

ORDINANCE NO. 2018-12

AN EMERGENCY ORDINANCE OF THE TOWN OF KEENESBURG, COLORADO, AUTHORIZING THE ISSUANCE OF A REVENUE BOND IN THE PRINCIPAL AMOUNT OF \$496,000; PROVIDING FOR THE USE OF THE BOND PROCEEDS TO PAY THE COSTS OF THE PROJECT; PROVIDING FOR THE PAYMENT OF THE BOND FROM THE NET REVENUE DERIVED FROM THE OPERATION OF THE SYSTEM, AND MAKING CERTAIN COVENANTS IN CONNECTION THEREWITH; PROVIDING FOR THE FORM, PAYMENT, AND OTHER DETAILS IN CONNECTION WITH THE BOND; AND AUTHORIZING THE EXECUTION OF CERTAIN AGREEMENTS AND DOCUMENTS IN CONNECTION WITH THE BOND; AND DECLARING AN EMERGENCY.

WHEREAS, the Town of Keenesburg, Colorado (the “Town”) is a statutory town and political subdivision of the State of Colorado, duly organized and operating under the constitution and laws of the State and is operating the System (as defined herein) by and through its enterprise (the “Enterprise”) empowered to provide wastewater services within the meaning of Title 37, Article 45.1, C.R.S. and Article X, Section 20 of the Colorado Constitution; and

WHEREAS, the Enterprise is a government-owned business authorized to issue its own revenue bonds and receiving under 10% of annual revenue in grants from all Colorado state and local governments combined and it is hereby determined that the Town’s operation of the System constitutes an enterprise within the meaning of Article X, Section 20 of the Colorado Constitution; and

WHEREAS, the Town has heretofore determined and undertaken to construct certain facilities for the collection, treatment, transmission, and disposition of wastewater, which facilities are operated and maintained as part of the wastewater system of the Town and the enterprise (the “System”); and

WHEREAS, the Town has heretofore determined and hereby determines that the existing sewer collection lines should be repaired and replaced as necessary, and that the Town should pay off an existing loan from the State of Colorado (the “State”) through its Energy and Mineral Impact Assistance Program in the original amount of \$55,000 (together, the repair and replacement of the existing sewer collection lines and the repayment of the loan from the State are the “Project”); and

WHEREAS, long-term financing for a portion of the cost of the Project has been made available through the United States of America (Rural Utilities Service) (the “RUS”); and

WHEREAS, the Town also anticipates receiving an energy impact grant from the State of Colorado Department of Local Affairs in the amount of \$300,000, which will also be contributed to the cost of the Project; and

WHEREAS, the Town is authorized by Title 37, Article 45.1, C.R.S., and Article X, Section 20 of the Colorado Constitution to issue revenue bonds authorized by action of the Board

without the approval of the electors of the Town, such bonds to be issued in the manner provided in Part 4 of Article 35 of Title 31, C.R.S.; and

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

WHEREAS, the Board desires to authorize the issuance and sale of the Bond and the execution of the foregoing documents;

BE IT ORDAINED BY THE TOWN BOARD OF THE TOWN OF KEENESBURG, STATE OF COLORADO, AS FOLLOWS:

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

Additional Bonds: means 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 Revenue which is on a parity with the lien of the Bond authorized by this Ordinance.

Board: the Board of Trustees of the Town.

Bond Account: the “Revenue Bond Account,” established by the provisions hereof for the purpose of paying the principal of, premium if any, and interest on the Bond and any Parity Lien Bonds.

Bond Registrar: The Treasurer of the Town, or any successor appointed hereunder, which shall perform the function of registrar with respect to the Bond.

Bond or Bonds: the Revenue Bond, Series 2018, dated as of the date of issuance, issued in the principal amount of \$496,000, as authorized by this Ordinance.

Business Day: Any calendar day except Saturday, Sunday or a federal holiday.

Capital Improvements: 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 System.

Certified Public Accountant: an independent certified public accountant within the meaning of Section 12-2-115, C.R.S., and any amendment thereto, licensed to practice in the State of Colorado.

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

Combined Average Annual Principal and Interest Requirements: with regard to any two or more particular issues of bonds or other obligations, the aggregate of all future payments of principal of and interest on all of said issues (excluding redemption premiums) to become due from the date of computation to the date of maturity of the latest maturing obligation of any of said

issues, divided by the number of years between said dates; provided that if any particular issue has a single principal payment date and is issued as interim notes or securities in anticipation of permanent financing, such principal amount shall be excluded from this computation; provided further that such computation shall assume the redemption and payment of bonds or other obligations subject to mandatory redemption, but shall be made without regard to any right of optional redemption which has not been exercised.

Consulting Engineer: any qualified, registered, or licensed professional engineer practicing under the laws of the State of Colorado, who is independent in fact and not an officer or employee of the Town.

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

Enterprise: has the meaning ascribed to it in the recitals.

Event of Default: any one or more of the events set forth in the Section hereof entitled “Events of Default.”

Federal Securities: direct obligations of (including obligations issued or held in book entry form on the books of), or obligations the principal of and interest on which are guaranteed by, the United States of America.

Fiscal Year: the twelve (12) months commencing January 1 of any year and ending December 31 of said year.

Gross Revenue: all income and revenues directly or indirectly derived by the Town from the operation and use of the System, or any part thereof, including without limitation, any rates, fees, plant investment fees, standby charges, availability 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 property or rights or related contracts, settlements, or judgments held or obtained in connection with the System or its operations, and including investment income accruing from moneys held to the credit of the Bond Account; provided however, that there shall be excluded from Gross Revenue any moneys borrowed and used for providing Capital Improvements; 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 any moneys received as grants or appropriations from 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.

Loan Resolution: that RUS Bulletin 1780-27, “Loan Resolution (Public Bodies)” between the Town and the Office of Rural Development of the United States Department of Agriculture (RD/USDA), dated as of December 11, 2017, a copy of which is appended to this Resolution as Exhibit B.

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

Operation and Maintenance Expenses: all reasonable and necessary current expenses of the Town, paid or accrued, for operating, maintaining, and repairing the System, 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 Capital Improvements, payments due in connection with any bonds or other obligations, and charges for the accumulation of reserves.

Ordinance or Bond Ordinance: this ordinance which authorizes the issuance of the Bond, including any amendments properly made hereto.

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

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

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

Project: the rehabilitation of the wastewater collection system, construction of new treatment facility and decommissioning of the existing wastewater plant.

Project Account: the "Town of Keenesburg Revenue Bond, Series 2018, Project Account," established by the provisions hereof for the purpose of paying the Project Costs.

Project Costs: the costs of the Town properly attributable to the Project or any part thereof and permitted by the provisions of Section 31-35-403(2), C.R.S., including without limitation:

- (a) the costs of labor and materials, of machinery, furnishings, and equipment, and of the restoration of property damaged or destroyed in connection with construction work;
- (b) the costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes, or other municipal or governmental charges lawfully levied or assessed;
- (c) administrative and general overhead costs;
- (d) the costs of reimbursing funds advanced by the Town in anticipation of reimbursement from Bond proceeds, including any intrafund or interfund loan;

- (e) the costs of surveys, appraisals, plans, designs, specifications, and estimates;
- (f) the costs, fees, and expenses of printers, engineers, architects, financial consultants, legal advisors, or other agents or employees;
- (g) the costs of publishing, reproducing, posting, mailing, or recording documents;
- (h) the costs of contingencies or reserves;
- (i) the costs of issuing the Bond;
- (j) the costs of amending any resolution, or other instrument relating to the Bond or the Project;
- (k) the costs of repaying any short-term financing, construction loans, and other temporary loans and of the incidental expenses incurred in connection with such loans;
- (l) the costs of acquiring any property, rights, easements, licenses, privileges, agreements, and franchises;
- (m) the costs of demolition, removal, and relocation;
- (n) administrative, operating, and other expenses of the Town prior to and during the acquisition period and for a period of not exceeding one year thereafter;
- (o) the costs of repaying the Town's 2009 loan from the State Energy and Mineral Impact Assistance Program, in the original amount of \$55,000 and currently outstanding in the amount of approximately \$36,048; and
- (p) all other lawful costs as determined by the Board.

Pro Rata Portion: when used with respect to a required credit to the Bond Account 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.

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

Required Reserve: the amount to be deposited \$171.05 monthly commencing December 1, 2018 until such time as the amount in the Reserve Account equals an average annual installment of \$20,526.00.

Reserve Account: a special account of the Town designated as the "Revenue Bond Reserve Account," created for the purpose of paying, if necessary, the principal of and interest on the Bond in accordance with Section 18 herein.

Revenue Fund: the fund of the Town hereby established and designated as the “Revenue Fund.”

RD/USDA: the Office of Rural Development of the United States Department of Agriculture.

RUS: the Rural Utilities Service, administered by the United States Department of Agriculture, Office of Rural Development.

Short-Lived Asset Account: a special account of the Town designated as the “Short-Lived Asset Account,” created for the purpose of paying, as necessary, for repairs and/or replacement of major System assets.

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 Revenue which is subordinate or junior to the lien of the Bond authorized by this Ordinance.

System: all of the wastewater facilities and properties of the Town, now owned or hereafter acquired, whether situated within or without the boundaries of the Town, including all present or future improvements, extensions, enlargements, betterments, replacements, or additions thereof or thereto, which comprise the wastewater enterprise.

Town: the Town of Keenesburg, Colorado, a political subdivision of the State of Colorado.

USDA: the United States of America, acting through the United States Department of Agriculture.

Section 2. Authorization. In accordance with the Constitution of the State of Colorado; Title 31, Article 35, Part 4, C.R.S.; Title 11, Article 57, Part 2, C.R.S.; Title 37, Article 45.1, C.R.S.; and all other laws of the State of Colorado thereunto enabling, there shall be issued the Town’s “Sewer Revenue Bond, Series 2018” in the principal amount of \$496,000, for the purpose of paying the Project Costs. The accomplishment of the Project is hereby authorized, approved, and ordered.

Section 3. Special Obligations. The Bond, together with the interest thereon, shall be payable only out of: (i) the Revenue Bond Account, into which the Town covenants to deposit the Net Revenue in amounts sufficient to pay when due the principal of and interest on the Bond; or (ii) if necessary, the Reserve Account, in accordance with Section 18 herein. The Bond and the interest thereon constitute a lien (but not necessarily an exclusive such lien) on the Net Revenue, and the Net Revenue is hereby pledged to the payment of the Bond. The Owners may not look to any general or other fund of the Town for the payment of the principal of and interest on the Bond, except the funds and accounts pledged thereto by this Ordinance, and the Bond shall not constitute a debt or an indebtedness of the Town within the meaning of Article XI, Section 6 of the Colorado Constitution or any statutory provision or limitation; nor shall the Bond be considered or held to be a general obligation of the Town.

Section 4. Bond Details. The Bond shall be issued only as a fully registered Bond as to both principal and interest, without coupons, in the denomination of \$496,000. The outstanding principal amount of the Bond shall equal the principal amount advanced to the Town by the RUS. The registered Bond shall be numbered S-1 and shall be registered in the name of the United States of America. Section 11-57-204, C.R.S. provides that a public entity, including the Town, may elect in an act of issuance to apply all or any of the provisions of Title 11, Article 57, Part 2, C.R.S. The Board hereby elects to apply certain portions of Title 11, Article 57, Part 2, C.R.S. to the Bond.

The Bond shall be dated as of its date of issuance, and shall bear interest at the rate of not to exceed 2.75% per annum, payable to the Owner of the Bond on the unpaid balance of the total principal advanced from the date or dates advanced. Principal and interest shall be paid semi-annually and shall mature not later than 40 years from the date of issuance. Each semi-annual payment of principal and interest shall be in the amount not to exceed \$10,263.00 or such lesser amount as determined by USDA/RUS.

Interest on the Bond shall be calculated on the basis of a 365 day year as required by applicable RUS regulations.

Section 5. Payment of Bond; Paying Agent and Bond Registrar. The principal and interest on the Bond is payable in lawful money of the United States of America to the Owner of the Bond upon maturity or prior redemption and presentation at the principal office of the Paying Agent. The interest on any Bond is payable to the person in whose name such Bond is registered, at the 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.

Principal and interest payments shall be paid by the Paying Agent to the Owners on or before the interest payment date. The Paying Agent may make payments of principal and interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Paying Agent; provided that the Town shall not be required to make funds available to the Paying Agent prior to the dates on which such interest would otherwise be payable hereunder, nor to incur any expenses in connection with such alternative means of payment.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Town. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of paying down the debt, shall, after payment of interest, be applied to the installments last to become due under the Bond and shall not affect the obligation of the Town to pay the remaining installments as scheduled.

Notwithstanding the foregoing or anything else herein to the contrary, the principal of and interest on any Bond registered in the name of the United States of America shall be paid by electronic means pursuant to an Authorized Agreement for Preauthorized Payments in a form approved by the RUS, or in such other manner as may be indicated by RUS.

Section 6. Prior Redemption. The Bond is subject to redemption prior to maturity, at the option of the Town, as a whole or portion thereof, on any date, upon payment of par and accrued interest, without redemption premium.

In the event the Bond is called for redemption as aforesaid, the Town will coordinate with the Owner as to the redemption amount and the date of redemption, and the Bond Registrar shall give notice thereof identifying the Bond or portion thereof to be redeemed by mailing a copy of the notice of such redemption by first class mail (postage prepaid), not less than thirty (30) days prior to the date fixed for redemption, to the Owner shown on the registration books maintained by the Bond Registrar. The redemption of the Bond may be contingent or subject to such conditions as may be specified in the notice. The Bond or portion thereof so called for redemption will cease to bear interest after the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time.

Section 7. Form and Execution of Bond. The Bond shall be signed with the manual signature of the Mayor of the Town, sealed with a manual impression of the seal of the Town, and attested by 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, such manual signature shall nevertheless be valid and sufficient for all purposes.

The Bond shall be in substantially the following form:

[Form of Bond]
[TO BE COMPLETED WHEN RATE FINALIZED BY THE USDA]

No. S-1

\$496,000

**UNITED STATES OF AMERICA
STATE OF COLORADO
COUNTY OF WELD**

TOWN OF KEENESBURG SEWER REVENUE BOND, SERIES 2018

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL ISSUE DATE</u>
[_____]%	[_____ __, 20__]	[_____ __,] 2018

REGISTERED OWNER: UNITED STATES OF AMERICA
United States Department of Agriculture
4300 Goodfellow Boulevard, Building 104
St. Louis, Missouri 63120-1703
Tax ID No. 43-1757115

PRINCIPAL AMOUNT: FOUR HUNDRED NINETY SIX THOUSAND DOLLARS

The Town of Keenesburg, in the County of Weld and State of Colorado, a political subdivision duly organized and operating under the constitution and laws of the State of Colorado, acting by and through its Town of Keenesburg Sewer Enterprise, for value received, hereby promises to pay, solely out of the special accounts hereinafter designated but not otherwise, to the registered owner named above, or registered assigns, in accordance with the payments set forth herein until [_____ __, 20__] (the Maturity Date) or on the date of prior redemption, the principal amount specified above, or such lesser amount as shall represent the aggregate principal amount advanced as of [_____ __], 2018. The Town promises to pay semi-annual payments of principal and interest in the amount of \$[_____] or such lesser amount as determined by the United States Department of Agriculture/Rural Utility Service as of [_____ __], 2018, as shown on the principal advance panel appended hereto, payable on the 1st of each June and December, commencing on December 1, 2018. Interest shall be calculated as required by applicable United States of America (Rural Utilities Service) ("RUS") regulations. The principal of and interest on this Bond shall be paid by electronic means pursuant to an Authorized Agreement for Preauthorizing Payments in a form approved by the RUS, or in such other manner as may be indicated by RUS, on or before the payment dates above described, by the Town Treasurer of the Town of Keenesburg, Colorado or by any successor, as Paying Agent.

Payment of each installment of principal and interest shall be made to the registered owner hereof whose name shall appear on the registration books of the Town maintained by the Town Treasurer of the Town of Keenesburg, Colorado or its successor, as Bond Registrar, at the close

of business on the fifteenth (15th) day of the calendar month next preceding each Payment Due Date (the “Record Date”).

If the date for making any payment or performing any action is not be a Business Day, such payment may be made or act performed on the next succeeding day which is a Business Day.

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.

This Bond is issued by the Town Board of the Town of Keenesburg, in the County of Weld and State of Colorado, for the purpose of paying the costs of providing certain wastewater facilities, by virtue of and in full conformity with the Constitution of the State of Colorado; Title 37, Article 45.1, C.R.S.; Title 31, Article 35, Part 4, C.R.S.; Title 11, Article 57, Part 2, 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”). Pursuant to Section 31-35-413, C.R.S., such recital shall conclusively impart full compliance with all of the provisions of said statutes, and this Bond issued containing such recital is incontestable for any cause whatsoever after its delivery for value. It is hereby recited, certified, and warranted that all of the requirements of law have been fully complied with by the proper officers in issuing this Bond. Pursuant to Section 11-57-210, C.R.S., the above recital is conclusive evidence of the validity and the regularity of the issuance of this Bond after its delivery for value.

The principal of and interest on this Bond are payable only out of: (i) a special account of the Town designated as the “Revenue Bond Account,” into which the Town covenants and agrees to deposit, from the revenues derived from the operation of the System after deduction of operations and maintenance costs (the “Net Revenue”), amounts sufficient to pay the principal of and interest on the Bond when the same become due and payable; and (ii) so long as this Bond is registered in the name of the United States of America, with the prior written consent of RUS, a special account of the Town designated as the “Revenue Bond Reserve Account,” all as more particularly set forth in the Bond Ordinance. The Bond and the interest thereon constitute an irrevocable and first lien (but not necessarily an exclusive first lien) on the Net Revenue, as defined in the Bond Ordinance. Subject to expressed conditions, obligations in addition to this Bond may be issued and made payable from the Net Revenue having a lien thereon subordinate and junior to the lien of this Bond or, subject to additional expressed conditions, having a lien on the Net Revenue on a parity with the lien of this Bond, in accordance with the provisions of the Bond Ordinance.

It is hereby recited, certified, and warranted that for the payment of this Bond, the Town has created and will maintain the special accounts referred to above, and will deposit therein out of the Net Revenue the amounts specified in the Bond Ordinance, and out of such accounts, as an irrevocable charge thereon, will pay the principal of and interest on this Bond in the manner provided by the Bond Ordinance.

THIS BOND DOES NOT CONSTITUTE A DEBT OR INDEBTEDNESS OF THE TOWN WITHIN THE MEANING OF ARTICLE XI, SECTION 6 OF THE COLORADO CONSTITUTION OR ANY STATUTORY PROVISION OR LIMITATION, AND SHALL

NOT BE CONSIDERED OR HELD TO BE A GENERAL OBLIGATION OF THE TOWN. WHILE ACTING AS AN ENTERPRISE, THE TOWN HAS NO AUTHORITY TO LEVY OR COLLECT OR USE IN ITS OPERATIONS TAXES, WHETHER SALES TAXES, USE TAXES OR AD VALOREM TAXES.

Reference is hereby made to the Bond Ordinance for an additional description of the nature and extent of the security for this Bond, the funds and revenues pledged to the payment thereof, the rights and remedies of the registered owners of this Bond, the manner in which the Bond Ordinance may be amended, and the other terms and conditions upon which the Bond is issued, copies of which are on file for public inspection at the office of the Town Clerk.

This Bond or portion thereof, is subject to redemption prior to maturity, at the option of the Town, on any date, upon payment of par and accrued interest, without redemption premium.

Notice of prior redemption 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 Bond Ordinance. All principal amounts called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time. Prepayments of principal and interest payments, or any portion thereof, may be made at any time at the option of the Town. Refunds, extra payments and loan proceeds obtained from outside sources obtained by the Town and applied for the purpose of paying down the Bond shall, after payment of interest, be applied to the principal payments last to become due on this Bond and shall not affect the obligation of the Town to pay the remaining payments of principal and interest.

So long as this Bond is registered in the name of the United States of America, no defeasance of the bond or escrow may be established for the defeasance of the Bond.

The Town and Bond Registrar shall not be required to issue or transfer this 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 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 any principal 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 this Bond if any part hereof has been selected or called for redemption.

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

This Bond is transferable by the registered owner hereof in person or by such individual's 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 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 of the same principal and interest installments 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 or exchange except that transfer charges shall not be assessed to the United States of America so long as it is an Owner of the Bond.

IN TESTIMONY WHEREOF, the Town Board of the Town of Keenesburg has caused this Bond to be signed by the manual signature of the Mayor of the Town, sealed with the seal of the Town, and attested by the manual signature of the Town Clerk, all as of the original issue date set forth above.

(S E A L)

TOWN OF KEENESBURG, COLORADO,
acting by and through its Town of Keenesburg
Sewer Enterprise

By: _____
Kenneth Gfeller, Mayor

ATTESTED:

By: _____
Toni Pearl, Town Clerk

CERTIFICATE OF AUTHENTICATION

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

Date of Registration
and Authentication:

TOWN OF KEENESBURG TOWN
TREASURER, as Bond Registrar

By: _____
Authorized Signatory

[Form of Advance Panel]

PRINCIPAL ADVANCED BY RUS

Date	Amount of Advance

[Form of Transfer for Bond]

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 8. 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 the 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 shall be conclusive evidence that the Bond has been authenticated and delivered under this Ordinance. The Bond Registrar's certificate of authentication shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Bond Registrar.

Section 9. Delivery of Bond. Upon the adoption of this Ordinance, the Town shall execute the Bond and deliver it to the Bond Registrar, and the Bond Registrar shall authenticate the Bond and deliver it to the purchasers thereof, as directed by the Town.

Section 10. Registration, Exchange, and Transfer of Bonds; 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. Bonds may be exchanged at the principal office of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations. 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 or the Owner's 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. No transfer 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 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 or exchange 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 or exchange, except that transfer charges shall not be assessed to the United States of America so long as it is the Owner of the Bonds.

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 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 any Bonds selected or called for redemption, in whole or in part.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the Town, evidencing the same obligation as the Bonds 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 Bonds 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 11. Cancellation of Bonds. Whenever the Bond shall be delivered to the Bond Registrar for cancellation pursuant to this Ordinance and upon payment of the principal amount and interest represented thereby, or whenever any Bond shall be delivered to the Bond Registrar for transfer or exchange pursuant to the provisions hereof, the Bond shall be canceled by the Bond Registrar and counterparts of a certificate of cancellation evidencing such cancellation shall be furnished by the Bond Registrar to the Town.

Section 12. Lost Bonds. Any Bond that is lost, stolen, destroyed, or mutilated may be replaced by the Bond Registrar in accordance with and subject to the limitations of applicable law. The applicant for any such replacement Bond, except the United States of America, shall post such security, pay such costs, and present such proof of ownership and loss as may be required by the Bond Registrar, provided, however, that no security shall be required in the event of lost or destroyed Bonds as long as the United States of America is the holder of the Bonds.

Section 13. Disposition and Investment of Proceeds; Tax Covenants. The Bond shall be issued and sold for the purpose of paying the Project Costs. The Owners of the Bond shall not 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.

The Town further covenants to pay from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed, or final Treasury Regulations as may be applied to the Bond from time to time. The payment of such rebate amounts as required by this paragraph supersedes all other provisions of this Ordinance concerning the deposit and transfer of interest earnings to or from any other fund or account. Moneys set aside to pay such rebate amounts pursuant to this paragraph are not subject to any lien created hereunder for the benefit of the Owners. This covenant shall survive the payment in full or the defeasance of the Bond.

The Town hereby designates the Bond as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Section 14. Creation of Fund and Accounts. Except as otherwise indicated, there are hereby created and established the following fund and accounts, which may be established as line

item accounts and shall be maintained by the Town in accordance with the provisions of this Ordinance:

- (a) the Project Account;
- (b) the Revenue Fund as defined in Section 1 above;
- (c) the Bond Account;
- (d) the Reserve Account; and
- (e) the Short-Lived Asset Account.

Section 15. Project Account. Immediately upon issuance of the Bond and after payment of the costs of issuing the Bond, the Town shall credit to the Project Account the proceeds from the sale of the Bond. All moneys credited to the Project Account shall be applied solely to the payment of the Project Costs; provided however, that so long as the United States of America is the registered owner of the Bond, expenditures from the Project Account shall be subject to applicable rules and regulations of RUS. Upon the determination of the Board that all Project Costs have been paid or are determinable, any balance remaining in the Project Account (less any amounts necessary to pay Project Costs not then due and owing) shall be credited to the Bond Account.

It is hereby found and determined by the Board that the maturity of the Bond does not exceed the useful life of the Project.

Moneys credited to the Project Account may be invested or deposited in securities or obligations which are lawful investments. The investment of moneys credited to the Project Account shall, however, be subject to the covenants and provisions of the Section hereof entitled "Disposition and Investment of Proceeds; Tax Covenants." Except to the extent otherwise required by such Section, interest income from the investment or reinvestment of moneys credited to the Project Account shall remain in and become part of the Project Account.

Section 16. Revenue Fund. Immediately upon the issuance of the Bond, the Town shall credit to the Revenue Fund all Gross Revenue then held by the Town. Thereafter, the Town shall credit to the Revenue Fund all Gross Revenue immediately upon receipt. The Town shall pay from the Sewer Revenue Fund all Operation and Maintenance Expenses as they become due and payable. After such payment or the allocation of Gross Revenue to such payment, the Town shall apply the Net Revenue in the following order of priority:

FIRST: To the credit of the Bond Account, the amount required by the Section herein entitled "Bond Account;"

SECOND: To the credit of the Reserve Account, the amounts required by the Section hereof entitled "Reserve Account," and to the credit of any reserve account or similar

account established in connection with the issuance of any Parity Lien Bonds, the amounts required by the documents authorizing the issuance of such Parity Lien Bonds;

THIRD: To the credit of the Short-Lived Asset Reserve Account, the amounts required by the Section hereof entitled "Short-Lived Asset Account," and to the credit of any similar reserve account established in connection with the issuance of any Parity Lien Bonds, the amounts required by the documents authorizing the issuance of such Parity Lien Bonds;

FOURTH: 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 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 the Subordinate Lien Bonds; and

FIFTH: 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 Revenue Fund after the payments and accumulations set forth in FIRST through THIRD hereof.

Section 17. Bond Account. Moneys in the Bond Account shall be used solely for the purpose of paying the principal of, premium if any, and interest on the Bond and any Parity Lien Bonds.

On or before the twenty-fifth (25th) day of each month, commencing in the month next succeeding the date of issuance of the Bond, the Town shall credit to the Bond Account, from the Revenue and any interest income to be credited to the Bond Account pursuant to the terms hereof, an amount equal to the Pro Rata Portion of the principal and interest to come due on the Bond and any Parity Lien Bonds on the next succeeding interest or principal payment date.

Moneys credited to the Bond Account may be invested or deposited in securities or obligations which are lawful investments. The investment of moneys credited thereto shall, however, be subject to the covenants and provisions of the Section hereof entitled "Disposition and Investment of Proceeds; Tax Covenants." Except to the extent otherwise required by such Section, all interest income from the investment or reinvestment of moneys credited thereto shall remain in and become part of the Bond Account.

Section 18. Debt Reserve Account and Short-Lived Asset Account.

(a) Moneys in the Reserve Account shall be used, if necessary, only to prevent a default in the payment of the principal of or interest on the Bond, or, with the prior written approval of the RUS, for emergency maintenance or extensions to the System. The Reserve Account shall not be used to pay or secure any other bonds or obligations. In the event the amounts credited to the Bond Account are insufficient to pay the principal of or interest on the Bond when due, the Town shall transfer from the Reserve Account to the Bond Account an amount which, when combined with moneys therein, will be sufficient to make such payments when due. Notwithstanding the foregoing, so long as the Bond is registered in the name of the United States of America, no moneys credited to the Reserve Account may be withdrawn without the written consent of the RUS, and moneys may be

withdrawn from the Reserve Account and used for such purposes as may be permitted by the RUS.

The Reserve Account shall be funded as follows: monthly, commencing December 1, 2018, the Town shall credit to the Reserve Account, from the Net Revenue and in accordance with the order of priority set forth in Section 16, the amount of \$171.05, until the amount of the Reserve Account is equal to the Required Reserve. The Reserve Account shall be funded and maintained as aforesaid for so long as the Bonds are outstanding.

Moneys credited to the Reserve Account may be invested or deposited in securities or obligations which are lawful investments. The investment of moneys credited to the Reserve Account shall, however, be subject to the covenants and provisions of the Section hereof entitled "Disposition and Investment of Proceeds; Tax Covenants." Except to the extent otherwise required by such Section, so long as the Town is in compliance with the requirements of this Section concerning credits to the Reserve Account, all interest income from the investment or reinvestment of moneys credited to the Reserve Account shall be credited to the Bond Account and/or the Reserve Account, as may be determined by the Town; provided that if the Town is not in compliance with the requirements of this Section concerning credits to the Reserve Account, then all such interest income shall be credited to the Reserve Account.

(b) The Short-Lived Asset Fund shall be funded as follows: annually, commencing in 2018, the Town shall credit to the Short-Lived Asset Fund, from the Net Revenue and in accordance with the order of priority set forth in Section 16, the amount of at least \$12,100, for repairs and/or replacement of major System assets. It shall be the Town's responsibility to assess the needs of the System's short-lived assets and adjust the amount deposited in order to meet those needs.

Section 19. Maintenance of Rates and Coverage. The Town hereby covenants that it will establish, maintain, enforce, and collect rates, fees, plant investment fees, availability fees, tolls, and charges for services furnished by or the use of the System to create Gross Revenue each Fiscal Year sufficient to pay Operation and Maintenance Expenses and to create Net Revenue in an amount: (i) equal to not less than the amount necessary to pay when due the principal of and interest on the Bonds, and any Parity Lien Bonds coming due during such Fiscal Year; and (ii) sufficient to make up any deficiencies in the Reserve Account. In the event that the Gross Revenue at any time is not sufficient to make such payments, the Town shall increase such rates, fees, plant investment fees, availability fees, tolls, and charges to an extent which will ensure the payments and accumulations required by this Ordinance.

Section 20. Additional Covenants and Agreements. The Town hereby further irrevocably covenants and agrees with each and every Owner that so long as the Bond remains outstanding:

(a) The Town will continue to operate and manage the 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 Gross Revenue and the Net Revenue may at all times be readily and accurately determined.

(b) 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 Bond, 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 the proceeds of any such sale of property shall be included as part of the Gross Revenue.

(c) The Town will promptly render bills for services furnished by or the use of the System, shall use all legal means to assure prompt payment thereof, and shall take such action as may be necessary to make delinquent rates, fees, tolls, and charges of the System a lien upon the real property served.

(d) In the event more than \$750,000 in Federal Assistance is expended by the Town acting by and through the Enterprise per fiscal year, the Town will cause an audit to be performed of the records relating to the revenues and expenditures of the Enterprise and the System. Such audit may be 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 for the Enterprise 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 but shall be filed with the RUS at least thirty (30) days prior to the beginning of each fiscal year so long as the United States of America is the Owner of the Bond.

If the Town acting by and through the Enterprise expends less than \$750,000 in Federal Assistance per fiscal year, it may, if no audit is performed, submit financial statements in lieu of an audit, which shall include at a minimum a balance sheet and an income and expense statement. So long as the United States of America is the Owner of the Bonds, Rural Development (RD) Form 442-2 "Statement of Budget, Income and Equity" and RD Form 442-3 "Balance Sheet" or forms of a similar format may be used to provide required financial information. Financial statements must be signed by the appropriate Town official and submitted within sixty (60) days of the end of the fiscal year.

(e) The Town will carry fire and extended coverage, 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. In the event of any loss or damage to the System, or in the event part or all of the 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 Revenue; provided however, that if the Board determines that the operation of the System and the security for the Bond will not be adversely affected thereby, the 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 Revenue.

(f) Each Town official or other person having custody of any funds derived from the operation of the System, or responsible for the handling of such funds, shall be fully insured at all times, which insurance shall be conditioned upon the proper application of said funds.

(g) The Town has and will continue to maintain the System as an “enterprise” within the meaning of Article X, Section 20 of the Colorado Constitution, and as a “water activity enterprise” empowered to provide wastewater services within the meaning of Title 37, Article 45.1, C.R.S. Specifically, but not by way of limitation, it is hereby covenanted and agreed that: (i) the System shall not receive 10% or more of its annual revenue in grants from all Colorado state and local governments combined; and (ii) in no event shall the System have any ability to levy taxes to pay the Bonds or any other expenses of the System.

(h) The Town hereby agrees that if at any time it shall appear to the Government that the Town is able to refinance the amount of the indebtedness to the Government then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources at reasonable rates and terms for loans for similar purposes and period of time, the Town will, at the request of the Government, apply for and accept such loan in sufficient amount to repay the Government and will take all such actions as may be required in connection with the loan.

(i) In the event that any Bond is transferred to an Owner other than the United States of America and the Town Treasurer continues to act as Paying Agent for the Bond, the Town shall comply with all applicable information reporting and backup withholding requirements contained in the Code.

(j) So long as the United States of America is the Owner of any of the Bonds, the Town shall be subject to a separate Loan Resolution for the Series 2018 Bond executed and entered into with the USDA. A copy of the Loan Resolution is attached to this Bond Resolution as Exhibit B. The provisions of the Loan Resolution and the provisions of this Bond Resolution are to be construed wherever possible so that they will not be in conflict. In the event such a construction is not possible, the provisions of the Loan Resolution shall prevail.

Section 21. Additional Bonds.

(a) No additional bonds, notes, interim securities, or other obligations shall be issued payable from the Net Revenue and having a lien thereon which is superior to the lien of the Bond.

(b) The Town may issue Parity Lien Bonds if:

(i) the Town is then and as of the date of issuance of the Parity Lien Bonds will be, in substantial compliance with all of the covenants of this Ordinance;

(ii) (ii) the Town has obtained the prior written approval to the issuance of the Parity Lien Bonds from the RUS;

(iii) the Town is then and as of the date of issuance of the Parity Lien Bonds will be, current in the accumulation of all amounts required to be then accumulated in the Bond Account, the Reserve Account and the Short-Lived Asset Account, as required by this Ordinance; and

(iv) acceptable documentation is provided establishing that Net Revenues for the fiscal year following the year in which such Parity Lien Bonds are to be issued will be at least 120% of the Combined Average Annual Principal and Interest Requirements for the Bond, any outstanding Parity Lien Bonds, and the Parity Lien Bonds proposed to be issued. This limitation may be waived or modified by the written consent of bondholders representing 75% of the then-outstanding principal indebtedness.

(c) A written certificate by the Mayor or Town Treasurer that the conditions set forth in paragraphs (i) and (ii) above has been met, and a written certificate by a Certified Public Accountant that the conditions set forth in paragraphs (iii) and (iv) above are met, shall conclusively determine the right of the Town to authorize, issue, sell, and deliver Parity Lien Bonds in accordance herewith.

(d) So long as no Event of Default shall have occurred and be continuing, nothing herein shall prevent the Town from issuing Subordinate Lien Bonds.

Section 22. Discharge of Lien. When all principal and interest in connection with the Bond have been duly paid, the pledge and lien and all obligations of the Town hereunder shall thereby be discharged and the Bond shall no longer be deemed to be outstanding within the meaning of this Ordinance. There shall be deemed to be such due payment 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 may be initially invested) to meet all requirements of principal and interest as the same become due to their final maturities or upon designated prior redemption dates. The Federal Securities shall become due at or prior to the respective times on 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 holders thereof to assure such availability as so needed to meet such schedule. The sufficiency of the escrow shall be determined by a Certified Public Accountant.

Notwithstanding the foregoing, so long as the Bond is registered in the name of the United States of America, no defeasance of the Bond or escrow may be established for the payment of the Bond.

Section 23. Events of Default. The occurrence or existence of any one or more of the following events shall be an Event of Default hereunder:

- (a) payment of the principal of the Bond is not made by the Town when due;
- (b) payment of the interest on the Bond is not made by the Town when due;
- (c) the Town defaults in the performance of any covenant of this Ordinance or the Loan Resolution;
- (d) the Town defaults in the performance of any other of its covenants in this Ordinance, and such default continues for sixty (60) days after written notice specifying such default and requiring the same to be remedied is given to the Town by the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding; or
- (e) the Town files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligations represented by the Bond.

Section 24. Remedies For Events of Default. Upon the occurrence and continuance of an Event of Default, the Owner of any Bond, or a trustee therefor, may protect and enforce the rights of any Owner by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenants, injunctive relief, or requiring the Board to act as if it were the trustee of an express trust, or any combination of such remedies. Any receiver appointed to protect the rights of Owners may take possession of and operate and maintain the System in the same manner as the Town itself might do. The failure of any Owner 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 Owner shall not be deemed a waiver of any other right.

In addition to the foregoing remedies, so long as the Bond is registered in the name of the United States of America, upon an Event of Default the RUS, at its option, may declare the entire principal amount then outstanding and accrued interest immediately due and payable.

Payments on delinquent amounts due on the Bond will be applied in the following order of priority: (i) interest on overdue principal and interest at the rate borne by the Bond; (ii) past due interest; (iii) past due principal; (iv) current interest due; and (v) current principal due.

Section 25. Permitted Amendments to Bond Ordinance. The Town may, without the consent of or notice to the Owners, adopt amendments or supplements to this Ordinance, which amendments or supplements shall thereafter form a part hereof, for any one or more of the following purposes:

- (a) to cure any ambiguity, to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in this Ordinance, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under this Ordinance, or to make any provisions for any other purpose, if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners of the Bond;

(b) to subject to this Ordinance or pledge to the payment of the Bond additional revenues, properties, or collateral; and

(c) to grant or confer upon the Owners any additional rights, remedies, powers, or authority that may be lawfully granted to or conferred upon the Owners.

Section 26. Amendments Requiring Consent of Owners. Except for amendatory or supplemental ordinances adopted pursuant to the Section hereof entitled “Permitted Amendments to Bond Ordinance,” the Owners of not less than two-thirds ($\frac{2}{3}$) in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, to consent to and approve the adoption by the Town of such resolutions amendatory or supplemental hereto as shall be deemed necessary or desirable by the Town for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Ordinance; provided however, that without the consent of the Owners of all the Bonds affected thereby, nothing herein contained shall permit, or be construed as permitting:

(a) a change in the terms of the maturity of the Bond, in the principal amount of the Bond or the rate of interest thereon, or in the terms of prior redemption of the Bond;

(b) an impairment of the right of the Owners to institute suit for the enforcement of any payment of the principal of or interest on the Bond when due;

(c) the creation of a lien upon the Net Revenue ranking prior to the lien of the Bond;

(d) a privilege or priority of any Bond or any interest payment over any other Bond or interest payment; or

(e) a reduction in the percentage in principal amount of the Bonds the consent of whose Owners is required for any such amendatory or supplemental ordinance or resolution.

If at any time the Town shall desire to adopt an amendatory or supplemental ordinance for any of the purposes of this Section, the Town shall cause notice of the proposed adoption of such amendatory or supplemental ordinance to be given by mailing such notice by certified or registered first-class mail to and to each Owner of a Bond to the address shown on the registration books of the Bond Registrar, at least thirty (30) days prior to the proposed date of adoption of any such amendatory or supplemental ordinance. Such notice shall briefly set forth the nature of the proposed amendatory or supplemental ordinance and shall state that copies thereof are on file at the offices of the Town or some other suitable location for inspection by all Owners. If, within sixty (60) days or such longer period as shall be prescribed by the Town following the giving of such notice, the Owners of not less than the required percentage in aggregate principal amount of the Bonds then outstanding at the time of the execution of any such amendatory or supplemental ordinance shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the adoption and

effectiveness thereof, or to enjoin or restrain the Town from adopting the same or from taking any action pursuant to the provisions thereof.

Section 27. Effect of Amendment. Upon the execution of any amendatory or supplemental ordinance pursuant to this Ordinance, this Ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Ordinance of the Town, the Bond Registrar, the Paying Agent, and all Owners of Bonds then outstanding shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such modifications and amendments.

Section 28. Pledge of Revenues. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Bond shall be governed by Section 11-57-208, C.R.S. and this Ordinance. The Net Revenue shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. 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 29. No Recourse Against Officers and Agents. Pursuant to Section 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 on the Bond. Such recourse shall not be available either directly or indirectly through the Board, or otherwise whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Bond and as part of the consideration of their sale or purchase, any person purchasing or selling such Bond specifically waives any such recourse.

Section 30. Waiver by RUS. Notwithstanding anything herein to the contrary, so long as the United States of America is the Owner of the Bond, RUS may waive compliance with any of the terms of this Ordinance.

Section 31. Authorization to Execute Documents. The Mayor and Town Clerk 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 be reasonably required by RUS. The execution by the Mayor of the Town of any document authorized herein shall be conclusive proof of the approval by the Enterprise of the terms thereof.

Section 32. 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, and such moneys are hereby appropriated for that purpose.

Section 33. Holidays. 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 or Bond Registrar is authorized or required by law to remain closed.

Section 34. 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 35. Ordinance Irrepealable. After the Bond has been issued, this Ordinance shall constitute a contract between the Owners and the Town, and 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 36. Repealer. All orders, bylaws, 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 37. 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 such 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 38. Recording and Authentication. Upon adoption hereof, this Ordinance shall be recorded in a book kept for that purpose for the Town and shall be authenticated by the signatures of the Mayor and the Town Clerk.

Section 39. Emergency Declaration. It is hereby found and determined by the Board that: (i) the issuance of the Bond and the construction of the Project is necessary in the public interest; and (ii) it is necessary to take advantage of the current conditions in the municipal bond market and low interest rates, the continuation of which cannot be predicted. 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. and Section 1-3-60 of the Keenesburg Municipal Code.

Section 40. Effective Date and Disposition. This Ordinance, as adopted by the Board, shall take effect immediately and shall be numbered and recorded by the Town Clerk in the official records of the Town. The adoption and publication shall be authenticated by the signatures of the Mayor and Town Clerk, and by the certificate of publication.

PASSED, ADOPTED AS AN EMERGENCY MEASURE AND ORDERED PUBLISHED IN FULL this 4th day of June, 2018, by a vote of $\frac{3}{4}$ of the members of the Board of Trustees of the Town of Keenesburg, Colorado of ____ for and ____ against constituting the extraordinary majority required by the Municipal Code.

(S E A L)

By: _____
Mayor

ATTESTED:

By: _____
Town Clerk

STATE OF COLORADO)
)
 COUNTY OF WELD)SS.
)
 TOWN OF KEENESBURG)

I, Toni Pearl, the duly qualified and acting Clerk of the Town of Keenesburg, Colorado (the “Town”), in County of Weld and State of Colorado, do hereby certify:

1. The foregoing pages are a true and correct copy of an ordinance (the “Ordinance”) introduced at a regular meeting of the Board of Trustees of the Town (the “Board”) on June 4, 2018.

2. The Ordinance was duly moved and seconded and the Ordinance was adopted at the regular meeting of June 4, 2018, by an affirmative vote of three-fourths (¾) of the members of the Board as follows:

Name	“Yes”	“No”	Absent	Abstain
Kenneth L. Gfeller, Mayor				
Robert Zebroski				
Juanda Hesse				
Tim Smith				
Mark Gray				
Wilbur Wafel				
Carl Fredrickson				

3. The members of the Board were present at such meeting and voted on the passage of such Ordinance as set forth above.

4. The Ordinance was approved and authenticated by the signature of the Mayor of the Town, sealed with the Town seal, attested by the Town Clerk and recorded in the minutes of the Town.

5. Attached hereto as Exhibit A is a copy of the notice of the regular meeting on June 4, 2018, which notice was posted within the Town at least 24 hours before such meeting as required by law.

6. That the ordinance was published after adoption in the *Greeley Tribune*, a newspaper of general circulation within the Town on June __, 2018. The affidavit of publication is attached hereto as **Appendix B**.

7. There are no bylaws, rules or regulations of the Town which prevent the immediate adoption of the Ordinance set forth in the foregoing proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Town, this June 4, 2018.

Town Clerk

(SEAL)

EXHIBIT A

(Attach Notice of Meeting)

EXHIBIT B

(Attach RUS Bulletin 1780-27 “Loan Resolution (Public Bodies)”)

RESOLUTION 2017-34

Position 5

RUS BULLETIN 1780-27

APPROVED
OMB No. 0572-0121

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Board of Trustees
OF THE KEENESBURG, TOWN OF
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
Municipality
FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the KEENESBURG, TOWN OF
(Public Body)
(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of
Four Hundred Ninety-Six Thousand & 00/100

pursuant to the provisions of C.R.S. 31-4-301; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture,
(herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921
et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event
that no other acceptable purchaser for such bonds is found by the Association;

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balances, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-1, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal ly permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

- 11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the Government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ 0.00

under the terms offered by the Government; that the _____

and _____ of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

The vote was: Yes 7 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of Trustees of the KEENESBURG, TOWN OF has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this _____ day of _____

(SEAL) _____
 Attest: Pam Head
 Title mayer

_____ By Pam Head
 Title mayer

_____ Attest: Pam Head
 Title mayer

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as _____ of the KEENESBURG, TOWN OF
hereby certify that the Board of Trustees _____ of such Association is composed of
_____ members, of whom _____ constituting a quorum, were present at a meeting thereof duly called and
held on the _____ day of _____; and that the foregoing resolution was adopted at such meeting
by the vote shown above, I further certify that as of _____
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
rescinded or amended in any way.

Dated, this _____ day of _____

Title _____