying Agent to receive the Bond
13 Requirements by the third Business Day prior to May 1 or November 1 in each year, the Paying
14 Agent determines that it is necessary to draw on the Reserve Fund Insurance Policy, the Paying
15 Agent shall present a demand for payment, in the form and manner required by the Reserve Fund
16 Insurance Policy, at least two Business Days before funds are needed. If there is more than one
17 Reserve Fund Insurance Policy on deposit in the Reserve Fund, the Paying Agent shall draw on
18 them on a pro rata basis, based upon the amount available to be drawn on each.

19 Any money so used or drawn shall be replaced as provided in Section 506 hereof from the
20 first Net Pledged Revenues thereafter received and not required to be otherwise applied by this
21 Article. Except as provided in Section 506 hereof, the moneys in the Bond Fund and in the Reserve
22 Fund (including any Reserve Fund Insurance Policy) shall be used solely and only for the purpose
23 of paying the Bond Requirements of the Bonds from time to time.

24 If the amount on deposit in the Reserve Fund exceeds the Reserve Fund Requirement for
25 any reason, the amount to be released from the Reserve Fund shall be as directed in writing by the
26 City Manager. Any excess amount released from the Reserve Fund may be deposited in the Bond
27 Fund, or deposited into a defeasance escrow account, or may be applied for other purposes, as
28 directed in writing by the City Manager for such purposes authorized by law.

29 Section 509. Rebate Fund. Fourth, concurrently with any payments required to be made
30 pursuant to any Parity Bond Ordinances with respect to any rebate funds established thereby, there
31 shall be deposited into the special and separate accounts hereby created and to be known as the

1 “City of Longmont, Enterprise Water Revenue Bonds, Series 2021, Rebate Fund” moneys in the
2 amounts and at the times specified in the Tax Compliance Certificate so as to enable the City to
3 comply with Section 830 hereof. Amounts on deposit in the Rebate Fund shall not be subject to
4 the lien and pledge of this Ordinance to the extent that such amounts are required to be paid to the
5 United States Treasury. The City shall cause amounts on deposit in the Rebate Fund to be
6 forwarded to the United States Treasury (at the address provided in the Tax Compliance
7 Certificate) at the times and in the amounts set forth in the Tax Compliance Certificate.

8 If the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, the
9 City shall transfer moneys in the amount of the insufficiency to the Rebate Fund from the Project
10 Fund and, to the extent permitted by Section 508 hereof, from the Reserve Fund and the Bond
11 Fund. Upon receipt by the City of an opinion of Bond Counsel to the effect that the amount in the
12 Rebate Fund is in excess of the amount required to be contained therein, such excess may be
13 transferred to the Water Enterprise Fund.

14 Section 510. Payment of Subordinate Securities. Fifth, and subject to the provisions
15 hereinabove in this Article, but subsequent to the payments required by Sections 504, 505, 506,
16 and 509 hereof, any moneys remaining in the Water Enterprise Fund may be used by the City for
17 the payment of Bond Requirements of Subordinate Securities, including reasonable reserves for
18 such Subordinate Securities and for rebate of amounts to the United States Treasury with respect
19 to such Subordinate Securities.

20 Section 511. Use of Remaining Revenues. After the payments hereinabove required to
21 be made by Sections 502 through 510 hereof are made, any remaining Net Pledged Revenues in
22 the Water Enterprise Fund shall be used, firstly, for any one or any combination of reasonably
23 necessary purposes and in the Council’s discretion relating to the operation, improvement or debt
24 management of the System and, secondly, to the extent of any remaining surplus, for any one or
25 any combination of lawful purposes as the Council may from time to time conclusively determine.

26 ARTICLE VI

27 GENERAL ADMINISTRATION

28 Section 601. Administration of Accounts. The special funds and accounts designated in
29 Articles IV and V hereof shall be administered as provided in this Article (but not any account
30 under Section 1201 hereof).

1 Section 602. Places and Times of Deposits. Except as hereinafter provided, each of such
2 special funds and accounts shall be maintained by the City as a book account and kept separate
3 from all other accounts as a trust account solely for the purposes herein designated therefor. The
4 moneys accounted for in such special book accounts may be in one or more bank accounts in one
5 or more Commercial Banks. Each such bank account shall be continuously secured to the fullest
6 extent required or permitted by the laws of the State for the securing of public funds and shall be
7 irrevocable and not withdrawable by anyone for any purpose other than the respective designated
8 purposes. Each periodic payment shall be credited to the proper book account not later than the
9 date therefor herein designated, except that when any such date shall not be a Business Day, then
10 such payment shall be made on or before the next preceding Business Day. Moneys shall be
11 deposited with the Paying Agent for the Bonds not less than (a) three Business Days prior to each
12 interest payment date and each maturity or mandatory Redemption Date, if funds are delivered by
13 wire transfer, or (b) five Business Days prior to each payment date if funds are delivered by another
14 method of payment, in immediately available amounts sufficient to pay the Bond Requirements
15 then becoming due on the Outstanding Bonds.

16 Section 603. Investment of Moneys. Any moneys in the Project Fund, Water Enterprise
17 Fund, Bond Fund, Reserve Fund, and Rebate Fund and not needed for immediate use shall be
18 invested or reinvested by the Chief Financial Officer in Investment Securities. All such
19 investments shall (a) either be subject to redemption at any time at a fixed value by the holder
20 thereof at the option of such holder, or (b) mature not later than the estimated date or respective
21 dates on which the proceeds are to be expended as estimated by the Chief Financial Officer at the
22 time of such investment or reinvestment; provided that (1) Investment Securities credited to the
23 Reserve Fund shall not mature later than ten years from the date of such investment or reinvestment
24 and (2) collateral securities of any Investment Securities may have a maturity of more than five
25 years from the date of purchase thereof. For the purpose of any such investment or reinvestment,
26 Investment Securities shall be deemed to mature at the earliest date on which the obligor is, on
27 demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

28 Section 604. Accounting for Investments. The Investment Securities so purchased as an
29 investment or reinvestment of moneys in any such account hereunder shall be deemed at all times
30 to be a part of the account. Any interest or other gain from any investments and reinvestments of
31 moneys accounted for in the Water Enterprise Fund, the Project Fund, the Bond Fund, and the

1 Rebate Fund shall be credited to such account, and any loss resulting from any such investments
2 or reinvestments of moneys accounted for in the Water Enterprise Fund, the Project Fund, the
3 Bond Fund, the Reserve Fund, and the Rebate Fund shall be charged or debited to such Fund.

4 Any interest or other gain from any investment or reinvestment of moneys accounted for
5 in the Reserve Fund (a) shall be credited to the Rebate Fund or the Bond Fund, at the discretion of
6 the Chief Financial Officer, if the amount credited to the Reserve Fund immediately after such
7 credit to the Rebate Fund or the Bond Fund is not less than the Reserve Fund Requirement and
8 (b) if the amount credited to the Reserve Fund is less than the Reserve Fund Requirement, shall be
9 credited to the Reserve Fund (up to the amount of the deficiency).

10 No loss or profit in any account on any investments or reinvestments in Investment
11 Securities shall be deemed to take place as a result of market fluctuations of the Investment
12 Securities prior to the sale or maturity thereof. In the computation of the amount in any account
13 for any purpose hereunder, except as herein otherwise expressly provided or for rebate purposes,
14 as described in the Tax Compliance Certificate, Investment Securities shall be valued at the cost
15 thereof (including any amount paid as accrued interest at the time of purchase of the obligation);
16 provided that any time or demand deposits shall be valued at the amounts deposited, in each case
17 exclusive of any accrued interest or any other gain to the City until such gain is realized by the
18 presentation of matured coupons for payment or otherwise.

19 Section 605. Redemption or Sale of Investment Securities. The Chief Financial Officer
20 shall present for redemption or sale on the prevailing market at the best price obtainable any
21 Investment Securities so purchased as an investment or reinvestment of moneys in the account
22 whenever it shall be necessary in order to provide moneys to meet any withdrawal, payment or
23 transfer from such account. Neither the Chief Financial Officer nor any other officer or employee
24 of the City shall be liable or responsible for any loss resulting from any such investment or
25 reinvestment made in accordance with this Ordinance.

26 Section 606. Character of Funds. The moneys in any account designated in Articles IV
27 and V hereof shall consist either of lawful money of the United States or Investment Securities, or
28 both such money and such Investment Securities. Moneys deposited in a demand or time deposit
29 account in a bank or savings and loan association, appropriately secured according to the laws of
30 the State, shall be deemed lawful money of the United States.

Section 607. Payment of Bond Requirements. The moneys credited to any fund or account designated in Article V hereof for the payment of the Bond Requirements of any Bonds shall be used without requisition, voucher, warrant, further order or authority (other than is contained herein), or any other preliminaries, to pay promptly the Bond Requirements of any Bonds payable from such fund or account as such amounts are due, except to the extent any other moneys are available therefor.

ARTICLE VII

SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 701. Lien of Bonds. The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues on a parity with the lien of the Net Pledged Revenues of the Parity Bonds. The Policy Costs constitute an irrevocable and subordinate lien (but not necessarily an exclusive subordinate lien) upon the Net Pledged Revenues.

Section 702. Equality of Bonds. The Bonds and any Parity Bonds heretofore issued or hereafter authorized to be issued and from time to time Outstanding are equitably and ratably secured by a lien on the Net Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Net Pledged Revenues regardless of the time or times of the issuance of the Bonds and any other such Parity Bonds, it being the intention of the Council that there shall be no priority among the Bonds and any such Parity Bonds regardless of the fact that they may be actually issued and delivered at different times, except that (a) moneys in the Project Fund, Bond Fund and Reserve Fund shall secure only the Bonds and the moneys in any acquisition, bond, reserve or similar funds established for other Parity Bonds shall secure only such Parity Bonds; and (b) other Parity Bonds may have a lien on Net Pledged Revenues on a parity with the lien thereon of the Bonds even if no reserve fund is established for such Parity Bonds or a reserve fund is established but with a different requirement as to the amount of moneys (or the value of a reserve fund insurance policy with respect to such Parity Bonds) required to be on deposit therein or the manner in which such reserve fund is funded or the period of time over which such reserve fund is funded.

Section 703. Issuance of Parity Bonds. Nothing herein prevents the issuance by the City of additional securities payable from the Net Pledged Revenues and constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the Bonds; but before any such

1 additional Parity Bonds, except as provided in Section 708, are authorized or actually issued all of
2 the following conditions are satisfied:

3 A. Absence of Default. At the time of the adoption of the ordinance authorizing the
4 issuance of the additional securities, the City shall not be in default in making any payments
5 required by Article V hereof or other Parity Bond Ordinances, including any payments of Policy
6 Costs.

7 B. Historic Earnings Test. The Net Pledged Revenues for any 12 consecutive months
8 out of the 24 months preceding the month in which such securities are to be issued are at least
9 equal to the sum of 125% of the Combined Maximum Annual Principal and Interest Requirements
10 of all Outstanding Parity Bonds and such additional Parity Bonds proposed to be issued.

11 C. Adjustment of Gross Pledged Revenues. In any computation under paragraph B of
12 this Section, the amount of the Gross Pledged Revenues for the applicable period shall be
13 decreased and may be increased by the amount of loss or gain conservatively estimated by an
14 Independent Accountant, Independent Engineer or the Chief Financial Officer, as the case may be,
15 which results from any changes in any schedule of fees, rates and other charges constituting Gross
16 Pledged Revenues based on the number of users during the applicable period as if such modified
17 schedule of fees, rates and other charges shall have been in effect during such entire time period.
18 However, the Gross Pledged Revenues need not be decreased by the amount of any such estimated
19 loss to the extent the Independent Accountant, the Independent Engineer or the Chief Financial
20 Officer estimates the loss is temporary in nature or will be offset within a reasonable temporary
21 period by an increase in revenues or a reduction in Operation and Maintenance Expenses not
22 otherwise included in the calculations under this Section, and estimates any loss under this
23 sentence will not at any time materially and adversely affect the City's apparent ability to comply
24 with the rate maintenance covenant stated in Section 821 hereof without modification because of
25 any restrictive legislation, regulation or other action under the police power exercised by any
26 governmental body.

27 D. Reduction of Annual Requirements. The respective annual Bond Requirements
28 (including as such a requirement the amount of any prior redemption premiums due on any
29 Redemption Date) shall be reduced to the extent such Bond Requirements are scheduled to be paid
30 in each of the respective Fiscal Years with moneys held in trust or in escrow for that purpose by

1 any Trust Bank, including the known minimum yield from any investment in Federal Securities
2 and any bank deposits, including any certificate of deposit.

3 E. Consideration of Additional Expenses. In determining whether or not additional
4 Parity Bonds may be issued as aforesaid, consideration shall be given to any probable increase
5 (but not reduction) in the Operation and Maintenance Expenses of the System as estimated by the
6 Chief Financial Officer that will result from the expenditure of the funds proposed to be derived
7 from the issuance and sale of the additional securities; but the Chief Financial Officer may reduce
8 any such increase in Operation and Maintenance Expenses by the amount of any increase in
9 revenues or any reduction in Operation and Maintenance Expenses resulting from the Capital
10 Improvements to which such expenditure relates and not otherwise included in the calculations
11 under this Section, if the Chief Financial Officer also opines that any such increase in revenues or
12 reduction in any increase in Operation and Maintenance Expenses will not materially and
13 adversely affect the City's apparent ability to comply with the rate maintenance covenant stated in
14 Section 821 hereof without modification because of any restrictive legislation, regulation or other
15 action under the police power exercised by any governmental body.

16 Section 704. Certification of Revenues. A written certificate or written opinion by the
17 Chief Financial Officer that the annual revenues required under paragraph B of Section 703 hereof,
18 when adjusted as hereinabove provided in paragraphs C, D, and E of Section 703 hereof, are
19 sufficient to pay such amounts, as provided in paragraph B of Section 703 hereof, shall be
20 conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell
21 and deliver additional securities on a parity with the Bonds.

22 Section 705. Subordinate Securities Permitted. Nothing herein prevents the City from
23 issuing additional securities payable from the Net Pledged Revenues and having a lien thereon
24 subordinate, inferior and junior to the lien thereon of the Bonds.

25 Section 706. Superior Securities Prohibited. Nothing herein permits the City to issue
26 additional securities payable from the Net Pledged Revenues and having a lien thereon prior and
27 superior to the lien thereon of the Bonds.

28 Section 707. Use of Proceeds. The proceeds of any Parity Bonds or other securities
29 payable from any Net Pledged Revenues shall be used only to finance Capital Improvements or to
30 refund all or any portion of the Bonds, Parity Bonds, or other securities payable from Net Pledged
31 Revenues, regardless of the priority or the lien of such securities on Net Pledged Revenues.

Section 708. Issuance of Refunding Securities. The City may issue any refunding securities payable from Net Pledged Revenues to refund any Outstanding Bonds or Parity Bonds, with such details as the Council may by ordinance 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 such Outstanding securities of any one or more issues; but so long as the Bonds, or any part thereof, are Outstanding, refunding securities payable from Net Pledged Revenues may be issued on a parity with the unrefunded Bonds only if:

A. Prior Consent. The City first receives the consent of the Owner or Owners of the unrefunded portion of the Bonds; or

B. Requirements Not Increased. The Combined Maximum Annual Principal and Interest Requirements for the Bonds and Parity Bonds Outstanding immediately after the issuance of the refunding securities is not greater than the Combined Maximum Annual Principal and Interest Requirements for all Bonds and Parity Bonds Outstanding immediately prior to the issuance of the refunding securities and the lien of any refunding Parity Bonds on the Net Pledged Revenues is not raised to a higher priority than the lien thereon of any securities thereby refunded;

or

C. Earnings Test. The refunding securities are issued in compliance with Section 703 hereof.

ARTICLE VIII

PROTECTIVE COVENANTS

Section 801. General. The City hereby covenants and agrees with the Owners of the Bonds and makes provisions which shall be a part of its contract with such Owners to the effect and with the purpose set forth in the following Sections of this Article.

Section 802. Performance of Duties. The City, acting by and through the Council or otherwise, shall faithfully and punctually perform, or cause to be performed, all duties with respect to the Gross Pledged Revenues and the System required by the Constitution and laws of the State and the various ordinances of the City, including, without limitation, the making and collection of reasonable and sufficient fees, rates and other charges for services rendered or furnished by or the use of the System, as herein provided, and the proper segregation of the proceeds of the Bonds and of any securities hereafter authorized and the Gross Pledged Revenues and their application from time to time to the respective accounts provided therefor.

1 Section 803. Contractual Obligations. The City shall perform all contractual obligations
2 undertaken by it under any agreements relating to the Bonds, the Gross Pledged Revenues, the
3 Project, or the System, or any combination thereof, with any other Persons.

4 Section 804. Further Assurances. At any and all times the City shall, so far as it may be
5 authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every
6 such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and
7 assurances as may be reasonably necessary or desirable for the better assuring, conveying,
8 granting, assigning and confirming all and singular the rights, the Gross Pledged Revenues and
9 other moneys and accounts hereby pledged or assigned, or intended so to be, or which the City
10 may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry
11 out the purposes of this Ordinance and to comply with any instrument of the City amendatory
12 thereof, or supplemental thereto. The City, acting by and through the Council, or otherwise, shall
13 at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Gross
14 Pledged Revenues and other moneys and accounts pledged hereunder and all the rights of every
15 Owner of any Bond hereunder against all claims and demands of all Persons whomsoever.

16 Section 805. Conditions Precedent. Upon the date of issuance of the Bonds, all
17 conditions, acts and things required by the Federal or State Constitution, Title 37, Article 45.1,
18 C.R.S., Title 11, Article 57, Part 2, C.R.S., this Ordinance, or any other applicable law to exist, to
19 have happened and to have been performed precedent to or in the issuance of the Bonds shall exist,
20 have happened, and have been performed; and the Bonds, together with all other obligations of the
21 City, shall not contravene any debt or other limitation prescribed by the State Constitution.

22 Section 806. Efficient Operation and Maintenance. The City shall at all times operate
23 the System properly and in a sound and economical manner; and the City shall maintain, preserve
24 and keep the same properly or cause the same so to be maintained, preserved and kept, with the
25 appurtenances and every part and parcel thereof in good repair, working order and condition, and
26 shall from time to time make or cause to be made all necessary and proper repairs, replacements
27 and renewals so that at all times the operation of the System may be properly and advantageously
28 conducted. All salaries, fees, wages and other compensation paid by the City in connection with
29 the maintenance, repair and operation of the System shall be reasonable and proper.

30 Section 807. Rules, Regulations and Other Details. The City, acting by and through the
31 Council, shall establish and enforce reasonable rules and regulations governing the operation, use

1 and services of the System. The City shall observe and perform all of the terms and conditions
2 contained in this Ordinance, and shall comply with all valid acts, rules, regulations, orders and
3 directions of any legislative, executive, administrative or judicial body applicable to the System or
4 to the City, except for any period during which the same are being contested in good faith by
5 proper legal proceedings.

6 Section 808. Payment of Governmental Charges. The City shall pay or cause to be paid
7 all taxes and assessments or other governmental charges, if any, lawfully levied or assessed upon
8 or in respect of the System, or upon any part thereof, or upon any portion of the Gross Pledged
9 Revenues, when the same shall become due, and shall duly observe and comply with all valid
10 requirements of any governmental authority relative to the System or any part thereof, except for
11 any period during which the same are being contested in good faith by proper legal proceedings.
12 The City shall not create or suffer to be created any lien upon the System, or any part thereof, or
13 upon the Gross Pledged Revenues, except the pledge and lien created by this Ordinance for the
14 payment of the Bond Requirements of the Bonds and except as herein otherwise permitted. The
15 City shall pay or cause to be discharged or shall make adequate provision to satisfy and to
16 discharge, within 60 days after the same shall become payable, all lawful claims and demands for
17 labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the
18 System, or any part thereof, or the Gross Pledged Revenues; but nothing herein requires the City
19 to pay or cause to be discharged or to make provision for any such tax, assessment, lien or charge,
20 so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

21 Section 809. Protection of Security. The City, the officers, agents and employees of the
22 City, and the Council shall not take any action in such manner or to such extent as might prejudice
23 the security for the payment of the Bond Requirements of the Bonds, the Parity Bonds, and any
24 other securities payable from the Net Pledged Revenues or any Policy Costs relating thereto
25 according to the terms thereof. No contract shall be entered into nor any other action taken by
26 which the rights of any Owner of any Bond or other security payable from Net Pledged Revenues
27 or any Policy Costs relating thereto might be prejudicially and materially impaired or diminished.

28 Section 810. Prompt Payment of Bonds. The City shall promptly pay the Bond
29 Requirements of the Bonds at the places, on the dates and in the manner specified herein and in
30 the Bonds according to the true intent and meaning hereof.

1 Section 811. Use of Bond and Reserve Funds. The Bond Fund and the Reserve Fund
2 shall be used solely for and the moneys credited to such funds and accounts therein are hereby
3 pledged, and a lien thereon is hereby created, for the purpose of paying the Bond Requirements of
4 the Bonds to their respective maturities or any Redemption Date or Dates, subject to the provisions
5 of Sections 506, 507, 508, 604 and 1201 hereof.

6 Section 812. Other Liens. Other than as provided herein, there are no liens or
7 encumbrances of any nature whatsoever on or against the System, or any part thereof, or on or
8 against the Gross Pledged Revenues on a parity with or superior to the lien thereon of the Bonds.

9 Section 813. Corporate Existence. The City shall maintain its corporate identity and
10 existence so long as any of the Bonds remain Outstanding, unless another body corporate and
11 politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties
12 and immunities of the City and is obligated by law to operate and maintain the System and to fix
13 and collect the Gross Pledged Revenues as herein provided without adversely and materially
14 affecting at any time the privileges and rights of any Owner of any Outstanding Bond.

15 Section 814. Disposal of System Prohibited. Except for the use of the System and
16 services pertaining thereto in the normal course of business, or as provided in Section 815 hereof,
17 neither all nor a substantial part of the System shall be sold, leased, mortgaged, pledged,
18 encumbered, alienated or otherwise disposed of, until all the Bonds have been paid in full, as to
19 all Bond Requirements, or unless provision has been made therefor, or until the Bonds have
20 otherwise been redeemed, including, without limitation, the termination of the pledge as herein
21 authorized; and the City shall not dispose of its title to the System or to any useful part thereof,
22 including any property necessary to the operation and use of the System and the lands and interests
23 in lands comprising the sites of the System.

24 Section 815. Disposal of Unnecessary Property. The City at any time and from time to
25 time may sell, exchange, lease or otherwise dispose of any property constituting a part of the
26 System and not useful in the construction, reconstruction or operation thereof, or which shall cease
27 to be necessary for the efficient operation of the System, or which shall have been replaced by
28 other property of at least equal value. Any proceeds of any such sale, exchange, lease or other
29 disposition received and not used to replace such property so sold or so exchanged or otherwise so
30 disposed of, shall be deposited by the City in the Water Enterprise Fund or into a special book
31 account for the betterment, enlargement, extension, other improvement and equipment of the

1 System, or any combination thereof, as the Council may determine, provided that any proceeds of
2 any such lease received shall be deposited by the City as Gross Pledged Revenues in the Water
3 Enterprise Fund.

4 Section 816. Competing System. So long as any of the Bonds are Outstanding, the City
5 shall not grant any franchise or license to any competing facilities so that the Gross Pledged
6 Revenues shall not be sufficient to satisfy the covenant in Section 821 hereof.

7 Section 817. Loss From Condemnation. If any part of the System is taken by the exercise
8 of the power of eminent domain, the amount of any award received by the City as a result of such
9 taking shall be paid into the Water Enterprise Fund or into a capital improvement account
10 pertaining to the System for the purposes thereof, or, applied to the redemption of the Outstanding
11 Bonds and any Outstanding Parity Bonds relating thereto, all as the City may determine.

12 Section 818. Employment of Management Engineers. If the City defaults in paying the
13 Bond Requirements of the Bonds or any Parity Bonds, and any other securities or Policy Costs
14 relating thereto payable from the Gross Pledged Revenues promptly as the same fall due, or an
15 Event of Default has occurred and is continuing, or if the Net Pledged Revenues in any Fiscal Year
16 fail to equal at least the amount of the Bond Requirements of the Outstanding Bonds, Parity Bonds,
17 and any other securities (including all reserves therefor specified in the authorizing proceedings,
18 including, without limitation, this Ordinance) or Policy Costs relating thereto payable from the Net
19 Pledged Revenues in that Fiscal Year, the City shall retain a firm of competent management
20 engineers skilled in the operation of such facilities to assist the management of the System so long
21 as such default continues or so long as the Net Pledged Revenues are less than the amount
22 hereinabove designated in this Section.

23 Section 819. Budgets. The Council and officials of the City shall annually and at such
24 other times as may be provided by law prepare and adopt a budget pertaining to the System.

25 Section 820. Reasonable and Adequate Charges. While the Bonds remain Outstanding
26 and unpaid, the fees, rates and other charges due to the City for the use of or otherwise pertaining
27 to and services rendered by the System to the City, to its inhabitants and to all other users within
28 and without the boundaries of the City shall be reasonable and just, taking into account and
29 consideration public interests and needs, the cost and value of the System, the Operation and
30 Maintenance Expenses thereof, and the amounts necessary to meet the Bond Requirements of all

1 Bonds, the Parity Bonds, and any other securities payable from the Net Pledged Revenues,
2 including, without limitation, reserves and any replacement accounts therefor.

3 Section 821. Adequacy and Applicability of Charges. There shall be charged against
4 users of service pertaining to and users of the System, such fees, rates and other charges so that
5 the Gross Pledged Revenues shall be adequate to meet the requirements of this and the preceding
6 Sections hereof. Such charges pertaining to the System shall be at least sufficient so that the Gross
7 Pledged Revenues annually are sufficient to pay in each Fiscal Year:

8 A. Operation and Maintenance Expenses. An amount equal to the annual Operation
9 and Maintenance Expenses for such Fiscal Year,

10 B. Principal and Interest. An amount equal to 125% of both the principal and interest
11 on the Bonds and any Parity Bonds then Outstanding in that Fiscal Year (excluding the reserves
12 therefor), and

13 C. Deficiencies. Any amounts required to pay all Policy Costs, if any, due and owing
14 and all sums, if any, due and owing to meet then existing deficiencies pertaining to any fund or
15 account relating to the Gross Pledged Revenues or any securities payable therefrom.

16 Section 822. Limitations Upon Free Service. No free service or facilities shall be
17 furnished by the System, except that if the City elects to use for City purposes any water facilities,
18 or other services and facilities provided by the System or otherwise to use the System or any part
19 thereof, the City is not required to pay for such use.

20 Section 823. Levy of Charges. The City shall forthwith and in any event prior to the
21 delivery of any of the Bonds, fix, establish and levy the fees, rates and other charges which are
22 required by Section 821 of this Ordinance, if such action is necessary therefor. No reduction in
23 any initial or existing rate schedule for the System may be made:

24 A. Proper Application. Unless the City has fully complied with the provisions of
25 Article V of this Ordinance for at least the full Fiscal Year immediately preceding such reduction
26 of the initial or any other existing rate schedule; and

27 B. Sufficient Revenues. Unless the audit required by the Independent Accountant by
28 Section 827 hereof for the full Fiscal Year immediately preceding such reduction discloses that
29 the estimated revenues resulting from the proposed rate schedule for the System, after the
30 schedule's proposed reduction, shall be at least sufficient to produce the amounts required by
31 Section 821 hereof.

1 Section 824. Collection of Charges. The City shall cause all fees, rates and other charges
2 pertaining to the System to be collected as soon as is reasonable, shall reasonably prescribe and
3 enforce rules and regulations or impose contractual obligations for the payment of such charges,
4 and for the use of the System, and shall provide methods of collection and penalties, to the end
5 that the Gross Pledged Revenues shall be adequate to meet the requirements of this Ordinance and
6 any other ordinance supplemental thereto.

7 Section 825. Procedure for Collecting Charges. All bills for water services and all other
8 services or facilities furnished or served by or through the System shall be rendered to customers
9 on a regularly established basis. The fees, rates and other charges due shall be collected in a lawful
10 manner, including, without limitation, discontinuance of service.

11 Section 826. Maintenance of Records. So long as any of the Bonds and any Parity Bonds
12 payable from the Gross Pledged Revenues remain Outstanding, proper books of record and
13 account pertaining to the Gross Pledged Revenues and the System shall be kept by the City,
14 separate and apart from all other records and accounts.

15 Section 827. Audits Required. The City shall cause an audit for the Fiscal Year of the
16 books and accounts pertaining to the Gross Pledged Revenues and the System to be completed by
17 an Independent Accountant within 210 days following the close of each Fiscal Year.

18 Section 828. Accounting Principles. System records and accounts, and audits thereof,
19 shall be currently kept and made, as nearly as practicable, in accordance with the then generally
20 accepted accounting principles, methods and terminology followed and construed for utility
21 operations comparable to the System, except as may be otherwise provided herein or required by
22 applicable law or regulation or by contractual obligation existing on the effective date of this
23 Ordinance.

24 Section 829. Insurance and Reconstruction. Except to the extent of any self-insurance,
25 the City shall at all times maintain with responsible insurers fire and extended coverage insurance,
26 worker's compensation insurance, public liability insurance and all such other insurance as is
27 customarily maintained with respect to utilities of like character against loss of or damage to the
28 System and against loss of revenues and against public and other liability to the extent reasonably
29 necessary to protect the interests of the City and of each Owner of a Bond. If any useful part of
30 the System shall be damaged or destroyed, the City shall, as expeditiously as may be possible,
31 commence and diligently proceed with the repair or replacement of the damaged property so as to

restore the same to use. The proceeds of any such insurance shall be payable to the City and (except for proceeds of any use and occupancy insurance) shall be applied to the necessary costs involved in such repair and replacement and to the extent not so applied shall (together with the proceeds of any such use and occupancy insurance) be deposited in the Water Enterprise Fund by the City as revenues derived from the operation of the System. If the costs of such repair and replacement of the damaged property exceed the proceeds of such insurance available for the payment of the same, moneys in the Water Enterprise Fund shall be used to the extent necessary for such purposes, as permitted by Section 510 hereof.

Section 830. Federal Income Tax Exemption. The City covenants for the benefit of the Owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the City or any facilities financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, or (iii) would cause interest on the Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present State law. In furtherance of this covenant, the City agrees to comply with the procedures set forth in the Tax Compliance Certificate with respect to the Bonds. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code and Colorado law have been met.

Section 831. Continuing Disclosure. The City shall comply with the provisions of the Continuing Disclosure Certificate. Any failure by the City to perform in accordance with this Section shall not constitute an Event of Default under this Ordinance, and the rights and remedies provided by this Ordinance upon the occurrence of an Event of Default shall not apply to any such failure. The Paying Agent shall not have any power or duty to enforce this Section. No Owner of a Bond shall be entitled to damages for the City's non-compliance with its obligations under this Section; however, the Owners of the Bonds may enforce specific performance of the obligations contained in this Section by any judicial proceeding available.

ARTICLE IX

PRIVILEGES, RIGHTS AND REMEDIES

1 Section 901. Owners' Remedies. Each Owner of any Bond shall be entitled to all of the
2 privileges, rights and remedies provided or permitted in this Ordinance, and as otherwise provided
3 or permitted by law or in equity or by any statutes, except as provided in Sections 202 through 206
4 and 1201 hereof, but subject to the provisions herein concerning the pledge of and the covenants
5 and the other contractual provisions concerning the Gross Pledged Revenues and the proceeds of
6 the Bonds.

7 Section 902. Right to Enforce Payment. Nothing in this Article affects or impairs the
8 right of any Owner of any Bond to enforce the payment of the Bond Requirements due in
9 connection with his or her Bond or the obligation of the City to pay the Bond Requirements of
10 each Bond to the Owner thereof at the time and the place expressed in the Bond.

11 Section 903. Events of Default. Each of the following events is hereby declared an
12 "Event of Default," provided however, that in determining whether a payment default has occurred
13 pursuant to paragraphs A or B of this Section, no effect shall be given to payments made under the
14 Insurance Policy:

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

18 B. Nonpayment of Interest. Payment of any installment of interest on any of the Bonds
19 is not made when the same becomes due and payable;

20 C. Cross Defaults. The occurrence and continuance of an "event of default," as
21 defined in any Parity Bond Ordinance;

22 D. Failure to Reconstruct. The City unreasonably delays or fails to carry out with
23 reasonable dispatch the reconstruction of any part of the System which is destroyed or damaged
24 and is not promptly repaired or replaced (whether such failure promptly to repair the same is due
25 to impracticability of such repair or replacement or is due to a lack of moneys therefor or for any
26 other reason), but it shall not be an Event of Default if such reconstruction is not essential to the
27 efficient operation of the System;

28 E. Appointment of Receiver. An order or decree is entered by a court of competent
29 jurisdiction with the consent or acquiescence of the City appointing a receiver or receivers for the
30 System or for the Gross Pledged Revenues and any other moneys subject to the lien to secure the
31 payment of the Bonds, or if an order or decree having been entered without the consent or

1 acquiescence of the City is not vacated or discharged or stayed on appeal within 60 days after
2 entry;

3 F. Default Under Insurance Agreement. If an event of default shall have occurred and
4 be continuing under the provisions of the Insurance Agreement; and

5 G. Default of Any Provision. The City defaults in the due and punctual performance
6 of any other of the representations, covenants, conditions, agreements and other provisions
7 contained in the Bonds or in this Ordinance on its part to be performed (other than Section 831
8 hereof), and such default continues for 60 days after written notice specifying such default and
9 requiring the same to be remedied is given to the City and the Insurer specifying the failure and
10 requiring that it be remedied, which notice may be given by the Paying Agent in its discretion and,
11 except as provided in Section 1101 hereof, shall be given by the Paying Agent at the written request
12 of the Owners of not less than 25 percent in aggregate principal amount of Bonds then Outstanding.

13 Section 904. Remedies for Defaults. Except as provided in Section 1101 hereof, upon
14 the happening and continuance of any Event of Default, the Owner or Owners of not less than 25%
15 in aggregate principal amount of the Bonds then Outstanding, including, without limitation, a
16 trustee or trustees therefor, may proceed against the City and its agents, officers and employees to
17 protect and to enforce the rights of any Owner of Bonds under this Ordinance by mandamus or by
18 other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction,
19 either for the appointment of a receiver or for the specific performance of any covenant or
20 agreement contained herein or in an award of execution of any power herein granted for the
21 enforcement of any proper legal or equitable remedy as such Owner or Owners may deem most
22 effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which
23 may be unlawful or in violation of any right of any Owner of any Bond, or to require the City to
24 act as if it were the trustee of an expressed trust, or any combination of such remedies. All such
25 proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all
26 Owners of the Bonds.

27 Section 905. Receiver's Rights and Privileges. Any receiver appointed in any
28 proceedings to protect the rights of such Owners hereunder, the consent to any such appointment
29 being hereby expressly granted by the City, may enter and may take possession of the System,
30 may operate and maintain the same, may prescribe fees, rates and other charges, and may collect,

1 receive and apply all Gross Pledged Revenues arising after the appointment of such receiver in the
2 same manner as the City itself might do.

3 Section 906. Rights and Privileges Cumulative. The failure of any Owner of any
4 Outstanding Bond to proceed in any manner herein provided shall not relieve the City, or any of
5 its officers, agents or employees of any liability for failure to perform or carry out any duty,
6 obligation or other commitment. Each right or privilege of any such Owner (or trustee thereof) is
7 in addition and is cumulative to any other right or privilege, and the exercise of any right or
8 privilege by or on behalf of any Owner shall not be deemed a waiver of any other right or privilege
9 thereof.

10 Section 907. Duties upon Defaults. Upon the happening of any Event of Default, the
11 City shall do and perform all proper acts on behalf of and for the Owners of Bonds to protect and
12 to preserve the security created for the payment of the Bonds and to insure the payment of the
13 Bond Requirements promptly as the same become due. While any Event of Default exists, except
14 to the extent it may be unlawful to do so, all Gross Pledged Revenues shall be paid into the Bond
15 Fund and into bond or similar funds established for any Parity Bonds then Outstanding, pro rata
16 based upon the aggregate principal amount of the Bonds and Parity Bonds then Outstanding.
17 Except as provided in Section 1101 hereof, if the City fails or refuses to proceed as in this Section
18 provided, the Owner or Owners of not less than 25% in aggregate principal amount of the Bonds
19 then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the
20 Owners of the Bonds as hereinabove provided, and to that end any such Owners of the Outstanding
21 Bonds shall be subrogated to all rights of the City under any agreement, lease or other contract
22 involving the System or the Gross Pledged Revenues entered into prior to the effective date of this
23 Ordinance or thereafter while any of the Bonds are Outstanding.

24 ARTICLE X

25 AMENDMENT OF ORDINANCE

26
27 Section 1001. Privilege of Amendments.

28 A. Except as hereafter provided, this Ordinance may be amended or supplemented by
29 ordinances adopted by the Council in accordance with law, without receipt by the City of any
30 additional consideration, but with the written consent of the Insurer and, subject to Section 1101
31 hereof, the Owners of not less than a majority in aggregate principal amount of the Bonds
32 Outstanding at the time of the adoption of such amendatory or supplemental ordinance excluding,

pursuant to Section 101 B hereof, any Bonds which may then be held or owned for the account of the City. Notwithstanding the foregoing, no such ordinance shall permit:

(1) Changing Payment. A change in the maturity, terms of redemption or interest payment of any Outstanding Bond; or

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

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

(4) Modifying Any Bond. A reduction of the principal amount or percentages or otherwise affecting the description of Bonds the consent of the Owners of which is required for any such modification or amendment; or

(5) Priorities Between Bonds. The establishment of priorities as between Bonds issued and Outstanding; or

(6) Modification of Less Than All the Bonds. The modification of or otherwise affecting the rights of the Owners of less than all of the Outstanding Bonds.

B. Notwithstanding the foregoing provisions of this Section, this Ordinance and the rights and obligations of the City and of the Owners of the Bonds may also be modified or amended at any time, with the written consent of the Insurer but without the consent of any Owners of the Bonds, but only to the extent permitted by law and only for any or all of the following purposes:

(1) to add to the covenants and agreements of the City in this Ordinance contained other covenants and agreements thereafter to be observed;

(2) to subject to the covenants and agreements of the City in this Ordinance additional System revenues, to be defined and treated as Gross Pledged Revenues, for the purpose of providing additional security for the Bonds and any Parity Bonds;

(3) in connection with the provision of a Reserve Fund Insurance Policy subsequent to the issuance of the Bonds;

(4) to provide for the appointment of a new Paying Agent;

(5) to make such provisions for the purpose of curing any ambiguity or of curing or correcting any formal defect or omission in this Ordinance, or in regard to questions arising under this Ordinance, as the City may deem necessary or desirable, and which shall not adversely affect the interests of the Owners of the Bonds; or

1 (6) in order to preserve or protect the excludability from gross income for federal
2 income tax purposes of the interest allocable to the Bonds..

3 Section 1002. Notice of Amendment. Whenever the Council proposes to amend or modify
4 this Ordinance under the provisions of this Article, it shall cause notice of the proposed amendment
5 to be mailed to Owners of all Outstanding Bonds at their addresses as the same last appear on the
6 registration records maintained by the Paying Agent and to the Insurer. Such notice shall briefly
7 set forth the nature of the proposed amendment and shall state that a copy of the proposed
8 amendatory ordinance is on file with the City Manager for public inspection. Notice of the
9 proposed amendment, together with a copy of the proposed amendatory ordinance, shall be
10 delivered to the Rating Agencies then maintaining a rating on the Bonds at least 15 days in advance
11 of the adoption of the amendment. A full transcript of all proceedings relating to the execution of
12 such amendatory ordinance shall be provided to the Insurer.

13 Section 1003. Time for Amendment. If the ordinance is required to be consented to by
14 the Owners of the Bonds, whenever at any time within one year from the date of the giving of such
15 notice there shall be filed with the City Manager an instrument or instruments executed by the
16 Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding,
17 which instrument or instruments shall refer to the proposed amendatory ordinance described in
18 such notice and shall specifically consent to and approve the adoption of such ordinance, the
19 Council may adopt such amendatory ordinance and such ordinance shall become effective. If the
20 ordinance is not required to be consented to by the Owners of the Bonds, the amendatory ordinance
21 may be adopted by the Council at any time.

22 Section 1004. Binding Consent to Amendment. If the Owners of not less than a majority
23 in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such
24 amendatory ordinance requiring consent of the Owners of the Bonds, or the predecessors in title
25 of such Owners, shall have consented to and approved the adoption thereof as herein provided, no
26 Owner of any Bond, whether or not such Owner shall have consented to or shall have revoked any
27 consent as in this Article provided, shall have any right or interest to object to the adoption of such
28 amendatory ordinance or to object to any of the terms or provisions therein contained or to the
29 operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions
30 thereof.

1 Section 1005. Time Consent Binding. Any consent given by the Owner of a Bond
2 pursuant to the provisions of this Article shall be irrevocable for a period of 6 months from the
3 date of the giving of the notice above provided for and shall be conclusive and binding upon all
4 future Owners of the same Bond during such period. Such consent may be revoked at any time
5 after 6 months from the date of such giving of such notice by the Owner who gave such consent
6 or by a successor in title by filing notice of such revocation with the City Manager, but such
7 revocation shall not be effective if the Owners of not less than a majority in aggregate principal
8 amount of the Bonds Outstanding as in this Article provided, prior to the attempted revocation,
9 consented to and approved the amendatory ordinance referred to in such revocation.

10 Section 1006. Unanimous Consent. Notwithstanding anything in the foregoing provisions
11 of this Article, the terms and provisions of this Ordinance or of any ordinance amendatory thereof
12 or supplemental thereto and the rights and the obligations of the City and of the Owners of the
13 Bonds thereunder may be modified or amended in any respect upon the adoption by the City and
14 upon the filing with the City Manager of an ordinance to that effect and with the consent of the
15 Insurer and the Owners of all the then Outstanding Bonds, such consent to be given as provided in
16 Section 1003 hereof; and no notice to Owners of Bonds shall be required as provided in Section
17 1002 hereof, nor shall the time of consent be limited except as may be provided in such consent.

18 Section 1007. Exclusion of City's Bonds. At the time of any consent or of other action
19 taken under this Article, the City shall furnish to the City Manager a certificate of the Chief
20 Financial Officer, upon which the City may rely, describing all Bonds to be excluded for the
21 purpose of consent or of other action or of any calculation of Outstanding Bonds provided for in
22 this Article, and the City shall not be entitled with respect to such Bonds to give any consent or to
23 take any other action provided for in this Article, as provided in Section 101 B hereof.

24 Section 1008. Notation on Bonds. Bonds authenticated and delivered after the effective
25 date of any action taken as in this Article provided may bear a notation by endorsement or
26 otherwise in form approved by the Council as to such action; and after the approval of such
27 notation, then upon demand of the Owner of any Bond Outstanding and upon presentation of his
28 or her Bond for that purpose at the principal office of the Paying Agent, suitable notation shall be
29 made on such Bond by the Paying Agent as to any such action. If the Council so determines, new
30 Bonds, so modified as in the opinion of the Council conform to such action, shall be prepared,
31 executed, authenticated and delivered; and upon demand of the Owner of any Bond then

1 Outstanding, shall be exchanged without cost to such Owner for Bonds then Outstanding upon
2 surrender of such Bonds.

3 Section 1009. Proof of Instruments and Bonds. The fact and date of execution of any
4 instrument under the provisions of this Article, the amount and number of the Bonds held by any
5 Person executing such instrument, and the date of his or her holding the same may be proved as
6 provided by Section 1203 hereof.

7 Section 1010. Copies of Supplemental Ordinances to Rating Agencies. Copies of any
8 supplemental or amendatory ordinance shall be sent by the City to the Rating Agencies at least 10
9 days prior to the effective date thereof.

10 ARTICLE XI

11 INSURANCE POLICY AND RESERVE POLICY PROVISIONS

12 Section 1101. Insurer To Be Deemed Owner, Rights of the Insurer, Payments by the
13 Insurer; Notices.

14 A. Notwithstanding any provision of this Ordinance to the contrary, so long as the
15 Insurer is not in default in its payment obligations under the Insurance Policy, the Insurer shall at
16 all times be deemed the sole and exclusive Owner of the Outstanding Bonds for the purposes of
17 all approvals, consents, waivers, institution of any action, and the direction of all remedies pursuant
18 to this Ordinance, including but not limited to approval of or consent to any amendment of or
19 supplement to this Ordinance which requires the consent or approval of the Owners of not less
20 than a majority of the aggregate principal amount of the Bonds then Outstanding pursuant to this
21 Ordinance; provided, however, that the Insurer shall not be deemed to be the sole and exclusive
22 Owner of the Outstanding Bonds with respect to any amendment or supplement to this Indenture
23 which seeks to amend or supplement this Indenture for the purposes set forth in clauses A (1)
24 through A (6) of Section 1001 hereof, and provided, further, that the Insurer shall not have the
25 right to direct or consent to City, Paying Agent or Owner action as provided herein, if:

26 (1) the Insurer shall be in default under the Insurance Policy;

27 (2) any material provision of the Insurance Policy shall be held to be invalid by a final,
28 non-appealable order of a court of competent jurisdiction, or the validity or enforceability thereof
29 shall be contested by the Insurer; or

30 (3) a proceeding shall have been instituted in a court having jurisdiction in the premises
31 seeking an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution

1 in respect of the Insurer and such proceeding is not terminated for a period of 90 consecutive days
2 or such court enters an order granting the relief sought in such proceeding.

3 B. To the extent that the Insurer makes payment of any principal of or interest on a
4 Bond, it shall be fully subrogated to all of the Owner's rights thereunder in accordance with the
5 terms of the Insurance Policy to the extent of such payment, including the Owner's rights to
6 payment thereof.

7 C. In the event that the principal of or interest on a Bond shall be paid by the Insurer
8 pursuant to the terms of the Insurance Policy: (1) such Bond shall continue to be "Outstanding"
9 under this Ordinance, and (2) the Insurer shall be fully subrogated to all of the rights of the Owner
10 thereof in accordance with the terms and conditions of paragraph B of this Section and the
11 Insurance Policy.

12 D. This Ordinance shall not be discharged unless and until all amounts due to the
13 Insurer have been paid in full or duly provided for.

14 E. The rights granted under this Ordinance to the Insurer to request, consent to or
15 direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance
16 Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual
17 rights and shall not be construed or deemed to be taken for the benefit of or on behalf of the
18 Owners, nor does such action evidence any position of the Insurer, positive or negative, as to
19 whether Owner consent is required in addition to consent of the Insurer.

20 F. No modification, amendment or supplement to this Ordinance shall become
21 effective except upon obtaining the prior written consent of the Insurer.

22 G. No contract shall be entered into nor any action taken by the City or the Paying
23 Agent pursuant to which the rights of the Insurer or security for or sources of payment of the Bonds
24 under this Ordinance may be impaired or prejudiced except upon obtaining the prior written
25 consent of the Insurer.

26 ARTICLE XII

27 MISCELLANEOUS

28 Section 1201. Defeasance. If, when the Bonds shall be paid in accordance with their terms
29 (or payment of the Bonds has been provided for in the manner set forth in the following paragraph),
30 then this Ordinance and all rights granted hereunder shall thereupon cease, terminate and become
31 void and be discharged and satisfied.

1 Payment of any Outstanding Bond shall prior to the maturity or Redemption Date thereof
2 be deemed to have been provided for within the meaning and with the effect expressed in this
3 Section if (a) in case said Bond is to be redeemed on any date prior to its maturity, the City shall
4 have given to the Paying Agent in form satisfactory to it irrevocable instructions to give on a date
5 in accordance with the provisions of Section 405 hereof, notice of redemption of such Bond on
6 said Redemption Date, such notice to be given in accordance with the provisions of Section 405
7 hereof, (b) there shall have been deposited with the Paying Agent or a Trust Bank either moneys
8 in an amount which shall be sufficient, and/or Federal Securities which shall not contain provisions
9 permitting the redemption thereof at the option of the issuer, the principal of and the interest on
10 which when due, and without any reinvestment thereof, will provide moneys which, together with
11 the moneys, if any, deposited with or held by the Paying Agent or Trust Bank at the same time,
12 shall be sufficient to pay when due the Bond Requirements due and to become due on said Bond
13 on and prior to the Redemption Date or maturity date thereof, as the case may be, and (c) in the
14 event said Bond is not by its terms subject to redemption within the next sixty days, the City shall
15 have given the Paying Agent in form satisfactory to it irrevocable instructions to give, as soon as
16 practicable in the same manner as the notice of redemption is given pursuant to Section 405 hereof,
17 a notice to the Owner of such Bond that the deposit required by (b) above has been made with the
18 Paying Agent or Trust Bank and that payment of said Bond has been provided for in accordance
19 with this Section and stating such maturity or Redemption Date upon which moneys are to be
20 available for the payment of the Bond Requirements of said Bond. Neither such securities nor
21 moneys deposited with the Paying Agent or Trust Bank pursuant to this Section or principal or
22 interest payments on any such Federal Securities shall be withdrawn or used for any purpose other
23 than, and shall be held in trust for, the payment of the Bond Requirements of said Bond; provided
24 any cash received from such principal or interest payments on such Federal Securities deposited
25 with the Paying Agent or other Trust Bank, if not then needed for such purpose, shall, to the extent
26 practicable, be reinvested in securities of the type described in (b) of this paragraph maturing at
27 times and in amounts sufficient to pay when due the Bond Requirements to become due on said
28 Bond on or prior to such Redemption Date or maturity date thereof, as the case may be. At such
29 time as payment of a Bond has been provided for as aforesaid, such Bond shall no longer be
30 secured by or entitled to the benefits of this Ordinance, except for the purpose of any payment
31 from such moneys or securities deposited with the Paying Agent or other Trust Bank.

1 The release of the obligations of the City under this Section shall be without prejudice to
2 the right of the Paying Agent to be paid reasonable compensation for all services rendered by it
3 hereunder and all its reasonable expenses, charges and other disbursements incurred on or about
4 the administration of and performance of its powers and duties hereunder.

5 Upon compliance with the foregoing provisions of this Section with respect to all Bonds
6 then Outstanding, this Ordinance may be discharged in accordance with the provisions of this
7 Section but the liability of the City in respect of the Bonds shall continue; provided that the Owners
8 thereof shall thereafter be entitled to payment only out of the moneys or Federal Securities
9 deposited with the Paying Agent or other Trust Bank as provided in this Section.

10 Section 1202. Delegated Powers. The officers, employees and agents of the City be, and
11 they hereby are, authorized and directed to take all action necessary or appropriate to effectuate
12 the provisions of this Ordinance, including, without limitation:

13 A. Final Certificates. the execution of such certificates as may be reasonably required
14 by the Purchaser, including the Continuing Disclosure Certificate and Insurance Agreement, if
15 any;

16 B. Paying Agent Agreement. the execution and delivery of an agreement with the
17 Paying Agent necessary or desirable to evidence the acceptance by the Paying Agent of its duties
18 hereunder;

19 C. Official Statement. the execution and delivery of the final Official Statement; and

20 D. Purchase Contract. the execution and delivery of the bond purchase proposal from
21 the Purchaser.

22 Section 1203. Evidence of Bond Owners. Any request, consent or other instrument which
23 this Ordinance may require or may permit to be signed and to be executed by the Owners of any
24 Bonds may be in one or more instruments of similar tenor and shall be signed or shall be executed
25 by each such Owner in person or by his or her attorney appointed in writing. Proof of the execution
26 of any such instrument or of an instrument appointing any such attorney, or the holding by any
27 Person of the Bonds shall be sufficient for any purpose of this Ordinance (except as otherwise
28 herein expressly provided) if made in the following manner:

29 A. Proof of Execution. The fact and the date of the execution by any Owner of any
30 Bonds or his or her attorney of such instrument may be established by a certificate, which need
31 not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the City

1 Manager or Chief Financial Officer of any notary public or other officer authorized to take
2 acknowledgments of deeds to be recorded in the state in which he or she purports to act, that the
3 individual signing such request or other instrument acknowledged to him or her the execution
4 thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public
5 or other officer; the authority of the individual or individuals executing any such instrument on
6 behalf of a corporate Owner of any securities may be established without further proof if such
7 instrument is signed by an individual purporting to be the president or vice-president of such
8 corporation with a corporate seal affixed and attested by an individual purporting to be its secretary
9 or an assistant secretary; and the authority of any Person or Persons executing any such instrument
10 in any fiduciary or representative capacity may be established without further proof if such
11 instrument is signed by a Person or Persons purporting to act in such fiduciary or representative
12 capacity; and

13 B. Proof of Holdings. The amount of Bonds held by any Person and the numbers, date
14 and other identification thereof, together with the date of his or her holding the Bonds, shall be
15 proved by the registration records maintained by the Paying Agent.

16 Section 1204. Parties Interested Herein. Nothing in this Ordinance expressed or implied
17 is intended or shall be construed to confer upon, or to give to, any Person, other than the City, the
18 Paying Agent, the Insurer and the Owners of the Bonds, any right, remedy or claim under or by
19 reason of this Ordinance or any covenant, condition or stipulation hereof; and all the covenants,
20 stipulations, promises and agreements in this Ordinance contained by and on behalf of the City
21 shall be for the sole and exclusive benefit of the City, the Paying Agent, the Insurer, the Surety
22 Provider and the Owners of the Bonds.

23 Section 1205. Notices. Except as otherwise may be provided in this Ordinance, all notices,
24 certificates, requests or other communications pursuant to this Ordinance shall be in writing and
25 shall be sufficiently given and shall be deemed given by personal delivery or when mailed by first
26 class mail, and either delivered or addressed as follows:

27 If to the City at:

28 City of Longmont
29 Civic Center Complex
30 350 Kimbark
31 Longmont, Colorado 80501

Attention: Chief Financial Officer

If to the Paying Agent at:

U.S. Bank National Association

Denver Tower

950 17th Street, DN-CO-T12C

Denver, Colorado 80202

Attention: Corporate Trust Department

Any of the foregoing Persons may, by notice given hereunder to each of the other Persons, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 1206. Additional Notices to Rating Agencies. The Paying Agent hereby agrees that if at any time (a) the City shall redeem any portion of the Bonds Outstanding prior to maturity, but excluding redemptions pursuant to Section 402 hereof, (b) the City shall provide for the payment of any portion of the Bonds pursuant to Section 1201 hereof, (c) a successor Paying Agent is appointed hereunder, or (d) any supplement to this Ordinance shall become effective or any Person shall waive any provision of this Ordinance, then, in each case, the Paying Agent shall give notice to each Rating Agency.

Section 1207. Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any rights, as provided in this Ordinance, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date.

Section 1208. Effective Date. This Ordinance shall be in full force and effect ten days after final publication.

Section 1209. 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 Mayor and City Clerk, and by the certificate of publication.

1 Introduced this 23rd day of February, 2021.

2 Passed and adopted this 16th day of March, 2021.

3 CITY OF LONGMONT, COLORADO

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MAYOR

(SEAL)
ATTEST:

CITY CLERK

NOTICE: THE COUNCIL WILL HOLD A PUBLIC HEARING ON THIS ORDINANCE AT 7:00 P.M. ON THE 16TH DAY OF MARCH, 2021, AT THE LONGMONT CITY COUNCIL MEETING.

APPROVED AS TO FORM:

SENIOR ASSISTANT CITY ATTORNEY

DATE

PROOFREAD AND APPROVED
AS TO FORM:

By Butler Snow LLP

Dee P. Wilson

February 10, 2021
DATE

APPROVED AS TO FORM AND SUBSTANCE:

ORIGINATING DEPARTMENT

DATE

CA File: 21-001077