ORDINANCE NO. 1142

AN EMERGENCY ORDINANCE OF THE TOWN OF BERTHOUD, COLORADO, ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISES, AUTHORIZING THE ISSUANCE OF WASTEWATER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2012, AND WATER REVENUE BONDS, SERIES 2012, RESPECTIVELY; PROVIDING FOR THE USE OF THE PROCEEDS OF THE WATER REVENUE BONDS TO FINANCE CAPITAL IMPROVEMENTS TO THE WATER SYSTEM; PROVIDING FOR THE USE OF THE PROCEEDS OF THE WASTEWATER REFUNDING AND IMPROVEMENT REVENUE BONDS TO REFINANCE CERTAIN OUTSTANDING GOVERNMENTAL AGENCY BONDS OF THE TOWN AND TO FINANCE CAPITAL IMPROVEMENTS TO THE WASTEWATER SYSTEM; PRESCRIBING THE FORM OF THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS FROM THE OPERATION OF THE WATER ACTIVITY ENTERPRISES AND MAKING CERTAIN COVENANTS IN CONNECTION THEREWITH; PROVIDING DETAILS AND DOCUMENTS IN CONNECTION WITH THE BONDS; AND DECLARING AN EMERGENCY.

WHEREAS, the Town of Berthoud, Colorado, is a statutory municipality of the State of Colorado, duly organized and operating under the constitution and laws of the State (unless otherwise indicated, capitalized terms used in this preamble shall have the meanings set forth in Section 1 of this Ordinance); and

WHEREAS, the Town is the owner and operator of a water utility enterprise (the "Water Enterprise") consisting of a public water system (the "Water System") and of a wastewater utility enterprise (the "Wastewater Enterprise") consisting of a public wastewater system (the "Wastewater System"), both of which were established and have been and continue to be operated by the Town as "water activity enterprises" within the meaning of the Water Activity Law (defined herein) (the Water Enterprise and the Wastewater Enterprise being collectively referred to herein as the "Water Activity Enterprises"); and

WHEREAS, pursuant to Resolution No. 9-93, Resolution No. 7-94 and Resolution No. 11-94 of the Town, the Board of Trustees of the Town (the "Board") has heretofore identified the sources of revenue for the funds comprising the Water Activity Enterprises as well as the identification of the appropriate expenditures from said funds comprising the Water Activity Enterprises and, pursuant to Ordinance No. 773-1997, the Town reaffirmed the establishment of the Water Activity Enterprises; and

WHEREAS, in calendar year 2011 the Water Activity Enterprises were, and in calendar year 2012 the Water Activity Enterprises continue to be operated as government-owned businesses authorized to issue their own revenue bonds and receiving under 10% of annual revenue in grants from all State and local governments combined, and the Board hereby determines and reaffirms that the Water Activity Enterprises are enterprises within the meaning of Article X, Section 20 of the Colorado Constitution; and

WHEREAS, the Board is acting hereunder as the governing body of the "Town of Berthoud Water Activity Enterprises" organized under the provisions of Title 37, Article 45.1, Colorado Revised Statutes (the "Water Activity Law"); and

WHEREAS, the Town, acting by and through its Water Activity Enterprises, previously issued its $2,870,000 aggregate principal amount of Water Revenue Refunding Bonds, Series 2006 (the "Series 2006 Water Bonds"), its $2,085,000 aggregate principal amount of Wastewater Revenue Refunding Bonds, Series 2006 (the "Series 2006 Wastewater Bonds"), its $2,015,000 aggregate principal amount of Water Revenue Bonds, Series 2007 (the "Series 2007 Water Bonds") and its $355,000 aggregate principal amount of Wastewater Revenue Bonds, Series 2007 (the "Series 2007 Wastewater Bonds"); and

WHEREAS, the Town, acting by and through its Wastewater Activity Enterprise, previously issued that certain Governmental Agency Bond, dated May 1, 2002 (the "2002 Authority Bond"), in the aggregate principal amount of $6,325,000 to the Colorado Water Resources and Power Development Authority (the "Authority") pursuant to a Loan Agreement dated as of May 1, 2002 (the "2002 Loan Agreement") between the Town and the Authority; and

WHEREAS, the Town, acting by and through its Wastewater Activity Enterprise, previously issued that certain Governmental Agency Bond, dated May 1, 2004 (the "2004 Authority Bond" and, together with the 2002 Authority Bond, the "Authority Bonds"), in the aggregate principal amount of $2,385,000 to the Authority pursuant to a Loan Agreement dated as of May 1, 2004 (the "2004 Loan Agreement" and, together with the 2002 Loan Agreement, the "Loan Agreements") between the Town and the Authority; and

WHEREAS, under the provisions of Article 56 of Title 11, Colorado Revised Statutes, (the "Public Securities Refunding Act"), the Town, acting by and through its Wastewater Activity Enterprise, is authorized to issue its refunding revenue bonds for the purpose of refunding, paying and discharging outstanding obligations and for one or more other purposes, including but not limited to (a) reducing the net effective interest rate payable by the Town with respect to such obligations, (b) reducing the total interest payable by the town over the life of such obligations, (c) reducing the total principal and interest payable on such obligations or the principal and interest payable thereon in any particular year or years or effecting other economies, or (d) postponing the maturity of all or any portion of said obligations to a later date, subject to the limitations of the Public Securities Refunding Act; and

WHEREAS, the Board has determined that it is advantageous to, and in the best interests of, the Town and the residents thereof to issue the Town's Water Revenue Bonds, Series 2012 (the "Water Bonds"), for the purpose of constructing and acquiring capital improvements for the Water System, which capital improvements currently include the reconfiguration and upgrade of

the Town's existing water treatment plant (the "Water Project"), and its Wastewater Refunding and Improvement Revenue Bonds, Series 2012 (the "Wastewater Bonds" and, together with the Water Bonds, the "Bonds"), for the purposes of (a) refunding the 2002 Authority Bond and the 2004 Authority Bond (the "Wastewater Refunding Project"), and (b) constructing and acquiring capital improvements for the Wastewater System, which capital improvements currently include the expansion and upgrade of the Town's existing wastewater treatment plant (the "Wastewater Improvement Project" and, together with the Wastewater Refunding Project and the Water Project, the "Project"); and

WHEREAS, the Board has been presented with a proposal from George K. Baum & Company, of Denver, Colorado, to purchase the Bonds upon specified terms and conditions, the final terms and conditions of which are to be set forth in the Bond Purchase Agreement in accordance with the Sale Certificate, and, after consideration, the Board has determined that the negotiated sale of the Bonds, subject to the parameters set forth herein, to said company is to the best advantage of the Town; and

WHEREAS, the Board has determined and hereby confirms that the Water Bonds shall be secured by the Net Pledged Water Revenue (defined in Section 1 hereof) on parity with the Series 2006 Water Bonds and the Series 2007 Water Bonds; and

WHEREAS, the Board has determined and hereby confirms that the Wastewater Bonds shall be secured by the Net Pledged Wastewater Revenue (defined in Section 1 hereof) on parity with the Series 2006 Wastewater Bonds and the Series 2007 Wastewater Bonds; and

WHEREAS, the Bonds will not be payable from any tax and, pursuant to applicable laws of the State, voter approval is not required for the issuance of revenue bonds by the Town, acting by and through its Water Activity Enterprises; and

WHEREAS, none of the members of the Board have any potential conflicting interests in connection with the authorization, issuance, or sale of the Bonds, or the use of the proceeds thereof; and

WHEREAS, there has been presented to the Town and available to the Board, among other things, (a) the Preliminary Official Statement, (b) the Paying Agent Agreement, (c) the Bond Purchase Agreement, (d) the Escrow Agreement and (e) the Continuing Disclosure Undertaking; and

WHEREAS, the Board desires to authorize the issuance and sale of the Bonds and the execution of the necessary and appropriate documents; and

WHEREAS, the Board desires, as provided in the Supplemental Public Securities Act, Part 2 of Article 57 of Title 11 of the Colorado Revised Statutes, as amended, to delegate the authority to the Mayor of the Town, or to the Mayor Pro Tem of the Town, in the Mayor's absence, to determine certain provisions of the Bonds to be set forth in the Sale Certificate, in accordance with the provisions of this Ordinance.

BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE TOWN OF BERTHOUD, COLORADO:

Section 1. Definitions. The following terms shall have the following meanings as used in this Ordinance:

"*Acts*" means the Public Securities Refunding Act, Supplemental Public Securities Act and the Water Activity Law.

"*Authority*" means the Colorado Water Resources and Power Development Authority.

"*Authority Bonds*" means the 2002 Authority Bond and the 2004 Authority Bond.

"*Bank*" means UMB Bank, n.a., in Denver, Colorado, or its successor, a national banking association duly organized and existing under the laws of the United States of America, being a member of the Federal Deposit Insurance Corporation, and having full and complete trust powers.

"*Beneficial Owner*" means any person for which a Participant acquires an interest in the Bonds.

"*Board*" means the Board of Trustees of the Town acting as the governing body of the Water Activity Enterprises.

"*Bond Counsel*" means (a) as of the date of issuance of the Bonds, Kutak Rock LLP, of Denver, Colorado, and (b) as of any other date, Kutak Rock LLP or such other attorneys selected by the Town with nationally recognized expertise in the issuance of municipal bonds.

"*Bond Purchase Agreement*" means, collectively, the Bond Purchase Agreements between the Town and the Underwriter concerning the purchase of the Bonds by the Underwriter.

"*Bonds*" means the Water Bonds and the Wastewater Bonds, collectively, unless the context indicates otherwise.

"*Business Day*" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State are authorized or obligated by law or executive order to be closed for business.

"*Cede*" means Cede & Co., the nominee of DTC as record owner of the Bonds, or any successor nominee of DTC with respect to the Bonds.

"*Code*" means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations proposed or in effect thereunder and applicable to the Bonds or the use of proceeds thereof, unless the context clearly requires otherwise.

"*C.R.S.*" means the Colorado Revised Statutes, as amended and supplemented as of the date hereof.

"*Dated Date*" means the date of delivery of the Bonds.

"*DTC*" means the Depository Trust Company, New York, New York, and its successors and assigns, which shall act as the initial securities depository of the Bonds.

"*DTC Blanket Letter of Representations*" means the agreement between the Town and DTC whereby the Town agrees to comply with DTC's operational requirements.

"*Escrow Account*" means the special account designated "Wastewater Refunding and Improvement Revenue Bonds, Series 2012, Escrow Account" to be maintained by the Bank in accordance with the Escrow Agreement and the provisions hereof entitled "Escrow Accounts."

"*Escrow Agreement*" means the Refunding Escrow Agreement, concerning the Authority Bonds between the Town and the Bank.

"*Event of Default*" means any of the events specified in the section hereof entitled "Events of Default."

"*Federal Securities*" means bills, certificates of indebtedness, notes, bonds or similar securities which are direct non-callable obligations of the United States of America or which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America.

"*Gross Wastewater Revenue*" means all user fees, charges and revenues directly or indirectly derived by the Town for the services furnished by, or use of, the Wastewater System, or any part thereof, including all income attributable to any future dispositions of property or rights or related contracts, settlements, or judgments held or obtained in connection with the Wastewater System or its operations, and including investment income accruing from moneys held to the credit of the Wastewater Operations Fund; provided however, that there shall be excluded from Gross Wastewater Revenue (i) any wastewater plan investment fees, tap fees, or similar equity contribution other than Pledged Wastewater Capital Revenues, (ii) moneys borrowed and used for providing Wastewater Capital Improvements; (iii) any money and securities, and investment income therefrom, in any refunding fund, escrow account, or similar account pledged to the payment of any bonds or other obligations, (iv) and any moneys received as grants or appropriations from the United States, the State of Colorado, or other sources, the use of which is limited or restricted by the grantor or donor to the provision of Wastewater Capital Improvements or for other purposes resulting in the general unavailability thereof, except to the extent any such moneys shall be received as payments for the use of the Wastewater System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom.

"*Gross Water Revenue*" means all user fees, charges and revenues directly or indirectly derived by the Town for the services furnished by, or use of, the Water System, or any part thereof, including all income attributable to any future dispositions of property or rights or related contracts, settlements, or judgments held or obtained in connection with the Water System or its operations, and including investment income accruing from moneys held to the credit of the Water Operations Fund; provided however, that there shall be excluded from Gross Water Revenue (i) any water plan investment fees, tap fees, or similar equity contribution other than Pledged Water Capital Revenues, (ii) any raw water contribution fees imposed for the

purpose of purchasing and delivering raw water to the treatment plan, (iii) moneys borrowed and used for providing Water Capital Improvements; (iv) any money and securities, and investment income therefrom, in any refunding fund, escrow account, or similar account pledged to the payment of any bonds or other obligations; and (v) any moneys received as grants or appropriations from the United States, the State of Colorado, or other sources, the use of which is limited or restricted by the grantor or donor to the provision of Water Capital Improvements or for other purposes resulting in the general unavailability thereof, except to the extent any such moneys shall be received as payments for the use of the Water System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom.

"*Interest Payment Date*" means the annual or semiannual dates set forth in the Sale Certificate for payment of interest on the Bonds.

"*Net Pledged Wastewater Revenue*" means Gross Wastewater Revenue after deducting Wastewater Operation and Maintenance Expenses.

"*Net Pledged Water Revenue*" means Gross Water Revenue after deducting Water Operation and Maintenance Expenses.

"*Official Statement*" means the final version of the Preliminary Official Statement.

"*Ordinance*" means this ordinance authorizing the issuance of the Bonds, including any amendments properly made hereto.

"*Outstanding*" means as of any date, all Bonds or Parity Lien Bonds, as the context requires, except the following:

(a) any Bond or Parity Lien Bond cancelled by the Town or the applicable paying agent, or otherwise on the Town's behalf, at or before such date;

(b) any Bond or Parity Lien Bond for the payment or the redemption of which moneys or Federal Securities sufficient to meet all of the payment requirements of the principal of, interest on, and any premium due in connection with the redemption of such Bond or Parity Lien Bond to the date of maturity or any redemption date thereof, shall have theretofore been deposited in trust for such purpose; and

(c) any lost, apparently destroyed, or wrongfully taken Bond or Parity Lien Bond in lieu of or in substitution for which another bond or other security shall have been executed and delivered.

"*Owner*" or "*Owners*" means the Person or Persons in whose name or names a Bond is registered on the registration books maintained by the Paying Agent pursuant hereto.

"*Parity Lien Bonds*" means Water Parity Lien Bonds and Wastewater Parity Lien Bonds, as applicable.

"*Participant*" means any broker-dealer, bank, or other financial institution from time to time for which DTC or another substitute securities depository holds the Bonds.

"*Paying Agent*" means the Bank, which shall act as paying agent, bond registrar, and authenticating agent for the Bonds.

"*Permitted Investments*" means any investment lawfully permitted by applicable State law.

"*Person*" means a corporation, firm, other body corporate, partnership, association or individual and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

"*Pledged Wastewater Capital Revenues*" means the plant investment fees, tap fees, or similar equity contribution derived by the Town for the right to connect to the Wastewater System, in the annual amount, if any such revenues are collected during the calendar year, of $200,000 or such greater amount as determined by the Board.

"*Pledged Water Capital Revenues*" means the plant investment fees, tap fees, or similar equity contribution derived by the Town for the right to connect to the Water System, in the annual amount, if any such revenues are collected during the calendar year, of $200,000 or such greater amount as determined by the Board.

"*Preliminary Official Statement*" means the Preliminary Official Statement concerning the Bonds and the Town used in the offer and sale of the Bonds.

"*Principal Payment Date*" means the annual or semiannual dates set forth in the Sale Certificate for payment of the principal of the Bonds.

"*Pro Rata Portion*" means the dollar amount derived by dividing the amount of principal or interest to come due on the next principal or interest payment date by the number of monthly credits required to be made prior to such payment date.

"*Public Securities Refunding Act*" means Part 1 of Article 56 of Title 11, C.R.S.

"*Record Date*" means with respect to each Interest Payment Date, (i) if the Interest Payment Date is the first day of the month, the fifteenth day of the month immediately preceding the month (whether or not such day is a Business Day) in which such Interest Payment Date occurs; or (ii) if the Interest Payment Date is the fifteenth day of the month, the first day of the month (whether or not such day is a Business Day) in which such Interest Payment Date occurs.

"*Refunded Bond Requirements*" means the principal, redemption premium, if any, and interest due in connection with the 2002 Authority Bond or the 2004 Authority Bond, respectively, at maturity or upon prior redemption.

"*Reserve Account Contract*" means a surety bond, insurance policy, letter of credit, investment agreement, investment contract or similar instrument.

"*Reserve Account Requirement*" means, for any particular series of Bonds or Parity Lien Bonds, as of any date on which it is calculated, the least of (a) 10% of the principal amount of the applicable Outstanding Bonds or Parity Lien Bonds; (b) the maximum annual debt service in

any calendar year on the applicable Outstanding Bonds or Parity Lien Bonds; or (c) 125% of the average annual debt service on the applicable Outstanding Bonds or Parity Lien Bonds; provided, however, that the Reserve Account Requirement may be reduced if, in the opinion of Bond Counsel, the funding or maintenance of it at the level otherwise determined pursuant to this definition will adversely affect the exclusion from gross income tax for federal income tax purposes of interest on any of the Bonds or Parity Lien Bonds.

"*Sale Certificate*" means either of the respective certificates executed by the Sale Delegate in connection with the issuance of the Water Bonds or the Wastewater Bonds, under the authority delegated pursuant to this Ordinance, including but not limited to the identity of the Paying Agent, and the Sections hereof titled "Bond Details," "Delegations and Parameters" and "Approval of Official Statement and Miscellaneous Documents" which set forth, among other things, the aggregate principal amount of the Bonds, the prices at which the Bonds will be sold, interest rates and annual maturing principal for the Bonds, as well as the dates on which the Bonds may be redeemed and the redemption prices therefore.

"*Sale Delegate*" means the Mayor of the Town or the Mayor Pro Tem in the absence of the Mayor.

"*Series 2006 Wastewater Bonds*" means the Town's Wastewater Revenue Refunding Bonds, Series 2006, issued in the aggregate principal amount of $2,085,000 and currently outstanding in the aggregate principal amount of $1,995,000.

"*Series 2007 Wastewater Bonds*" means the Town's Wastewater Revenue Bonds, Series 2007, issued in the aggregate principal amount of $355,000 and currently outstanding in the aggregate principal amount of $230,000.

"*Series 2006 Water Bonds*" means the Town's Water Revenue Refunding Bonds, Series 2006, issued in the aggregate principal amount of $2,870,000 and currently outstanding in the aggregate principal amount of $2,745,000.

"*Series 2007 Water Bonds*" means the Town's Water Revenue Bonds, Series 2007, issued in the aggregate principal amount of $2,015,000 and currently outstanding in the aggregate principal amount of $1,890,000.

"*Supplemental Public Securities Act*" means Part 2 of Article 57 of Title 11, C.R.S.

"*State*" means the State of Colorado.

"*Town*" means the Town of Berthoud, Larimer and Weld Counties, Colorado.

"*Underwriter*" means George K. Baum & Company, of Denver, Colorado, the original purchaser of the Bonds.

"*Wastewater Bond Account*" means the "Wastewater Refunding and Improvement Revenue Bonds, Series 2012, Bond Account" created in the section hereof entitled "Reaffirmation of Funds and Accounts; Creation of Accounts."

"*Wastewater Bonds*" means the Wastewater Refunding and Improvement Revenue Bonds, Series 2012, authorized hereby.

"*Wastewater Capital Fund*" means the Wastewater Capital Improvement Fund of the Wastewater Enterprise Fund as established in Resolution No. 11-94 of the Town.

"*Wastewater Capital Improvements*" means the acquisition of land, easements, facilities, and equipment (other than ordinary repairs and replacements), and the construction or reconstruction of improvements, betterments, and extensions, for use by or in connection with the Wastewater System which, under Generally Accepted Accounting Principles for governmental units as prescribed by the Governmental Accounting Standards Board, are properly chargeable as capital items.

"*Wastewater Enterprise Fund*" means that certain fund created by Resolution No. 9-93 of the Town to account for the Town's wastewater enterprise operations.

"*Wastewater Operation and Maintenance Expenses*" means all reasonable and necessary current expenses of the Town, paid or accrued, for operating, maintaining, and repairing the Wastewater System which are appropriate expenses of the Wastewater Operations Fund; provided however, that there shall be excluded from Wastewater Operation and Maintenance Expenses any allowance or transfers for depreciation, repayment of any interfund loans or loans from one division or fund of the Wastewater Enterprise Fund to another, payments in lieu of taxes or franchise fees, legal liabilities not based on contract, expenses incurred in connection with Wastewater Capital Improvements, payments due in connection with any bonds or other obligations issued to provide Wastewater Capital Improvements, and charges for the accumulation of reserves.

"*Wastewater Operations Fund*" means the Wastewater Operations Fund (also know as the Wastewater Operation and Maintenance Fund) of the Wastewater Enterprise Fund as established in Resolution No. 11-94 of the Town.

"*Wastewater Parity Lien Bonds*" means the Series 2006 Wastewater Bonds, the Series 2007 Wastewater Bonds and any other bonds or other obligations permitted to be issued pursuant to the section hereof entitled "Conditions to Issuance of Parity Lien Bonds," with a lien that is equal and on parity with the lien of the Wastewater Bonds on the Net Pledged Wastewater Revenue.

"*Wastewater Improvement Project*" means, as provided in the Acts, the acquisition, construction, reconstruction, betterment or extension of improvements to the Wastewater System, including but not limited to the payment of all or any allocable portion of the costs of issuance of the Wastewater Bonds.

"*Wastewater Project*" means the Wastewater Improvement Project and the Wastewater Refunding Project.

"*Wastewater Project Account*" means the "Wastewater Refunding and Improvement Revenue Bonds, Series 2012, Project Account" created in the section hereof entitled "Reaffirmation of Funds and Accounts; Creation of Accounts."

"*Wastewater Refunding Project*" means (a) refunding the 2002 Authority Bond and the 2004 Authority Bond, and (b) paying all or any allocable portion of the costs of issuance of the Wastewater Bonds.

"*Wastewater Reserve Account*" means the "Wastewater Refunding and Improvement Revenue Bonds, Series 2012, Reserve Account" created in the section hereof entitled "Reaffirmation of Funds and Accounts; Creation of Accounts."

"*Wastewater System*" means all of the Town's wastewater facilities and properties, now owned or hereafter acquired, whether situated within or without the Town boundaries, including all present or future improvements, extensions, enlargements, betterments, replacements, or additions thereof or thereto; provided however, that portion of the Town's wastewater facilities and properties previously owned and operated by the South Loveland Sanitation District shall not be considered a part of the Wastewater System for purposes of this Ordinance.

"*Water Activity Enterprises*" means the Town's water activity enterprises which have been established pursuant to the provisions of the Water Activity Law, the operations of which are accounted for in the Water Enterprise Fund and the Wastewater Enterprise Fund.

"*Water Activity Law*" means Title 37, Article 45.1, C.R.S.

"*Water Bond Account*" means the "Water Revenue Bonds, Series 2012, Bond Account" created in the section hereof entitled "Reaffirmation of Funds and Accounts; Creation of Accounts."

"*Water Bonds*" means the Water Revenue Bonds, Series 2012, authorized hereby.

"*Water Capital Fund*" means the Water Capital Improvement Fund of the Water Enterprise Fund as established in Resolution No. 7-94 of the Town.

"*Water Capital Improvements*" means the acquisition of land, easements, facilities, and equipment (other than ordinary repairs and replacements), and the construction or reconstruction of improvements, betterments, and extensions, for use by or in connection with the Water System which, under Generally Accepted Accounting Principles for governmental units as prescribed by the Governmental Accounting Standards Board, are properly chargeable as capital items.

"*Water Enterprise Fund*" means that certain fund created by Resolution No. 9-93 of the Town to account for the Town's water enterprise operations.

"*Water Operation and Maintenance Expenses*" means all reasonable and necessary current expenses of the Town, paid or accrued, for operating, maintaining, and repairing the Water System which are appropriate expenses of the Water Operations Fund; provided however, that there shall be excluded from Water Operation and Maintenance Expenses any allowance or transfers for depreciation, repayment of any interfund loans or loans from one division of the Water Enterprise Fund to another, payments in lieu of taxes or franchise fees, legal liabilities not based on contract, expenses incurred in connection with Water Capital Improvements, payments

due in connection with any bonds or other obligations issued to provide Water Capital Improvements, and charges for the accumulation of reserves.

"*Water Operations Fund*" means the Water Operations Fund (also know as the Water Treatment and Delivery Division) of the Water Enterprise Fund as established in Resolution No. 7-94 of the Town.

"*Water Parity Lien Bonds*" means the Series 2006 Water Bonds, the Series 2007 Water Bonds and any other bonds or other obligations permitted to be issued pursuant to the section hereof entitled "Conditions to Issuance of Parity Lien Bonds," with a lien that is equal and on parity with the lien of the Water Bonds on the Net Pledged Water Revenue.

"*Water Project*" means, as provided in the Acts, the acquisition, construction, reconstruction, betterment or extension of improvements to the Water System, including but not limited to the payment of the costs of issuance of the Water Bonds.

"*Water Project Account*" means the "Water Revenue Bonds, Series 2012, Project Account" created in the section hereof entitled "Reaffirmation of Funds and Accounts; Creation of Accounts."

"*Water Reserve Account*" means the "Water Revenue Bonds, Series 2012, Reserve Account" created in the section hereof entitled "Reaffirmation of Funds and Accounts; Creation of Accounts."

"*Water System*" means all of the Town's water facilities and properties, now owned or hereafter acquired, whether situated within or without the Town boundaries, including all present or future improvements, extensions, enlargements, betterments, replacements, or additions thereof or thereto.

"*2002 Authority Bond*" means that certain Governmental Agency Bond, dated May 1, 2002 originally issued to the Authority pursuant to the 2002 Loan Agreement in the aggregate principal amount of $6,325,000, and currently outstanding in the aggregate principal amount of $4,740,000.

"*2002 Loan Agreement*" means the Loan Agreement dated as of May 1, 2002 between the Town and the Authority.

"*2004 Authority Bond*" means that certain Governmental Agency Bond, dated May 1, 2004 originally issued to the Authority pursuant to the 2004 Loan Agreement in the aggregate principal amount of $2,385,000, and currently outstanding in the aggregate principal amount of $1,632,500.

"*2004 Loan Agreement*" means the Loan Agreement dated as of May 1, 2004 between the Town and the Authority.

Section 2. Authorization and Purpose of the Bonds. Pursuant to and in accordance with the Constitution of the State of Colorado; the Acts; and all other laws of the State of Colorado thereunto enabling, there shall be issued by the Town, acting by and through the Water

Activity Enterprises, the "Water Revenue Bonds, Series 2012" in the aggregate principal amount not to exceed $1,300,000 and the "Wastewater Refunding and Improvement Revenue Bonds, Series 2012" in the aggregate principal amount not to exceed $9,800,000 for the purpose of paying the costs attributable to the Water Project and the Wastewater Project, respectively.

Section 3. Bond Details.

(a) ***Registered Form, Denominations, Original Dated Date and Numbering.*** The Bonds shall be issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof, shall be dated as of the Dated Date, shall be consecutively numbered in the manner determined by the Paying Agent and shall be registered in the names of the Persons identified in the registration books of the Town maintained by the Paying Agent.

(b) ***Maturity Dates, Principal Amounts and Interest Rates.*** The Bonds shall mature on the Principal Payment Date in the years and in the principal amounts, and shall bear interest at the rates per annum (calculated based on a 360-day year of twelve 30-day months) set forth in the Sale Certificate.

(c) ***Accrual and Dates of Payment of Interest.*** Interest on each series of the Bonds shall accrue at the rates set forth above from the later of the Dated Date or the latest Interest Payment Date (or in the case of defaulted interest, the latest date) to which interest has been paid in full and shall be payable on each Interest Payment Date.

(d) ***Manner and Form of Payment.*** Principal of and the final installment of interest on each Bond shall be payable to the Owner thereof upon presentation and surrender of such bond at the principal operations office of the Paying Agent or at such other location as identified by the Paying Agent. Interest (other than the final installment of interest) on each Bond shall be payable by check or draft of the Paying Agent mailed on the Interest Payment Date to the Owner thereof as of the Record Date. All payments of the principal of and interest on the Bonds shall be made in lawful money of the United States of America.

(e) ***Book-Entry Registration.*** The Bonds shall be initially issued in the form of a single, certificated, fully registered Bond for each maturity. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede, and principal of and interest on the Bonds shall be paid to DTC in accordance with the DTC Blanket Letter of Representations; provided, however, if at any time the Paying Agent determines, and notifies the Town of its determination, that DTC is no longer able to act as, or is no longer satisfactorily performing its duties as, securities depository for the Bonds, the Town may, at its sole and absolute discretion, either (i) designate a substitute securities depository for DTC and reregister the Bonds as directed by such substitute securities depository or (ii) terminate the book-entry-registration system and reregister the Bonds in the names of the Beneficial Owners thereof. Neither the Town nor the Paying Agent shall have any liability to DTC, Cede, any substitute securities depository, any Beneficial Owner, any Person in whose name the Bonds are reregistered at the direction of any substitute securities depository, or

any other Person for any action taken to implement the Town's discretionary determination set forth above that is taken pursuant to any direction of or in reliance on any information provided by DTC, Cede, any substitute securities depository, any Beneficial Owner, or any Person in whose name the Bonds are reregistered.

(f) ***Final Determination of Bond Details***. The authority to determine other details of the Bonds is delegated to the Sale Delegate in the Section hereof entitled "Delegation and Parameters."

Section 4. Delegation and Parameters.

(a) ***Delegation***. The Board hereby delegates to the Sale Delegate the authority to determine and set forth in each Sale Certificate: (i) the matters set forth in subsection (b) of this Section, subject to the applicable parameters set forth in subsection (c) of this Section; and (ii) any other matters that, in the judgment of the Sale Delegate, are necessary or convenient to be set forth in the Sale Certificate and are not inconsistent with the parameters set forth in subsection (c) of this Section.

(b) ***Sale Certificates***. The respective Sale Certificates for the Water Bonds and the Wastewater Bonds shall set forth the following matters and other matters permitted to be set forth therein pursuant to subsection (a) of this Section, but each such matter must fall within the applicable parameters set forth in subsection (c) of this Section:

(i) the Dated Date of the Bonds;

(ii) the Principal Payment Date;

(iii) the Interest Payment Date;

(iv) the aggregate principal amount of the Bonds;

(v) the price at which the Bonds will be sold pursuant to the Bond Purchase Agreement;

(vi) the amount of principal of the Bonds maturing in any particular year and the respective interest rates borne by the Bonds;

(vii) the Bonds which may be redeemed at the option of the District, the dates upon which such optional redemption may occur, and the prices at which such Bonds may be optionally redeemed; and

(viii) the principal amounts, if any, of Bonds subject to mandatory sinking fund redemption, and the years in which such Bonds will be subject to such redemption.

(c) ***Parameters***. The authority delegated to the Sale Delegate by this Section shall be subject to the following parameters:

(d) in no event shall the Sale Delegate be authorized to execute the Bond Purchase Agreement and Sale Certificate after the date that is one (1) year after the date of adoption of this Resolution;

(e) the aggregate principal amount of the Water Bonds shall not exceed $1,300,000, and the aggregate principal amount of the Wastewater Bonds shall not exceed $9,900,000;

(f) the final maturity of each series of Bonds shall be no later than October 15, 2035;

(g) the net effective interest rate on each series of Bonds shall not exceed 4.75%; and

(h) the issuance of the Wastewater Bonds shall achieve one or more of the purposes set forth in Section 11-56-104, C.R.S.

Section 5. Form of the Bonds. The Bonds shall be in substantially the form set forth in Appendix A hereto, with such changes thereto, not inconsistent herewith, as may be necessary or desirable and approved by the officials of the Town executing the same (whose manual or facsimile signatures thereon shall constitute conclusive evidence of such approval). The Bond shall recite that it is issued under the authority of the Acts. Such recital shall conclusively impart full compliance with all provisions and limitations of such laws, and such Bond issued containing such recital shall be incontestable for any cause whatsoever after its delivery for value. Although attached as an appendix for the convenience of the reader, Appendix A is an integral part of this Ordinance and is incorporated herein as if set forth in full in the body of this Ordinance.

Section 6. Execution, Authentication and Delivery of the Bonds.

(a) ***Execution***. The Bonds shall be executed in the name and on behalf of the Town with the manual or facsimile signature of the Mayor, shall bear a manual or facsimile of the seal of the Town and shall be attested by the manual or facsimile signature of the Town Clerk both of whom are hereby authorized and directed to prepare and execute the Bonds in accordance with the requirements hereof. Should any officer whose manual or facsimile signature appears on the Bonds cease to be such officer before delivery of any Bond, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes.

(b) ***Authentication***. When the Bonds have been duly executed, the officers of the Town are authorized to, and shall, deliver the Bonds to the Paying Agent for authentication. No Bond shall be secured by or entitled to the benefit of this Ordinance, or shall be valid or obligatory for any purpose, unless the certificate of authentication of the Paying Agent has been manually executed by an authorized signatory of the Paying Agent. The executed certificate of authentication of the Paying Agent upon any Bond shall be conclusive evidence, and the only competent evidence, that such Bond has been properly authenticated hereunder.

(c) ***Delivery***. Upon the authentication of the Bonds, the Paying Agent shall deliver the same to DTC in accordance with the provisions of the DTC Blanket Letter of Representations. Upon receipt of the agreed purchase price of the Bonds from the Underwriter, the issuance of the approving opinion of Bond Counsel, and the satisfaction of other conditions established pursuant to the Notice of Bond Sale, DTC shall be directed to release the Bonds to the Beneficial Owners.

Section 7. Registration, Transfer and Exchange of the Bonds.

(a) ***Registration***. The Paying Agent shall maintain registration books in which the ownership, transfer and exchange of Bonds shall be recorded. The person in whose name any Bond shall be registered on such registration books shall be deemed to be the absolute owner thereof for all purposes, whether or not payment on any Bond shall be overdue, and neither the Town nor the Paying Agent shall be affected by any notice or other information to the contrary.

(b) ***Transfer and Exchange***. The Bonds may be transferred or exchanged, at the principal office of the Paying Agent at the location identified in the definition of Paying Agent in the section hereof entitled "Definitions," for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate, upon payment by the transferee of a transfer fee, any tax or governmental charge required to be paid with respect to such transfer or exchange and any cost of printing bonds in connection therewith. Upon surrender for transfer of any Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his or her attorney duly authorized in writing, the Town shall execute and the Paying Agent shall authenticate and deliver in the name of the transferee a new Bond.

(c) ***Limitations on Transfer***. The Town and Paying Agent shall not be required to issue or transfer any Bonds: (i) during a period beginning at the close of business on the Record Date and ending at the opening of business on the first Business Day following the ensuing interest payment date or (ii) during the period beginning at the opening of business on a date 45 days prior to the date of any redemption of Bonds and ending at the opening of business on the first Business Day following the day on which the applicable notice of redemption is mailed. The Paying Agent shall not be required to transfer any Bonds selected or called for redemption.

Section 8. Replacement of Lost, Destroyed or Stolen Bonds. If any Bond shall become lost, apparently destroyed, stolen or wrongfully taken, it may be replaced in the form and tenor of the lost, destroyed, stolen or taken bond and the Town shall execute and the Paying Agent shall authenticate and deliver a replacement Bond upon the Owner furnishing, to the satisfaction of the Paying Agent: (a) proof of ownership (which shall be shown by the registration books of the Paying Agent); (b) proof of loss, destruction or theft; (c) an indemnity to the Town and the Paying Agent with respect to the Bond lost, destroyed or taken; and (d) payment of the cost of preparing and executing the new bond or bonds.

Section 9. Redemption of Bonds Prior to Maturity.

(a) ***Optional Redemption***. The Bonds shall be subject to redemption at the option of the Town, in whole or in part, and if in part in such order of maturities as the Town shall determine and by lot within a maturity on such dates as set forth in the Sale Certificate.

(b) ***Mandatory Sinking Fund Redemption***. All or any principal amount of the Bonds may be subject to mandatory sinking fund redemption by lot on the Principal Payment Date in the years and in the principal amounts specified in the Sale Certificate, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

(c) ***Redemption Procedures***. Notice of any redemption of Bonds shall be given by the Paying Agent in the name of the Town by sending a copy of such notice by first-class, postage prepaid mail, not less than 30 days prior to the redemption date, to the Owner of each Bond being redeemed. Such notice shall specify the number or numbers of the Bonds so to be redeemed (if redemption shall be in part) and the redemption date. If any Bond shall have been duly called for redemption and if, on or before the redemption date, there shall have been deposited with the Paying Agent in accordance with this Ordinance funds sufficient to pay the redemption price of such Bond on the redemption date, then such Bond shall become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Failure to deliver any redemption notice or any defect in any redemption notice shall not affect the validity of the proceeding for the redemption of Bonds with respect to which such failure or defect did not occur. Any Bond redeemed prior to its maturity by prior redemption or otherwise shall not be reissued and shall be cancelled.

Section 10. Reaffirmation of Funds and Accounts; Creation of Accounts.

(a) ***Reaffirmation of Existing Funds and Accounts***. There is hereby reaffirmed the following funds and accounts: the Water Enterprise Fund, within which is, among other funds, the Water Operations Fund and the Water Capital Fund; and the Wastewater Enterprise Fund, within which is, among other funds, the Wastewater Operations Fund and the Wastewater Capital Fund. There is hereby reaffirmed within the Water Operations Fund, in addition to other accounts which are established in said fund, the Water Rate Stabilization Account. In accordance with generally accepted accounting principles, for the purpose of accounting for the moneys provided for in this Ordinance the Town Treasurer may create offsetting revenue and expense accounts not inconsistent with the provisions hereof, all as may be determined by the Town Treasurer. There is hereby reaffirmed within the Wastewater Operations Fund, in addition to other accounts which are established in said fund, the Wastewater Rate Stabilization Account. In accordance with generally accepted accounting principles, for the purpose of accounting for the moneys provided for in this Ordinance the Town Treasurer may create offsetting revenue and expense accounts not inconsistent with the provisions hereof, all as may be determined by the Town Treasurer.

(b) ***Creation of Accounts in Water Operations Fund***. There are hereby created and established within the Water Operations Fund, in addition to other accounts which are established in said fund, the Water Bond Account, the Water Project Account and the Water Reserve Account. In accordance with generally accepted accounting principles, for the purpose of accounting for the moneys provided for in this Ordinance the Town Treasurer may create offsetting revenue and expense accounts not inconsistent with the provisions hereof, all as may be determined by the Town Treasurer.

(c) ***Creation of Accounts in Wastewater Operations Fund***. There are hereby created and established within the Wastewater Operations Fund, in addition to other accounts which are established in said fund, the Wastewater Bond Account, the Wastewater Project Account and the Wastewater Reserve Account. In accordance with generally accepted accounting principles, for the purpose of accounting for the moneys provided for in this Ordinance the Town Treasurer may create offsetting revenue and expense accounts not inconsistent with the provisions hereof, all as may be determined by the Town Treasurer.

Section 11. Application of Bond Proceeds.

(a) *Application of Water Bond Proceeds.* Upon payment to the Town of the purchase price of the Water Bonds by the Underwriter, the proceeds received by the Town from the sale of the Water Bonds shall be applied as a supplemental appropriation of the Town for the payment of the costs of issuance of the Water Bonds and as follows:

(i) To the Water Reserve Account, the amount necessary to fund the Water Reserve Account in the amount of the Reserve Account Requirement allocable to the Water Bonds;

(ii) To the Water Bond Account, the accrued interest on the Water Bonds from the Dated Date to the date of issuance and capitalized interest on the Water Bonds, if any; and

(iii) To the Water Project Account, the remaining proceeds of the Water Bonds.

(b) *Application of Wastewater Bond Proceeds.* Upon payment to the Town of the purchase price of the Wastewater Bonds by the Underwriter, the proceeds received by the Town from the sale of the Wastewater Bonds shall be applied as a supplemental appropriation of the Town for the payment of the costs of issuance and as follows:

(i) To the Wastewater Reserve Account, the amount necessary to fund the Wastewater Reserve Account in the amount of the Reserve Account Requirement allocable to the Wastewater Bonds;

(ii) To the Wastewater Bond Account, the accrued interest on the Wastewater Bonds from the Dated Date to the date of issuance and capitalized interest on the Wastewater Bonds, if any;

(iii) To the Authority, such amounts necessary to pay, together with other legally available funds of the Town, if any, and for immediate application upon the issuance of the Wastewater Bonds, the outstanding principal amount of the Authority Bonds, including accrued interest thereon, if any to such date, or to the Escrow Account, an amount sufficient to fund the Escrow Account in accordance with the requirements of the Escrow Agreement; and

(iv) To the Wastewater Project Account, the remaining proceeds of the Wastewater Bonds.

Section 12. Project Accounts.

(a) ***Water Project Account.*** All moneys credited to the Water Project Account shall be applied solely to the payment of the costs of the Water Project. Except to the extent otherwise required by the provisions of the Section hereof entitled "Investments," interest income from the investment or reinvestment of moneys credited to the Project Account shall remain in and become part of the Water Project Account. Upon the determination of the Town Administrator that all costs of the Water Project have been paid or are determinable, any balance remaining in the Water Project Account (less any amounts necessary to pay costs of the Water Project not then due and owing) shall be credited to the Water Bond Account.

(b) ***Wastewater Project Account.*** All moneys credited to the Wastewater Project Account shall be applied solely to the payment of the costs of the Wastewater Project. Except to the extent otherwise required by the provisions of the Section hereof entitled "Investments," interest income from the investment or reinvestment of moneys credited to the Project Account shall remain in and become part of the Wastewater Project Account. Upon the determination of the Town Administrator that all costs of the Wastewater Project have been paid or are determinable, any balance remaining in the Wastewater Project Account (less any amounts necessary to pay costs of the Wastewater Project not then due and owing) shall be credited to the Wastewater Bond Account.

Section 13. Deposit of Gross Revenues.

(a) ***Gross Water Revenues.*** The Town shall deposit to the Water Operations Fund all Gross Water Revenue immediately upon receipt; provided however, the Pledged Water Capital Revenues shall first be deposited to the Water Capital Fund and, prior to any expenditure thereof, transferred to the Water Operations Fund. Any moneys transferred from the Water Capital Fund to the Water Operations Fund shall be considered Pledged Water Capital Revenues unless otherwise documented by the Town at the time of such transfer. The Town shall pay from the Water Operations Fund all Water Operation and Maintenance Expenses as they become due and payable; provided however, the Pledged Water Capital Revenues shall not be used for the purpose of paying Water Operation and Maintenance Expenses. After such payments the Town shall apply the Net Water Revenue in the following order of priority:

FIRST, to the credit of the Water Bond Account, the amounts required by the section hereof entitled "Bond Accounts," and to the credit of any other account established for the payment of the principal of, premium if any, and interest on Water Parity Lien Bonds, the amounts required by the instruments authorizing or controlling the payment of such Water Parity Lien Bonds;

SECOND, to the credit of the Water Reserve Account, the amounts required by the section hereof entitled "Reserve Accounts" and to the credit of any other account established as a reserve account securing the payment of the principal of, premium if any, and interest on Water Parity Lien Bonds, the amounts required by the instruments authorizing or controlling the payment of such Water Parity Lien Bonds;

THIRD, to the credit of any other fund or account hereafter established for the payment of the principal of, premium if any, and interest on subordinate lien obligations secured by the Net Pledged Water Revenues as described in paragraph (c) of the section hereof entitled "Pledge and Lien for Payment of Bonds," including any sinking fund, reserve fund, or similar fund or account established therefor, the amounts required by the ordinance or other enactment authorizing issuance of said subordinate lien obligations; and

FOURTH, to the credit of any other fund or account as may be designated by the Town, to be used for any lawful purpose, any moneys remaining in the Water Operations Fund after the payments and accumulations set forth in First through Third hereof.

(b) ***Gross Wastewater Revenues***. The Town shall deposit to the Wastewater Operations Fund all Gross Wastewater Revenue immediately upon receipt; provided however, the Pledged Wastewater Capital Revenues shall first be deposited to the Wastewater Capital Fund and, prior to any expenditure thereof, transferred to the Wastewater Operations Fund. Any moneys transferred from the Wastewater Capital Fund to the Wastewater Operations Fund shall be considered Pledged Wastewater Capital Revenues unless otherwise documented by the Town at the time of such transfer. The Town shall pay from the Wastewater Operations Fund all Wastewater Operation and Maintenance Expenses as they become due and payable; provided however, the Pledged Wastewater Capital Revenues shall not be used for the purpose of paying Wastewater Operation and Maintenance Expenses. After such payments the Town shall apply the Net Pledged Wastewater Revenue in the following order of priority:

FIRST, to the credit of the Wastewater Bond Account, the amounts required by the section hereof entitled "Bond Accounts," and to the credit of any other account established for the payment of the principal of, premium if any, and interest on Wastewater Parity Lien Bonds, the amounts required by the instruments authorizing or controlling the payment of such Wastewater Parity Lien Bonds;

SECOND, to the credit of the Wastewater Reserve Account, the amounts required by the section hereof entitled "Reserve Accounts" and to the credit of any other account established as a reserve account securing the payment of the principal of, premium if any,

and interest on Wastewater Parity Lien Bonds, the amounts required by the instruments authorizing or controlling the payment of such Wastewater Parity Lien Bonds;

THIRD, to the credit of any other fund or account hereafter established for the payment of the principal of, premium if any, and interest on subordinate lien obligations secured by the Net Pledged Wastewater Revenues as described in paragraph (c) of the section hereof entitled "Pledge and Lien for Payment of Bonds," including any sinking fund, reserve fund, or similar fund or account established therefor, the amounts required by the ordinance or other enactment authorizing issuance of said subordinate lien obligations; and

FOURTH, to the credit of any other fund or account as may be designated by the Town, to be used for any lawful purpose, any moneys remaining in the Wastewater Operations Fund after the payments and accumulations set forth in First through Third hereof.

Section 14. Bond Accounts.

(a) ***Use of Moneys in Bond Accounts***. Moneys deposited in the Water Bond Account shall be used solely for the purpose of paying the principal of, premium, if any, and interest on the Water Bonds. Moneys deposited in the Wastewater Bond Account shall be used solely for the purpose of paying the principal of, premium, if any, and interest on the Wastewater Bonds.

(b) ***Deposits to Water Bond Account***. On or before the last day of each month, commencing in the month next succeeding the date of issuance of the Water Bonds, the Town shall deposit to the Water Bond Account from the Net Pledged Water Revenues, an amount equal to the Pro Rata Portion of the interest and principal to come due on the Water Bonds on the next succeeding Interest Payment Date and Principal Payment Date, respectively. All deposits to the Water Bond Account shall first be allocated to the payment of interest to come due on the Water Bonds.

(c) ***Deposits to Wastewater Bond Account***. On or before the last day of each month, commencing in the month next succeeding the date of issuance of the Wastewater Bonds, the Town shall deposit to the Wastewater Bond Account from the Net Pledged Wastewater Revenues, an amount equal to the Pro Rata Portion of the interest and principal to come due on the Wastewater Bonds on the next succeeding Interest Payment Date and Principal Payment Date, respectively. All deposits to the Wastewater Bond Account shall first be allocated to the payment of interest to come due on the Wastewater Bonds.

Section 15. Reserve Accounts.

(a) ***Use of Moneys in Reserve Accounts***. Moneys in the Water Reserve Account shall be used, if necessary, only to prevent a default in the payment of the principal of, premium, if any, and interest on the Water Bonds when due. Moneys on deposit in the Water Reserve Account or proceeds of the liquidation of Permitted Investments on deposit in the Water Reserve Account shall be transferred to the Water

Bond Account on any date on which a payment of principal of, premium, if any, or interest on the Water Bonds is due to the extent the amount on deposit in the Water Bond Account is insufficient to make such payment. Moneys in the Wastewater Reserve Account shall be used, if necessary, only to prevent a default in the payment of the principal of, premium, if any, and interest on the Wastewater Bonds when due. Moneys on deposit in the Wastewater Reserve Account or proceeds of the liquidation of Permitted Investments on deposit in the Wastewater Reserve Account shall be transferred to the Wastewater Bond Account on any date on which a payment of principal of, premium, if any, or interest on the Wastewater Bonds is due to the extent the amount on deposit in the Wastewater Bond Account is insufficient to make such payment.

(b) ***Funding and Maintenance of Reserve Account Requirement***. The Reserve Account Requirement for each series of Bonds shall be funded and maintained by any one of or any combination of (i) cash; (ii) Permitted Investments; and (iii) a Reserve Account Contract which provides for payments when and as required for purposes of the applicable reserve account and is issued by an obligor whose obligations such as the Reserve Account Contract are either (A) rated by a Rating Agency as investment grade or (B) if a rating has been obtained on such Bonds whose obligations are rated by each Rating Agency that then maintains a rating on the Bonds in a category (or comparable classification) equal to or higher than the category, if any, in which the Bonds are rated. To the extent that the Reserve Account Requirement for any series of Bonds is funded from Permitted Investments, such investments shall have an aggregate weighted term to maturity not greater then five years.

(c) ***Valuation of Deposits***. Cash shall satisfy the Reserve Account Requirement for each series Bonds by the amount of cash on deposit. Permitted Investments shall satisfy the Reserve Account Requirement for such Bonds by the value of such investments. The value of each Permitted Investment on deposit in the Water Reserve Account and Wastewater Reserve Account shall be (i) its purchase price from the date of purchase until the first date thereafter on which the Reserve Account Requirement is calculated pursuant to paragraph (d) of this section and (ii) following each date on which the Reserve Account Requirement is calculated pursuant to paragraph (d) of this section until the next date on which the Reserve Account Requirement is so calculated, its fair market value determined as of such calculation date. A Reserve Account Contract shall satisfy the Reserve Account Requirement for the Bonds by the amount payable to the Town pursuant to such contract.

(d) ***Calculation of Reserve Account Requirement and Transfers Resulting from Calculation***. The Reserve Account Requirement for each series of Bonds shall be calculated as of (i) the date of issuance of the Bonds and (ii) not less than every five years. If at any time the calculated amounts of the Water Reserve Account and Wastewater Reserve Account are less than the Reserve Account Requirement for the applicable Bonds or transfers are made from the Water Reserve Account or Wastewater Reserve Account as provided in paragraph (a) hereof, then the Town shall deposit to the Water Reserve Account from the Net Pledged Water Revenues or Wastewater Reserve Account from the Net Pledged Wastewater Revenues, amounts sufficient to bring the amounts deposited in the Water Reserve Account and Wastewater Reserve Account to

the Reserve Account Requirement for the applicable Bonds. If at any time the calculated amounts of the Water Reserve Account or Wastewater Reserve Account are more than the Reserve Account Requirement for the applicable Bonds, then the Town shall transfer from the Water Reserve Account to the Water Bond Account and from the Wastewater Reserve Account to the Wastewater Bond Account any amounts which are in excess of the Reserve Account Requirement for the applicable Bonds. Such deposits shall be made as soon as possible after such use or calculation, but in accordance with and subject to the limitations of the section hereof entitled "Deposit of Net Pledged Revenues."

(e) ***Transfer of Interest Income to Bond Accounts***. The investment of moneys deposited in the Water Reserve Account and Wastewater Reserve Account shall be subject to the covenants and provisions of the section hereof entitled "Covenants Regarding Exclusion of Interest on Bonds from Gross Income for Federal Income Tax Purposes." Except to the extent otherwise required by such section, interest income from the investment or reinvestment of moneys deposited in the Water Reserve Account shall be transferred to the Water Bond Account, and interest income from the investment or reinvestment of moneys deposited in the Wastewater Reserve Account shall be transferred to the Wastewater Bond Account.

Section 16. Investments. Moneys deposited in the Water Bond Account, the Wastewater Bond Account, the Water Project Account and the Wastewater Project Account, and any moneys held by the Paying Agent with respect to the Bonds, shall be invested in Permitted Investments, provided that the investment of such moneys shall be subject to the covenants and provisions of the section hereof entitled "Covenants Regarding Exclusion of Interest on Bonds from Gross Income for Federal Income Tax Purposes." Unless otherwise provided herein, all interest income from the investment or reinvestment of moneys credited to any account or subaccount established herein shall remain in and become part of such account or subaccount.

Section 17. Escrow Account.

(a) ***Establishment and Maintenance of Escrow Account.*** There is hereby authorized and directed to be established pursuant to the terms of the Escrow Agreement a special account designated as the "Wastewater Refunding and Improvement Revenue Bonds, Series 2012, Escrow Account," which shall be maintained in accordance with the provisions hereof and of the Escrow Agreement. The Escrow Account shall be maintained in an amount at the time of the initial deposits therein and at all times subsequently at least sufficient, together with the known minimum yield to be derived from the initial investment and any temporary reinvestment of the deposits therein or any part thereof in Federal Securities to pay the Refunded Bond Requirements with respect to the 2002 Authority Bond and the 2004 Authority Bond. Except as may be otherwise provided in the Escrow Agreement, the Town shall have no right or title to the moneys credited to or held in the Escrow Account, and such title shall be and is hereby transferred to the Bank in trust for the payment of the Refunded Bond Requirements for the 2002 Authority Bond and the 2004 Authority Bond pursuant to the Escrow Agreement. Moneys shall be withdrawn by the Bank from the Escrow Account in sufficient amounts and at such times to permit the payment without default of the Refunded Bond Requirements for the 2002 Authority Bond and the 2004 Authority

Bond. If for any reason the amount in the Escrow Account shall at any time be insufficient for the purpose hereof, the Town shall forthwith from the first moneys available therefor deposit in such account such additional moneys as shall be necessary to permit the payment in full of the Refunded Bond Requirements for the 2002 Authority Bond and the 2004 Authority Bond.

(b) ***Call of Authority Bonds.*** The Board does hereby declare its intent to exercise on behalf of and in the name of the Town its option to prepay in full both the 2002 Authority Bond and the 2004 Authority Bond on the earliest date on which the 2002 Authority Bond and the 2004 Authority Bond can be prepaid in accordance with the terms and conditions of the 2002 Loan Agreement and the 2004 Loan Agreement, respectively.

Section 18. Pledge and Lien for Payment of Bonds.

(a) ***Pledge of Revenues***. The Town hereby pledges for the payment of the principal of, premium, if any, and interest on the Water Bonds and Water Parity Lien Bonds at any time Outstanding, and grants a lien for such purpose on (i) the Net Pledged Water Revenues, (ii) all moneys on deposit from time-to-time in the Water Operations Fund, subject to the application of the Gross Water Revenues as provided in the section hereof entitled "Deposit of Gross Revenues," and (iii) all Pledged Water Capital Revenues on deposit from time-to-time in the Water Capital Fund; provided, however, that any reserve account created in the Water Operations Fund shall be pledged solely for the benefit of the Water Bonds or Water Parity Lien Bonds for which such account was created. The Town hereby pledges for the payment of the principal of, premium, if any, and interest on the Wastewater Bonds and Wastewater Parity Lien Bonds at any time Outstanding, and grants a lien for such purpose on (i) the Net Pledged Wastewater Revenues, (ii) all moneys on deposit from time-to-time in the Wastewater Operations Fund, subject to the application of the Gross Wastewater Revenues as provided in the section hereof entitled "Deposit of Gross Revenues," and (iii) all Pledged Wastewater Capital Revenues on deposit from time-to-time in the Wastewater Capital Fund; provided, however, that any reserve account created in the Wastewater Operations Fund shall be pledged solely for the benefit of the Wastewater Bonds or Wastewater Parity Lien Bonds for which such account was created. These pledges shall be valid and binding from and after the date of the first delivery of the Bonds, and the moneys, as received by the Town and hereby pledged, shall immediately be subject to the lien of the respective pledges without any physical delivery thereof, any filing, or further act. The liens of the respective pledges and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the Town (except as herein otherwise expressly provided), and the lien of the respective pledges shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Town (except as herein otherwise expressly provided), irrespective of whether such parties have notice thereof.

(b) ***Superior Liens Prohibited***. With the exception of any superior liens in existence as of the date hereof, the Town shall not pledge or create any other lien on the

revenues and moneys pledged pursuant to paragraph (a) hereof that is superior to the pledge thereof or lien thereon pursuant to such paragraphs.

(c) ***Subordinate Liens Permitted***. Nothing herein shall prohibit the Town from issuing subordinate lien obligations and pledging or creating a lien on the revenues and moneys pledged and the lien created pursuant paragraph (a) hereof that is subordinate to the pledge thereof or lien thereon pursuant to such paragraph, provided that no Event of Default shall have occurred and be continuing.

(d) ***No Prohibition on Additional Security***. Nothing herein shall prohibit the Town from applying any legally available revenues that are not Net Pledged Water Revenues or Net Pledged Wastewater Revenues to the payment of the Bonds (and thereby subjecting the moneys so deposited to the pledge made and lien granted in paragraph (a) hereof).

(e) ***Bonds are Special, Limited Obligations of the Town***. The Owners may not look to any general or other fund of the Town for the payment of the principal of or interest on the Bonds, except the funds and accounts pledged thereto by this Ordinance, and the Bonds shall not constitute a debt or an indebtedness of the Town within the meaning of any constitutional or statutory limitation, nor shall they be considered or held to be general obligations of the Town.

(f) ***Perfection of Security Interest***. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Bonds as provided herein shall be governed by Section 11-57-208, C.R.S. and the Acts. The revenues pledged for the payment of the Bonds, as received by or otherwise credited to the Town, shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge on the revenues pledged for payment of the Bonds and the obligation to perform the contractual provisions made herein shall have priority over any or all other obligations and liabilities of the Town. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the Town irrespective of whether such persons have notice of such liens.

Section 19. Conditions to Issuance of Parity Lien Bonds.

(a) ***Water Parity Lien Bonds***. The Town shall not issue additional Water Parity Lien Bonds having a lien which is on a parity with the lien of the Water Bonds (as provided in the paragraph entitled "Pledge of Revenues" in the section hereof entitled "Pledge and Lien for Payment of Bonds") unless all of the following conditions are satisfied:

(i) The Mayor or other Town official or employee designated in writing by the Mayor certifies in writing that either:

(A) the proceeds of the proposed Water Parity Lien Bonds will be used to refund the Water Bonds, or other Water Parity Lien Bonds, and the maximum annual principal of and interest due on the proposed Water

Parity Lien Bonds is not greater than the maximum annual principal of and interest due on the Water Bonds, or other Outstanding Water Parity Lien Bonds, that will be refunded; or

(B) the Net Pledged Water Revenues for any 12 consecutive months in the 18 months immediately preceding the month in which such certification is delivered (referred to in this paragraph as the "test period") have been equal to at least 130% of the sum of the maximum amount of principal of and interest due or to become due on the Water Bonds and any outstanding Water Parity Lien Bonds, and the proposed Water Parity Lien Bonds during each calendar year following the date of issuance of the proposed Water Parity Lien Bonds, provided that in calculating the Net Pledged Water Revenues during the test period, the Town may add an amount by which the Town reasonably estimates the Net Pledged Water Revenues would have been increased during the test period from any increase in rates, fees, and charges for services furnished by or the use of the Water System during or since said test period, the effect of which is to estimate a sum which would have been realized had the increase been in effect during the entire test period. For purposes of this test only, in calculating Net Pledged Water Revenue, the Pledged Water Capital Revenue shall be considered revenue in the month collected regardless of the date such revenues are thereafter transferred to the Water Capital Fund.

(ii) The ordinance, indenture or other document providing for the issuance of the Water Parity Lien Bonds must provide for a reserve account, which is established in the amount of the Reserve Account Requirement for such Water Parity Lien Bonds, and a bond account for the Water Parity Lien Bonds; such accounts must be established and maintained on substantially the same terms and contain substantially the same provisions as set forth in this Ordinance for the Reserve Account and the Bond Account, respectively.

(iii) The Mayor (or other Town official or employee designated in writing by the Mayor) certifies in writing that no Event of Default has occurred and is continuing.

(b) ***Wastewater Parity Lien Bonds***. The Town shall not issue additional Wastewater Parity Lien Bonds having a lien which is on a parity with the lien of the Wastewater Bonds (as provided in the paragraph entitled "Pledge of Revenues" in the section hereof entitled "Pledge and Lien for Payment of Bonds") unless all of the following conditions are satisfied:

(i) The Mayor or other Town official or employee designated in writing by the Mayor certifies in writing that either:

(A) the proceeds of the proposed Wastewater Parity Lien Bonds will be used to refund the Wastewater Bonds, or other Wastewater Parity

Lien Bonds, and the maximum annual principal of and interest due on the proposed Wastewater Parity Lien Bonds is not greater than the maximum annual principal of and interest due on the Wastewater Bonds, or other Outstanding Wastewater Parity Lien Bonds, that will be refunded; or

(B) the Net Pledged Wastewater Revenues for any 12 consecutive months in the 18 months immediately preceding the month in which such certification is delivered (referred to in this paragraph as the "test period") have been equal to at least 130% of the sum of the maximum amount of principal of and interest due or to become due on the Wastewater Bonds and any Outstanding Wastewater Parity Lien Bonds, and the proposed Wastewater Parity Lien Bonds during each calendar year following the date of issuance of the proposed Wastewater Parity Lien Bonds, provided that in calculating the Net Pledged Wastewater Revenues during the test period, the Town may add an amount by which the Town reasonably estimates the Net Pledged Wastewater Revenues would have been increased during the test period from any increase in rates, fees, and charges for services furnished by or the use of the Wastewater System during or since said test period, the effect of which is to estimate a sum which would have been realized had the increase been in effect during the entire test period. For purposes of this test only, in calculating Net Pledged Wastewater Revenue, the Pledged Wastewater Capital Revenue shall be considered revenue in the month collected regardless of the date such revenues are thereafter transferred to the Wastewater Capital Fund.

(ii) The ordinance, indenture or other document providing for the issuance of the Wastewater Parity Lien Bonds must provide for a reserve account, which is established in the amount of the Reserve Account Requirement for such Wastewater Parity Lien Bonds, and a bond account for the Wastewater Parity Lien Bonds; such accounts must be established and maintained on substantially the same terms and contain substantially the same provisions as set forth in this Ordinance for the Reserve Account and the Bond Account, respectively.

(iii) The Mayor (or other Town official or employee designated in writing by the Mayor) certifies in writing that no Event of Default has occurred and is continuing.

Section 20. Additional General Covenants and Representations. In addition to the other covenants of the Town contained herein, the Town hereby further covenants and represents for the benefit of Owners of the Bonds that:

(a) ***Maintenance of Water Rates and Coverage***. The Town hereby covenants that it will establish, maintain, enforce, and collect rates, fees, and charges for services furnished by or the use of the Water System to create Gross Water Revenue each calendar year sufficient to pay Water Operation and Maintenance Expenses and to create Net Pledged Water Revenue in an amount: (i) equal to not less than 120% of the amount necessary to pay when due the principal of and interest on the Water Bonds and any

Water Parity Lien Bonds coming due during such calendar year; and (ii) sufficient to make up any deficiencies in the Water Reserve Account. For purposes of calculating this covenant only, moneys deposited to the Water Rate Stabilization Account shall not be considered Gross Water Revenue in the calendar year deposited and moneys withdrawn from the Water Rate Stabilization Account shall be considered Gross Water Revenue in the year withdrawn; provided however, no moneys shall be considered to be Gross Water Revenue in more than one calendar year and the deposit, if any, of moneys to the Water Rate Stabilization Account shall not affect the pledge of the Town for payment of the Water Bonds set forth in the section hereof entitled "Pledge and Lien for Payment of Bonds." In the event that the Gross Water Revenue at any time is not sufficient to make such payments, the Town shall promptly increase such rates, fees, and charges to an extent which will ensure the payments and accumulations required by this Ordinance.

(b) ***Maintenance of Wastewater Rates and Coverage***. The Town hereby covenants that it will establish, maintain, enforce, and collect rates, fees, and charges for services furnished by or the use of the Wastewater System to create Gross Wastewater Revenue each calendar year sufficient to pay Wastewater Operation and Maintenance Expenses and to create Net Pledged Wastewater Revenue in an amount: (i) equal to not less than 120% of the amount necessary to pay when due the principal of and interest on the Wastewater Bonds and any Wastewater Parity Lien Bonds coming due during such calendar year; and (ii) sufficient to make up any deficiencies in the Wastewater Reserve Account. For purposes of calculating this covenant only, moneys deposited to the Wastewater Rate Stabilization Account shall not be considered Gross Wastewater Revenue in the calendar year deposited and moneys withdrawn from the Wastewater Rate Stabilization Account shall be considered Gross Wastewater Revenue in the year withdrawn; provided however, no moneys shall be considered to be Gross Wastewater Revenue in more than one calendar year and the deposit, if any, of moneys to the Wastewater Rate Stabilization Account shall not affect the pledge of the Town for payment of the Wastewater Bonds set forth in the section hereof entitled "Pledge and Lien for Payment of Bonds." In the event that the Gross Wastewater Revenue at any time is not sufficient to make such payments, the Town shall promptly increase such rates, fees, and charges to an extent which will ensure the payments and accumulations required by this Ordinance.

(c) ***Efficient Operations***. The Town will continue to operate and manage the Water System and the Wastewater System in an efficient and economical manner in accordance with all applicable laws, rules, and regulations, and keep and maintain separate accounts of the receipts and expenses thereof in such manner that the Net Pledged Water Revenues and Net Pledged Wastewater Revenues may at all times be readily and accurately determined.

(d) ***No Free Service***. Upon the occurrence of an Event of Default and for so long as the Event of Default is continuing, the Town will furnish no free service from the Water System or the Wastewater System, and if the Town shall use the facilities of the Water System or the Wastewater System for its own purposes, it shall pay monthly a fair and reasonable amount for such service. In no event shall the Town be required to meter its use nor shall the Town be required to pay a greater amount than would be charged a

private consumer for the same amount of service. The Town shall include in its annual appropriation and budget amounts sufficient to pay for all service so used.

(e) ***Sale or Alienation of Property***. The Town will not sell or alienate any of the property constituting any part or all of the System in any manner or to any extent as might reduce the security provided for the payment of the Bonds, but the Town may sell any portion of such property which shall have been replaced by other similar property of at least equal value, or which shall cease to be necessary for the efficient operations; provided however, that the proceeds of any such sale of Water System property shall be included as part of the Gross Water Revenue and the proceeds of any such sale of Wastewater System property shall be included as part of the Gross Wastewater Revenue.

(f) ***Billing and Enforcement***. The Town will promptly render bills for services furnished by or the use of the Water System or Wastewater System, shall use all legal means to assure prompt payment thereof, shall take such action as may be necessary to make delinquent rates, fees, and charges of the Water System or Wastewater System a lien upon the real property served, and to the extent permitted by law, shall discontinue service to any user who becomes delinquent in the payment of such charges until the delinquency and all interest, costs, and expenses incident thereto have been paid in full.

(g) ***Audits***. At least once a year in the time and manner provided by law, the Town will cause an audit to be performed of the records relating to the revenues and expenditures of the Water System and Wastewater System. Such audit may be made part of and included within the general audit of the Town, and made at the same time as the general audit. In addition, at least once a year in the time and manner provided by law, the Town will cause a budget to be prepared and adopted. Copies of the budget and the audit will be filed and recorded in the places, time, and manner provided by law.

(h) ***Insurance***. The Town will carry fire and extended coverage, workmen's compensation, public liability, and such other forms of insurance on insurable Water System and Wastewater System property as would ordinarily be carried by utilities having similar properties of equal value, such insurance being in such amounts as will protect the Water System and Wastewater System and their operations. In the event of any loss or damage to the Water System or Wastewater System, or in the event part or all of the Water System or Wastewater System is taken by the exercise of a power of eminent domain, the insurance proceeds or the condemnation award shall be used for restoring, replacing, or repairing the property lost, damaged, or taken, and the remainder thereof, if any, shall be considered as Gross Water Revenue with respect to the Water System or Gross Wastewater Revenue with respect to the Wastewater System; provided however, that if the Town Board determines that the operation of the Water System and Wastewater System and the security for the Bonds will not be adversely affected thereby, the Town Board may determine not to restore, replace, or repair the property lost, damaged, or taken and all of the insurance proceeds or condemnation award shall be considered as Gross Water Revenue with respect to the Water System and Gross Wastewater Revenue with respect to the Wastewater System.

(i) ***Enterprise Status***. The Town has and will continue to maintain the Water System and Wastewater System as "enterprises" within the meaning of Article X, Section 20 of the Colorado Constitution, and as "water activity enterprises" within the meaning of Title 37, Article 45.1, C.R.S.; provided, however, after the current calendar year the Town may disqualify the Water System or Wastewater System as an "enterprise" in any year in which said disqualification does not materially, adversely affect the enforceability of the covenants made pursuant to this Ordinance with respect to the applicable issue of Bonds. In the event that the Water System or Wastewater System is disqualified as an enterprise and the enforceability of the covenants made pursuant to this Ordinance are materially, adversely affected, the Town covenants to (i) immediately take all actions necessary to qualify such system as an enterprises within the meaning of Article X, Section 20 of the Colorado Constitution; and (ii) permit the enforcement of the covenants made herein.

(j) ***Refunding***. The refunding of the Authority Bonds with proceeds of the Bonds will, in accordance with Section 11-56-104(1), Colorado Revised Statutes, as amended, accomplish one or more of the following purposes: (i) reducing the net effective interest rate on the Town's bonds (based on a comparison of the net effective interest rate on the Authority Bonds to the net effective interest rate on the Bonds); (ii) reducing total interest payable over the life of the Town's bonds, by issuing bonds of a shorter term, or at a lower net interest cost, or having a lower net effective interest rate than the Authority Bonds; (iii) reducing the total principal and interest payable on the Authority Bonds or the principal and interest payable thereon in any particular year or years, or (iv) effecting other economies.

(k) ***No Legal or Equitable Action***. In accordance with Section 11-57-212, Colorado Revised Statutes, no legal or equitable action can be brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Bonds more than 30 days after the issuance or authorization of such securities, whichever occurs later.

Section 21. Covenants Regarding Exclusion of Interest on Bonds from Gross Income for Federal Income Tax Purposes. For purposes of ensuring that the interest on the Bonds is and remains excluded from gross income for federal income tax purposes, the Town hereby covenants that:

(a) ***Prohibited Actions***. The Town will not use or permit the use of any proceeds of the Bonds or any other funds of the Town from whatever source derived, directly or indirectly, to acquire any securities or obligations and shall not take or permit to be taken any other action or actions, which would cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code, or would otherwise cause the interest on any Bond to be includible in gross income for federal income tax purposes.

(b) ***Affirmative Actions***. The Town will at all times do and perform all acts permitted by law that are necessary in order to assure that interest paid by the Town on the Bonds shall not be includible in gross income for federal income tax purposes under the Code or any other valid provision of law. In particular, but without limitation, the

Town represents, warrants and covenants to comply with the following rules unless it receives an opinion of Bond Counsel stating that such compliance is not necessary: (i) gross proceeds of the Bonds will not be used in a manner that will cause the Bonds to be considered "private activity bonds" within the meaning of the Code, (ii) the Bonds are not and will not become directly or indirectly "federally guaranteed" and (iii) the Town will timely file Internal Revenue Form 8038-G which shall contain the information required to be filed pursuant to Section 149(e) of the Code.

(c) ***Letter of Instructions***. The Town will comply with the Letter of Instructions delivered to it on the date of issuance of the Bonds, including but not limited by the provisions of the Letter of Instructions regarding the application and investment of Bond proceeds, the calculations, the deposits, the disbursements, the investments and the retention of records described in the Letter of Instructions; provided that, in the event the original Letter of Instructions is superseded or amended by a new Letter of Instructions drafted by, and accompanied by an opinion of Bond Counsel stating that the use of the new Letter of Instructions will not cause the interest on the Bonds to become includible in gross income for federal income tax purposes, the Town will thereafter comply with the new Letter of Instructions.

Section 22. Defeasance. Any Bond shall not be deemed to be Outstanding hereunder if it shall have been paid and cancelled or if cash or Federal Securities shall have been deposited in trust for the payment thereof (whether upon or prior to the maturity of such Bond, but if such Bond is to be paid prior to maturity, the Town shall have given the Paying Agent irrevocable directions to give notice of redemption as required by this Ordinance, or such notice shall have been given in accordance with this Ordinance). In computing the amount of the deposit described above, the Town may include interest to be earned on the Federal Securities. If less than all the Bonds are to be defeased pursuant to this section, the Town, in its sole discretion, may select which of the Bonds shall be defeased.

Section 23. Events of Default.

(a) ***Water Bond Event of Default***. With respect to the Water Bonds, each of the following events constitutes an Event of Default:

(i) failure to make any payment of principal of, premium, if any, or interest on the Water Bonds when due hereunder;

(ii) breach by the Town of any material covenant set forth herein relating to the Water Bonds or failure by the Town to perform any material duty imposed on it hereunder and continuation of such breach or failure for a period of 60 days after receipt by the Town Attorney of the Town of written notice thereof from the Paying Agent or from the Owners of at least 10% in principal amount of the Outstanding Bonds, provided that such 60 day period shall be extended so long as the Town has commenced and continues a good faith effort to remedy such breach or failure; or

(iii) an order or decree is entered by a court of competent jurisdiction appointing a receiver for all or any portion of the revenues and moneys pledged for the payment of the Water Bonds pursuant hereto is entered with the consent or acquiescence of the Town or is entered without the consent or acquiescence of the Town but is not vacated, discharged or stayed within 30 days after it is entered.

(b) ***Wastewater Bond Event of Default***. With respect to the Wastewater Bonds, each of the following events constitutes an Event of Default:

(i) failure to make any payment of principal of, premium, if any, or interest on the Wastewater Bonds when due hereunder;

(ii) breach by the Town of any material covenant set forth herein relating to the Wastewater Bonds or failure by the Town to perform any material duty imposed on it hereunder and continuation of such breach or failure for a period of 60 days after receipt by the Town Attorney of the Town of written notice thereof from the Paying Agent or from the Owners of at least 10% in principal amount of the Outstanding Bonds, provided that such 60 day period shall be extended so long as the Town has commenced and continues a good faith effort to remedy such breach or failure; or

(iii) an order or decree is entered by a court of competent jurisdiction appointing a receiver for all or any portion of the revenues and moneys pledged for the payment of the Wastewater Bonds pursuant hereto is entered with the consent or acquiescence of the Town or is entered without the consent or acquiescence of the Town but is not vacated, discharged or stayed within 30 days after it is entered.

Section 24. Remedies for Events of Default.

(a) ***Remedies***. Upon the occurrence and continuance of any Event of Default, the Owners of not less than 25% in principal amount of the applicable Bonds then Outstanding for which the Event of Default has occurred, may proceed against the Town to protect and to enforce the rights of any Owner of the applicable Bonds under this Ordinance by mandamus, injunction or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction: (i) for the payment of interest on any installment of principal of any Bond that was not paid when due at the interest rate borne by such bond; (ii) for the appointment of a receiver or an operating trustee; (iii) for the specific performance of any covenant contained herein; (iv) to enjoin any act that may be unlawful or in violation of any right of any Owner of any Bond; (v) to require the Town to act as if it were the trustee of an express trust; (vi) for any other proper legal or equitable remedy as such Owner may deem most effectual to protect their rights or (vii) any combination of such remedies or as otherwise may be authorized by any statute or other provision of law; provided, however, that acceleration of any amount not yet due on the Bonds according to their terms shall not be an available remedy. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of the applicable Bonds then Outstanding. Any receiver or

operating trustee appointed in any proceedings to protect the rights of Owners of Bonds hereunder may collect, receive and apply all revenues and moneys pledged for the payment of the Bonds pursuant hereto arising after the appointment of such receiver or operating trustee in the same manner as the Town itself might do.

(b) ***Failure to Pursue Remedies Not a Release; Rights Cumulative***. The failure of any Owner of any Bond then Outstanding to proceed in any manner herein provided shall not relieve the Town of any liability for failure to perform or carry out its duties hereunder. Each right or privilege of any such Owner or trustee therefor is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any Owner shall not be deemed a waiver of any other right or privilege thereof. Each Owner of any Bond shall be entitled to all of the privileges, rights and remedies provided or permitted in this Ordinance and as otherwise provided or permitted by law or in equity. Nothing herein affects or impairs the right of any Owner of any Bond to enforce the payment of the debt service due in connection with his or her Bond or the obligation of the Town to pay the debt service of each Bond to the Owner thereof at the time and the place specified herein.

(c) ***Obligations of Town and Paying Agent in Connection with Events of Default***. Upon the occurrence and continuation of any of Events of Default: (i) the Town shall take all proper acts to protect and preserve the security for the payment of the Bonds and to insure the payment of debt service on the Bonds promptly when due; (ii) the Town and the Paying Agent shall give the Owners of the Bonds then Outstanding notice by first-class mail of (A) any default in the payment of, premium, if any, or interest on the Bonds immediately after discovery thereof and (B) any other Event of Default within 30 days after discovery thereof. During the continuation of any Event of Default, except to the extent it may be unlawful to do so, all revenues and moneys pledged for the payment of the Bonds pursuant hereto shall be held for and applied to the debt service on all Bonds on an equitable and prorated basis. If the Town fails or refuses to proceed as provided in this paragraph, the Owners of not less than 25% in principal amount of the Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the Owners of the Bonds as provided in this paragraph; and to that end any such rights of Owners of Bonds then Outstanding shall be subrogated to all rights of the Town under any agreement or contract involving the revenues and moneys pledged for the payment of the Bonds pursuant hereto that was entered into prior to the effective date of this Ordinance or thereafter while any of the Bonds are Outstanding. Nothing herein requires the Town to proceed as provided in this paragraph if it determines in good faith and without any abuse of its discretion that such action is likely to affect materially and prejudicially the Owners of the Bonds then Outstanding.

Section 25. Amendment of Ordinance.

(a) ***Amendments Permitted without Notice to or Consent of Owners***. The Town may, without the consent of or notice to the Owners of the Bonds, adopt one or more ordinances amending or supplementing this Ordinance, which ordinances shall thereafter become a part hereof, for any one or more or all of the following purposes:

(i) to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision of this Ordinance;

(ii) to subject to this Ordinance additional revenues, properties or collateral;

(iii) to facilitate the designation of a substitute securities depository or to terminate the book-entry-registration system for the Bonds in accordance with the section hereof entitled "Bond Details;"

(iv) to facilitate the issuance of Parity Lien Bonds permitted to be issued pursuant to the section hereof entitled "Conditions to Issuance of Parity Lien Bonds;"

(v) to facilitate the funding of the Reserve Account or the substitution of one source of funding of the Reserve Account for another permitted source in accordance with the section hereof entitled "Reserve Account;"

(vi) to make any other change that does not materially adversely affect the Owners of the Bonds.

(b) ***Amendments Requiring Notice to and Consent of Owners***. Except for amendments permitted by Section 22(a) hereof, this Ordinance may only be amended (i) by an ordinance of the Town amending or supplementing this Ordinance (which, after the consents required therefor, shall become a part hereof); and (ii) with the written consent of the Owners of at least 66-2/3% in aggregate principal amount of the Bonds then Outstanding (the consent of the Owners of the Water Bonds shall not be required with respect to any amendments relating solely to the Owners of the Wastewater Bonds and the consent of the Owners of the Wastewater Bonds shall not be required with respect to any amendments relating solely to the Owners of the Water Bonds); provided that any amendment that makes any of the following changes with respect to any Bond shall not be effective without the written consent of the Owner of such bond: (A) a change in the maturity of such bond; (B) a reduction of the interest rate on such bond; (C) a change in the terms of redemption of such bond; (D) a delay in the payment of principal of, premium, if any, or interest on such bond; (E) the creation of any pledge of or lien upon any revenues or moneys pledged for the payment of such bond hereunder that is superior to the pledge and lien for the payment of such bond hereunder; (F) a relaxation of the conditions to the issuance of Parity Lien Bonds or to the creation of any pledge of or lien upon any revenues or moneys pledged for the payment of such bond hereunder that is equal to or on a parity with the pledge and lien for the payment of such bond hereunder; (G) a reduction of the principal amount or percentage of Bonds whose consent is required for an amendment to this Ordinance; or (H) the establishment of a priority or preference for the payment of any amount due with respect to any other Bond over such bond.

(c) ***Procedure for Notifying and Obtaining Consent of Owners***. Whenever the consent of an Owner or Owners of Bonds is required under paragraph (b) hereof, the

Town shall mail a notice to such Owner or Owners at their addresses as set forth in the registration books maintained by the Paying Agent and to the Underwriter, which notice shall briefly describe the proposed amendment and state that a copy of the amendment is on file in the office of the Town Clerk for inspection. Any consent of any Owner of any Bond obtained with respect to an amendment shall be in writing and shall be final and not subject to withdrawal, rescission or modification for a period of 60 days after it is delivered to the Town unless another time period is stated for such purpose in the notice mailed pursuant to this paragraph.

Section 26. Supplemental Act. Pursuant to the Supplemental Act, the Board elects to apply all of the provisions of the Supplemental Act to the issuance of the Bonds. Pursuant to § 11-57-210, C.R.S., the Bonds shall contain a recital that they are issued pursuant to certain provisions of the Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value. Pursuant to § 11-57-212, C.R.S., no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Bonds shall be commenced more than 30 days after the authorization of such securities. Pursuant to § 11-57-209, C.R.S., if a member of the Board, or any officer or agent of the Town acts in good faith, no civil recourse shall be available against such member, officer or agent for payment of the principal, interest or prior redemption premiums, if any, on the Bonds. Such recourse shall not be available either directly or indirectly through the Board or the Town, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty or otherwise. By the acceptance of the Bonds and as a part of the consideration of their sale or purchase, any Person purchasing or selling such Bond specifically waives any such recourse.

Section 27. Appointment and Duties of Paying Agent. The Paying Agent is hereby appointed as paying agent, registrar and authenticating agent for the Bonds unless and until the Town removes it as such and appoints a successor Paying Agent, in which event such successor shall automatically succeed to the duties of the Paying Agent hereunder and its predecessor shall immediately turn over all its records regarding the Bonds to such successor. The Paying Agent, by accepting its duties as such, agrees to perform all duties and to take all actions assigned to it hereunder in accordance with the terms hereof. The appointment and acceptance of the duties of Paying Agent hereunder may be affected through the execution of an agreement between the Town and the Paying Agent.

Section 28. Approval of Official Statement and Miscellaneous Documents. The Board hereby ratifies and approves the distribution and use of the Preliminary Official Statement; authorizes and directs the Town staff to prepare a final Official Statement for use in connection with the sale of the Bonds; and for a period of one year following the adoption of this Ordinance, authorizes the Sale Delegate to execute the Sale Certificate, to execute the Bond Purchase Agreement and to identify the Paying Agent in the Sale Certificate; and authorizes and approves the execution of the Paying Agent Agreement and all documents and certificates necessary or desirable to effectuate the issuance of the Bonds and the transactions contemplated hereby; provided that the Preliminary Official Statement, the Official, the Bond Purchase Agreement and the Paying Agent Agreement shall be in substantially the forms thereof presented at the meeting at which this Ordinance is adopted or as otherwise available to the Board, with such changes therein, if any, not inconsistent herewith, as are approved by the Town (which,

once executed by the appropriate Town official, shall constitute conclusive evidence of approval of the Town). The Mayor is hereby authorized and directed to execute the final Official Statement and the Mayor, the Town Clerk and all other officers of the Town are hereby authorized and directed to execute all of the foregoing documents and certificates necessary or desirable to effectuate the issuance of the Bonds and the transactions contemplated hereby and execution by the parties thereto shall constitute the Board's approval of such documents and certificates in the form so executed.

Section 29. Ratification of Prior Actions. All actions heretofore taken (not inconsistent with the provisions of this Ordinance) by the Town Board or by the officers and employees of the Town directed toward the issuance of the Bonds for the purposes herein set forth are hereby ratified, approved and confirmed.

Section 30. Events Occurring on Days That Are Not Business Days. Except as otherwise specifically provided herein with respect to a particular payment, event or action, if any payment to be made hereunder or any event or action to occur hereunder which, but for this section, is to be made or is to occur on a day that is not a Business Day shall instead be made or occur on the next succeeding day that is a Business Day.

Section 31. Headings. The headings to the various sections and paragraphs to this Ordinance have been inserted solely for the convenience of the reader, are not a part of this Ordinance, and shall not be used in any manner to interpret this Ordinance.

Section 32. Ordinance Irrepealable. After any of the Bonds have been issued, this Ordinance shall constitute a contract between the Owners and the Town, and shall be and remain irrepealable until the Bonds and the interest accruing thereon shall have been fully paid, satisfied, and discharged, as herein provided.

Section 33. Severability. It is hereby expressly declared that all provisions hereof and their application are intended to be and are severable. In order to implement such intent, if any provision hereof or the application thereof is determined by a court or administrative body to be invalid or unenforceable, in whole or in part, such determination shall not affect, impair or invalidate any other provision hereof or the application of the provision in question to any other situation; and if any provision hereof or the application thereof is determined by a court or administrative body to be valid or enforceable only if its application is limited, its application shall be limited as required to most fully implement its purpose.

Section 34. Repealer. All orders, bylaws, ordinances, and resolutions of the Town, or parts thereof, inconsistent or in conflict with this Ordinance, are hereby repealed to the extent only of such inconsistency or conflict.

Section 35. Emergency Declaration; Recording and Authentication. . It is hereby found and determined by the Board that: (i) there exists an immediate need for the Wastewater Refunding Project, in order to properly and safely serve the Town and its residents; and (ii) current interest rates are favorable, allowing the Town to issue the Bonds at reasonable interest rates, and such rates may change at any time. As a result of the foregoing, the Board hereby declares that an emergency exists, and that this ordinance is necessary to the immediate

preservation of the public health and safety, all in accordance with §31-16-105, C.R.S. This Ordinance shall be recorded in a book kept for that purpose, shall be authenticated by the signatures of the Mayor and the Town Clerk, and shall be published in accordance with law.

READ, PASSED AND ORDERED PUBLISHED at a meeting of the Board of Trustees of the Town of Berthoud, Colorado, this 24th day of April, 2012.

TOWN OF BERTHOUD, COLORADO

By _____
Mayor

ATTEST:

By Mary K Cowdin
Town Clerk

PUBLISHED: May 3, 2012

APPENDIX A

FORM OF THE BOND

[Note: "{ }" indicates that appropriate language should be utilized for the respective bonds.]

EXCEPT AS OTHERWISE PROVIDED IN THE HEREINAFTER DEFINED ORDINANCE, THIS GLOBAL BOOK-ENTRY BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (AS DEFINED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

UNITED STATES OF AMERICA

TOWN OF BERTHOUD, COLORADO
acting by and through the
TOWN OF BERTHOUD {WATER / WASTEWATER} ENTERPRISE

{WATER / WASTEWATER} {REFUNDING AND IMPROVEMENT} REVENUE BOND
SERIES 2012

INTEREST RATE:	MATURITY DATE:	ORIGINAL DATED DATE:	CUSIP:
_____%	_____	_____	_____

REGISTERED OWNER:

PRINCIPAL SUM:

DOLLARS

TOWN OF BERTHOUD, COLORADO, in the State of Colorado, a duly organized and validly existing town and political subdivision of the State of Colorado, acting by and through its {Water / Wastewater} Enterprise (the "Town"), for value received, hereby promises to pay to the order of the registered owner named above or registered assigns, solely from the special funds as hereinafter set forth, on the maturity date stated above, the principal sum stated above, in lawful money of the United States of America, with interest thereon from the original dated date stated above, at the interest rate per annum stated above, payable on April 15 and October 15 of each year, commencing October 15, 20__, the principal of and premium, if any, and the final installment of interest on this bond being payable to the registered owner hereof upon presentation and surrender of this bond at the principal operations office of UMB Bank, n.a., as Paying Agent (the "Paying Agent"), in Denver, Colorado, or at such other location as identified by the Paying Agent, and the interest hereon (other than the final installment of interest hereon) to be paid by check or draft of the Paying Agent mailed on the interest payment date to the registered owner hereof as of the close of business on the first day of the month (whether or not such day is a Business Day) in which such interest payment date occurs, except that so long as

Cede & Co. is the registered owner of this bond, the principal of, premium, if any, and interest on this bond shall be paid by wire transfer to Cede & Co.

This bond is one of an issue of bonds of the Town designated {Water / Wastewater} {Refunding and Improvement} Revenue Bonds, Series 2012, issued in the principal amount of $_____ (the "Bonds"). The Bonds are being issued by the Town for the purpose of {refunding certain outstanding obligations of the Town and} financing certain water and wastewater improvements, pursuant to and in full conformity with the Constitution and laws of the State of Colorado and an ordinance (the "Ordinance") duly adopted by the Town prior to the issuance hereof.

{Insert Optional Redemption and Mandatory Sinking Fund Redemption Provisions}

At its option, to be exercised on or before the forty fifth day next preceding each sinking fund redemption date, the Town may (i) deliver to the Paying Agent for cancellation any Bonds with the same maturity date as the Bonds subject to such sinking fund redemption and (ii) receive a credit in respect of its sinking fund redemption obligation for any Bonds with the same maturity date as the Bonds subject to such sinking fund redemption which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled by the Paying Agent and not theretofore applied as a credit against any sinking fund redemption obligation. Each Bond so delivered or previously redeemed shall be credited by the Paying Agent at the principal amount thereof to the obligation of the Town on such sinking fund redemption date, and the principal amount of Bonds to be redeemed by operation of such sinking fund on such date shall be accordingly reduced.

Notice of any redemption of Bonds shall be given by the Paying Agent in the name of the Town by sending a copy of such notice by first-class, postage prepaid mail, not less than 30 days prior to the redemption date, to the Owner of each Bond being redeemed. Such notice shall specify the number or numbers of the Bonds so to be redeemed (if redemption shall be in part) and the redemption date. If any Bond shall have been duly called for redemption and if, on or before the redemption date, there shall have been deposited with the Paying Agent in accordance with this Ordinance funds sufficient to pay the redemption price of such Bond on the redemption date, then such Bond shall become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Failure to deliver any redemption notice or any defect in any redemption notice shall not affect the validity of the proceeding for the redemption of Bonds with respect to which such failure or defect did not occur. Any Bond redeemed prior to its maturity by prior redemption or otherwise shall not be reissued and shall be cancelled.

The Paying Agent shall maintain registration books in which the ownership, transfer and exchange of the Bonds shall be recorded. The person in whose name this bond shall be registered on such registration books shall be deemed to be the absolute owner hereof for all purposes, whether or not payment on this bond shall be overdue, and neither the Town nor the Paying Agent shall be affected by any notice or other information to the contrary. This bond may be transferred or exchanged, at the principal operations office of the Paying Agent in Denver, Colorado, or at such other location as identified by the Paying Agent, for a like aggregate principal amount of the Bonds of other authorized denominations ($5,000 or any integral multiple thereof) of the same maturity and interest rate, upon payment by the transferee

of a transfer fee, any tax or governmental charge required to be paid with respect to such transfer or exchange and any cost of printing bonds in connection therewith.

{The Following Paragraph for Water Revenue Bonds Only}

The principal of and interest on this Bond are payable only out of: (a) a special account of the Town designated as the Water Bond Account, into which the Town covenants and agrees to deposit, from certain fees, charges and revenues derived from the operation of the water facilities comprising the Town's Water Enterprise after deduction of operations and maintenance costs (the "Net Pledged Revenues"), amounts sufficient to pay the principal of and interest on the Bonds when the same become due and payable and (b) if necessary, a special account designated as the Water Reserve Account, all as more particularly set forth in the Bond Ordinance. The Bonds of this issue constitute an irrevocable and first lien upon the Net Pledged Revenues, but not necessarily an exclusive such lien, on a parity with the Town's outstanding Water Revenue Refunding Bonds, Series 2006 (the "Series 2006 Water Bonds"). The Town is authorized to pledge and grant a lien, on a parity with the lien for the payment of the Bonds and the Series 2006 Water Bonds, on the Net Pledged Revenues upon satisfaction of certain conditions set forth in this Ordinance.

{The Following Paragraph for Wastewater Refunding and Improvement Revenue Bonds Only}

The principal of and interest on this Bond are payable only out of: (a) a special account of the Town designated as the Wastewater Bond Account, into which the Town covenants and agrees to deposit, from certain fees, charges and revenues derived from the operation of the wastewater facilities comprising the Town's Wastewater Enterprise after deduction of operations and maintenance costs (the "Net Pledged Revenues"), amounts sufficient to pay the principal of and interest on the Bonds when the same become due and payable and (b) if necessary, a special account designated as the Wastewater Reserve Account, all as more particularly set forth in the Bond Ordinance. The Bonds of this issue constitute an irrevocable and first lien upon the Net Pledged Revenues, but not necessarily an exclusive such lien, on a parity with the Town's outstanding Wastewater Revenue Refunding Bonds, Series 2006 (the "Series 2006 Wastewater Bonds") and Wastewater Revenue Bonds Series 2007 (the "Series 2007 Wastewater Bonds"). The Town is authorized to pledge and grant a lien, on a parity with the lien for the payment of the Bonds, the Series 2006 Wastewater Bonds and the Series 2007 Wastewater Bonds, on the Net Pledged Revenues upon satisfaction of certain conditions set forth in this Ordinance.

This bond is issued pursuant to and in accordance with the Constitution of the State of Colorado; Title 31, Article 35, Part 4, C.R.S.; Title 37, Article 45.1, C.R.S.; {Title 11, Article 56, Part 2, C.R.S.} and Section 11-57-210, C.R.S., and all other laws of the State of Colorado thereunto enabling. This bond, including the interest hereon, is payable solely from and secured solely by the special funds provided in the Ordinance and shall not constitute a debt or an indebtedness of the Town within the meaning of any constitutional or statutory limitation, nor shall this bond be considered or held to be a general obligation of the Town.

THE ORDINANCE CONSTITUTES THE CONTRACT BETWEEN THE REGISTERED OWNER OF THIS BOND AND THE TOWN. THIS BOND IS ONLY

EVIDENCE OF SUCH CONTRACT AND, AS SUCH, IS SUBJECT IN ALL RESPECTS TO THE TERMS OF THE ORDINANCE, WHICH SUPERSEDES ANY INCONSISTENT STATEMENT IN THIS BOND.

The Town agrees with the owner of this bond and with each and every person who may become the owner hereof, that it will keep and perform all the covenants and agreements contained in the Ordinance.

The Ordinance may be amended or supplemented from time-to-time with or without the consent of the registered owners of the Bonds as provided in the Ordinance.

It is hereby certified that all conditions, acts and things required by the constitution and laws of the State of Colorado, and the ordinances of the Town, to exist, to happen and to be performed, precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the Bonds do not exceed any limitations prescribed by said Constitution or laws of the State of Colorado, or the resolutions of the Town.

This bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the Paying Agent shall have signed the certificate of authentication hereon.

IN WITNESS WHEREOF, Town of Berthoud, Colorado, acting by and through its {Water / Wastewater} Enterprise, has caused this bond to be signed in the name and on behalf of the Town with the manual or facsimile signature of the Mayor, to be sealed with the seal of the Town or a facsimile thereof and to be attested by the manual or facsimile signature of the Town Clerk.

[SEAL]

TOWN OF BERTHOUD, COLORADO

By _____
Mayor

ATTEST:

By _____
Town Clerk

CERTIFICATE OF AUTHENTICATION

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

Date of Authentication: _____.

UMB BANK, n.a., as Paying Agent

By _____
_____, Authorized Representative

[OPINION OF BOND COUNSEL TO BE INSERTED IN THIS PLACE.]

CERTIFICATE OF TRANSFER

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

Dated: _____

_____

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

Signature Guaranteed:

_____

NOTICE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Transfer Fee May Be Required