

ORDINANCE NO. 1970-2

AN ORDINANCE RELATING TO A JOINT WATER AND SEWER SYSTEM FOR THE TOWN OF LA JARA, COLORADO; AUTHORIZING THE ISSUANCE OF JOINT WATER AND SEWER REVENUE BONDS; PROVIDING FOR THE COLLECTION AND DISPOSITION OF THE REVENUES DERIVED FROM SAID JOINT SYSTEM; PROVIDING OTHER DETAILS IN CONNECTION THEREWITH; AND DECLARING AN EMERGENCY.

WHEREAS, the Town of La Jara (herein "Town"), in the County of Conejos, State of Colorado, operates as a town pursuant to the general statutes; and

WHEREAS, the Town now owns and operates a sewer system; and

WHEREAS, the Town is presently without adequate water facilities and sewage treatment facilities; and

WHEREAS, the Board of Trustees of the Town (herein "Board") has determined that it is necessary and for the best interests of the Town that a waterworks system be erected and that sewage treatment facilities be constructed and otherwise acquired and that the sewer system and waterworks system be combined as a joint utility; and

WHEREAS, at a regular municipal election duly held on April 7, 1970, there was submitted to the qualified electors of the Town the following question:

Shall the Town of La Jara, Colorado, be authorized to erect a waterworks system as part of a joint water and sewer system, the cost of which will be defrayed in part by the issuance of joint water and sewer revenue bonds in an amount not exceeding \$310,000.00 and bearing interest at a net effective interest rate not exceeding 5% per annum, as provided by Ordinance No. 1970-1 of said Town, adopted and approved on March 17, 1970?

and

WHEREAS, said question was approved by a majority of the qualified electors of the Town voting at said election (i.e., 131 for and 102 against), and the results are hereby so declared; and

WHEREAS, the Town has never hypothecated system revenues or any part thereof with the result that such revenues may now be lawfully pledged for the redemption of the bonds herein authorized; and

WHEREAS, the Board has determined that revenue bonds be issued in the amount of \$309,950.00; and

WHEREAS, pursuant to due notice, bids for the bonds were received on _____, 1970, and the bonds were sold to _____ (herein "Purchaser"), for the principal amount thereof and a permium of \$_____.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE TOWN OF LA JARA, COLORADO:

Section 1. Short Title. This ordinance may be designated by the short title "1970 revenue bond ordinance."

Section 2. Definitions. The terms defined in this section, except where the context requires otherwise, shall have the following meanings:

- (1) "Bond Fund" means the "1970 Revenue Bond Fund."
- (2) "Bonds" or "1970 Bonds" means the "Town of La Jara Joint Water and Sewer Revenue Bonds, Series 1970."
- (3) "Consulting Engineer" means any qualified, registered or licensed professional engineer practicing under the laws of the State of Colorado.
- (4) "Gross Income," "gross revenues," "income" or "revenues" means all income and revenue derived by the Town from any rates, fees, tolls and charges for the services furnished by, or the use of, the system as the same may at any time exist to serve customers within or outside the municipal limits, whether resulting from improvements or otherwise.
- (5) "Fiscal Year" means the twelve months commencing January 1 of any year and ending December 31 of said year.
- (6) "Holder" means a person in possession and the apparent owner of coupons or bonds.
- (7) "Independent Accountant" means any certified public accountant practicing under the laws of the State

of Colorado who is independent and not an officer or employee of the municipality.

(8) "Insured Bank" means a bank qualified to accept public deposits under state law which is a member of the Federal Deposit Insurance Corporation.

(9) "Net Income" or "net revenues" means the revenues after deducting the operation and maintenance expenses.

(10) "Operation and Maintenance Expenses" means all reasonable and necessary current expenses of the municipality, paid or accrued, for operating, maintaining and repairing the system, including legal and overhead expenses of the municipality 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, but not including depreciation, legal liabilities not based on contract, the cost of improvements to the system, or charges for the accumulation of reserves.

(11) "Paying Agent" shall mean The First National Bank of La Jara, La Jara, Colorado, or, as to any bond or coupon owned or insured by the Farmers Home Administration (herein "FHA") of the United States Department of Agriculture, at the local county office of the FHA, or at such other place as the FHA shall have designated in writing.

(12) "Project" means the construction program to be financed in part by the bonds.

(13) "Project Engineer" means the consulting engineer hired for the Project.

(14) "Purchaser" means the FHA or other purchaser of the bonds or manager of any purchasing syndicate.

(15) "Reserve Fund" means the "1970 Revenue Bond Reserve Fund."

(16) "Revenue Bond Act" or "Act" means Article 52, Chapter 139, Colorado Revised Statutes 1963.

(17) "System" means all of the Town's joint water and sewerage facilities and properties now owned or hereafter acquired, whether situated within or without the Town boundaries.

Section 3. Ratification. All consistent action taken previously by the Board and the municipal officers directed toward the Project and toward the issuance of its revenue bonds for that purpose is ratified, approved and confirmed.

Section 4. Authorization of Project. Municipal waterworks facilities shall be erected and sewage treatment facilities constructed and otherwise acquired by the expenditure of not to exceed \$452,500.00, including an FWPCA grant of approximately \$40,600.00, a "Four Corners" grant of \$36,250.00 and an FHA grant of \$65,700.00.

Section 5. Authorization of Bonds. For the purpose of providing funds to pay a portion of the cost of the Project, 1970 bonds in the principal amount of \$309,950.00 shall be issued in anticipation of the collection of revenues of the system.

Section 6. Bond Details. The bonds shall be dated as of delivery, shall consist of 310 bonds in the denomination of \$1,000 except bond numbered 1 in the denomination of \$950.00, numbered from 1 upwards, shall bear interest from date until maturity at the rates herein designated, evidenced by one set of interest coupons payable to bearer, on January 1 in each year, commencing January 1, 1971, and shall mature serially in regular numerical order on January 1 as follows:

<u>Bond Numbers</u> <u>(All Inclusive)</u>	<u>Amounts</u> <u>Maturing</u>	<u>Interest Rate</u> <u>(Per Annum)</u>	<u>Years</u> <u>Maturing</u>
1 - 2	\$1,950.00 ✓	4-3/4%	1972
3 - 5	3,000.00 ✓	4-3/4%	1973
6 - 8	3,000.00 ✓	4-3/4%	1974
9 - 11	3,000.00 ✓	4-3/4%	1975
12 - 14	3,000.00 ✓	4-3/4%	1976
15 - 17	3,000.00 ✓	4-3/4%	1977
18 - 21	4,000.00 ✓	4-3/4%	1978
22 - 25	4,000.00	4-3/4%	1979
26 - 29	4,000.00	4-3/4%	1980
30 - 33	4,000.00	4-3/4%	1981
34 - 37	4,000.00	4-3/4%	1982
38 - 42	5,000.00	4-3/4%	1983
43 - 47	5,000.00	4-3/4%	1984
48 - 52	5,000.00	4-3/4%	1985
53 - 58	6,000.00	4-3/4%	1986

309,950

<u>Bond Numbers</u> <u>(All Inclusive)</u>	<u>Amounts</u> <u>Maturing</u>	<u>Interest Rate</u> <u>(Per Annum)</u>	<u>Years</u> <u>Maturing</u>
59 - 64	\$ 6,000.00	4-3/4%	1987
65 - 70	6,000.00	4-3/4%	1988
71 - 77	7,000.00	4-3/4%	1989
78 - 84	7,000.00	4-3/4%	1990
85 - 91	7,000.00	4-3/4%	1991
92 - 99	8,000.00	4-3/4%	1992
100 - 107	8,000.00	4-3/4%	1993
108 - 115	8,000.00	4-3/4%	1994
116 - 124	9,000.00	4-3/4%	1995
125 - 133	9,000.00	4-3/4%	1996
134 - 143	10,000.00	4-3/4%	1997
144 - 153	10,000.00	4-3/4%	1998
154 - 164	11,000.00	4-3/4%	1999
165 - 175	11,000.00	4-3/4%	2000
176 - 187	12,000.00	4-3/4%	2001
188 - 199	12,000.00	4-3/4%	2002
200 - 211	12,000.00	4-3/4%	2003
212 - 224	13,000.00	4-3/4%	2004
225 - 238	14,000.00	4-3/4%	2005
239 - 241	3,000.00	4-3/4%	2006
242 - 253	12,000.00	5%	2006
254 - 268	15,000.00	5%	2007
269 - 283	15,000.00	5%	2008
284 - 298	15,000.00	5%	2009
299 - 310	12,000.00	5%	2010

Both principal and interest are payable in lawful money of the United States of America, without deduction for exchange or collection charges at the Paying Agent. If upon presentation at maturity, payment of any bond is not made, interest shall continue at the same rate until the principal is paid in full.

Section 7. Prior Redemption. Bonds maturing on and after January 1, 1982, shall be subject to redemption prior to their respective maturities, in inverse numerical order, on January 1, 1981, or on any interest payment date thereafter for the principal amount and accrued interest to the redemption date. The Town also reserves the right, at its option, to redeem at par any or all bonds in inverse numerical order on or before January 1, 1972, in the event there are bond proceeds unused at the time construction is completed.

Section 8. Redemption Notice. Notice of prior redemption shall be given by one publication, not less than 30 days prior to the redemption date, in a newspaper of general circulation in the Town. A copy of the notice shall be mailed at least 30 days prior to the redemption date to any Holder whose name and address appears on the registration books. So long as any bond is owned or insured by the FHA, notice shall

also be mailed to the FHA at least 30 days prior to the redemption date at such address as the FHA may designate. If on any redemption date, the FHA owns all outstanding bonds and coupons, it may waive any requirement of published notice. The notice shall identify the bonds to be redeemed, specify the redemption date, and state that on such date the principal amount thereof and accrued interest to the redemption date will become due and payable and thereafter interest will cease to accrue. After such notice and presentation of said bonds, together with any coupons maturing subsequent to the redemption date, the bonds called for redemption will be paid.

Section 9. Negotiability. Each bond shall be negotiable and payable to bearer or, if registered, to the registered Holder. The bonds and coupons shall have all the qualities of negotiable paper and each Holder shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code - Investment Securities.

Section 10. Bond Registration. Any bond may be registered for payment only as to both principal and interest. The Treasurer is appointed registrar (herein "Registrar") and shall maintain books for the registration, transfer and conversion of bonds. The Registrar shall register or permit to be transferred or discharged from registration any bond presented for such purpose subject to such reasonable regulations as the Registrar may prescribe and upon reimbursing the Town for any tax or governmental charge payable in connection therewith.

Section 11. Registration as to Principal and Interest. Any bond may be registered as to both principal and interest upon presentation to the Registrar, accompanied by all unmatured coupons. The Registrar shall note such registration on the books and on the registration panel on the back of the bond and shall detach and cancel the unmatured coupons. Any registered bond may be transferred only upon a duly executed assignment by the registered owner or his legal representative in form satisfactory to the Registrar. Such transfer shall be noted on said books and on the bond. The principal and interest of any registered bond shall be payable only to, or upon the order of, the registered owner or his legal representative. Any registered bond may be reconverted

into a coupon bond payable to bearer upon presentation to the Registrar accompanied by an authorization in form satisfactory to the Registrar. The Registrar shall attach new coupons representing interest to become due thereafter and shall note on the bond that it is payable to bearer. Upon reconversion of bonds, the Registrar shall require the payment of all expenses incurred by the Town in preparing new coupons.

Section 12. Ownership of Bonds. The Town and the Registrar may treat the bearer of any unregistered bond or bond registered to bearer, or coupons appurtenant thereto as the absolute owner thereof, whether or not such bond or coupon shall be overdue. The Town and its officers may treat the person in whose name any bond is registered as the absolute owner, whether or not such bond shall be overdue. All payments made as provided in this ordinance shall be valid and effectual to discharge the liability upon any bonds to the extent of the amount so paid.

Section 13. Form and Execution. The Mayor and Clerk shall file their manual signatures with the Secretary of State. Bonds numbered 1 through 155 shall be executed with the facsimile signature of the Mayor and manually executed and attested by the Clerk. Bonds numbered 156 through 310 shall be manually executed by the Mayor and attested with the facsimile signature of the Clerk. A facsimile of the Town seal shall be affixed to each bond. Coupons shall bear the facsimile signatures of said officers. The Revenue Bond Act shall govern the effect of signatures.

Section 14. Incontestable Recital in Bonds. Each bond shall recite that it is issued under the authority of the Revenue Bond Act. Such recital shall conclusively impart full compliance with all of the provisions thereof, and all bonds issued containing such recital shall be incontestable for any cause whatsoever after their delivery for value.

Section 15. Special Obligations. Principal and interest of bonds shall be payable solely out of the net income of the system. The net income of the system is pledged for that purpose. The Holders may not look to any general or other fund for the payment of bond principal or interest, except the special funds pledged therefor. The bonds shall not constitute

an indebtedness nor a debt within the meaning of any constitutional or statutory provision or limitation and shall not be considered general obligations of the Town. The bonds shall constitute the Town's special obligations.

Section 16. Form of Bonds and Coupons. The bonds, coupons and registration grid shall be substantially as follows:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF COLORADO

COUNTY OF CONEJOS

TOWN OF LA JARA

JOINT WATER AND SEWER REVENUE BOND

SERIES 1970

No. _____

\$1,000.00 *

Solely from the special funds provided therefor, the Town of La Jara (herein "Town"), for value received promises to pay to bearer, or if this bond be registered, to the registered owner hereof, the principal sum above stated on January 1, 19____, and to pay interest hereon from the date of delivery until maturity at the rate of ____% per annum, on January 1 in each year, commencing January 1, 1971, upon presentation and surrender of interest coupons as they severally become due or, if this bond be registered, to the registered owner hereof. This bond is payable in lawful money of the United States of America, without deduction for exchange or collection charges, at The First National Bank of La Jara, La Jara, Colorado, or, as to any bond or coupon owned or insured by the Farmers Home Administration (herein "FHA") at the local county office of the FHA, or at such other place as the FHA shall designate in writing. If, upon presentation at maturity, payment of this bond is not made as herein provided, interest shall continue at the same rate until the principal is paid in full.

This bond is one of a series of 310 bonds (herein "1970" bonds") of like tenor and date, except as to number, interest rate, denomination, prior redemption option and maturity, said series being in the principal amount of \$309,950.00; and said bonds are authorized for the purpose of financing in part the cost of erecting a waterworks system and constructing and otherwise acquiring sewage treatment facilities as part of a joint water and sewer system for said Town.

1970 bonds maturing on and after January 1, 1982, are subject to prior redemption in inverse numerical order at the option of the Town on January 1, 1981, or on any interest payment date thereafter, for the principal amount and accrued interest to the redemption date. The Town also reserves the right, at its option, to redeem at par any or all bonds in

* \$1,000.00 denomination for bonds 2 through 310
\$950.00 denomination for bond 1

inverse numerical order on or before January 1, 1972, in the event there are bond proceeds unused at the time construction is completed. Redemption shall be made upon not less than 30 days' prior notice as provided in the ordinance authorizing the 1970 bonds (the "1970 revenue bond ordinance").

Payment of this bond and interest thereon shall be made solely from, and as security for such payment there are pledged, pursuant to the 1970 revenue bond ordinance, two special funds identified as the "1970 Revenue Bond Fund," and the "1970 Revenue Bond Reserve Fund," into which the Town covenants to pay from the revenues of its joint water and sewer system (herein "system"), after provision only for all necessary and reasonable operation and maintenance expenses, sums sufficient to pay the principal and the interest of the 1970 bonds and to create and maintain a reasonable and specified reserve. For a description of said funds and the nature and extent of the security afforded thereby, reference is made to the 1970 revenue bond ordinance. The 1970 bonds are equitably and ratably secured by and constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon the net revenues of the system. Subject to designated conditions, additional bonds may be issued payable from said net revenues and having a lien thereon inferior and junior to the lien, or having a lien thereon on a parity with the lien, of the 1970 bonds, in accordance with the 1970 revenue bond ordinance.

This bond is issued under the authority of Article 52, Chapter 139, Colorado Revised Statutes 1963. Pursuant to Section 139-52-13 thereof, such recital conclusively imparts full compliance with all provisions of said Act and all bonds issued containing such recital are incontestable for any cause whatsoever after their delivery for value.

The Town covenants and agrees with the holder hereof that it will keep and perform all the covenants of the 1970 revenue bond ordinance, including its covenant against the sale or mortgage of the system or any part thereof unless provision has been made for the payment of the 1970 bonds and its covenant that it will fix, maintain and collect rates sufficient to pay operation and maintenance expenses and 100% of both the principal of and the interest on the 1970 bonds and any other obligations payable from the revenues of the system (including reserves).

This bond, including interest thereon, does not constitute a debt of the Town within the meaning of any constitutional or statutory limitations, but is payable solely out of special funds and the net revenues of the system pledged to the payment thereof. The holder may not look to any general or other fund for payment. The 1970 bonds and the income therefrom are exempt from taxation by the State of Colorado, except inheritance, estate and transfer taxes.

This bond may be registered in the name of the holder subject to the terms and conditions set forth in the 1970 revenue bond ordinance, and, unless so registered, this bond shall be transferable by delivery. This bond may be registered only as to both principal and interest. If this bond is registered it may be reconverted into a coupon bond payable to bearer as provided in said ordinance.

Subject to the provisions for registration, this bond is subject to the conditions, and every holder by accepting the same agrees with the obligor and every subsequent holder, that (a) the delivery of this bond to any transferee shall vest title to this bond and to the attached interest coupons in such transferee to the same extent for all purposes as would delivery under like circumstances of any negotiable instrument payable to bearer; (b) the obligor and its agents may treat the bearer of this bond as the absolute owner for all purposes and shall not be affected by any notice to the contrary; (c) the principal of and interest on this bond shall be paid, and this bond and its coupons are transferable, free from and without regard to any equities between the obligor and the original or any intermediate holder or any set-offs or cross-claims; and (d) the surrender of this bond and of each of the coupons shall be a good discharge to the obligor for the same.

It is further certified, recited, and warranted that all the requirements of law have been fully complied with by the proper municipal officers in the issue of this bond.

IN WITNESS WHEREOF, the Town has caused this bond to be signed and executed in its name and on its behalf with the manual or facsimile signatures of its Mayor and Clerk

and has caused the facsimile of the Town seal to be affixed hereon, all as of the date of the delivery hereof which is

_____.

(For Manual or Facsimile Signature)*
Mayor

(FACSIMILE SEAL)

Attest:

(For Manual or Facsimile Signature)*
Town Clerk

*(Insert facsimile signature of Mayor on bonds numbered 1 through 155 only, insert facsimile signature of Town Clerk on the remainder of the bonds.)

(End of Form of Bond)

(Form of Registration Panel on Back of Bond)

PROVISION FOR REGISTRATION AND RECONVERSION

This bond may be registered only as to both principal and interest on the books of the Town, kept by the Town Treasurer as Registrar. Upon presentation hereof, the Registrar shall detach and cancel all unmatured coupons and shall note such registration on such books and in the registration blank below. After registration this bond may be transferred by the registered owner or his legal representative only upon a duly executed assignment in form satisfactory to the Registrar, such transfer to be made on said books and endorsed hereon. The principal of and interest on this bond, if registered, shall be payable only to, or upon the order of, the registered owner or his legal representative.

This bond, if registered, may be converted into a coupon bond, upon presentation to the Registrar, accompanied by an instrument duly executed by the registered owner, or his legal representative, in form satisfactory to the Registrar. In such case, the Registrar shall attach new coupons representing the interest to become due thereafter and shall note below that this bond is payable to bearer. Such coupon bond may again be registered as provided above.

Every privilege of registration, transfer, discharge from registration, or conversion shall be exercised only in accordance with the authorizing ordinance and such reasonable rules and regulations as the Registrar may prescribe.

The registration books shall be closed for 15 days prior to any interest payment date.

Date of Registration	Name of Registered Owner	Signature of Registrar

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

(Form of Coupon)

Coupon
No. _____

\$ _____ *

On January 1, 19__, unless the bond to which this coupon is attached, if callable prior to said date, shall have been previously called for prior redemption, the Town of La Jara, Colorado, will pay to bearer the amount herein designated in lawful money of the United States of America, at The First National Bank of La Jara, La Jara, Colorado, or, if this coupon is then owned or insured by the Farmers Home Administration (the "FHA") of the United States Department of Agriculture, at the FHA's county office or at such other place as the FHA may designate, solely from and secured by a pledge of special funds and being interest then due on its Town of La Jara Joint Water and Sewer Revenue Bond, Series 1970, bearing

Bond
No. _____

(Facsimile Signature)
Mayor

(Facsimile Signature)
Town Clerk

*(Leave first coupon blank)

(End of Form of Coupon)

Section 17. Period of Facilities' Usefulness. The facilities to be acquired with bond proceeds will be useful for at least 40 years, i.e., until January 1, 2010.

Section 18. Bond Preparation, Execution and Delivery. The Mayor and Clerk are directed to prepare and execute the bonds. Thereafter, the Treasurer shall deliver them to the Purchaser on receipt of the agreed purchase price.

Section 19. Disposition of Bond Proceeds.

A. Construction Account. Bond proceeds shall be promptly deposited in a "supervised bank account" in an Insured Bank selected by the Purchaser. Amounts in the account exceeding the applicable federal deposit insurance coverage shall be secured by the depository bank in advance in accordance with U.S. Treasury rules and regulations governing the deposit of government moneys. Moneys in the account shall be used solely for the Project and shall be withdrawn only upon warrants or checks drawn and signed by the Mayor and the Treasurer, and, if the FHA is Purchaser, countersigned by the County Supervisor or other FHA official. Warrants or checks shall not be issued until the Board has received engineering approval that such sum is due and owing. The Town's share of any liquidated damages and other moneys paid by defaulting contractors or their sureties shall be deposited in said account to assure completion of the Project. After the engineer has certified that work is completed and that all expenses have been paid, the depository bank shall transfer all remaining money to the Bond Fund to be used to the extent possible for redeeming bonds prior to maturity as provided by Section 7.

B. Accrued Interest and Premium. Accrued interest and any premium shall be deposited in the Bond Fund to apply on the payment of interest next due. Interest maturing on January 1, 1971, shall be paid from bond proceeds. Depending on the date of completion of the Project, additional interest may be paid from bond proceeds but not in any event for a period exceeding one year after such acquisition period.

C. Purchaser Not Responsible. The Purchaser or any Holder shall not be responsible for the application or disposal of funds.

commencing January 1 in each year and ending on December 31 of said year.

Section 21. Income Fund. A special fund and bank account shall be maintained known as the "Income Fund." So long as any 1970 bonds shall be outstanding all income and revenues derived from the operation of the system shall be deposited into the Income Fund.

Section 22. Administration of Income Fund. The following payments shall be made from the Income Fund:

A. Operation and Maintenance Expenses. Firstly, there shall be set aside each month such reasonable percentage of the Income Fund as the Board shall determine to be reasonable and necessary for the proper operation and maintenance of the system. Any surplus remaining at the end of the fiscal year and not used for operation and maintenance purposes shall be transferred back to the Income Fund.

B. Bond Fund Payments. Secondly, from any moneys remaining in the Income Fund, i.e., from the net income of the system, there shall be deposited into a separate fund known as the "1970 Revenue Bond Fund" (herein "Bond Fund"), the following:

(1) Commencing July 1, 1971, an amount in equal monthly installments sufficient, together with any available moneys therein, to pay the January 1, 1972, installment of interest on the outstanding 1970 bonds, and on January 1, 1972, and on the first of each and every month thereafter, one-twelfth (1/12) of the amount necessary to pay the next maturing installment of interest on outstanding 1970 bonds.

(2) Commencing July 1, 1971, an amount in equal monthly installments sufficient, together with any available moneys therein, to pay the January 1, 1972, installment of principal of the outstanding bonds, and commencing on January 1, 1972, and on the first of each and every month thereafter, one-twelfth (1/12) of the amount necessary to pay the next maturing installment of principal on outstanding 1970 bonds.

C. Reserve Fund Payments. Concurrently with the above payments into the Bond Fund, commencing on or before January 1, 1972, at least \$153.34 per month into a separate fund known as the "1970 Revenue Bond Reserve Fund" (herein "Reserve Fund"), until an amount not less than \$18,400.00 (herein "Minimum Reserve") has been accumulated. After the Minimum Reserve has been accumulated, an amount shall be deposited monthly from the Income Fund into the Reserve Fund sufficient to maintain said Reserve Fund in an amount not less than the Minimum Reserve. The moneys in the Reserve Fund shall be maintained as a continuing reserve to be used only for the following:

(1) Capital Costs. To pay the cost of reconstructing or improving the system;

(2) Major Maintenance Costs. To pay the costs of extraordinary and major repairs, renewals, replacements, or maintenance items appertaining to such system of a type not recurring annually and not defrayed as operation and maintenance expenses;

(3) Securities Requirements. To pay principal and interest of bonds, if necessary to prevent a default.

D. Termination of Deposits. Payment need not be made into the Bond Fund or the Reserve Fund if the total amount in both funds at least equals the principal and interest requirements of the then outstanding bonds to maturity. In that case such an amount equal to such principal and interest requirements shall be set aside for that purpose and all other moneys may be used in any lawful manner.

E. Defraying Delinquencies in Bond Fund and in Reserve Fund. If, for any reason, the municipality shall fail to pay into the Bond Fund the full stipulated amount from net revenues, then the difference between that paid and the amount stipulated shall be paid into the Bond Fund from the Reserve Fund. Money so used shall be replaced in the Reserve Fund from the first revenues thereafter received not required to be otherwise applied by this section. If the proceedings authorizing other

parity lien obligations require the replacement of moneys in a reserve fund, then money shall be replaced in each such reserve fund on a pro rata basis. If, for any reason, the municipality shall fail to pay into the Reserve Fund the full stipulated amount, the difference between the amount paid and the amount stipulated shall in like manner be paid therein from the first revenues thereafter received not required to be otherwise applied by this section. The moneys in the Bond Fund shall be used only for the purpose of paying bond principal and interest. Any moneys in the Reserve Fund in excess of the Minimum Reserve may be withdrawn and used in the same manner as net income.

F. Payment for Additional Obligations. After making the above payments, any balance in the Income Fund may be used for the payment of principal and interest on additional bonds including reasonable reserves therefor. The lien of additional bonds on net income shall be on a parity with, or subordinate to, the lien and pledge of the 1970 bonds. Any payments in respect of additional parity bonds shall be made concurrently with those required by this section.

G. Use of Surplus Revenues. After making the above payments, the remaining net income shall be applied for any of the following purposes:

- (1) The additional improvement, extension and betterment of the system;
- (2) The payment of debt service on general obligation bonds incurred in the acquisition, construction and improvement of the system;
- (3) The purchase in the open market or prior redemption of any bonds payable from net revenues at the best reasonable price obtainable;
- (4) Any other lawful purpose.

Section 23. General Administration of Funds. The funds and accounts hereof shall be administered as follows:

A. Places and Times of Deposits. The above accounts and funds shall be separately maintained and deposited in one or more bank accounts in an Insured

Bank or Banks. Each account shall be continuously secured to the extent required by law and shall be irrevocable and not withdrawable by anyone for any other purpose. Payments shall be made into the proper account on the first day of the month or year, as the case may be, except when the first day shall be a Sunday or legal holiday, then payment shall be made on the preceding secular day. At least 5 days prior to any interest payment date, moneys sufficient to pay interest and principal then due shall be credited at the Paying Agent. Nothing in this ordinance shall prevent the Board from establishing one bank account for any of the funds required by this ordinance.

B. Investment of Moneys. Moneys in any fund not immediately needed may be invested as provided by state law and applicable federal statutes and regulations, provided that the Town shall take no step or make any investment which would imperil the exemption of the interest on the bonds from income taxation under any federal law now in force or hereafter existing.

Section 24. First Lien Bonds. The 1970 bonds, subject to the payment of all necessary and reasonable operation and maintenance expenses, constitute an irrevocable and first (but not necessarily an exclusively first) lien upon the revenues.

Section 25. Additional Bonds.

A. Earnings Test. This ordinance shall not prevent the issuance of additional bonds payable from and constituting a lien upon net income on a parity with the lien of the 1970 bonds. Before any such additional parity bonds are actually issued it must be determined that:

(1) The Town is not, and has not been in default as to any payments required to be made in Section 22 hereof during the fiscal year immediately preceding the issuance of such additional bonds, or

if none of the 1970 bonds have been outstanding for a full fiscal year, then for the longest period of time the 1970 bonds have been outstanding; and

(2) The annual revenues derived from the operation of said system for the fiscal year immediately preceding the date of the ordinance authorizing the issuance of any such parity lien obligations shall have been sufficient to pay an amount representing 120% of the average annual principal and interest requirements on the outstanding bonds constituting a lien upon net revenues and the bonds proposed to be issued (excluding reserves). As used in this section, "average annual principal and interest requirements" shall be the total principal and interest coming due on the then outstanding and proposed parity lien obligations during the period extending from the date of the proposed parity lien obligations to the final principal payment date of the then outstanding parity lien obligations or the proposed parity lien obligations, whichever is longer, divided by the number of years (including any fraction thereof) computed from the date of the proposed parity lien obligations to the last principal payment date of the then outstanding parity lien obligations, or the proposed parity lien obligations, whichever is longer.

The foregoing limitations upon the issuance of parity bonds shall not apply in the case of the issuance of additional parity bonds necessary to complete the Project in accordance with the plans and specifications.

B. Certification of Revenues. A written certificate by an Independent Accountant that annual revenues are sufficient shall conclusively determine the right of the Town to issue additional parity bonds. The Independent Accountant may utilize the results of any annual audit to the extent it covers the applicable period.

C. Consideration of Additional Expenses. In determining whether additional parity bonds may be issued, the

Independent Accountant shall consider any probable increase (but not reduction) in operation and maintenance expenses.

D. Subordinate Obligations Permitted. The Town may issue bonds or other obligations having a lien on net revenues subordinate to the lien of the 1970 bonds.

E. Superior Obligations Prohibited. The Town shall not issue any bond or other obligation having a lien prior and superior to the 1970 bonds.

Section 26. Refunding Bonds. The provisions of Section 25 hereof are subject to the following exceptions:

A. Privilege of Issuing Refunding Obligations. If at any time the Board shall find it desirable to refund any outstanding bonds or obligations constituting a lien upon system revenues, said bonds or other obligations may be refunded (but only with the consent of the holders, unless the bonds or other obligations shall then mature, or be callable) regardless of whether lien priority is changed thereby (except as provided in paragraph E of Section 25 hereof and in paragraphs B and C of this section).

B. Limitations upon Issuance of Parity Refunding Obligations. No refunding bonds or obligations shall be issued on a parity with the 1970 bonds, unless:

(1) The lien of the obligations refunded is on a parity with the lien of the 1970 bonds, or

(2) The refunding bonds or obligations are issued in compliance with paragraph A of Section 25 hereof.

C. Refunding Part of an Issue. The refunding bonds or obligations shall enjoy complete equality of lien with any portion of the same issue which is not refunded. The holders of such refunding bonds or obligations shall be subrogated to all of the rights and privileges enjoyed by the holders of the bonds or obligations of the same issue refunded thereby.

D. Limitation upon Issuance of Any Refunding Obligations. Any refunding bonds or obligations payable from system revenues shall be issued with such details as the

Board may provide, but without impairing any contractual obligation imposed by any proceedings authorizing any unrefunded portion of any issue (including the 1970 bonds). If only a part of any issue is refunded, then there may be no refunding without the consent of the holders of the unrefunded portion, unless:

(1) The refunding bonds or obligations do not increase the aggregate principal and interest requirements for any fiscal year commencing prior to the last maturity date of such unrefunded obligations, or

(2) The lien of the refunding obligations is subordinate to the lien of any obligations not refunded.

Section 27. Equality of Bonds. The 1970 bonds shall not be entitled to any priority one over the other in the application of net revenues, regardless of the times of their issuance.

Section 28. Protective Covenants. The Town covenants and agrees with each and every Holder that:

A. Use of Bond Proceeds. The Project shall be acquired without delay.

B. Payment of Bonds Herein Authorized. The Town will pay bond principal and interest at the place, on the dates, and in the manner specified according to the true intent and meaning thereof.

C. Use Charges. Rates for services rendered by the system shall be reasonable and just, taking into account the cost and value of the system, operation and maintenance expenses, proper allowances for depreciation and the amounts necessary to retire all bonds payable from net revenues, and the reserves therefor. There shall be charged against all users, including the Town, rates and amounts sufficient to produce revenues to pay the annual operating and maintenance charges, and 100% of both the principal of and interest on all bonds payable from net revenues, including reserves. No free service shall be furnished by the system. Any use of the system by the Town will be paid for from the

Town's general fund at the reasonable value of the use so made. Income so derived from the Town shall be treated in the same manner as any other system income. The Town is granted a statutory lien upon realty for unpaid sewer rates and charges. The Town covenants and agrees that it will cause each such lien to be perfected and enforced in accordance with the provisions of Section 139-53-17, Colorado Revised Statutes 1963.

D. Levy of Charges. Prior to the delivery of any 1970 bonds, the Town will establish and levy the required rates and charges. No reduction in any initial rate schedule may be made unless:

(1) The Town has complied with Section 22 for at least two fiscal years immediately preceding such reduction.

(2) The audits for the full two fiscal years immediately preceding such reduction disclose that the estimated revenues resulting from the proposed rates schedule will be sufficient to meet the requirements of paragraph C of this section.

E. Efficient Operation. The Town shall make such improvements and repairs to the system as may be necessary to insure its economical and efficient operation and its ability to meet demands for service.

F. Records. Separate records will be kept showing complete and correct entries of all transactions relating to the system. Such records shall include monthly entries showing:

- (1) The number of customers;
- (2) The revenues received; and
- (3) A detailed statement of expenses.

G. Right to Inspect. The Purchaser, any Holder, or their duly authorized agents, shall have the right at all reasonable times to inspect the system, and all records, accounts and data relating thereto.

H. Audits and Budgets. The municipality agrees that it will, within 60 days following the close of each fiscal year, furnish an audit made by an Independent Accountant to the Purchaser. Each such audit, in addition to matters thought proper by the accountant, shall include:

(1) A statement for the fiscal year just closed, of the income and expenditures of the system, including gross revenues, net revenues, the amount of any capital expenditures and profit or loss;

(2) A balance sheet as of the end of such fiscal year, including all funds created by proceedings authorizing bonds payable from system revenues;

(3) The accountant's comment regarding the Town's methods of operation and accounting practice;

(4) A list of the insurance policies in force, setting out the amount of each policy, the risks covered, the name of the insurer, and the expiration date;

(5) A recapitulation of each fund or account created by the various proceedings showing deposits and withdrawals for said fiscal year.

Along with the audit, the Town shall furnish an operating budget showing the budget for the preceding year, actual income and expenses for that year and the planned budget for the ensuing year. During the first three years of operation the Town will furnish the Purchaser with monthly operating reports on forms furnished by the Purchaser. The Town will furnish a copy of each audit and budget to any Holder at his request, and without request to the Purchaser. Any Holder shall have the right to discuss the contents with any person making the audit.

I. Billing Procedure and Discontinuance of Service. All bills shall be sent out on a regularly established day of each month in advance or after service is rendered. Bills shall be due within 20 days from date. If bills are not paid 90 days after such date they shall

be collected in any lawful manner. Upon nonpayment of water and/or sewer charges, water service will be discontinued. Water and sewer charges shall be billed jointly. Payment shall not be accepted from a user of both services unless payment is made in full for each service.

J. Use of Bond and Reserve Funds. The Bond Fund and the Reserve Fund shall be used solely and only, and said funds are hereby pledged, for the purposes set forth above.

K. Charges and Liens upon System. The Town will pay all taxes and governmental charges lawfully levied in respect of said system when due. The Town will comply with all valid requirements of any governmental authority relative to the system. It will not create or permit to be created any lien or charge upon the system or the revenues except as permitted herein. The Town will satisfy all claims and demands within 60 days after the same shall accrue which might by law become a lien upon the system or upon the revenues unless the validity thereof is being contested in good faith by appropriate legal proceedings.

L. Construction Contract and Bond. The Town will require each person, firm or corporation with whom it may contract for labor or materials to furnish a performance and payment bond in the full amount of any contract. Any such contract will meet the reasonable requirements of the Purchaser as are not inconsistent with state law.

M. Insurance. The Town will carry fire and extended coverage insurance on each pump house and contents in the amount of \$10,000; workmen's compensation insurance on all full-time employees and public liability insurance in the minimum amount of \$100,000 each individual, \$300,000 each accident and \$25,000 property damage.

N. Competing System or Works. The Town shall not grant any franchise or license to a competing system, or permit any person or organization to sell water or sewer service within the Town. To the extent permitted by law, the Town will require all residents to connect to the water and sewer facilities.

O. Alienating System. The Town will not sell, lease, mortgage, pledge, or otherwise alienate, the system, or any part thereof, except any portion which shall

have been replaced by other property of at least equal value or which shall cease to be necessary for the efficient operation of the system. In the event of any sale as aforesaid, the proceeds of such sale shall be distributed as net income.

P. Extension of Interest Payments. The Town will not extend or be a party to the extension of the time for paying any coupon or claim for interest. Any coupon or installment of interest so extended shall not be entitled in case of default hereunder to the benefit or security of this ordinance except subject to the prior payment in full of the principal of all bonds and interest which has not been extended.

Q. Management of the System. If an "event of default" shall occur or if the net revenues in any fiscal year fail to equal principal, interest and reserves for all bonds payable from net revenues, the Town shall retain a Consulting Engineer to assist the management of the system so long as such default continues or the net revenues are less than the amount designated.

R. Surety Bonds. The Town Clerk, being responsible for receiving income and maintaining the accounts of the system, shall be bonded in an amount of at least \$15,000. To the extent permitted by law, any other person or persons accepting daily payment shall be bonded in an amount of at least \$1,000.

S. Town's Existence. The Town will maintain its corporate identity and existence so long as any of the 1970 bonds remain outstanding, unless another political subdivision by operation of law succeeds to the liabilities and rights of the Town, without adversely affecting to any substantial degree the privileges and rights of any Holder.

Section 29. Events of Default. It is an "event of default" if:

A. Non-Payment of Principal. Payment of principal of any 1970 bond is not made when due at maturity or upon prior redemption.

B. Non-Payment of Interest. Payment of interest is not made when due.

C. Incapable to Perform. The Town is not capable of fulfilling its obligations hereunder.

D. Default of any Provision. The Town defaults in the punctual performance of its covenants hereunder for 60 days after written notice shall have been given by the Holders of 25% of the outstanding bonds.

Section 30. Remedies of Defaults. Upon the happening of any event of default, the Holder or Holders of not less than 25% in principal amount of the outstanding bonds, or a trustee therefor, may protect and enforce the rights of any bondholder by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenant, the appointment of a receiver (the consent to such appointment being hereby granted), injunctive relief, or requiring the governing body of the Town to act as if it were the trustee of an expressed trust, or any combination of such remedies. All proceedings shall be maintained for the equal benefit of all Holders. Any receiver appointed to protect the rights of bondholders may take possession and operate and maintain the system in the same manner as the Town itself might do. The failure of any Holder 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 bondholder shall not be deemed a waiver of any other right.

Section 31. Duties upon Default. Upon the happening of any event of default, the Town will perform all proper acts to protect and preserve the security created for the prompt payment of the principal of and interest on bonds. The Holder or Holders of not less than 25% in principal amount of the outstanding bonds, after written demand, may proceed to protect and enforce the rights provided by this section.

Section 32. Prior Charge upon Lower Rates. If any commission or authority lawfully prescribes a lower schedule of rates than that contemplated by this ordinance, then the payment of principal and interest on the 1970 bonds, and parity bonds, shall constitute a first and prior charge on revenues.

Section 33. Refinancing. If the FHA is the Purchaser and if it shall appear to the Purchaser that the Town can refinance the amount of the bonds 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 periods of time, the Town will, upon request of the Purchaser, within the limitations of its then existing powers, and subject to any contractual limitations contained herein concerning the payment of the bonds and their redemption, apply for and accept such loan in sufficient amount to repay the Purchaser and will take all such action as may be required in connection with such loan. Any such refinancing shall be accomplished according to applicable statutes of the State.

Section 34. Equal Opportunity Agreement. If the FHA is the Purchaser, the Mayor and the Clerk are directed to execute for and on behalf of the Town Form FHA 400-1 entitled "Equal Opportunity Agreement," to which is attached and made a part thereof an "Equal Opportunity Clause," designated as Form FHA 400-2, and Form FHA 400-4 entitled "Non-Discrimination Agreement."

Section 35. Defeasance. When the bonds have been paid, the pledge and lien and all obligations hereunder shall be discharged and the bonds shall no longer be deemed to be outstanding. Payment shall be deemed made when the Board has placed in escrow with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities) to meet all requirements of principal and interest as the same become due to their final maturities. Any Federal Securities shall become due when needed in accordance with a schedule agreed upon between the Board and such bank at the time of the creation of the escrow. Federal Securities within the meaning of this section shall include only direct obligations of, or which are unconditionally guaranteed by, the United States of America.

Section 36. Amendment of Ordinance. This ordinance may be amended, without receipt by the Town of any additional consideration, but with the written consent of the Holders of 3/4 of the 1970 bonds then outstanding (not including bonds which may be held for the account of the Town); but no ordinance adopted without the written consent of the Holders of

all outstanding bonds shall have the effect of permitting:

- (1) An extension of the maturity of any bond; or
- (2) A reduction in the principal amount or interest rate of any bond; or
- (3) The creation of a lien upon revenues ranking prior to the lien or pledge created by this ordinance; or
- (4) A reduction of the principal amount of bonds required for consent to such amendatory ordinance; or
- (5) The establishment of priorities as between bonds issued and outstanding under the provisions of this ordinance; or
- (6) The modification of or otherwise affecting the rights of the Holders of less than all of the outstanding bonds.

Section 37. Ordinance Irrepealable. After any of the 1970 bonds are issued, this ordinance shall be irrepealable until defeasance.

Section 38. Severability Clause. The invalidity or unenforceability of any provision of this ordinance shall not affect the remaining provisions.

Section 39. Repealer Clause. All by-laws, orders and ordinances inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 40. Publication. The ordinance, upon passage, shall be recorded, authenticated and published.

Section 41. Emergency Clause and Effective Date. By reason of the fact that the Town and its inhabitants are not properly or adequately supplied with water facilities or sewage treatment facilities at the present time, an emergency is declared to exist. If the financing for the improvements is not completed in the time specified in the construction contract, a delay will impair the construction schedule and will cause substantial health problems. This ordinance is deemed necessary for the immediate preservation and enhancement of the public peace, health, safety, property and welfare and shall be in full force and effect 5 days after publication.

PASSED, ADOPTED AND APPROVED this 26 day of
June, 1970.

Mayor

(SEAL)

Attest:

Clerk

It was then moved by Trustee _____,
and seconded by Trustee _____, that all rules
of this Board which might prevent, unless suspended, the
final passage and adoption of this ordinance at this meeting
be, and the same are hereby, suspended for the purpose of
permitting the final passage and adoption of said ordinance
at this meeting.

The question being upon the adoption of said motion
and the suspension of the rules, the roll was called with the
following result:

Those Voting Aye: _____

Those Voting Nay: None

Those Absent: None

_____ members of the Board of Trustees having
voted in favor of said motion, the presiding officer declared
said motion carried and the rules suspended.

Trustee _____ then moved that said
ordinance be passed and adopted as read. Trustee _____
seconded the motion.

The question being upon the adoption of said ordi-
nance, the roll was called with the following result:

Those Voting Aye: _____

Those Voting Nay: None

Those Absent: None

The presiding officer thereupon declared that 3/4 of all the Trustees elected having voted in favor thereof, the said motion was carried and the said ordinance duly passed and adopted.

On motion duly adopted, it was ordered that said ordinance be numbered _____, and after approval by the Mayor, shall be published and recorded according to law.

Thereupon, other business not concerning the system was considered.

Thereafter, there being no further business to come before the meeting, on motion duly made, seconded and carried, the meeting was adjourned.

Mayor

(SEAL)

Attest:

Clerk

STATE OF COLORADO)
COUNTY OF CONEJOS) ss.
TOWN OF LA JARA)

I, _____, Clerk of La Jara, Colorado,
do hereby certify:

1. The foregoing pages numbered 44 through 76 constitute a full and correct copy of the record of proceedings taken by the Board at a _____ meeting, held _____, 1970, at _____, in La Jara, Colorado, insofar as said minutes relate to the adoption of an ordinance, a copy of which is set forth in said minutes, that the copy of the ordinance contained in said minutes is a full, true and correct copy of the original as passed by the Board, and that the original has been duly authenticated by the signatures of the Mayor and Clerk, sealed with the corporate seal of the Town, and recorded in the book of ordinances kept in my office.

2. Said ordinance is in substantially the same form as the proposed form of ordinance which was filed with the Clerk and available for public inspection to the date of adoption.

3. Said ordinance was on _____, 1970, published in full in _____, a legal newspaper of general circulation in the Town.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Town seal, this _____ day of _____, 1970.

Clerk

(SEAL)

(Attach Affidavit of Publication of Ordinance No. _____)

RESOLUTION BY THE TOWN OF LaJARA
COLORADO, FOR THE APPOINTMENT OF DESIGNATED
REPRESENTATIVE TO REPRESENT THE TOWN OF LaJARA IN THE
SAN LUIS VALLEY REGIONAL DEVELOPMENT AND PLANNING
COMMISSION

BE IT RESOLVED By the Board of Trustees of the Town of
LaJara as follows:

Section 1. That the Town of LaJara, Colorado, has agreed to cooperate with other political subdivisions in the creation of the San Luis Valley Regional Development and Planning Commission in accordance with Chapter 106, Article 2, Colorado Revised Statutes (1963), as amended.

Section 2. That in accordance with the By-Laws of the San Luis Valley Regional Development and Planning Commission, the Town of LaJara has been designated one representative to the San Luis Valley Regional Development and Planning Commission, and the Board of Trustees have found and determined that Fred Velazquez whose address is LaJara, Colo is the proper person to represent the Town of LaJara upon the Executive Committee of the San Luis Valley Regional Development and Planning Commission.

Section 3. That the term of office of the aforementioned official representative shall be a period of 2 years unless said person shall vacate that position due to death, resignation or other termination.

DATED This 10 day of September, A.D., 1970.

BOARD OF TRUSTEES OF THE TOWN
OF LaJara, COLORADO

By E. Dale Martin
Mayor

ATTEST:

Lucy V. Salazar
Town Clerk

(S E A L)

1970-3

ORDINANCE OF THE TOWN OF LaJARA TO
COOPERATE WITH OTHER COUNTIES AND MUNICIPALITIES
IN THE CREATION OF THE SAN LUIS VALLEY REGIONAL DEVELOPMENT
AND PLANNING COMMISSION

BE IT ORDAINED By the Board of Trustees of the Town of LaJara
as follows:

Section 1. That it hereby adopts a plan to cooperate with
other political sub-divisions in the creation of the San Luis Valley
Regional Development and Planning Commission as provided for in
Chapter 106, Article 2, Colorado Revised Statutes, 1953, as amended,
and further adopts the recommended rules, regulations, plan of organi-
zation and operation of the San Luis Valley Regional Development
and Planning Commission as set forth in the "Articles of Association"
adopted by the official representatives of the several counties, cities
and towns cooperating in the organization of the San Luis Valley Re-
gional Development and Planning Commission dated Sept 1- 1970,
which by reference thereto is hereby expressly made a part of this
ordinance.

Section 2. The San Luis Valley Regional Planning Commission
shall have the function, powers and duties which are prescribed by
law.

Section 3. The membership from the Town of LaJara shall consist
of one member appointed by the Board of Trustees of the Town of
LaJara.

Section 4. This Ordinance shall become of full force and effect
upon the date of adoption, being Sept 1- 70, 1970.

BOARD OF TRUSTEES OF THE TOWN OF
LaJARA, COLORADO

By E. Dale Martin
Mayor

By Francis Anderson
Trustee

By B. J. ...
Trustee

By ... Salazar
Trustee

By ... K...
Trustee

By Bertine Metz
Trustee

By Robert C. Hinds
Trustee

ATTEST:

Lucy V. Salazar
Clerk

(S E A L)