

CERTIFIED RECORD  
OF  
PROCEEDINGS OF  
THE TOWN OF HUDSON  
WELD COUNTY, COLORADO  
BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE  
RELATING TO  
WATER REVENUE BOND, SERIES 1995  
IN THE PRINCIPAL AMOUNT OF  
\$700,000



ORDINANCE NO. 95-23

AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE TOWN OF HUDSON, COLORADO, ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE, OF A WATER REVENUE BOND IN THE PRINCIPAL AMOUNT OF \$700,000 FOR THE PURPOSE OF FINANCING CERTAIN IMPROVEMENTS TO THE MUNICIPAL WATER DISTRIBUTION SYSTEM OF THE TOWN; PRESCRIBING THE FORM OF SAID BOND; PROVIDING FOR THE PLEDGE OF REVENUES DERIVED FROM THE WATER SYSTEM OF THE TOWN TO PAY THE SAME; PROVIDING FOR PURCHASE OF THE BOND BY THE UNITED STATES OF AMERICA; PROVIDING OTHER DETAILS IN CONNECTION THEREWITH; AND DECLARING AN EMERGENCY.

WHEREAS, the Board of Trustees (the "Board") of the Town of Hudson, Colorado (the "Town") has heretofore determined and declared the necessity of providing long-term financing for the construction or acquisition of regional water distribution system improvements (the "Project") , the total estimated cost of which is approximately \$4,620,000; and

WHEREAS, there are not sufficient funds on hand in the treasury of the Town for such purpose; and

WHEREAS, the Town has arranged to receive grants of a total of \$2,590,000 from federal sources toward costs of the Project; and

WHEREAS, the Town has arranged to obtain a loan of approximately \$1,330,000 from the Colorado Water Conservation Board; and

WHEREAS, the Board has determined and hereby determines that it is in the best interests of the Town, and the inhabitants and taxpayers thereof, that permanent financing for the remaining portion of the Project be provided by the issuance of a water revenue bond to be issued in the total principal amount of \$700,000; and

WHEREAS, pursuant to '18-8-308, C.R.S., any known potential conflicting interests of the Board members were disclosed to the Colorado Secretary of State (the "Secretary of State") and to the Board in writing at least 72 hours in advance of this meeting; additionally, in accordance with '24-18-110, C.R.S., the Board members have made the required disclosure of any personal and private interests relating to the issuance of the Bond in writing to the Secretary of State and the Board prior to taking any action with respect to such bond issuance;

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

Section 1. Definitions. As used herein, the following terms shall have the respective meanings set forth below, unless the context indicates otherwise:

Bondowner: the registered owner of the Bond, as shown by the registration books maintained by the Bond Registrar.

Bond: the Water Revenue Bond, Series 1995, dated as of the date of the issuance and delivery of the Bond and issued in the principal amount of \$700,000 as authorized by this Ordinance.

Bond Registrar: the Town, or its successor, which shall perform the functions of bond registrar with respect to the Bond.

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

Code: the Internal Revenue Code of 1986, as amended.

Board: the Board of Trustees of the Town, acting as such and as the board of directors of the Enterprise (defined hereinafter).

Enterprise: The Town of Hudson, Colorado, Water Activity Enterprise created by Ordinance No. 95-20, duly adopted by the Board on August 23, 1995, as an emergency ordinance and effective as of such date.

Federal Securities: direct, non-callable obligations of the United States of America.

Gross Revenues: all income and revenues directly or indirectly derived by the Town for the Enterprise fund from the operation and use of the System (defined hereinafter), or any part thereof, including without limitation, any rates, fees, tap fees, plant investment fees, tolls, and charges for the services furnished by, or the use of, the System, and all income attributable to any past or future dispositions of System property or rights or related contracts, settlements, or judgments, and includes investment income derived from the foregoing, except as otherwise expressly provided herein; provided however, that there shall be excluded from Gross Revenues any moneys borrowed and used for providing capital improvements; 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 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 System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom.

Net Revenues: the Gross Revenues after deducting the Operation and Maintenance Expenses.

Operation and Maintenance Expenses: all reasonable and necessary current expenses of the Town, paid from or accrued to the Enterprise fund, including without limitation legal and overhead expenses of the Town directly related to the administration of the System, insurance premiums, audits, charges of depository banks and paying agents, professional services, salaries and administrative expenses, labor, and the cost of materials and supplies for current operation; provided however, that there shall be excluded from Operation and Maintenance Expenses any allowance for depreciation, payments in lieu of taxes or franchise fees, legal liabilities not based on contract, expenses incurred in connection with any bonds or other obligations issued to provide capital improvements, and charges for the accumulation of reserves.

Ordinance: this Ordinance which authorizes the issuance of the Bond.

Parity Lien Bonds: one or more series of additional bonds, notes, interim securities, or other obligations issued by the Town pursuant to Section 20 hereof having a lien on the Net Revenues which is on a parity with the lien of the Bond.

Paying Agent: the Town, or its successor, which shall perform the function of paying agent with respect to the Bond.

Project: long-term financing for the construction or acquisition of certain System (defined hereinafter) improvements.

Record Date: the 15th day of the calendar month next preceding each interest payment date.

RUS: United States of America, acting through the Rural Utility Service, the original purchaser of the Bond.

Subordinate Lien Bonds: one or more series of additional bonds, notes, interim securities, or other obligations issued by the Town pursuant to Section 21 hereof having a lien on the Net Revenues which is subordinate or junior to the lien of the Bond.

System: the municipal water system of the Town.

Town: Town of Hudson, Weld County, Colorado, acting as such and as the Enterprise (defined hereinafter).

Section 2. Authorization; Special Obligation. In accordance with the Constitution of the State of Colorado; Title 31, Article 35, Part 4, C. R. S.; all other laws of the State of Colorado thereunto enabling; and the provisions of this Ordinance, there shall be issued a water revenue bond of the Town, payable solely out of and secured by an irrevocable pledge of the Net Revenues and the special funds created in this Ordinance for such purpose. The Bond shall be designated "Water Revenue Bond, Series 1995," and shall be issued in the original principal amount of \$700,000, for the purpose of financing the Project and paying the costs of issuance of the Bond. The Bond shall constitute an irrevocable, first, and prior lien upon the Net Revenues (but not necessarily an exclusive such lien) and the Net Revenues are pledged hereby to the payment of the Bond. The Bondowner may not look to any general or other fund for the payment of the Bond, except the designated special funds pledged therefor. The Bond shall not constitute or become a debt or an indebtedness of the Town within the meaning of any constitutional or statutory provision or limitation; nor shall it be considered or held to be a general obligation of the Town but shall constitute its special obligation and that of the Enterprise.

Section 3. Bond Details. The Bond shall be issued only as a fully registered single Bond without coupons in the original denomination of \$700,000 to mature in installments as set forth below. Unless the Town shall otherwise direct, the registered Bond shall be numbered "R-1."

The Bond shall be dated as of the date of the issuance and delivery thereof and shall bear interest at the rate of 4.50% per annum from such date payable semiannually on each May 1 and November 1, commencing on May 1, 1996 and shall mature in installments of principal on May 1 and November 1 each year, as follows:

<u>Payment Dates</u>	<u>Principal Amount</u>
5/1/96	\$3,200
11/1/96	3,300
5/1/97	3,300
11/1/97	3,400
5/1/98	3,500
11/1/98	3,600
5/1/99	3,600
11/1/99	3,800
5/1/00	3,800
11/1/00	3,900
5/1/01	4,000
11/1/01	4,100
5/1/02	4,200
11/1/02	4,300
5/1/03	4,300
11/1/03	4,500
5/1/04	4,500
11/1/04	4,700
5/1/05	4,800
11/1/05	4,900
5/1/06	5,000

11/1/06	5,100
5/1/07	5,200
11/1/07	5,300
5/1/08	5,500
11/1/08	5,600
5/1/09	5,700
11/1/09	5,800
5/1/10	6,000
11/1/10	6,100
5/1/11	6,200
11/1/11	6,400
5/1/12	6,500
11/1/12	6,700
5/1/13	6,800
11/1/13	7,000
5/1/14	7,100
11/1/14	7,300
5/1/15	7,400
11/1/15	7,600
5/1/16	7,800
11/1/16	8,000
5/1/17	8,100
11/1/17	8,300
5/1/18	8,500
11/1/18	8,700
5/1/19	8,900
11/1/19	9,100

5/1/20	9,300
11/1/20	9,500
5/1/21	9,700
11/1/21	10,000
5/1/22	10,100
11/1/22	10,400
5/1/23	10,600
11/1/23	10,900
5/1/24	11,100
11/1/24	11,400
5/1/25	11,600
11/1/25	11,900
5/1/26	12,100
11/1/26	12,400
5/1/27	12,700
11/1/27	13,000
5/1/28	13,300
11/1/28	13,600
5/1/29	13,900
11/1/29	14,200
5/1/30	14,500
11/1/30	14,800
5/1/31	15,200
11/1/31	15,500
5/1/32	15,900
11/1/32	16,200
5/1/33	16,600

11/1/33	17,000
5/1/34	17,300
11/1/34	17,800
5/1/35	18,100
11/1/35	18,000

The maximum net effective interest rate authorized for this Bond is 4.50% per annum. The actual net effective interest rate of the Bond does not exceed such amount.

Section 4. Payment of Bond; Paying Agent and Bond Registrar. The installments of principal of the Bond are payable in lawful money of the United States of America to the registered owner of the Bond by the Paying Agent. Notwithstanding anything contained in this ordinance to the contrary, interest on the Bond is payable to the person in whose name such Bond is registered, at his address as it appears on the registration books maintained by or on behalf of the Town by the Bond Registrar, at the close of business on the Record Date, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date. Such payment and the payment of each installment of principal shall be made by wire transfer or other means that assures that good funds are received by the registered owner on or before the interest payment date. For so long as the Bond is registered in the name of the United States of America, such payment shall be made to RUS at Room E-100, 655 Parfet Street, Lakewood, Colorado, 80215, or such other place as shall be determined by RUS. The final installment of principal and interest due on this Bond shall be made, or the Bond shall be redeemed prior to its maturity, only upon presentation and surrender of this Bond to the Paying Agent.

If the date for making any payment or performing any action hereunder shall be a legal holiday or a day on which the principal office of the Paying Agent or Bond Registrar is authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a legal holiday or a day on which the principal office of the Paying Agent of Bond Registrar is authorized or required by law to remain closed.

Section 5. Prior Redemption. The Bond is subject to redemption prior to maturity, at the option of the Town, as a whole or in part, at any time, upon payment of par and accrued interest, without redemption premium.

In the event the Bond is called for redemption as aforesaid, notice thereof will be given by the Bond Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) , not less than thirty (30) days prior to the date fixed for redemption, to the registered owner of the Bond at the address shown on the registration books maintained by or on behalf of the Town by the Bond Registrar. The Bond, when so called for redemption, will cease to bear interest after the specified redemption date, provided funds for its redemption are on deposit at the place of payment at the time.

Section 6. Form and Execution of Bond. The Bond shall be signed with the manual signature of the Mayor of the Town, countersigned with the manual signature of the Treasurer of the Town, sealed with the impression of the seal of the Town, and attested with the manual signature of the Town Clerk. Should any officer whose manual signature appears on the Bond cease to be such officer before delivery of the Bond to the purchaser thereof, such manual signature shall nevertheless be valid and sufficient for all purposes. The Bond may contain a reproduction of the opinion of bond counsel as to the Bond and a certification of such opinion by the Town Clerk.

The Bond shall be in substantially the following form:

[Form of Bond]

No. R-1

\$700,000

UNITED STATES OF AMERICA  
STATE OF COLORADO  
COUNTY OF WELD

TOWN OF HUDSON  
ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE

WATER REVENUE BOND, SERIES 1995

REGISTERED OWNER: UNITED STATES OF AMERICA

PRINCIPAL AMOUNT: SEVEN HUNDRED THOUSAND DOLLARS

The Board of Trustees of the Town of Hudson (the "Town"), in the County of Weld and State of Colorado, a statutory Town and municipal corporation duly organized and operating under the constitution and laws of the State of Colorado, acting as such and as the board of directors of the Town of Hudson, Colorado, Water Activity Enterprise (the "Enterprise") , for value received, hereby promises to pay to the registered owner named above, or registered assigns, solely from the special funds described herein, on December 1 in the years and installments set forth below or on the date of prior redemption, the principal amount specified above. In like manner the Town promises to pay interest on such principal amount (computed on the basis of a 365-day year) from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated prior to May 1, 1996, in which event this Bond shall bear interest from the dated date hereof, at the interest rate of four and one-half percent (4.50%) per annum. Interest on this Bond is payable semiannually on May 1 and November 1 each year, commencing on May 1, 1996, until the principal amount hereof has been paid pursuant to the installment schedule set forth below or until prior redemption hereof.

The principal amount of this Bond shall mature on May 1 and November 1 in the years and installments as follows:

<u>Payment Dates</u>	<u>Principal Amount</u>
5/1/96	\$3,200
11/1/96	3,300

5/1/97	3,300
11/1/97	3,400
5/1/98	3,500
11/1/98	3,600
5/1/99	3,600
11/1/99	3,800
5/1/00	3,800
11/1/00	3,900
5/1/01	4,000
11/1/01	4,100
5/1/02	4,200
11/1/02	4,300
5/1/03	4,300
11/1/03	4,500
5/1/04	4,500
11/1/04	4,700
5/1/05	4,800
11/1/05	4,900
5/1/06	5,000
11/1/06	5,100
5/1/07	5,200
11/1/07	5,300
5/1/08	5,500
11/1/08	5,600
5/1/09	5,700
11/1/09	5,800
5/1/10	6,000
11/1/10	6,100
5/1/11	6,200
11/1/11	6,400
5/1/12	6,500
11/1/12	6,700
5/1/13	6,800
11/1/13	7,000
5/1/14	7,100
11/1/14	7,300
5/1/15	7,400
11/1/15	7,600

#108597

5/1/16	7,800
11/1/16	8,000
5/1/17	8,100
11/1/17	8,300
5/1/18	8,500
11/1/18	8,700
5/1/19	8,900
11/1/19	9,100
5/1/20	9,300
11/1/20	9,500
5/1/21	9,700
11/1/21	10,000
5/1/22	10,100
11/1/22	10,400
5/1/23	10,600
11/1/23	10,900
5/1/24	11,100
11/1/24	11,400
5/1/25	11,600
11/1/25	11,900
5/1/26	12,100
11/1/26	12,400
5/1/27	12,700
11/1/27	13,000
5/1/28	13,300
11/1/28	13,600
5/1/29	13,900
11/1/29	14,200
5/1/30	14,500
11/1/30	14,800
5/1/31	15,200
11/1/31	15,500
5/1/32	15,900
11/1/32	16,200
5/1/33	16,600
11/1/33	17,000
5/1/34	17,300
11/1/34	17,800

5/1/35	18,100
11/1/35	18,000

The principal installments of this Bond are payable in lawful money of the United States of America to the registered owner thereof by the Town, in Hudson, Colorado, or its successor, as Paying Agent.

Payment of each installment of principal and of the interest hereon shall be made to the registered owner hereof whose name shall appear on the registration books of the Town maintained by or on behalf of the Town by the Town, in Hudson, Colorado, or its successor, as Bond Registrar, at the close of business on the 15th day of the calendar month next preceding each interest payment date (the "Record Date") , and shall be paid by wire transfer or other means that assures that good funds are received by the registered owner on or before the interest payment date at his address as it appears on such registration books. For so long as this Bond is registered in the name of the United States of America, the original purchaser hereof, such payment shall be made to RUS at Room E-100, 655 Parfet Street, Lakewood, Colorado, 80215, or such other place as shall be determined by RUS. The final installment of principal and interest due on this Bond shall be made, or the Bond shall be redeemed prior to its maturity, only upon presentation and surrender of this Bond to the Paying Agent.

If the date for making any payment or performing any action shall be a legal holiday or a day on which the principal office of the Paying Agent is authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a legal holiday or a day on which the principal office of the Paying Agent or Bond Registrar is authorized or required by law to remain closed.

This Bond is subject to redemption prior to maturity, at the option of the Town, as a whole or in part, at any time, upon payment of par and accrued interest, without redemption premium.

This Bond is issued by the Board of Trustees of the Town, acting as such and as the board of directors of the Enterprise, for the purpose of financing the construction or acquisition of municipal water system improvements, by virtue of and in full conformity with the

Constitution of the State of Colorado; Title 31, Article 35, Part 4, C.R.S.; and all other laws of the State of Colorado thereunto enabling, and pursuant to the duly adopted Ordinance authorizing the issuance of this Bond (the "Bond Ordinance"). It is hereby recited, certified, and warranted that all of the requirements of law have been complied with fully by the proper officers in issuing this Bond.

It is further recited, certified, and warranted that the issuance of this Bond was authorized by the Bond Ordinance adopted and approved by the Board of Trustees of the Town acting as such and as the board of directors of the Enterprise, prior to the issuance hereof; and that the Town has created and shall maintain the special funds referred to above, shall deposit therein out of the Net Revenues the amounts specified in the Bond Ordinance, and shall pay out of such special funds, as an irrevocable charge thereon, the principal of and interest on this Bond in the manner provided by the Bond Ordinance. For a description of such funds, the Net Revenues, the manner in which the Bond Ordinance may be amended, and the nature and extent of the security afforded thereby for the payment of this Bond, reference is made to the Bond Ordinance.

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

Notice of prior redemption of this Bond shall be given by mailing a copy of the redemption notice, not less than thirty (30) days prior to the date fixed for redemption, to the registered owner of this Bond at the address shown on the registration books maintained by the Bond Registrar, in the manner set forth in the authorizing Bond Ordinance. The Bond, when called for redemption, will cease to bear interest after the specified redemption date, provided funds for its redemption are on deposit at the place of payment at that time.

The Town and the Bond Registrar shall not be required to issue or transfer the Bond: (a) 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 (b) during the period beginning at the opening of business on a date forty-five (45) days prior to the date of any redemption of the Bond 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 Bond Registrar shall not be required to transfer the Bond once it has been called for redemption.

This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing, at the principal office of the Bond Registrar, but only in the manner, subject to the limitations, and upon payment of the charges provided in the authorizing Bond Ordinance and upon surrender and cancellation of this Bond. This Bond may be transferred upon the registration books upon delivery to the Bond Registrar of this Bond, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the owner of this Bond or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of the Bond, along with the social security number or federal employer identification number of such transferee. In the event of the transfer of this Bond, the Bond Registrar shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time. The Bond Registrar shall charge the owner of this Bond for every such transfer an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer.

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

IN TESTIMONY WHEREOF, the Board of Trustees of the Town of Hudson has caused this Bond to be signed with the manual signature of the Mayor of the Town, countersigned with the manual signature of the Treasurer of the Town, sealed with the seal of the Town, and attested with the manual signature of the Town Clerk, all as of the 25th day of October, 1995.

(S E A L)  
COUNTY, COLORADO

TOWN OF HUDSON, WELD

By: \_\_\_\_\_  
                    (manual signature)  
                    Mayor

ATTEST:

By: \_\_\_\_\_  
                    (manual signature)  
                    Town Clerk

COUNTERSIGNED:

By: \_\_\_\_\_  
                    (manual signature)  
                    Treasurer

[Form of Bond Registrar's Certificate of Authentication]

CERTIFICATE OF AUTHENTICATION

This Bond is the only Bond of the issue described in the within mentioned Bond Ordinance.

TOWN OF HUDSON,

WELD, COLORADO

Date of Registration and Authentication:

\_\_\_\_\_  
Authorized Signatory

By: \_\_\_\_\_

[Form of Transfer]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto

-

\_\_\_\_\_  
SOCIAL SECURITY OR FEDERAL EMPLOYER  
IDENTIFICATION NUMBER OF ASSIGNEE

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_  
the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_  
\_\_\_\_\_, attorney, to transfer said Bond on the books kept for  
registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature of Registered Owner:

\_\_\_\_\_

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

Signature guaranteed:

\_\_\_\_\_

(Bank, Trust Company, or Firm)

Section 7. Authentication. The Bond shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until a certificate of authentication on such Bond substantially in the form hereinabove set forth shall have been duly executed by the Bond Registrar, and such executed certificate of the Bond Registrar upon the Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The Bond Registrar's certificate of authentication on the Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Bond Registrar.

Section 8. Delivery of Bond. Upon the adoption of this Ordinance, the Town shall execute the Bond and deliver it to the Bond Registrar shall authenticate the Bond and deliver it to the purchaser thereof, as directed by the Town, and in accordance with the requirements of RUS.

Section 9. Registration and Transfer of Bond; Persons Treated as Owners. The Bond Registrar shall maintain the books of the Town for the registration of ownership of the Bond as provided in this Ordinance. The Bond may be transferred upon the registration books upon delivery of the Bond to the Bond Registrar, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the owner of the Bond to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bond, along with the social security number or federal employer identification number of such transferee. No transfer of the Bond shall be effective until entered on the registration books.

In all cases of the transfer of the Bond, the Bond Registrar shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond of the same denomination, with the same principal installment payment schedule, and the same interest rate which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Ordinance. The Bond Registrar shall charge the owner of the Bond for every such transfer of a Bond an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer.

The Town and Bond Registrar shall not be required to issue or transfer the Bond: (a) 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 (b) during the period beginning at the opening of business on a date forty-five (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 Bond Registrar shall not be required to transfer the Bond once it has been called for redemption.

The new Bond delivered upon any transfer shall be a valid special obligation of the Town, evidencing the same obligation as the Bond surrendered, shall be secured by this ordinance, and shall be entitled to all of the security and benefits hereof to the same extent as the Bond surrendered.

The Town, the Paying Agent, and the Bond Registrar may deem and treat the registered owner of the Bond as the absolute owner thereof for all purposes (whether or not such Bond shall be overdue), and any notice to the contrary shall not be binding upon the Town, the Paying Agent, or the Bond Registrar.

Section 10. Destruction of Bond. Whenever the outstanding Bond shall be delivered to the Bond Registrar for cancellation pursuant to this Ordinance and upon full payment of the principal amount and interest represented thereby, or whenever the outstanding Bond shall be delivered to the Bond Registrar for transfer pursuant to the provisions hereof, such Bond shall be canceled and destroyed by the Bond Registrar and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Bond Registrar to the Town.

Section 11. Lost Bond. If the Bond is lost, stolen, destroyed, or mutilated, it may be replaced or paid by the Bond Registrar in accordance with and subject to the limitations of applicable law. The applicant for any such replacement Bond shall post such security, pay such costs, and present such proof of ownership and loss as may be required by applicable law, or in the absence of specific requirements, as may be required by the Bond Registrar.

Section 12. Disposition and Investment of Bond Proceeds. The Bond shall be issued and sold and the proceeds used solely for the purposes set forth herein. Neither the original purchaser nor any subsequent owners of the Bond 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. It is hereby covenanted and agreed by the Town that it will not make, or permit to be made, any use of the original proceeds of the Bond, or of any moneys treated as proceeds of the Bond within the meaning of the Code and applicable regulations, rulings, and decisions, or take, permit to be taken, or fail to take any action, which would adversely affect the exclusion from gross income of the interest on the Bond under Section 103 of the Code and applicable regulations, rulings, and decisions or which would cause the Bond to be an "arbitrage bond," as such term is defined in Section 148 of the Code.

Section 13. Character of Agreement. Except to the extent provided herein, none of the covenants, agreements, representations, and warranties contained herein or in the Bond ever shall impose or be construed as imposing any liability, obligation, or charge against the Town or its general credit, payable out of its general funds or out of any other funds, except the designated special funds pledged as provided herein and in the Bond.

Section 14. No Pledge of Property. The payment of the Bond is not secured by an encumbrance, mortgage, or other pledge of any property, except the Net Revenues to the extent herein provided.

Section 15. Flow of Funds. The Town hereby establishes and creates the following special and separate funds as book accounts to be respectively designated:

(i) The "Town of Hudson, Colorado, Water Revenue Bond Revenue Account" (the "Revenue Account"); and

(ii) The "Town of Hudson, Colorado, Water Revenue Bond, Series 1995, Interest and Principal Account" (the "Bond Account").

The Town shall credit to the Revenue Account all Gross Revenues immediately upon receipt and shall pay from the Revenue Account all Operation and Maintenance Expenses as they become due and payable. After such payment, the Town shall apply in accordance with this Ordinance, the Net Revenues in the following order of priority:

FIRST: Credit to the Bond Account of the amounts required by Section 16 hereof, and concurrently, credits to any similar funds or accounts hereafter established for the payment of the principal of, premium if any, and interest on Parity Lien Bonds, in the amounts and at the times required by the ordinance or other enactment authorizing the issuance of such Parity Lien Bonds;

SECOND: Credits to any reserve funds or any other funds or accounts established as additional security for any Parity Lien Bonds in the amounts and at the times required by ordinance or other enactment authorizing the issuance of such Parity Lien Bonds;

THIRD: Credits to any other funds or accounts hereafter established for the payment of the principal of, premium if any, and interest on Subordinate Lien Bonds, including any sinking fund, reserve fund, or similar fund or account established therefor, in the amounts and at the time required by the ordinance or other enactment authorizing issuance of the Subordinate Lien Bonds;

FOURTH: Credits to any funds or accounts as may be designated by the Town, to be used for any lawful purpose.

Section 16. Bond Account. The Town shall credit to the Bond Account from the Net Revenues, the following:

(i) Monthly, commencing on November 1, 1995, through April 1, 1996, one-sixth (1/6) of the amount necessary, together with any other moneys therein and available therefor to pay the installment of principal and interest due on the Bond on May 1, 1996; and

(ii) Monthly, commencing on May 1, 1996, and continuing thereafter for as long as the Bond is outstanding, one sixth (1/6) of the amount necessary, together with any

other moneys therein and available therefor to pay the installment of principal and interest next due on the Bond; and

The money so credited to the Bond Account shall be used, without requisition, voucher, or other direction or further authority than is contained herein, to pay promptly the interest on and principal of the bond payable therefrom as the same become due.

Section 17. General Administration of Funds. The Revenue Account shall be separately maintained by the Town as a trust accounts solely for the purposes herein designated. The Bond Account shall be held by the Paying Agent as a separate trust account solely for the benefit of the owner of the Bond. Such accounts shall be continuously secured to the fullest extent required by the laws of the State of Colorado for securing public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes. Each periodic deposit or credit shall be made to the proper account not later than the date herein required, except that when any such date shall be a Sunday or legal holiday, then such deposit or credit shall be made on or before the next preceding business day. Notwithstanding any other provision herein to the contrary, sufficient money shall be deposited with the Paying Agent at least one business day prior to each date upon which any principal or interest due in connection with the Bond is payable.

Moneys in the funds not immediately needed, in the case of the Revenue account, may be deposited or invested and reinvested by the Town or, in the case of the Bond Account, may be deposited or invested and reinvested by the Paying Agent, at the direction of the Town, in deposits or investment which are at the time permitted by the laws of the State of Colorado and applicable federal statutes and regulations, all subject to the provisions of Section 12 hereof. Such investments shall be deemed at all times to be a part of such respective accounts, and the interest and any profit realized therefrom or any loss resulting therefrom shall be credited or charged to such account. In computing the amount in any such account for any purpose hereunder, except as herein otherwise expressly provided, such investments shall be valued at fair market value not less frequently than annually.

No payment need be made into the Bond Account if the amount in the Bond Account is at least equal to the entire amount outstanding of the Bond, both as to principal and interest

to its maturity or to any redemption date or redemption dates on which the Town shall have exercised its option to redeem such Bond in the amount then outstanding.

Neither the Town nor any officer of the Town shall be liable or responsible for any loss resulting from any investment or reinvestment made in accordance with this Ordinance.

The moneys in the Bond Account shall consist of lawful money of the United States or lawful investments, or both such money and investments. Moneys deposited in a demand or time deposit account in or evidenced by a certificate of deposit of a commercial bank, appropriately secured according to the laws of the State of Colorado, shall be deemed lawful money of the United States.

Section 18. Rates and Charges. So long as the Bond authorized herein remains outstanding, the Board covenants that it shall fix, establish, maintain, enforce, and collect such fees, rates, tap fees, plant investment fees, availability fees, tolls, or charges for the water and sewer services furnished by the Enterprise as will produce in each fiscal year sufficient Gross Revenues: (i) to pay Operation and Maintenance Expenses and (ii) to create Net Revenues in-an amount equal to not less than 100% of the amount necessary to pay when due the principal of and interest on the Bond and any Parity Lien Bonds coming due during such fiscal year.

Section 19. Additional Covenants of the Town. The Town hereby further irrevocably covenants and agrees with every holder of the Bond issued under the provisions of this Ordinance, that so long as such Bond remains outstanding:

(i) It will continue to operate and manage the 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 Account, may at all times be readily and accurately determined.

(ii) It 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 Bond out of the Bond Account, 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 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 Bond Account and shall be used for the purposes of said Bond Account.

(iii) It will promptly render bills for water service furnished, and it will certify to the Board of County Commissioners of Weld County, 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.

(iv) At least once each year it will furnish RUS, as the original purchaser of the Bond, a statement of the receipts of and the disbursements for the System for the fiscal year immediately preceding each statement.

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

Section 20. Additional Obligations. No additional bonds, notes, interim securities, or other obligations shall be issued payable from the Net Revenues and having a lien thereon which is superior to the lien of the Bond.

The Town may issue Parity Lien Bonds if:

(i) The Town is then in substantial compliance with the covenants of this Ordinance:

(ii) The Town is then current in the accumulation of all amounts required by this Ordinance to be credited to the Bond Account,

(iii) The Net Revenues for the last audited fiscal year are sufficient to pay an amount representing not less than 100% of the combined maximum annual principal and interest requirements of the Bond then outstanding, any Parity Lien Bonds theretofore issued and remaining outstanding and the Parity Lien Bonds proposed to be issued. For

purposes of such test, the Net Revenues may be increased if there has been adopted a schedule of increases in rates, fees, tap fees, plant investment fees, tolls, or charges during or since the last audited fiscal year by adding to the actual revenues for such audited fiscal year in an amount equal to 100% of the estimated increase in revenues which would have been realized during such audited fiscal year, had such increase been in effect during all of said audited fiscal year. A written certificate or opinion of an independent accountant or consulting engineer that the Net Revenues are sufficient shall be conclusively presumed to be accurate in determining the right of the Town to authorize, issue, sell, and deliver Parity Lien Bonds.

So Long as no Event of Default shall have occurred, nothing herein shall prevent the Town from issuing Subordinate Lien Bonds.

Section 21. Events of Default. An Event of Default shall exist if:

(i) Payment of the principal due in connection with the Bond is not made by the Town when due or upon prior redemption or otherwise;

(ii) Payment of the interest on the Bond by the Town is not made when due and payable;

(iii) The Town defaults in the punctual performance of any other of the covenants, conditions, agreements, and provisions contained in the Bond or in this Ordinance on its part to be performed and if such default continues for sixty (60) days after written notice shall have been given by the owner or owners of not less than 25% of the principal amount of the Bond then outstanding.

(iv) A petition in bankruptcy is filed by or against the Town.

Section 22. Remedies for Defaults. Upon the happening and continuance of any Event of Default, any Bondowner, or a trustee therefor, may enforce its rights hereunder by any available legal or equitable remedy, including mandamus, specific performance, the appointment of a receiver (the consent to such appointment being hereby granted) , injunctive relief, requiring the Board to act as if it were the trustee of an express trust, or any combination of such remedies. All proceedings shall be maintained for the equal

benefit and protection of all Bondowners. Any receiver appointed to protect the rights of Bondowners may take possession of and operate and maintain the System in the same manner as the Town itself might do. The failure of any Bondowner to proceed does not relieve the Town or any person of any liability for failure to perform any duty hereunder. The foregoing rights are in addition to any other right, and the exercise of any right by any Bondowner shall not be deemed a waiver of any other right.

Section 23. Amendment. The Town may amend or modify any provision of this Ordinance, without the consent of or notice to the Bondowners, as follows:

(i) To grant to or confer upon the Bondowners any additional rights, powers, authority, or security which may lawfully be granted or conferred;

(ii) To cure any formal defect, omission, or ambiguity in this Ordinance;

(iii) To add to the covenants and agreements of the Town set forth in this Ordinance;

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

(v) To effect, in connection with the preservation of the tax-exempt status of the interest on the Bond or otherwise, any other changes in this Ordinance which, in the opinion of an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations of states and their political subdivisions is nationally recognized, do not materially and prejudicially affect the rights of any Bondowners.

In addition, the Town may amend or modify any provision of this Ordinance with the written consent of the owner or owners of not less than seventy-five percent (75%) of the principal amount of the Bond then outstanding; provided that, the written consent of the owners of one hundred percent (100%) of the principal amount of the Bond then outstanding is required to:

(i) Change the maturity or terms of redemption of the principal of the Bond;

(ii) Reduce the principal amount or interest rate of the Bond; or

(iii) Create a lien upon or a pledge of the Net Revenues ranking prior to the lien or pledge created by this Ordinance.

Section 24. Defeasance. When all principal and interest in connection with the Bond have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged and the Bond shall no longer be deemed to be outstanding within the meaning of this Ordinance. The following provisions of this Section 24 shall not apply to the Bond for so long as the United States of America is the registered owner thereof: At any time, the registered owner of the Bond is NOT the United States of America, there shall be deemed to be such due payment of the Bond when the Town has placed in escrow and in trust with a commercial bank located within or without the State of Colorado, and exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount initially may be invested) to meet all requirements of principal and interest as the same may become due to the final maturity date of the Bond or upon any designated prior redemption date or dates. The Federal Securities shall become due at or prior to the respective times at which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the Town and such bank at the time of the creation of the escrow, or the Federal Securities shall be subject to redemption at the option of the holder thereof to assure such availability as so needed to meet such schedule. The Town shall obtain a verification by a certified public accountant of the sufficiency of any escrow so established. The investment of the amounts deposited in the escrow shall comply with Section 12 hereof.

Section 25. Authorization to Execute Documents; Sale of Bond. The Mayor and Town Clerk of the Town shall, and they are hereby authorized and directed to take all actions necessary or appropriate to effectuate the provisions of this Ordinance, including, but not limited to, the execution of such certificates and affidavits as may reasonably be required by bond counsel and RUS. The Board does hereby reaffirm its determination to sell the Bond to RUS.

Section 26. Costs and Expenses. All costs and expenses incurred in connection with the issuance and payment of the Bond shall be paid either from the proceeds of the Bond or from legally available moneys of the Town, or from a combination thereof, in an aggregate amount not to exceed \$10,000, and such moneys are hereby appropriated for that purpose.

Section 27. Designation as a "Qualified Tax-Exempt Obligation." The Town hereby designates the Bond as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code.

Section 28. Ratification and Approval of Prior Actions. All actions heretofore taken by the officers of the Town and the members of the Board, not inconsistent with the provisions of this Ordinance, relating to the authorization, sale, issuance, and delivery of the Bond, are hereby ratified, approved, and confirmed.

Section 29. Ordinance Irrepealable. After the Bond has been issued, this Ordinance shall be and remain irrepealable until the Bond and the interest accruing thereon shall have been fully paid, satisfied, and discharged, as herein provided.

Section 30. Repealer. All orders, bylaws, and ordinances 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 31. Severability. If any section, paragraph, clause, or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of this section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Ordinance, the intent being that the same are severable.

Section 32. Effective Date; Recording and Authentication. This Ordinance shall be effective immediately upon its adoption. 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.

Section 33. Emergency Provisions. By reason of the facts that: (1) the Town and its inhabitants must be properly and adequately supplied with water and it is necessary to issue the Bond immediately to finance the costs and expenses of extending and improving the System, and (2) it is necessary to take immediate advantage of the current interest rate being offered by the United States of America; it is hereby declared that an emergency exists, that this Ordinance is necessary to the immediate preservation of the public peace, health, and safety, and that it shall be in full force and effect upon adoption and publication according to law.

INTRODUCED, APPROVED, AND FINALLY PASSED AS AN EMERGENCY ORDINANCE BY THE AFFIRMATIVE VOTES OF THREE-QUARTERS OF THE MEMBERS OF THE BOARD this 25th day of October, 1995.

(S E A L)

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Mayor

ATTEST:

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Town Clerk

It was thereupon moved by Trustee \_\_\_\_\_ and seconded by Trustee \_\_\_\_\_ that the foregoing Enterprise Ordinance be finally passed and adopted.

Those voting AYE:

Francis Duvall  
Terry Heckard  
Judith K. Parker  
George Roskop  
Ed Rossi  
Steve Straten

Those voting NAY: None

Not less than three-quarters of the members of the Board having voted in favor of the motion, the presiding officer thereupon declared the motion carried and the Enterprise Ordinance finally passed and adopted as an emergency ordinance.

Thereupon, after consideration of other business to come before the Board, the meeting was adjourned.

(S E A L)

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Town Clerk

STATE OF COLORADO            )  
  )  
COUNTY OF WELD            )  
  )  
TOWN OF HUDSON            )

I, Judy Larson, Town Clerk of the Town of Hudson, Weld County, Colorado, do hereby certify that the foregoing pages numbered 1 to \_\_, inclusive, constitute a true and correct copy of that portion of the record of proceedings of the Board relating to the final passage and adoption of an emergency ordinance of the Board, acting by and through the Town's Water Activity Enterprise, authorizing the issuance of a water revenue bond, all at the regular meeting of the Board held at the Town Hall at 557 Ash Street in Hudson, Colorado, on Wednesday, the 25th day of October, 1995 at the hour of 7:30 P.M., as recorded in the official record of proceedings of said Town kept in my office; that the proceedings were duly had and taken; that the meeting was duly held; that the persons therein named were present at said meeting and voted as shown therein; all in accordance with law.

WITNESS my hand and the seal of said Town this \_\_\_\_ day of October, 1995.

(S E A L)

Town Clerk

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(Attach Proof of Publication)