

ORDINANCE NO. 65

AN ORDINANCE AUTHORIZING THE ISSUANCE OF WATER REVENUE BONDS OF THE TOWN OF MEAD, COLORADO, IN THE PRINCIPAL AMOUNT OF \$158,000, FOR THE PURPOSE OF IMPROVING THE MUNICIPAL WATER SYSTEM OF THE TOWN; PRESCRIBING THE FORM OF SAID BONDS AND PROVIDING FOR THE APPLICATION OF THE NET INCOME AND REVENUE OF THE WATER SYSTEM OF THE TOWN FOR THE PAYMENT OF SAID BONDS AND THE INTEREST THEREON; PROVIDING OTHER DETAILS IN CONNECTION THEREWITH; AND DECLARING AN EMERGENCY.

WHEREAS, the Board of Trustees of the Town of Mead has determined to improve the municipal water system of the Town and its inhabitants; and

WHEREAS, the Board has determined that it is necessary to issue revenue bonds pursuant to Title 31, Article 35, Part 4, Colorado Revised Statutes 1973, as amended, for the payment of part of the cost of such construction; and

WHEREAS, the Board has entered into a loan agreement with the United States Department of Agriculture, Farmers Home Administration, whereby the Farmers Home Administration will purchase the water revenue bonds in the principal amount of \$158,000, at an interest rate of 5% per annum; and

WHEREAS, in accordance with Section 31-35-404, such bonds may be sold to the United States of America, or any agency thereof, without the requirement of having a public sale;

WHEREAS, it is necessary to authorize the issuance of said bonds and to provide for the form and payment thereof;

BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE TOWN OF MEAD, WELD COUNTY, COLORADO:

Section 1. Project. The Board of Trustees has previously determined that it is in the best interest of the Town and its inhabitants to improve the water system for the Town. The water improvements are generally described as follows: storage facilities for treated water and raw water, modification to filter building and such land and easements as may be required. The total estimated cost of the project is \$317,833. The method of payment is as follows: (approximate amounts)

(a)	Town of Mead	\$ 7,833
(b)	FmHA grant	\$152,000
(c)	FmHA loan	\$158,000

Section 2. Authorization. That for the purpose of providing funds to improve the municipal water system for the Town, there are hereby authorized Water Revenue Bonds, Series 1977, of the Town of Mead, in the total amount of \$158,000, both the principal thereof and the interest thereon to be payable

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solely and only out of the net revenue and income to be derived by the Town from and through the operation of its water system. It is hereby determined that the estimated life of the water facilities to be improved by the proceeds of this bond issue is not less than forty years.

Section 3. Bond Details. The bonds shall be dated May 1, 1977, will be numbered from 1 to 158, inclusive, and will be in the denomination of \$1,000 each. The net effective interest rate of this issue of bonds is 5.00%; said bonds shall bear interest from the date on which the bonds are issued and sold, at the rate of 5% per annum, payable on April 1, 1978 and annually thereafter on the 1st day of April, each year, and shall mature serially on April 1, as follows:

<u>Amount</u>	<u>Maturity</u>
\$ 1,000	1979
2,000	1980 to 1990, incl.
3,000	1991 to 1996, incl.
4,000	1997 to 2002, incl.
5,000	2003 to 2006, incl.
\$ 6,000	2007 to 2010, incl.
7,000	2011 to 2013, incl.
8,000	2014 to 2016, incl.
4,000	2017

Bonds of this issue maturing on or before April 1, 1987 shall not be redeemable prior to their respective maturity dates. Bonds maturing on April 1, 1988 and thereafter, shall be redeemable at the option of the Town on April 1, 1987, and on any interest payment date thereafter, in inverse numerical order, upon payment of par and accrued interest. If, however, all of the bonds are held by the Farmers Home Administration, all or any number of the bonds may be redeemed at the option of the Town at any time in inverse numerical order, upon payment of par and accrued interest to the date of redemption. Notice of prior redemption shall be given by publication at least one time in a newspaper having general circulation in the Town, not less than thirty days prior to the date of redemption. If any of the bonds to be redeemed are registered as to principal and interest, then notice shall also be given by mailing a copy of the notice by registered, first class mail, to the registered owner or owners of such bonds, at least thirty days prior to the date of redemption.

The principal of and interest on said Bonds shall be payable at the office of the Town Treasurer, in Mead, Colorado, or as to any bond or interest coupon owned by the United States Department of Agriculture, Farmers Home Administration,

then at the FmHA Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as may be indicated by the Farmers Home Administration.

Section 4. Registration as to Principal and Interest.

Each of the bonds of this issue may be registered for payment as to both principal and interest (but not as to principal only or to interest only) and any bond so registered may be discharged from registration as hereafter provided in this Ordinance. At the option of the bearer, any bond of this issue may be registered as to both principal and interest upon presenting the same to the Treasurer of the Town, (designated as and referred to herein as the Registrar for purposes of registration) accompanied by all unmatured coupons. The Registrar shall make a notation of such registration thereon and detach and cancel all unmatured interest coupons. Any bonds so registered may thereafter be transferred only upon a duly executed assignment of the registered owner or his legal representative in such form as shall be satisfactory to the Registrar. Such transfer shall be made on the registration books kept by the Registrar and shall be endorsed on the bond. The principal of and interest on any bond registered as to both principal and interest shall be payable only to, or upon the order of, the registered owner or his legal representative.

Section 5. Conversion of Registered Bonds. Any bond registered as to both principal and interest may be reconverted into a coupon bond payable to bearer upon presentation thereof to the Registrar accompanied by an instrument duly executed by the registered owner or his legal representative, in such form as is acceptable to the Registrar. The Registrar shall attach thereto new coupons representing the interest to become due thereafter on the bond to the date of maturity and shall make notation thereon that the bond is payable to bearer. Such new coupons shall bear the facsimile signature of the officer signing the coupons as herein provided at the time of the execution of the bond, i.e., the Treasurer of the Town. Upon reconverting the bonds in accordance with this Ordinance, the Registrar shall require the payment of all expenses incurred by it in connection with such reconversion, payment of which together with any tax or other governmental charge required to be paid, shall be made by the holder requesting such reconversion.

Section 6. Form and Execution of Bonds. Said Bonds shall be signed by the manual signature of the Mayor of the Town, sealed with a facsimile of the seal of the Town, attested and countersigned with the facsimile signature of the Town Clerk and Treasurer, and the interest coupons attached thereto shall bear the facsimile signature of the Town Treasurer. When issued as aforesaid as part of said bonds, such interest coupons shall be the binding obligations of the Town according to their import. Should any officer whose manual or facsimile signature appears on said bonds, or the interest coupons attached thereto, cease to be such officer before delivery of the bonds to the purchaser, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes.

Said bonds, interest coupons and registration grid shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF COLORADO

COUNTY OF WELD

TOWN OF MEAD

WATER REVENUE BOND, SERIES 1977

No. \_\_\_\_\_

\$1,000

The Town of Mead, in the County of Weld and State of Colorado, hereby promises to pay to the bearer hereof, or if this bond be registered, then to the registered owner hereof, out of the special fund or funds hereinafter designated, but not otherwise, the principal sum of

ONE THOUSAND DOLLARS

on the 1st day of April, 19\_\_\_, with interest thereon at the rate of five per centum (5%) per annum, from the date on which this Bond is issued and sold, payable on April 1, 1978 and annually thereafter on the 1st day of April, each year, as evidenced by interest coupons attached hereto, upon presentation and surrender of the annexed coupons and this Bond as they severally become due, or if this bond be registered, then to the registered owner hereof, both principal and interest being payable in lawful money of the United States of America, at the office of the Town Treasurer, in Mead, Colorado, or as to any bond or coupon owned by the United States Department of Agriculture, Farmers Home Administration, then at the FmHA Finance Office, in St. Louis, Missouri.

Bonds of this issue maturing on or before April 1, 1987, shall not be redeemable prior to their respective maturity dates. Bonds maturing on April 1, 1988 and thereafter, are redeemable in inverse numerical order, at the option of the Town, on April 1, 1987, and on interest payment dates thereafter, upon payment of par and accrued interest. If, however, all of the bonds are held by the Farmers Home Administration, then all or any number of the bonds may be redeemed at the option of the Town at any time in inverse numerical order, upon payment of par and accrued interest to the date of redemption.

This Bond is issued by the Board of Trustees of the Town of Mead, Colorado, for the purpose of providing funds to improve the municipal water system for the Town, under the authority of and in full conformity with the Constitution and Laws of the State of Colorado, particularly the provisions of Title 31, Article 35, Part 4, Colorado Revised Statutes 1973, as amended, and all other laws thereunto enabling, and pursuant to Ordinance No. \_\_\_\_\_ of said Town, adopted and approved by the Board of

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Town on the \_\_\_\_\_ day of \_\_\_\_\_, 1977. Pursuant to Section 31-35-413 of said Part 4, such recital shall conclusively impart full compliance with all of the provisions of said part, and this bond issued containing such recital is incontestable for any cause whatsoever after its delivery for value.

Both the principal of and the interest on this Bond are payable solely out of a special fund created in full conformity with law and designated as the "Water Revenue Bond Fund", of the Town, which Fund shall contain the net income and revenue derived by the Town from the operation of the municipal water system, after payment of the necessary and reasonable costs and expenses of the operation and maintenance of the water system, or if necessary from the Bond Reserve Account created for such purpose, all as is more particularly set forth in the Ordinance authorizing the issuance of this Bond. The bonds of this issue are equitably and ratably secured by a lien on the net income and revenue of said water system, and constitute an irrevocable and first lien on said net revenues and Fund, although not necessarily an exclusive first lien.

It is hereby recited, certified and warranted that for the payment of this Bond, the Town of Mead has created and will maintain said Fund and will deposit therein out of the income and revenue of the water system, the amounts and revenue specified in said Ordinance, and out of said Fund, as an irrevocable charge thereon, will pay this Bond and the interest thereon, in the manner provided by said Ordinance. For a description of said Fund and the nature and extent of the security afforded thereby for the payment of this Bond, reference is made to that Ordinance.

This Bond does not constitute a debt of the Town of Mead within the meaning of any constitutional or statutory limitation, and shall not be considered or held to be a general obligation of the Town.

It is hereby certified and recited that all the requirements of law have been fully complied with by the proper officers of the Town in the issuance of this Bond.

For the payment of this Bond and the interest thereon, the Town of Mead pledges the exercise of all its lawful powers.

This bond may be registered in the name of the holder thereof in conformity with the provisions endorsed hereon and subject to the terms and conditions set forth in the Ordinance authorizing its issuance, and unless so registered, this bond shall be transferable by delivery. This bond may be registered

as to both principal and interest, but not as to principal only or to interest only; and if this bond be registered as to both principal and interest, it may be reconverted into a coupon bond in accordance with the provisions endorsed hereon and subject to the provisions set forth in said ordinance.

IN TESTIMONY WHEREOF, the Board of Trustees of the Town of Mead, Colorado, has caused this Bond to be signed by the manual signature of the Mayor, sealed with a facsimile of the seal of the Town, attested and countersigned with the facsimile signature of the Town Clerk and Treasurer, and the attached coupons to be signed with the facsimile signature of the Town Treasurer, as of the 1st day of May, 1977.

TOWN OF MEAD, COLORADO

(FACSIMILE  
S E A L )

By (Manual Signature)  
Mayor

ATTEST AND COUNTERSIGNED:

(Facsimile Signature)  
Town Clerk and Treasurer

(Form of Registration Panel on Back of Bond)  
PROVISION FOR REGISTRATION AND RECONVERSION

This bond may be registered as to both principal and interest, but not as to principal alone nor as to interest alone, on the books of the Town of Mead, Colorado, kept by the Treasurer of the Town as Registrar, upon presentation hereof to the Registrar, who shall detach and cancel all unmatured coupons and shall make notation of such registration as to both principal and interest on the registration blank below. After registration this bond may be transferred only upon a duly executed assignment of the registered owner or his legal representative in such form as shall be satisfactory to the Registrar, such transfer to be made on said books and endorsed hereon by the Registrar. The principal of and interest on this bond, if registered, shall be payable only to, or upon the order of, the registered owner or his legal representative.

This bond, if converted into a bond registered as to both principal and interest, may be reconverted, at the expense of the registered owner, into a coupon bond, upon presentation hereof to the Registrar, accompanied by an instrument duly executed by the registered owner, or his legal representative, in such form as shall be satisfactory to the Registrar, who shall attach hereto new coupons representing the interest to become due thereafter on this bond to the date of maturity, and shall make notation in the registration blank below that this bond is payable to bearer. Such coupon bond may again be registered as to both principal and interest as hereinabove provided.

Any registration, transfer, or discharge from registration is subject to such reasonable rules and regulations as the authorizing ordinance, the Board of Trustees or the Registrar may prescribe and upon payment of a charge sufficient to reimburse the Town and the Registrar for any tax or other governmental charge to be paid by them in connection therewith. Except as otherwise provided in the authorizing ordinance, no charge shall be made to the holder hereof for the privilege of registration, transfer or discharge from registration. Every privilege of registration, transfer or discharge from registration, or conversion hereinabove provided shall be exercised only in accordance with and subject to the terms and provisions of that ordinance.



The registration books shall be closed for a period of fifteen (15) days next preceding any interest payment date or after the first publication of any notice of prior redemption of any bond has been made.

Date of Registration	Name of Registered Owner	Signature of Registrar
	United States of America Farmers Home Administration	

(End of Form of Registration Panel on Back of Bond)

(Form of Interest Coupon)

No. \_\_\_\_\_

\$ \_\_\_\_\_

On the 1st day of April, 19\_\_, unless the Bond to which this coupon is attached, if redeemable, has been called for prior redemption, the Town of Mead, in the County of Weld and State of Colorado, will pay to bearer the amount shown hereon, in lawful money of the United States of America, at the office of the Town Treasurer, in Mead, Colorado, or as to any bond or coupon owned by the United States Department of Agriculture, Farmers Home Administration, then at the FmHA Finance Office, in St. Louis, Missouri, out of the Water Revenue Bond Fund or if necessary from the Bond Reserve Account, of said Town, but not otherwise, being interest then due on its Water Revenue Bond, Series 1977, bearing No. \_\_\_\_\_

(Facsimile Signature)

Town Treasurer

Section 7. Issuance of Single Bond. Notwithstanding the provisions of this ordinance relating to the issuance of serial bonds, the amounts of any loan from the Farmers Home Administration shall be evidenced by a single bond, as authorized by Title 31, Article 35, Part 4, Colorado Revised Statutes 1973, as amended.

Such single bond shall be numbered R-1 and mature in installments of principal, substantially as provided in Section 3 hereof. The interest on said bond shall begin to accrue date of the issuance and delivery of the bond, and will not be evidenced by any interest coupons.

The principal of and interest on said bonds shall be payable to the registered holder of said bond at the address shown on the registration books of the Town.

The single bond shall be registered as to principal and interest in the same manner and subject to the same terms and conditions as provided herein for the registration of serial bonds.

The single bond shall be signed by the manual signature of the Mayor, sealed with an impression of the seal of the Town, and attested and countersigned by the manual signature of the Town Clerk and Treasurer.

At the request of the holder and owner of the single bond, the Town may issue negotiable coupon bonds or serial registered bonds without coupons, in exchange for and upon surrender of the single bond, in the denomination of \$1,000 each, in the aggregate principal amount equal to the amount of the unpaid principal of the outstanding single bond, such bonds to be in the form provided by Section 6 of this Ordinance. The cost and expense of such serial bonds shall be paid by the holder and owner of the single bond.

Section 8. Form of Single Bond. The form of the single bond shall be as follows:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF COLORADO

COUNTY OF WELD

TOWN OF MEAD

WATER REVENUE BOND, SERIES 1977

No. R-1

\$158,000

The Town of Mead, in the County of Weld and State of Colorado, hereby promises to pay to the registered owner hereof, out of the special fund or funds hereinafter designated, but not otherwise, the principal sum of

ONE HUNDRED FIFTY-EIGHT THOUSAND DOLLARS (\$158,000) on April 1 in the years and installments as follows:

<u>Years</u>	<u>Principal Installments</u>
1979	\$ 1,000
1980 to 1990, incl.	2,000
1991 to 1996, incl.	3,000
1997 to 2002, incl.	4,000
2003 to 2006, incl.	5,000
2007 to 2010, incl.	\$ 6,000
2011 to 2013, incl.	7,000
2014 to 2016, incl.	8,000
2017	4,000

with interest from the date on which this Bond is issued and sold, at the rate of five per centum (5%) per annum, payable on April 1, 1978 and annually thereafter on the 1st day of April, each year. Both the principal hereof and interest hereon are payable in lawful money of the United States of America, to the registered holder hereof at the address shown on the registration books of the Town. The final installment of principal and interest due on this Bond shall be made only upon presentation and surrender of this Bond to the Town.

Installments of principal of this Bond becoming due on and before April 1, 1987, are not payable prior to their stated due date, unless the Farmers Home Administration is the registered owner hereof. Installments becoming due on and after April 1, 1988, are subject to prepayment prior to their stated due dates in the amount of \$1,000 or any multiple thereof, at the option of the Town, in inverse order of due dates, on April 1, 1987, and on any interest payment date thereafter, by the payment

of such principal amount and accrued interest. If the Farmers Home Administration is the registered owner, all installments are subject to prepayment prior to their stated due date, in the amount of \$1,000 or any multiple thereof, in inverse order of their due date, by the payment of such principal amount and accrued interest to the date of prepayment. Notice of prepayment shall be given as provided by the Ordinance authorizing this Bond.

This Bond is issued by the Board of Trustees of the Town of Mead, Colorado, for the purpose of providing funds to improve the municipal water system for the Town, under the authority of and in full conformity with the Constitution and Laws of the State of Colorado, particularly the provisions of Title 31, Article 35, Part 4, Colorado Revised Statutes 1973, as amended, and all other laws thereunto enabling, and pursuant to Ordinance No. \_\_\_\_\_ of said Town, adopted and approved by the Board of Trustees of the Town on the \_\_\_\_\_ day of \_\_\_\_\_, 1977. Pursuant to Section 31-35-413 of said Part 4, such recital shall conclusively impart full compliance with all of the provisions of said Part, and this bond issued containing such recital is incontestable for any cause whatsoever after its delivery for value.

Both the principal of and the interest on this Bond are payable solely out of a special fund created in full conformity with law and designated as the "Water Revenue Bond Fund", of the Town, which Fund shall contain the net income and revenue derived by the Town from the operation of the municipal water system, after payment of the necessary and reasonable costs and expenses of the operation and maintenance of the water system, or if necessary from the Bond Reserve Account created for such purpose, all as is more particularly set forth in the Ordinance authorizing the issuance of this Bond. This Bond is equitably and ratably secured by a lien on the net income and revenue of said water system, and constitutes an irrevocable and first lien on said net revenues and Fund, although not necessarily an exclusive first lien.

It is hereby recited, certified and warranted that for the payment of this Bond, the Town of Mead has created and will maintain said fund and will deposit therein out of the income and revenue of the water system, the amounts and revenue specified in said Ordinance, and out of said Fund, as an irrevocable charge thereon, will pay this Bond and the interest thereon, in the manner provided by said Ordinance. For a description of said fund and the nature and extent of the security afforded thereby for the payment of this Bond, reference is made to that Ordinance.

This Bond does not constitute a debt of the Town of Mead within the meaning of any constitutional or statutory limitation, and shall not be considered or held to be a general obligation of the Town.

It is hereby certified and recited that all the requirements of law have been fully complied with by the proper officers of the Town in the issuance of this Bond.

For the payment of this Bond and the interest thereon, the Town of Mead pledges the exercise of all its lawful powers.

This Bond is transferable only upon the books kept by the Treasurer of the Town as Registrar, by the registered owner hereof in person or by his duly authorized attorney, and similarly noted hereon, or it may be surrendered in exchange for new bonds of the same aggregate principal amount, in coupon form or in serial registered form, in the denomination of \$1,000 each, and subject to the conditions provided in said Ordinance.

IN TESTIMONY WHEREOF, The Board of Trustees of the Town of Mead, Colorado, has caused this Bond to be signed by the manual signature of the Mayor, sealed with an impression of the seal of the Town, and attested and countersigned by the manual signature of the Town Clerk and Treasurer, as of the 1st day of May, 1977.

TOWN OF MEAD, COLORADO

( S E A L )

By (Manual Signature)  
Mayor

ATTEST AND COUNTERSIGNED:

(Manual Signature)  
Town Clerk and Treasurer

(Form of Registration Panel)

This Bond is registered in the office of the Treasurer of the Town of Mead, Colorado, as Registrar, in the name of the owner listed below, and the principal amount of this Bond and interest thereon shall be payable only to such owner, all in accordance with the ordinance authorizing the issuance of this Bond.

Date of Registration	Name of Registered Owner	Signature of Registrar
	United States of America, Farmers Home Administration	

Section 9. Disposition of Bond Proceeds. Said Bonds shall be sold and delivered to the purchaser, solely to provide the Town with money for the purpose hereinbefore stated. Neither the purchaser of said bonds, nor the subsequent holders of any of them shall be responsible for the application or disposal by the Town or any of its officers of the funds derived from the sale thereof.

All or any portion of the bond proceeds may be temporarily invested, or reinvested, pending such use, in securities or obligations which are lawful investments for such municipalities in the State of Colorado. It is hereby covenanted and agreed by the Town that the temporary investment or reinvestment of the bond proceeds, or any portion thereof, shall be of such nature and extent, and for such period, that the bonds of the Town shall not be or become "arbitrage bonds" within the meaning of Section 103(c), as the same now exists or may later be amended, and shall further be subject to any applicable regulations of the Internal Revenue Service.

The issue of said bonds by the Town shall constitute a warranty by and on behalf of the Town for the benefit of each and every holder of any of said bonds, that said bonds have been issued for a valuable consideration in full conformity with law.

Section 10. Incontestable Recital in Bonds. Each bond shall recite that it is issued under the authority of Title 31, Article 35, Part 4, Colorado Revised Statutes 1973, as amended, and such recital shall conclusively impart full compliance with all of the provisions of said Part 4, and all bonds issued containing such recital shall be incontestable for any cause whatsoever after their delivery for value.

Section 11. Payment of Interest During Construction. If necessary, the interest due on said bonds during the construction of the water facilities shall be advanced from any fund of the Town available therefor, said amount to be later reimbursed from the revenues of the water system. The principal of and interest on said bonds shall be payable solely out of the net income and revenue to be derived by the Town from the operation of its water system as specified in this Ordinance. The term "water system", as herein used, shall include not only the property comprising the water system at the present time and the improvements constructed with the proceeds of this issue, but all additions and betterments thereto and improvements and extensions hereafter constructed or acquired by the Town.

Section 12. Rates and Charges For Service by the Water System. The Board of Trustees of the Town covenants that it will establish, maintain and enforce rates and charges for services rendered by the water system to create income and revenue each



year sufficient to pay maintenance and operation expenses of the water system and to cover 1.25 times the annual interest and principal requirements of the bonds authorized herein.

It shall be the duty of the Town to establish, maintain and enforce such rates continuously until all of said bonds and the interest thereon have been fully paid and discharged.

Section 13. Payment of Principal and Interest. There is hereby established and created a special fund to be known as the "Water Revenue Bond Fund", and the Town hereby covenants and agrees to maintain said Fund so long as any of the bonds herein authorized remain outstanding and unpaid. The Bond Fund shall be kept separate and apart from all other funds of the Town, and shall contain all of the income and revenue derived by the Town from the operation of the water system after the payment of all necessary and reasonable costs and expenses of operating and maintaining the water system. The owners and holders of the Water Revenue Bonds, Series 1977, herein authorized, shall have a first and prior lien, but not necessarily an exclusive first lien, on such net revenues, Bond Fund and the Reserve Account hereinafter referred to in Section 14. The bonds and the obligations evidenced thereby shall not constitute a lien upon the physical properties of the municipal water system, or any part thereof, or on any other property of the Town of Mead, but shall constitute a lien only on the net revenues derived from the operation of the water system in the manner provided in this Ordinance. Such net revenues and fund are hereby irrevocably pledged for the following purposes and shall be disbursed in the following manner and order:

(a) For the prompt payment of the interest on and the principal of the bonds authorized herein, when and as the same shall become due and payable respectively, and any additional bonds payable from the income and revenue of the water system and having a lien thereon on a parity with the lien of the bonds authorized herein.

(b) For payments to the Reserve Account in order to maintain the account in the amount required by Section 14 or for the required payments to a reserve fund created as additional security for the payment of principal and interest on any additional bonds hereafter issued and having a lien on a parity with the lien of the bonds authorized herein. The amounts on deposit in the Reserve Account shall be used only for the purpose of the payment of principal of or interest on the Bonds when the other monies in the Bond Fund are insufficient to make such payments.

(c) After the payments and accumulations hereinabove referred to have been made, any remaining revenues of the water

system may be used to pay the principal of and interest on additional revenue bonds having a lien on the net income and revenue which is subordinate to the lien of the bonds authorized by this Ordinance; for the payment of principal and interest on general obligation bonds, or for any lawful purpose of the Town.

Section 14. Bond Reserve Account. There is hereby established a separate account to be designated as the "Bond Reserve Account". Such Reserve Account shall be used to prevent defaults in the payment of the bonds authorized herein and the interest thereon, but if used for such purpose, any amounts so used shall be restored to the account as soon as possible.

The Reserve Account shall be initially established and funded in the amount of \$4,370. Yearly payments shall be made to said Reserve Account in the amount of not less than \$508 each year beginning on April 1, 1978 and will continue each year until the Reserve Account is fully funded in the amount of \$9,284. No additional payments need be made into the Reserve Account as long as the total amount therein shall equal or exceed \$9,284.

The Reserve Account shall be maintained until such time as the amount therein will be sufficient to pay all of the outstanding bonds authorized by this Ordinance and the interest thereon. Moneys in the Reserve Account may be invested in direct obligations of the United States Government or in obligations or securities of any agency or instrumentality thereof, and the interest from any such investment shall be considered as net revenues of the water system.

Section 15. Covenants of the Town. The Town hereby further irrevocably covenants and agrees with each and every holder of the Water Revenue Bonds issued under the provisions of this Ordinance, that so long as any of said bonds remain outstanding:

(a) It will continue to operate and manage the water system in an efficient and economical manner and keep and maintain separate accounts of the receipts and expenses thereof in such manner that the revenue thereof, payable into the Bond Fund created by this Ordinance, may at all times be readily and accurately determined.

(b) The Town will furnish no free service for the water system and that if the Town shall use the facilities of the water system for municipal purposes, it shall pay monthly, a fair and reasonable amount for such service. In no event shall the Town 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 budgets, amounts sufficient to pay for all municipal service so furnished.

(c) It will not sell or alienate any of the property constituting any part or all of the water system in any manner or to any extent as might reduce the security provided for the payment of the Water Revenue Bonds out of the Water Revenue Bond Fund, 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 operation of the water system; provided, however, that in the event of any sale or sales, as aforesaid, where the aggregate consideration exceeds the sum of \$1,000, such consideration shall be paid into the Water Revenue Bond Fund and shall be used for the purposes of said Fund.

(d) It will promptly render bills for water service furnished and it will certify to the Board of County Commissioners of Weld County, Colorado, delinquent rates and charges which shall become a lien on the delinquent property, the amount thereof to be collected in the same manner as general taxes are collected.

(e) At least once each year it will furnish the original purchaser of the bonds a statement of the receipts of and the disbursements for the water system for the fiscal year immediately preceding each statement.

(f) It will carry workmen's compensation, public liability and such other forms of insurance on insurable water 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 its operation.

Section 16. Additional Bonds. No additional bonds shall be issued payable from the income and revenue of the water system and having a lien upon such net income and revenue which is superior to the lien of the bonds authorized herein.

However, nothing contained in this Ordinance shall be construed in such manner as to prevent the issuance by the Town of additional bonds payable from the net income and revenue derived from the operation of the water system and constituting a lien upon said revenues equal to or on a parity with the lien of the bonds authorized herein, provided the net income of the water system, (net revenue is defined as the gross revenue of the water system less the amount necessary for the operation and maintenance of the water system) for the fiscal year preceding the year in which such parity lien bonds are to be issued was 120 per cent of the average annual debt service requirements on all the bonds authorized herein which are then outstanding and the additional bonds to be issued. In addition, the Town shall be in compliance with all of the provisions of this Ordinance relating to the maintenance of the Bond Reserve Account. However,

the limitations relating to the issuance of additional parity lien bonds, may be waived or modified by the written consent of bondholders representing 75 per cent of the then outstanding principal amount.

Nothing herein shall prevent the Town from issuing bonds having a junior or subordinate lien on the net income and revenue of the water system.

Section 17. Payment of Costs of Issuing Bonds. All costs and expenses incurred in connection with the issuance and payment of the Water Revenue Bonds, Series 1977, authorized herein, shall be paid exclusively from the proceeds of said bonds or from the net income and revenue of the water system, and in no event shall any of such costs or expenses or the principal of or interest on said bonds be paid out of or charged to the general fund or tax levies of the Town.

Section 18. Temporary Borrowing. The Board of Trustees is hereby authorized to borrow such amount as may be necessary to pay the cost of improving the municipal water system until such time as the bonds authorized by this Ordinance are issued and sold to the purchaser. The amount of such borrowing shall not, however, exceed the amount of \$158,000, and the temporary borrowing shall be repaid immediately from the proceeds of this issue of bonds. The interest rate on such borrowing shall be determined by the Board of Trustees.

Section 19. Repealer. All ordinances, or parts thereof, in conflict with this Ordinance are hereby repealed.

Section 20. Ordinance Irrepealable. After the Water Revenue Bonds, Series 1977, have been issued, this Ordinance shall be irrepealable until said bonds and the interest thereon shall be fully paid, satisfied and discharged in the manner herein provided.

Section 21. Severability. That if any one or more sections or provisions of this Ordinance be judicially determined invalid or unenforceable, such determination shall not affect, impair or invalidate the remaining provisions hereof, the intention being that the various provisions hereof are severable.

Section 22. Emergency Provision. By reason of the fact that the Town is not supplied with adequate water facilities, and it is necessary to issue revenue bonds to pay part of the cost of the improvements to the municipal water system, which costs have become due and will hereafter become due and payable, it is hereby declared that an emergency exists, that this Ordinance is necessary for the preservation of the public peace, health and safety, and that it shall take effect upon publication.

Section 23. Recording and Authentication. This Ordinance shall be recorded in a book kept for that purpose, shall be authenticated by the signatures of the Mayor and Town Clerk, and shall be published in accordance with law.

ADOPTED AND APPROVED This 4<sup>th</sup> day of APRIL, 1977.

( S E A L )

Robert A. Clark  
Mayor

ATTEST:

Virginia M. Frei  
Town Clerk