

CITY AND COUNTY OF BROOMFIELD
LEGAL NOTICE - Approved on Second and Final Reading

ORDINANCE NO. 2289

An ordinance authorizing the issuance of the City and County of Broomfield, Colorado,
Sewer Activity Enterprise Sewer Revenue and Refunding Bonds, Series 2026

Recitals.

Whereas, the City and County of Broomfield (the “City”) is a political subdivision of the State of Colorado (the “State”) a body corporate and politic, a home-rule city and county pursuant to Article XX of the constitution and a city and county pursuant to Sections 10, 11, 12 and 13 of Article XX of the constitution;

Whereas, the members of the City Council of the City (the “Council”) have been duly elected or appointed and qualified;

Whereas, pursuant to Chapter XVII of the Charter and Chapter 3-32 of the City Municipal Code (the “Code”), the Council has established the City of Broomfield, Colorado, Sewer Activity Enterprise (the “Enterprise”), governed by the Council and having all lawful powers consistent with the Charter and ordinances of the City, including, without limitation, the power to issue and reissue bonds, notes, and other obligations, in the name of the City, payable solely from lawful revenues available to the enterprise for the purpose of operating the sewer system (the “System”);

Whereas, the Council has determined and hereby determines that the System constitutes an enterprise pursuant to Article X, Section 20 of the Colorado Constitution (“TABOR”) and Title 37, Article 45.1, C.R.S. (the “Enterprise Act”);

Whereas, pursuant to Section 14.4 of the Charter, the City is authorized, pursuant to ordinance, and without an election, to borrow money, issue bonds, or otherwise extend its credit for purchasing, constructing, condemning, otherwise acquiring, extending or improving a water, electric, gas or sewer system, or other public facility or income-producing project or for any other capital improvement; provided that the bonds or other obligations shall be made payable from the net revenues derived from the operation of such system, utility or other such project or capital improvement, and provided, further, that any two or more of such systems, utilities, projects or capital improvements may be combined, operated and maintained as joint municipal systems, utilities, projects or capital improvements, in which case such bonds or other obligations shall be made payable out of the net revenue derived from the operation of such joint systems, utilities or capital improvements;

Whereas, the Council proposes to extend, better, otherwise improve and equip the System, including the financing a portion of the costs of constructing and/or acquiring wastewater improvements for City purposes (the “Improvement Project”);

Whereas, the City has previously issued its Sewer and Wastewater Reclamation Activity Enterprise Sewer Revenue Refunding Bonds, Series 2012 (the “2012 Bonds”), which 2012 Bonds are currently outstanding in the aggregate principal amount of \$15,315,000, and mature on December 1, 2031;

Whereas, the 2012 Bonds maturing on and after December 1, 2023 are subject to redemption prior to their respective maturities, at the option of the City, in whole or in part, in integral multiples of \$5,000, selected as to maturity by the City, and if less than an entire maturity is to be redeemed, then by lot within such maturity, on December 1, 2022 and thereafter at par plus accrued interest to the redemption date;

Whereas, the City intends to issue certain Sewer Activity enterprise revenue bonds (the “Bonds”) to defray in part the costs of the Improvement Project, refund the 2012 Bonds (the “Refunding Project” and together with the Improvement Project, the “Project”) and the payment of the costs of issuance of the Bonds;

Whereas, except for the 2012 Bonds, which are expected to be fully redeemed, paid and discharged contemporaneously with the issuance of the Bonds, the City has not previously pledged nor hypothecated the revenues derived or to be derived from the operation of the System, or any part thereof, to the payment of any bonds or other financial obligations or for any other purpose with the result that the Net Pledged Revenues (defined below) may now be pledged lawfully and irrevocably for the payment of the Bonds on a parity with the 2012 Bonds, and the Bonds may be made payable from the Net Pledged Revenues;

Whereas, in connection with the discharge and defeasance of the 2012 Bonds, the City will enter into an escrow agreement (the “Escrow Agreement”) with UMB Bank, n.a., acting as Escrow Agent, if required, pursuant to which UMB Bank, n.a., will pay the principal of and interest on the 2012 Bonds on the Redemption date (defined below);

Whereas, there are on file with the City Clerk: (i) the form of the Preliminary Official Statement for the Bonds; (ii) the form of the Paying Agent Agreement; (iii) the form of the Disclosure Certificate; (iv) the form of Bond Purchase Agreement; and (v) a form of Escrow Agreement;

Whereas, pursuant to Section 11-57-203, C.R.S., the City desires to delegate to the City Manager and the Director of Finance the independent authority to accept the proposal to purchase the Bonds by execution of the Bond Purchase Agreement and to make final determinations relating to the Bonds, subject to the parameters contained in Section 213 of this Ordinance;

Whereas, it is necessary to provide for the form of the Bonds, Bond details, the payment of the Bonds, and other provisions relating to the authorization, issuance and sale of the Bonds.

Now, therefore, be it ordained by the City Council of the City and County of Broomfield, Colorado:

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ARTICLE I
DEFINITIONS, INTERPRETATION,
RATIFICATION AND EFFECTIVE DATE

Section 101. Meanings and Construction.

A. **Definitions.** The terms in this Section for all purposes of this Ordinance and of any ordinance amendatory hereof or supplemental hereto, or relating hereto, and of any other ordinance or any other document pertaining hereto, except where the context by clear implication otherwise requires, shall have the meanings herein specified:

“acquire” or **“acquisition”** means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the Federal Government, the State, any body corporate and politic therein, or any other Person, the endowment, bequest, devise, transfer, assignment, option to purchase, other contract, or other acquisition, or any combination thereof, of any properties pertaining to the System, or an interest therein, or any other properties herein designated.

“Bond Counsel” means an attorney or a firm of attorneys, designated by the City of nationally recognized standing in matters pertaining to the tax status of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Fund” means the special fund designated as the “City and County of Broomfield, Colorado, Sewer Activity Enterprise Sewer Revenue and Refunding Bonds, Series 2026, Bond Fund” created pursuant to Section 505 hereof.

“Bond Purchase Agreement” means the Bond Purchase Agreement concerning the purchase of the Bonds, between the City and the Purchaser.

“Bond Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds, any Parity Bonds, or other securities payable from the Net Pledged Revenues and heretofore or hereafter issued, if any, or such part of such securities as may be designated.

“Bonds” means City’s Sewer Activity Enterprise Sewer Revenue and Refunding Bonds, Series 2026, with such title as confirmed in the Sale Certificate, issued pursuant to this Ordinance.

“Book-entry form” or **“book-entry system”** means, with respect to the Bonds, a form or system, as applicable, under which physical Bond certificates in fully registered form are registered only in the name of The Depository Trust Company or its nominee as Owner, with the physical Bond certificates “immobilized” in the custody of The Depository Trust Company. The book-entry system maintained by and the responsibility of The Depository Trust Company and not maintained by or the responsibility of the City or the Paying Agent is the record that identifies, and records the transfer of the interests of, the owners of book-entry interests in the Bonds.

“Business Day” means a day of the year, other than a Saturday or Sunday, other than a day on which commercial banks located in the city in which the principal corporate trust office of the Paying Agent is located are required or authorized to remain closed and other than a day on which the New York Stock Exchange is closed.

“Capital Improvements” means the acquisition of land, easements, facilities, and equipment (other than ordinary repairs and replacements), and those property improvements or any combination of property improvements which will constitute enlargements, extensions or betterments to the System and will be incorporated into the System.

“Charter” means the home rule charter of the City, including all amendments thereto prior to the date hereof.

“City” means the City of and County of Broomfield, Colorado, a municipal corporation and political subdivision of the State.

“City Clerk” means the City Clerk of the City, or his or her successor in functions, if any.

“City Manager” means the City Manager of the City, or his or her successor in functions, if any.

“Closing Date” means the date of delivery of and payment for the Bonds.

“Combined Maximum Annual Principal and Interest Requirements” means the largest sum of the principal of and interest on the Bonds, any other Outstanding Parity Bonds and any additional Parity Bonds proposed to be issued, excluding any securities the principal of which is payable within less than one year from the date on which issued, to be paid during any one Fiscal Year for the period beginning with the Fiscal Year in which such computation is made and ending with the Fiscal Year in which any Bond or other such security last becomes due at maturity or on a Redemption Date, whichever time is later (but excluding any reserve requirement to secure such payments unless otherwise expressly provided), subject in all respects to the following, as applicable:

(1) The word “principal,” as used in this definition, means the principal which must be paid to security Owners, whether on stated maturity dates or on mandatory Redemption Dates, or otherwise.

(2) Any computation made under this definition shall be adjusted for all purposes in the same manner as is provided in Section 703 hereof.

“Commercial Bank” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation (or any successors thereto) and of the Federal Reserve System, which has a capital and surplus of \$10,000,000 or more, and which is located within the United States of America.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate for the Bonds executed by the City.

“Cost of the Project” means all costs, as designated by the City, of the Project, or any interest therein, which cost, at the option of the City (except as may be otherwise limited by law) may include all, any one or other portion of the incidental costs pertaining to the Project, including, without limitation:

(i) All preliminary expenses or other costs advanced by the City or advanced by the Federal Government, the State or by any other Person from any source, with the approval of the Council, or any combination thereof, or otherwise;

(ii) The costs of making surveys and tests, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries;

(iii) The costs of contingencies;

(iv) The costs of premiums on any builders’ risk insurance and performance bonds during the construction, installation and other acquisition of the Project, or a reasonably allocated share thereof;

- (v) The costs of appraising, printing, estimates, advice, inspection, other services of engineers, architects, accountants, financial consultants, attorneys at law, clerical help and other agents and employees;
- (vi) The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the Project and the issuance of the Bonds;
- (vii) All costs and expenses of issuing the Bonds including, without limitation, fees of the Paying Agent, Bond Counsel, counsel to the Purchaser, counsel to the City, financial advisor, rating agencies and printers to the extent not defrayed as an Operation and Maintenance Expense;
- (viii) The costs of the filing or recording of instruments and the cost of any title insurance premiums;
- (ix) The costs of funding any construction loans and other temporary loans pertaining to the Project and of the incidental expenses incurred in connection with such loans;
- (x) The costs of demolishing, removing, or relocating any buildings, structures, or other facilities on land acquired for the Project, and of acquiring lands to which such buildings, structures or other facilities may be moved or relocated;
- (xi) The costs of machinery and equipment;
- (xii) The costs of any properties, rights, easements or other interests in properties, or any licenses, privileges, agreements and franchises;
- (xiii) The payment of the premium for the Insurance Policy issued by the Insurer and Reserve Fund Insurance Policy issued by the Surety Provider;
- (xiv) The costs of labor, material and obligations incurred to contractors, builders and materialmen in connection with the acquisition and construction of the Project;
- (xv) The costs of amending any ordinance or other instrument pertaining to the Bonds or otherwise to the System; and
- (xvi) All other expenses pertaining to the Project.

“Council” means the City Council of the City.

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

“Director of Finance” means the Director of Finance of the City, or his or her successor in functions, if any.

“Escrow Account” means the account maintained by the Escrow Bank pursuant to the Escrow Agreement with respect to the defeasance of the 2012 Bonds, if required.

“Escrow Agreement” means the Escrow Agreement dated as of its date, between the Enterprise and the Escrow Bank relating to the defeasance of the 2012 Bonds, if required.

“Escrow Bank” means UMB Bank, n.a., or its successors and assigns, acting as Escrow Bank under the Escrow Agreement.

“Events of Default” means the events stated in Section 903 hereof.

“Federal Government” means the United States of America and any agency, instrumentality or corporation thereof.

“Federal Securities” means bills, certificates of indebtedness, notes, or bonds which are direct obligations of, or the principal and interest of which obligations are unconditionally guaranteed by, the United States of America.

“Fiscal Year” means the calendar year or any other 12-month period hereafter selected by the City as its fiscal year.

“Gross Pledged Revenues” all income from rates, fees, tolls and charges and tap fees, or any combination thereof, but not special assessments, for the services furnished by, or the direct or indirect connection with, or the use of, or any commodity from the System, including without limiting the generality of the foregoing, minimum charges, charges for the availability of service, disconnection fees, reconnection fees and reasonable penalties for any delinquencies, and all income or other realized gain, if any, from any investment of Gross Pledged Revenues and of the proceeds of securities payable from Net Pledged Revenues (except income or other gain from any investment of moneys held in an escrow fund or account for the defeasance of securities payable from the Net Pledged Revenues or any other similar fund) to the extent not required to be rebated to the federal government. Gross Pledged Revenues shall also include amounts on deposit in a rate stabilization fund. Gross Pledged Revenues excludes any refund of rates, tolls and charges due to others.

“improve” or “improvement” means the extension, reconstruction, alteration, betterment or other improvement by the construction, purchase or other acquisition of facilities, including, without limitation, appurtenant machinery, apparatus, fixtures, structures and buildings.

“Independent Accountant” means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State:

- (i) Who is, in fact, independent and not under the control of the City;
- (ii) Who does not have any substantial interest, direct or indirect, with the City, and
- (iii) Who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

“Independent Engineer” means an individual, firm or corporation engaged in the engineering profession of recognized good standing and having specific experience in respect of business and properties of a character similar to those of the System, which individual, firm or corporation has no substantial interest, direct or indirect, in the City and in the case of an individual, is not a member of the Council, or an officer or employee of the City, and in the case of a firm or corporation, does not have a partner, director, officer or employee who is a member of the Council or an officer or employee of the City.

“Insurance Policy” means the municipal bond new issue insurance policy, if any, issued by the Insurer that guarantees payment of principal of and interest on the Bonds when due.

“Insurer” means the issuer of the Insurance Policy, if any, as set forth in the Sale Certificate.

“Insurance Agreement” means an agreement entered into between the City and any Insurer pursuant to Section 213 of this Ordinance.

“Investment Securities” means any securities or other obligations permitted as investments of moneys of the City under the laws of the State.

“Letter of Representations” means the Blanket Issuer Letter of Representations from the City to The Depository Trust Company in connection with the issuance of the Bonds in a book-entry system, as supplemented and amended from time to time.

“Mayor” means the Mayor of the City or his or her successor in functions, if any.

“Net Pledged Revenues” means the Gross Pledged Revenues remaining after the payment of the Operation and Maintenance Expenses of the System.

“Official Statement” means the Official Statement delivered in connection with the original issuance and sale of the Bonds.

“Operation and Maintenance Expenses” means such reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the System as may be determined by the City, including, except as limited by contract or otherwise limited by law, without limiting the generality of the foregoing:

- (a) Engineering, auditing, legal and other overhead expenses directly related and reasonably allocable to the administration, operation and maintenance of the System;
- (b) Insurance, surety bond and interest rate cap agreement premiums appertaining to the System;
- (c) The reasonable charges of any paying agent, registrar, transfer agent, depository or escrow bank appertaining to any securities payable from the Net Pledged Revenues;
- (d) Annual payments to pension, retirement, health and hospitalization funds appertaining to the System;
- (e) Any taxes, assessments, franchise fees or other charges or payments in lieu of the foregoing;
- (f) Ordinary and current rentals or equipment or other property;
- (g) Contractual services, professional services, salaries, administrative expenses and costs of labor appertaining to the System, the cost of water purchased for delivery through the System and the cost of materials and supplies used for current operation or routine maintenance or repair of the System;
- (h) The costs incurred in the billing and collection of all or any part of the Gross Pledged Revenues;
- (i) Any costs of utility services furnished to the System by the City or otherwise;
- (j) Any other such expenses considered by the City in determining the amount of water rates, fees, tolls and charges imposed for operation and maintenance; and
- (k) Expenses in connection with the issuance of bonds or other securities evidencing any loan to the City and payable from Gross Pledged Revenues.

“Operating Expenses” do not include:

- (a) Any allowance for depreciation;
- (b) Any costs of improvement, extension or betterment that qualify as capital items in accordance with generally accepted accounting principles;
- (c) Any accumulation of reserves for capital replacements;
- (d) Any reserves for operation, maintenance or repair of the System;
- (e) Any allowance for the redemption of any bonds or other securities payable from the Net Pledged Revenues or the payment of any interest thereon;
- (f) Any liabilities incurred in the acquisition of any facilities constituting part of the System; and
- (g) Any other ground of legal liability not based on contract.

“Ordinance” means this ordinance of the City, which provides for the issuance and delivery of the Bonds.

“Outstanding” when used with reference to the Bonds, the Parity Bonds, or any other designated securities and as of any particular date means all the Bonds, the Parity Bonds, or any such other securities payable from the Net Pledged Revenues or otherwise pertaining to

the System, as the case may be, in any manner theretofore and thereupon being executed and delivered:

- (i) Except any Bond, Parity Bonds, or other security canceled by the City, by any paying agent, or otherwise on the City's behalf, at or before such date;
- (ii) Except any Bond, Parity Bond, or other security deemed to be paid as provided in Section 1201 hereof or any similar provision of the ordinance authorizing the issuance of such other security; and
- (iii) Except any Bond, Parity Bond, or other security in lieu of or in substitution for which another Bond or other security shall have been executed and delivered pursuant to Sections 306, 307 or 1108 hereof or any similar provisions of the ordinance authorizing the issuance of such other security.

"Owner" means the registered owner of any designated Bond, Parity Bond, or other designated security.

"Parity Bonds" means any securities hereafter issued payable from and having an irrevocable lien upon the Net Pledged Revenues on a parity with the Bonds.

"Parity Bond Ordinances" means any ordinances or agreements previously or hereafter entered into by the City with respect to or authorizing the issuance of Parity Bonds.

"Paying Agent" means UMB Bank, n.a., being an agent of the City for the payment of the Bond Requirements due in connection with the Bonds, the registrar for the Bonds and for other administration of moneys pertaining to the Bonds and includes any successor Commercial Bank as paying agent.

"Paying Agent Agreement" means the agreement between the City and the Paying Agent.

"Person" means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State, or any other body corporate and politic other than the City), partnership, limited liability company, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

"Policy Costs" means repayment of draws under the Reserve Fund Insurance Policy, if any, plus all related reasonable expenses incurred by the Surety Provider, plus accrued interest thereon.

"Preliminary Official Statement" means the Preliminary Official Statement delivered in connection with the original issuance and sale of the Bonds.

"Project" means, the land, facilities and rights constructed, installed, purchased and otherwise acquired for the System, the cost of which is to be defrayed with a portion of the proceeds of the Bonds and which constitutes Capital Improvements.

"Project Fund" means the special fund designated as the "City and County of Broomfield, Colorado, Sewer Activity Enterprise Sewer Revenue and Refunding Bonds, Series 2026, Project Fund" created pursuant to Section 501 hereof.

"Purchaser" means the original purchaser of the Bonds as specified in the Sale Certificate.

"Rating Agency" means each nationally recognized securities rating agency then maintaining a rating on the Bonds.

"Rebate Fund" means the special fund designated as the "City and County of Broomfield, Colorado, Sewer Activity Enterprise Sewer Revenue and Refunding Bonds, Series 2026, Rebate Fund" created pursuant to Section 510 hereof.

“Record Date” means the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

“Redemption Date” means, with respect to the 2012 Bonds, the earliest date on which such 2012 Bonds can be called for prior redemption; and with respect to the Bonds, the date fixed for the redemption prior to their respective maturities of any Bonds or other designated securities payable from Net Pledged Revenues in any notice of prior redemption or otherwise fixed and designated by the City.

“Refunded Bond Requirements” means: (i) the payment of the interest due on the Refunded Bonds, both accrued and not accrued, as the same become due on and after the date of delivery of the Bonds and on and before the Redemption Date; (ii) the payment of principal of the Refunded Bonds as the same becomes due upon prior redemption on the Redemption Date; and (iii) the payment of any required redemption premium.

“Refunded Bonds” means any or all of the 2012 Bonds as designated in the Sale Certificate.

“Refunding Project” means the issuance of a portion of the Bonds for the purposes of defraying the costs of refunding the Refunded Bonds.

“Reserve Fund” means the special fund designated as the “City and County of Broomfield, Colorado, Sewer Activity Enterprise Sewer Revenue and Refunding Bonds, Series 2026, Reserve Fund” created pursuant to Section 506 hereof, if such an account is required as specified in the Sale Certificate. The Reserve Fund shall secure only principal of and interest on the Bonds.

“Reserve Fund Insurance Policy” means any insurance policy, surety bond, irrevocable letter of credit or similar instrument deposited in or credited to the Reserve Fund in lieu of or in partial substitution for moneys on deposit therein.

“Reserve Fund Requirement” has the meaning ascribed to such term in the Sale Certificate.

“Sale Certificate” means the sale certificate of the City relating to the Bonds issued pursuant to the Supplemental Public Securities Act and described in Section 213 hereof.

“Sewer Enterprise Fund” means the special fund maintained by the City and designated as the “Sewer Enterprise Fund”.

“Special Record Date” means the record date for determining ownership of the Bonds for purposes of paying accrued but unpaid interest, as such date may be determined pursuant to this Ordinance.

“State” means the State of Colorado.

“Subordinate Securities” means securities or other obligations payable from the Net Pledged Revenues subordinate and junior to the lien thereon of the Bonds and any Parity Bonds.

“Supplemental Public Securities Act” means Part 2 of Article 57 of Title 11, C.R.S., as amended.

“Supplemental Reserve Fund” means the special fund designated as the “City and County of Broomfield, Colorado, Sewer Activity Enterprise Sewer Revenue and Refunding Bonds, Series 2026, Supplemental Reserve Fund” created pursuant to Section 507 hereof, if such an account is required as specified in the Sale Certificate. Any Supplemental Reserve Fund shall secure only the principal and interest on the Bonds.

“Supplemental Reserve Fund Requirement” means the amount set forth in the Sale Certificate, if any, for deposit into the Supplemental Reserve Fund.

“Surety Provider” means the Insurer or any other entity issuing a Reserve Fund Insurance Policy with respect to the Bonds.

“System” means the City’s system for the collection, treatment and discharge of water and consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City, whether situated within or without the City boundaries, used in connection with such system of the City, and in any way appertaining thereto, including all present or future improvements, extensions, enlargements, betterments, replacements or additions thereof or thereto and administrative facilities

“Tax Compliance Certificate” means the federal tax compliance certificate executed by the City in connection with the initial issuance and delivery of the Bonds.

“Tax Code” means the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds, and the regulations promulgated thereunder.

“Term Bonds” means Bonds that are payable on or before their specified maturing dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

“Trust Bank” means a Commercial Bank which is authorized to exercise and is exercising trust powers located within or without the State, and also means any branch of the Federal Reserve Bank.

“2012 Bonds” means the City and County of Broomfield, Colorado, Sewer and Wastewater Reclamation Revenue Refunding Bonds, Series 2012, which 2012 Bonds shall be fully discharged and defeased contemporaneously with the issuance of the Bonds and no longer outstanding.

B. City-Held Securities. Any securities payable from any Net Pledged Revenues held by the City shall not be deemed to be Outstanding for the purpose of redemption nor Outstanding for the purpose of consents hereunder or for any other purpose herein, except for payment.

Section 102. Parties Interested Herein. Nothing herein expressed or implied confers any right, remedy or claim upon any Person, other than the City, the Council, the Paying Agent, the Insurer, the Surety Provider, the Owners of the Bonds and the Owners of any Parity Bonds or other securities payable from the Net Pledged Revenues when reference is expressly made thereto. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Council, the Paying Agent, the Insurer, the Surety Provider, the Owners of the Bonds and the Owners of any such other securities in the event of such a reference.

Section 103. Ratification; Approval of Documents. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the Council, the officers of the City and otherwise taken by the City directed toward the Project and the sale and delivery of the Bonds for such purposes, be, and the same hereby is, ratified, approved and confirmed.

Section 104. Repealer. All bylaws, orders, resolutions, ordinances or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any such bylaw, order, resolution or ordinance, or

part thereof, heretofore repealed. All rules of the Council, if any, which might prevent the final passage and adoption of this Ordinance are hereby suspended.

Section 105. Severability. If any section, subsection, paragraph, clause or other provision of this Ordinance for any reason is invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this Ordinance.

Section 106. Ordinance Irrepealable. After any of the Bonds are issued, this Ordinance shall constitute an irrevocable contract between the City and the Owner or Owners of the Bonds and this Ordinance shall be and shall remain irrepealable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled, and discharged, except as herein otherwise provided.

Section 107. Conclusive Recitals. Pursuant to Section 11-57-210 of the Supplemental Public Securities Act, the Bonds shall contain a recital that they are issued pursuant to the Supplemental Public Securities Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

Section 108. Limitation of Actions. Pursuant to Section 11-57-212 of the Supplemental Public Securities Act, no legal or equitable action brought with respect to any legislative acts or proceedings of the City in connection with the authorization or issuance of the Bonds, including but not limited to the adoption of this Ordinance, shall be commenced more than thirty days after the authorization of the Bonds.

**ARTICLE II
DETERMINATION OF THE CITY'S AUTHORITY AND OBLIGATIONS;
APPROVAL OF RELATED DOCUMENTS; AND ELECTION TO
APPLY SUPPLEMENTAL PUBLIC SECURITIES ACT TO THE BONDS**

Section 201. Authorization. The Bonds are issued in accordance with the Constitution and laws of the State, the Charter and the provisions of this Ordinance, specifically the Supplemental Public Securities Act; Title 37, Article 45.1, C.R.S., and all other laws of the State thereunto enabling. For the purpose of defraying the cost of the Project, the City hereby authorizes the Bonds to be issued in the aggregate principal amount provided in the Sale Certificate as approved by the City Manager or the Director of Finance, subject to the parameters and restrictions contained in this Ordinance.

Section 202. Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the City shall be for the equal benefit, protection and security of the Owners of any and all of the Outstanding Bonds and any Outstanding Parity Bonds heretofore or hereafter authorized and issued, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of such

securities over any other thereof, except as otherwise expressly provided in or pursuant to this Ordinance.

Section 203. Special Obligations. All of the Bond Requirements of the Bonds and the Policy Costs shall be payable and collectible solely out of the Net Pledged Revenues which revenues are so pledged; the Owner or Owners of the Bonds and the Surety Provider may not look to any general or other fund for the payment of such Bond Requirements, except the herein designated special funds pledged therefor; the Bonds and the Policy Costs shall not constitute an indebtedness or a debt within the meaning of any constitutional, or statutory provision or limitation; and the Bonds and the Policy Costs shall not be considered or held to be general obligations of the City but shall constitute its special obligations. No statutory, Charter, or constitutional provision enacted after the issuance of the Bonds shall in any manner be construed as limiting or impairing the obligation of the City to comply with the provisions of this Ordinance or to pay the Bond Requirements of the Bonds and the Policy Costs as herein provided.

Section 204. Character of Agreement. None of the covenants, agreements, representations and warranties contained herein or in the Bonds shall ever impose or shall be construed as imposing any liability, obligation or charge against the City (except the special funds pledged therefor), or against its general credit, or as payable out of its general fund or out of any funds derived from taxation or out of any other revenue source (other than those pledged therefor).

Section 205. No Pledge of Property. The payment of the Bonds and the Policy Costs is not secured by an encumbrance, mortgage or other pledge of property of the City, except for the Net Pledged Revenues and other moneys pledged for the payment of the Bond Requirements of the Bonds. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds or the Policy Costs.

Section 206. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the Bonds or the Policy Costs or for any claim based thereon or otherwise upon this Ordinance or any other ordinance pertaining hereto, against any individual member of the Council or any officer, employee or other agent of the City, past, present or future, either directly or indirectly through the Council, or the City, or otherwise, whether by virtue of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bonds and as part of the consideration of their issuance specially waived and released.

Section 207. Authorization of the Project. The Council, on behalf of the City, does hereby determine to undertake the Project, which is hereby authorized, and the proceeds of the Bonds shall be used therefor.

Section 208. Enterprise Status. The Council, on behalf of the City, hereby confirms its determination that the System is an “enterprise” for the purposes of Article X, Section 20 of the State Constitution and Title 37 Article 45.1, C.R.S.

Section 209. Sale of Bonds. The Bonds shall be sold by negotiated sale to the Purchaser. Pursuant to the Supplemental Public Securities Act, the Council hereby delegates to the City Manager or the Director of Finance the authority to execute the Bond Purchase Agreement and the Sale Certificate with respect to the sale of the Bonds.

Section 210. Official Statement. The preparation and use of the Preliminary Official Statement and of the final Official Statement are hereby authorized. The Director of Finance is hereby authorized to approve, on behalf of the City, the Official Statement. The execution of the Official Statement by the Director of Finance shall be conclusively deemed to evidence the approval of the form and contents thereof by the City.

Section 211. Paying Agent and Allotment Contract. The Council hereby determines to approve the Paying Agent Agreement. The Paying Agent may resign at any time on 30 days’ prior written notice to the City. The City may remove the Paying Agent upon 30 days’ prior written notice to the Paying Agent. If the Paying Agent appointed thereunder shall resign, or if the City shall determine to remove the Paying Agent, then the City may appoint a successor Paying Agent, upon notice sent to each owner of any Bond at his address last shown on the registration records maintained by the Paying Agent or by electronic means to DTC or its successor. No resignation or dismissal of the Paying Agent may take effect until a successor has been appointed and has accepted the duties of the Paying Agent. Every such successor Paying Agent shall be a Commercial Bank.

Section 212. Other Related Documents. The forms, terms and provisions of, and the performance by the City of its obligations under the Preliminary Official Statement, the Paying Agent Agreement, the Escrow Agreement and the Continuing Disclosure Certificate are hereby approved, and the Mayor or Mayor pro-tem and the City Clerk or Deputy City Clerk are hereby authorized and directed to execute each of such documents on behalf of and in the name of the City, and to deliver each of such documents, in substantially the form on file with the City Clerk, with such changes as are not inconsistent herewith. The Mayor, the City Manager or the Director of Finance are hereby authorized to execute and deliver any Insurance Agreement as may be required by an Insurer relating to the issuance of the Insurance Policy or a Surety Provider relating to the Reserve Fund Insurance Policy. The execution of any instrument by the appropriate officers of the City herein authorized shall be conclusive evidence of the approval by the City of such instrument in accordance with the terms hereof.

Section 213. Elections to Apply Supplemental Public Securities Act to the Bonds. Pursuant to Section 11-57-204 of the Supplemental Public Securities Act, a public entity, including the City, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Public Securities Act. The Council hereby elects to apply all of the provisions of the

Supplemental Public Securities Act to the Bonds. Pursuant to Section 11-57-205 of the Supplemental Public Securities Act, the Council hereby delegates to the City Manager or the Director of Finance the authority to make the following determinations with respect to the Bonds, subject to the parameters and restrictions contained in this Ordinance, without any requirement that the Council approve such determinations:

- (i) Interest Rate. The net effective rate of interest to be borne by the Bonds, which shall not exceed 5.50%
- (ii) Redemption Provisions. The prior redemption provisions of the Bonds, provided that the Bonds shall be subject to optional redemption prior to maturity not later than December 1, 2036 at a redemption price not to exceed 100%.
- (iii) Purchase Price. The price at which the Bonds will be sold to the Purchaser, provided that the purchase price of the Bonds shall not be less than 98% of the aggregate principal amount of the Bonds.
- (iv) Principal Amount. The aggregate principal amount of the Bonds, provided that such principal amount shall not exceed \$125,000,000.
- (v) Maturity Schedule. The amount of principal of and interest on the Bonds maturing, or subject to mandatory sinking fund redemption in any particular year; provided that the maximum annual repayment cost shall not exceed \$11,000,000 and the maximum total repayment cost shall not exceed \$220,000,000.
- (vi) Term of the Bonds. The Bonds shall not mature later than December 1, 2047.
- (vii) Capitalized Interest. The existence and amount of any capitalized interest on the Bonds.
- (viii) Reserve Fund. The amount to be deposited in the Reserve Fund, if any.
- (ix) Supplemental Reserve Fund. The amount to be deposited in the Supplemental Reserve Fund, if any.
- (x) Bond Insurance. Whether the Bonds will be secured by an Insurance Policy or a Reserve Fund Insurance Policy and the terms of any agreement with the provider of such Insurance Policy or Reserve Fund Insurance Policy.

Such determinations shall be evidenced by the Sale Certificate signed by the City Manager, or the Director of Finance dated and delivered as of the Closing Date, which shall not be more than one year from the date of adoption of this Ordinance. If the City shall determine to not obtain an Insurance Policy to secure the payment of principal of and interest on the Bonds, or not to obtain a Reserve Fund Insurance Policy, any references to the Insurer, the Insurance Policy, the Reserve Fund Insurance Policy, the Surety Provider, Policy Costs, the Insurance Agreement, or other provisions relating to bond insurance shall be of no force or effect.

ARTICLE III AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

Section 301. Bond Details.

A. Basic Provisions. The Bonds shall be issued in fully registered form (i.e., registered as to payment of both principal and interest), in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be lettered "R" and shall be numbered separately from 1

upward. The Bonds shall be dated as of the date of their delivery. The Bonds shall mature on December 1, in the years and amounts and subject to prior redemption as set forth herein and in the Sale Certificate. The Bonds shall bear interest from the most recent interest payment date to which interest has been paid, or if no interest has been paid, from their date until their respective maturities (or prior redemption) at the rates set forth in the Sale Certificate. No interest shall accrue on any Bonds owned by or on behalf of the City. Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months, payable semiannually on each June 1 and December 1, commencing on the date provided in the Sale Certificate.

B. Payment of Bonds. The principal of each Bond shall be payable at the principal corporate trust office of the Paying Agent, or at such other office as the Paying Agent directs in writing to the Owners of the Bonds, or at the principal office of its successor, upon presentation and surrender of the Bond. Payment of interest on any Bond shall be made to the Owner thereof by the Paying Agent on or before each interest payment date, (or, if such interest payment date is not a Business Day, on or before the next succeeding Business Day), to such Owner at his or her address as it appears on the registration records kept by the Paying Agent on the Record Date; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date and the date fixed for payment of such defaulted interest shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owners not less than ten days prior to the Special Record Date by first-class mail to each such Owner as shown on the Paying Agent's registration books on a date selected by the Paying Agent, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Paying Agent. If any Bond is not paid upon its presentation and surrender at or after its maturity or prior redemption, interest shall continue at its stated rate per annum until the principal thereof is paid in full. All such payments shall be made in lawful money of the United States of America.

Section 302. Execution of Bonds. The Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor, shall be sealed with the corporate seal of the City or a facsimile thereof thereunto affixed, imprinted, engraved or otherwise reproduced and shall be attested by the manual or facsimile signature of the City Clerk. Any Bond may be signed (manually or by facsimile), sealed or attested on behalf of the City by any person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of authentication, issuance or delivery, such person may have ceased to hold such office. The Mayor and the City Clerk may adopt as and for his or her own facsimile signature the facsimile signature of his or her predecessor in office in the event that such facsimile signature appears on any of the Bonds. Before the execution of any Bond, the Mayor and the City Clerk shall each file with the Colorado Secretary of State his or her manual signature certified by him or her under oath.

Section 303. Authentication Certificate. The authentication certificate upon the Bonds shall be substantially in the form and tenor provided in the form of the Bonds set forth in Section 309 hereof. No Bond shall be secured hereby or entitled to the benefit hereof, nor shall any Bond be valid or obligatory for any purpose, unless the certificate of authentication, substantially in such form, has been duly executed by the Paying Agent and such certificate of the Paying Agent upon any Bond shall be conclusive evidence that such Bond has been authenticated and delivered hereunder. The certificate of authentication shall be deemed to have been duly executed by the Paying Agent if manually signed by an authorized officer or employee of the Paying Agent, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds.

Section 304. Registration and Payment. The Paying Agent shall keep or cause to be kept sufficient records for the registration and transfer of the Bonds, which shall at all times be open to inspection by the City. Upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, Bonds as herein provided. Except as provided in Section 306 hereof, the Person in whose name any Bond shall be registered on the registration records kept by the Paying Agent shall be deemed and regarded as the absolute owner thereof for the purpose of making payment of the Bond Requirements thereof and for all other purposes; and payment of or on account of the Bond Requirements of any Bond shall be made only to the Owner thereof or his or her legal representative, but such registration may be changed upon transfer of such Bond in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid. The foregoing provisions of this Section are subject to the provisions of Section 307 hereof.

Section 305. Transfer and Exchange. Any Bond may be transferred upon the records required to be kept pursuant to the provisions of Section 304 hereof by the Person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Whenever any Bond or Bonds shall be surrendered for transfer, the Paying Agent shall authenticate and deliver a new Bond or Bonds for a like aggregate principal amount and of the same maturity and interest rate and of any authorized denominations. The Bonds may be exchanged by the Paying Agent for a like aggregate principal amount of Bonds of the same maturity and interest rate and of other authorized denominations. The execution by the City of any Bond of any denomination shall constitute full and due authorization of such denomination and the Paying Agent shall thereby be authorized to authenticate and deliver such Bond.

The Paying Agent shall not be required to transfer or exchange (a) any Bond subject to redemption during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds and ending at the close of business on the day such notice is mailed, or (b) any Bond so selected for redemption in whole or in part after the

mailing of notice calling such Bond or any portion thereof for prior redemption except the unredeemed portion of Bonds being redeemed in part.

The Paying Agent shall require the payment by any Owner requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer and may charge a sum sufficient to pay the cost of preparing each new Bond upon each exchange or transfer and any other expenses of the City or the Paying Agent incurred in connection therewith.

The foregoing provisions of this Section are subject to the provisions of Section 307 hereof. **Section 306. Bond Replacement.** Upon receipt by the City and the Paying Agent of evidence satisfactory to them of the ownership of and the loss, theft, destruction or mutilation of any Bond and, in the case of a lost, stolen or destroyed Bond, of indemnity satisfactory to them, and in the case of a mutilated Bond upon surrender and cancellation of the Bond, (a) the City shall execute and the Paying Agent shall authenticate and deliver a new Bond of the same date, interest rate and denomination in lieu of such lost, stolen, destroyed or mutilated Bond, or (b) if such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the City may pay such Bond. Any such new Bond shall bear a number not previously assigned. The applicant for any such new Bond may be required to pay all expenses and charges of the City and of the Paying Agent in connection with the issuance of such Bond. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds, negotiable instruments or other securities.

Section 307. Custodial Deposit.

A. **Depository.** Notwithstanding any contrary provision of this Ordinance, the Bonds initially shall be evidenced by one Bond of the same maturity and interest rate in denominations equal to the aggregate principal amount of the Bonds of the same maturity and interest rate. Such initially delivered Bonds shall be registered in the name of “Cede & Co.” as nominee for The Depository Trust Company, the securities depository for the Bonds. The Bonds may not thereafter be transferred or exchanged except:

- (1) to any successor of The Depository Trust Company or its nominee, which successor must be both a “clearing corporation” as defined in Section 4-8-102(a)(5), C.R.S. and a qualified and registered “clearing agency” under Section 17A of the Securities Exchange Act of 1934, as amended; or
- (2) upon the resignation of The Depository Trust Company or a successor or new depository institution under clause (1) or this clause (2) of this paragraph A, or a determination by the Council that The Depository Trust Company or such successor or a new depository institution is no longer able to carry out its functions, and the designation by the Council of another depository institution acceptable to the Council and to the depository then holding the Bonds, which new depository must be both a “clearing corporation” as defined in Section 4-8-102(a)(5), C.R.S. and a qualified and registered “clearing agency” under Section

17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor new depository institution; or

(3) upon the resignation of The Depository Trust Company or a successor or new depository institution under clause (1) above or designation of a new depository institution pursuant to clause (2) above, or a determination of the Council that The Depository Trust Company or such successor or depository institution is no longer able to carry out its functions, and the failure by the Council, after reasonable investigation, to locate another depository institution under clause (2) to carry out such depository institution functions.

B. Successor. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) or (2) of paragraph A hereof, upon receipt of the outstanding Bonds by the Paying Agent together with written instructions for transfer satisfactory to the Paying Agent, a new Bond for each maturity and interest rate of the Bonds then outstanding shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (3) of paragraph A hereof and the failure after reasonable investigation to located another qualified depository institution for the Bonds as provided in clause (3) of paragraph A hereof, and upon receipt of the outstanding Bonds by the Paying Agent, together with written instructions for transfer satisfactory to the Paying Agent, new Bonds shall be issued in authorized denominations as provided in and subject to the limitations of Sections 301, 304, and 305 hereof, registered in the names of such Persons, as are requested in such written transfer instructions; however, the Paying Agent shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

C. Absolute Owner. The Council and the Paying Agent shall be entitled to treat the Owner of any Bond as the absolute owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the Council and the Paying Agent shall have no responsibility for transmitting payments or notices to the beneficial owners of the Bonds held by The Depository Trust Company or any successor or new depository named pursuant to paragraph A hereof.

D. Payment. The Council and the Paying Agent shall endeavor to cooperate with The Depository Trust Company or any successor or new depository named pursuant to clause (1) or (2) of paragraph A hereof in effectuating payment of the principal amount of the Bonds upon maturity or prior redemption by arranging for payment in such a manner that funds representing such payments are available to the depository on the date they are due.

E. Redemption. Upon any partial redemption of any maturity and interest rate of the Bonds, Cede & Co. (or its successor) in its discretion may request the City to issue and authenticate a new Bond or shall make an appropriate notation on the Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case the Bond must be presented to the Paying Agent prior to payment. The records of the Paying Agent shall govern in the case of any dispute as to the amount of any partial prepayment made to Cede & Co. (or its successor).

Section 308. Bond Cancellation. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Paying Agent for transfer, exchange or replacement as

provided herein, such Bond shall be promptly canceled and destroyed by the Paying Agent in accordance with its customary practices and applicable retention laws.

Section 309. Bond Form. Subject to the provisions of this Ordinance, the Bonds shall be in substantially the following forms, with such omissions, insertions, endorsements and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by this Ordinance, be consistent with this Ordinance or be necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(FORM OF BOND)

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the City or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA

STATE OF COLORADO

CITY AND COUNTY OF BROOMFIELD

CITY AND COUNTY OF BROOMFIELD, COLORADO
SEWER ACTIVITY ENTERPRISE
SEWER REVENUE BOND
SERIES 2026

No. R- _____ \$ _____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED AS OF</u>	<u>CUSIP</u>
_____ %	December __, 20__	[Date of Delivery]	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The City and County of Broomfield (the “City”), for value received, hereby promises to pay to the registered owner specified above, or registered assigns, upon the presentation and surrender of this bond, solely from the special funds provided therefor, as hereinafter set forth, the principal amount set forth above on the maturity date specified above (unless this bond shall have been called for prior redemption, in which case on the Redemption Date) and to pay solely from such special funds interest hereon at the interest rate per annum specified above, payable semiannually on June 1 and December 1 in each year, beginning on _____, until the principal amount is paid or payment has been provided for, as described in an ordinance adopted by the City Council of the City on October __, 2025 (the “Ordinance”). This is one of an authorized series of bonds issued under the Ordinance (the “Bonds”). The Bonds are all issued under and equally and ratably secured by and entitled to the security of the Ordinance. To the extent not defined herein, terms used in this Bond shall

have the same meanings as set forth in the Ordinance. This Bond bears interest, matures, is payable, is subject to redemption and is transferable as provided in the Ordinance.

Reference is made to the Ordinance and to all Ordinances supplemental thereto, with respect to the nature and extent of the security for the Bonds, the accounts, funds or revenues pledged, rights, duties and obligations of the City, the Paying Agent and the Insurer, the Surety Provider, the rights of the Owners of the Bonds, the events of defaults and remedies, the circumstances under which any Bond is no longer Outstanding, the issuance of additional bonds and the terms on which such additional bonds may be issued under and secured by the Ordinance, the ability to amend the Ordinance, and to all the provisions of which the Owner hereof by the acceptance of this Bond assents.

THE BONDS ARE ISSUED PURSUANT TO AND IN FULL COMPLIANCE WITH THE CONSTITUTION AND LAWS OF THE STATE, AND PURSUANT TO THE ORDINANCE. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY, SECURED BY THE NET PLEDGED REVENUES. THE BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION DEBT OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE CITY, THE STATE NOR ANY OF THE POLITICAL SUBDIVISIONS THEREOF IS LIABLE THEREFOR. NEITHER THE MEMBERS OF THE CITY COUNCIL OF THE CITY NOR ANY PERSONS EXECUTING THIS BOND SHALL BE PERSONALLY LIABLE FOR THIS BOND.

It is certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the City in the issuance of this Bond; that it is issued pursuant to and in strict conformity with the Constitution of the State, and with the Ordinance and any ordinances supplemental thereto; and that this Bond does not contravene any Constitutional or statutory limitation.

This Bond is one of a series of bonds issued pursuant to the Bond Ordinance (the "Bond Ordinance") designated as the "City and County of Broomfield, Colorado, Sewer Activity Enterprise Sewer Revenue and Refunding Bonds, Series 2026" (the "Bonds") in the aggregate principal amount of \$[_____]. The Bonds have been duly authorized for the purpose of providing moneys to defray a portion of the cost of extending, bettering or otherwise improving and equipping the System, refund the City's previously issued Sewer and Wastewater Reclamation Activity Enterprise Sewer Revenue Refunding Bonds, Series 2012 (the "2012 Bonds"), and to pay the costs of issuing the Bonds.

The bonds of the series of which this bond is one are issued under the authority of the City Charter; Title 37, Article 45.1, C.R.S.; and Title 11, Article 57, Part 2, C.R.S., and in full conformity therewith. Pursuant to Section 11-57-210, C.R.S., this recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds and the Bonds shall be incontestable for any cause whatsoever after their delivery for value.

Payment of the principal of and interest of the Bonds shall be made solely from the Net Pledged Revenues. The Net Pledged Revenues are irrevocably (but not exclusively) pledged as security for such payment pursuant to the Ordinance.

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

IN WITNESS WHEREOF, the City has caused this Bond to be signed and executed in its name and upon its behalf with the facsimile signature of its Mayor, has caused the facsimile of the seal of the City to be affixed hereon and has caused this Bond to be signed, executed and attested with the facsimile signature of its City Clerk, all as of the date specified above.

By _____ (For Facsimile Signature)
MAYOR

(FACSIMILE SEAL)

Attest:

_____(For Facsimile Signature)
OFFICE OF THE CITY CLERK

(FORM OF CERTIFICATE OF AUTHENTICATION)

CERTIFICATE OF AUTHENTICATION

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

UMB BANK, N.A., as Paying Agent

By _____
Authorized Signatory

Date of Authentication and Registration: _____

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ to transfer the within Bond on the records kept for the registration thereof with full power of substitution in the premises.

Dated: _____

Signed: _____

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatever. The signature must be guaranteed by an eligible guarantor institution as defined in 17 CFR § 240.17 Ad-15(a)(2).

Signature Guaranteed:

Signature must be guaranteed by a member of a Medallion Signature Program.

Address of Transferee:

Social Security or other tax identification number of Transferee:

TRANSFER FEES MAY BE CHARGED

(END OF FORM OF ASSIGNMENT)

(FORM OF PREPAYMENT PANEL)

PREPAYMENT PANEL

The following installments of principal (or portions thereof) of this Bond have been prepaid in accordance with the terms of the Ordinance.

Date of Prepayment	Principal Prepaid	Signature of Authorized Representative of DTC
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(END OF FORM OF PREPAYMENT PANEL)

(END OF FORM OF BOND)

Section 310. Optional Redemption. The Bonds will be subject to redemption, if any, at the option of the City in the time and manner, in the amounts and at the prices, and from the funds all as set forth in the Sale Certificate.

Notwithstanding the foregoing, the Bonds may not be redeemed pursuant to this Section unless all Policy Costs, if any, due and owing at the time to the Surety Provider have been paid.

Section 311. Mandatory Sinking Fund Redemption. The Term Bonds, if any, shall be subject to mandatory sinking fund redemption at the times, in the amounts and at the prices provided in the Sale Certificate.

On or before the thirtieth day prior to each such sinking fund payment date, the Paying Agent shall proceed to call the Term Bonds, if any, as provided in the Sale Certificate (or any Term Bond or Term Bonds issued to replace such Term Bonds) for redemption from the sinking fund on the next December 1, and give notice of such call without further instruction or notice from the City.

At its option, to be exercised on or before the sixtieth day next preceding each such sinking fund Redemption Date, the City may (a) deliver to the Paying Agent for cancellation Term Bonds subject to mandatory sinking fund redemption on such date in an aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Term Bonds of the maturity and interest rate subject to mandatory sinking fund redemption on such date, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Paying Agent and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond so delivered or previously redeemed will be credited by the Paying Agent at the principal amount thereof against the obligation of the City on such sinking fund date and such sinking fund obligation will be accordingly reduced. The City will on or before the sixtieth day next preceding each sinking fund Redemption Date furnish the Paying Agent with its certificate indicating whether or not and to what extent the provisions of (a) and (b) of the preceding sentence are to be availed with respect to such sinking fund payment. Failure of the City to deliver such certificate shall not affect the Paying Agent's duty to give notice of sinking fund redemption as provided in this paragraph.

Section 312. Partial Redemption. In the case of Bonds of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Paying Agent shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof.

Section 313. Notice of Prior Redemption. Notice of optional or mandatory redemption shall be given by the Paying Agent in the name of the City by sending a copy of such notice by first-class, postage prepaid mail, or by electronic means to DTC or its successors, not more

than sixty nor less than thirty days prior to the Redemption Date to each Owner at his address as it last appears on the registration books kept by the Paying Agent; but neither failure to give such notice nor any defect therein shall affect the redemption of any Bond. Such notice shall identify the Bonds to be so redeemed (if less than all are to be redeemed) and the Redemption Date, and shall further state that on such Redemption Date there will become and be due and payable upon each Bond so to be redeemed, at the principal office of the Paying Agent, the principal amount thereof, accrued interest to the Redemption Date, and the stipulated premium, if any, and that from and after such date interest will cease to accrue. Notice having been given in the manner hereinabove provided, the Bond or Bonds so called for redemption shall become due and payable on the Redemption Date so designated; and upon presentation thereof at the principal office of the Paying Agent, the Paying Agent will pay the Bond or Bonds so called for redemption. No further interest shall accrue on the principal of any such Bond called for redemption from and after the Redemption Date, provided sufficient funds are deposited with the Paying Agent and available on the Redemption Date.

Notwithstanding the provisions of this Section, any notice of redemption shall either (a) contain a statement that the redemption is conditioned upon the receipt by the Paying Agent on or before the Redemption Date of funds sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the Owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed, or (b) be given only if funds sufficient to pay the redemption price of the Bonds so called for redemption are on deposit with the Paying Agent in the applicable fund or account.

Section 314. Bonds Owned by the City. Bonds owned by or on behalf of the City shall not be subject to redemption. At any time, the City may surrender any Bonds owned by or on behalf of the City to the Paying Agent, which shall promptly cancel such Bonds.

Section 315. No Partial Redemption After Default. Anything in this Ordinance to the contrary notwithstanding, if there shall have occurred and is continuing an Event of Default hereunder of which an officer of the Paying Agent has actual knowledge, there shall be no redemption of less than all of the Bonds at the time Outstanding (other than pursuant to Section 402 hereof).

ARTICLE IV USE OF BOND PROCEEDS AND OTHER MONEYS

Section 401. Disposition of Bond Proceeds.

A. The proceeds of the Bonds (net of underwriting discount), upon the receipt thereof, shall be accounted for in the following manner and priority:

(i) Reserve Fund. An amount equal to the portion of the Reserve Fund Requirement as described in the Sale Certificate, if any, shall be credited to the special and separate fund

hereby created and to be known as the “City and County of Broomfield, Colorado, Sewer Activity Enterprise Sewer Revenue and Refunding Bonds, Series 2026 Reserve Fund.”

(ii) Escrow Account. If required, an amount of the proceeds derived from the sale of the Bonds shall be credited to the special and separate account hereby and created and held by the Escrow Bank to be known as the “City and County of Broomfield, Colorado, Sewer Activity Enterprise Sewer Revenue and Refunding Bonds, Series 2026 Escrow Account.” Such deposit shall be sufficient to pay the Refunded Bond Requirements on the Redemption Date. Except as otherwise provided herein, the moneys in the Escrow Account shall be used solely for the purpose of paying the costs of the Refunding Project. If the City does not deposit proceeds of the Bonds to pay the Refunded Bond Requirements in such Escrow Account, then all references to the Escrow Account, the Escrow Agreement and the Escrow Bank are of no force or effect.

(iii) Project Fund. The remaining proceeds derived from the sale of the Bonds shall be credited to the special and separate account hereby created and to be known as the “City and County of Broomfield, Colorado, Sewer Activity Enterprise Sewer Revenue and Refunding Bonds, Series 2026 Project Fund.” Except as otherwise provided herein, the moneys in the Project Fund shall be used solely for the purpose of paying the Cost of the Project and for the purposes set forth in Section 502 hereof.

Section 402. Payment of Expenses. Moneys deposited in the Project Fund pursuant to Section 501 hereof may be used and paid out by the City to defray the administrative costs of the Project, including, without limitation, amounts to be paid to the Paying Agent, legal fees, accounting fees, financial advisory fees, printing costs and rating fees. The City may defray any such administrative costs from time to time as Operation and Maintenance Expenses to the extent the moneys deposited in the Project Fund pursuant to Section 501 hereof are insufficient therefor.

Section 403. Completion of Project. When the Project is completed in accordance with the relevant plans and specifications and all amounts due therefor, including all proper incidental expenses and all administrative costs of the Project referred to in Section 502 hereof, are paid, or for which full provision is made, the Director of Finance, to the extent permitted by the Tax Compliance Certificate, shall cause all surplus moneys remaining in the Project Fund, if any, except for any moneys designated in the certificate to be retained to pay any unpaid accrued costs or contingent obligations, to be transferred as follows: (a) to the Rebate Fund so as to enable the City to comply with requirements of the Tax Compliance Certificate with respect to the Bonds, (b) to the Reserve Fund to such extent as shall not cause the amount in the Reserve Fund to exceed the Reserve Fund Requirement and (c) to the Bond Fund to the extent of any remaining balance of such moneys to be applied against the next principal payment or payments coming due on the Bonds. Nothing herein prevents the transfer from the Project Fund to the Bond Fund, at any time prior to the termination of the Project Fund, of any moneys which the Director of Finance by certificate determines will not be necessary for the Project and will not be designated to be transferred to the Rebate Fund.

Section 404. Lien on Bond Proceeds. Until the proceeds of the Bonds deposited in the Project Fund are applied as herein provided, such Bond proceeds are subject to a lien thereon and pledge thereof for the benefit of the Owners of the Outstanding Bonds as provided in Section 501 hereof.

Section 405. Purchaser Not Responsible. The validity of the Bonds is not dependent upon nor affected by the validity or regularity of any proceedings relating to the application of the Bond proceeds. The Purchaser and any subsequent Owners of any of the Bonds are not responsible for the application or disposal by the City or by any of its officers, agents and employees of the moneys derived from the sale of the Bonds or of any other moneys herein designated.

**ARTICLE V
ADMINISTRATION OF AND ACCOUNTING FOR
PLEGDED REVENUES**

Section 501. Pledge Securing Bonds. Subject only to the right of the City to cause amounts to be withdrawn and paid on account of Operation and Maintenance Expenses of the System, the Gross Pledged Revenues and, subject to the right of the City to cause amounts to be withdrawn to pay the Cost of the Project as provided herein and other than moneys and securities held in the Rebate Fund to the extent such amounts are required to be paid to the United States, all moneys and securities paid or to be paid to or held or to be held in any fund or account under this Article or under Section 501 hereof are hereby pledged, and a lien thereon is hereby created, to secure the payment of the Bond Requirements of the Outstanding Bonds and to secure the obligations of the City to pay the Policy Costs. The pledge of the Net Pledged Revenues to secure the payment of the Bond Requirements of the Outstanding Bonds and the Parity Bonds is on a parity with the pledge of the Net Pledged Revenues for, and lien thereon of the Parity Bonds heretofore issued and any other Parity Bonds hereafter issued in compliance with the provisions of Article VII hereof. The pledge of Net Pledged Revenues to secure the payment of the Policy Costs is subordinate only to the pledge to pay the Bond Requirements with respect to the Bonds and any Parity Bonds. The pledge of the Net Pledged Revenues and the funds or accounts as described in this section shall be valid and binding from and after the date of the delivery of the Bonds, and the moneys as received by the City and hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the City except any Outstanding Parity Bonds heretofore or hereafter authorized and any Policy Costs as provided herein. The lien of the pledge of the Net Pledged Revenues and the funds or accounts as described in this section shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City (except as herein otherwise provided) irrespective of whether such parties have notice thereof.

Section 502. Sewer Enterprise Fund Deposits. So long as any of the Bonds or any Parity Bonds shall be Outstanding, as to any Bond Requirements and Policy Costs related to the Bonds or any Parity Bonds, the entire Gross Pledged Revenues, upon their receipt from time to time by the City, shall be set aside and credited immediately to the special and separate account previously created and known as the “City of Broomfield, Enterprise Sewer Revenue and Refunding Bonds, Sewer Enterprise Fund.”

Section 503. Administration of Sewer Enterprise Fund. So long as any of the Bonds or any Parity Bonds shall be Outstanding, as to any Bond Requirements and Policy Costs related to the Bonds or any Parity Bonds, the following payments shall be made from the Sewer Enterprise Fund, as provided in Sections 504 through 511 hereof.

Section 504. Operation and Maintenance Expenses. First, as a first charge on the Sewer Enterprise Fund, from time to time there shall continue to be held therein moneys sufficient to pay Operation and Maintenance Expenses, as they become due and payable, and thereupon they shall be promptly paid. Any surplus remaining in the Sewer Enterprise Fund at the end of the Fiscal Year and not needed for Operation and Maintenance Expenses shall be used for other purposes of the Sewer Enterprise Fund as herein provided.

Section 505. Bond Fund Payments. Second, from any remaining Net Pledged Revenues, there shall be credited, concurrently with each other and with amounts required to meet the Bond Requirements with respect to any Outstanding Parity Bonds, to the special and separate accounts hereby created and to be known as the “City and County of Broomfield, Colorado, Sewer Activity Enterprise Sewer Revenue and Refunding Bonds, Series 2026, Bond Fund,” the following amounts:

A. **Interest Payments.** Monthly to the Bond Fund, commencing on the first day of the month immediately succeeding the delivery of any of the Bonds, or commencing on the first day of the month six months next prior to the first interest payment date of any of the Bonds, whichever commencement date is later, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the interest due and payable on the Outstanding Bonds on the next succeeding interest payment date.

B. **Principal Payments.** Monthly to the Bond Fund, commencing on the first day of the month immediately succeeding the delivery of any of the Bonds, or commencing on the first day of the month one year next prior to the first principal payment date of any of the Bonds, whichever commencement date is later, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the principal and redemption premium, if any, due and payable on the Outstanding Bonds on the next succeeding principal payment date.

If prior to any interest payment date or principal payment date, there has been accumulated in the Bond Fund the entire amount necessary to pay the next maturing installment of interest or principal, or both, the payment required in paragraph A or B (whichever is applicable) of this Section 505 may be appropriately reduced; but the required annual

amounts again shall be so credited to such account commencing on such interest payment date or principal payment date.

The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the Bonds then Outstanding, as such Bond Requirements become due, except as provided in Sections 508 and 1201 hereof.

Section 506. Reserve Fund Payments. In satisfaction of the Reserve Fund Requirement, upon delivery of the Bonds, and if so provided in the Sale Certificate, either proceeds of the Bonds, cash or a Reserve Fund Insurance Policy in the amount of the Reserve Fund Requirement being provided by Surety Provider shall be deposited in the special and separate fund hereby created and to be known as the “City and County of Broomfield, Colorado, Sewer Activity Enterprise Sewer Revenue and Refunding Bonds, Series 2026, Reserve Fund”. The proceeds of the Bonds, cash or a Reserve Fund Insurance Policy shall be credited to Reserve Fund as provided in the Sale Certificate. Any Reserve Fund Insurance Policy shall be held by the Paying Agent. Any Reserve Fund Insurance Policy deposited to the credit of the Reserve Fund shall be valued at the amount available to be drawn or otherwise paid pursuant to such Reserve Fund Insurance Policy at the time of calculation. The Paying Agent shall maintain adequate records as to the amount available to be drawn at any time under the Reserve Fund Insurance Policy and as to the amounts, of which it has knowledge, of Policy Costs paid and owing to the Surety Provider. Such records shall be open to inspection and verification by the Surety Provider during business hours of the Paying Agent.

Upon the execution and delivery of the Bonds, there shall be deposited to the Reserve Fund, if a Reserve Fund is required and set forth in the Sale Certificate, and in the amount set forth in the Sale Certificate, from proceeds of the Bonds or a Reserve Fund Insurance Policy. Moneys on deposit in the Reserve Fund shall only be used to pay debt service on the Bonds to the extent of any deficiency in the Bond Fund or may be applied to the defeasance of the Bonds. Moneys shall be drawn from the Reserve Fund only after amounts on deposit in the Supplemental Reserve Fund have been exhausted.

Thereafter, third, except as provided in Section 508 and 509 hereof, and concurrently with any payments required to be made pursuant to any Parity Bond Ordinances with respect to any reserve funds which may be, but are not required to be, established thereby and concurrently with any repayment or similar obligations payable to any surety provider issuing any reserve fund insurance policy with respect to any Parity Bonds, from any moneys remaining in the Sewer Enterprise Fund there shall be credited to the Reserve Fund monthly, commencing on the first day of the month next succeeding each date on which the moneys accounted for in the Reserve Fund for any reason are less than the Reserve Fund Requirement, such amounts in substantially equal monthly payments on the first day of each month to re-accumulate the Reserve Fund Requirement by not more than 12 such monthly payments. If a Reserve Fund Insurance Policy is on deposit in the Reserve Fund to fund all or a part of the Reserve Fund Requirement, the amounts payable into the Reserve Fund pursuant to the immediately preceding sentence shall be paid by the City first to the Surety Provider to

reimburse it for Policy Costs due and owing and second to replenish cash in the Reserve Fund. If there are insufficient Net Pledged Revenues to comply with the requirements of the first sentence of this paragraph, available Net Pledged Revenues shall be credited or paid to the Reserve Fund and to reserve funds which may be established by any Parity Bond Ordinances (or to the Surety Provider or any other surety provider issuing any reserve fund insurance policy with respect to any Parity Bonds) pro rata, based upon the aggregate principal amount of the Bonds and any such Parity Bonds then Outstanding; provided, however, that compliance with the provisions of this sentence shall not cure any Event of Default caused by non-compliance with the first sentence of this paragraph. If there are insufficient Net Pledged Revenues to comply with the requirements of the first sentence of this paragraph and more than one Reserve Fund Insurance Policy is on deposit in the Reserve Fund, available Net Pledged Revenues credited to or paid to the Reserve Fund shall be applied to reimburse the Surety Provider and any other surety provider providing a Reserve Fund Insurance Policy pro rata, based upon the original amount available to be drawn on each. The Reserve Fund Requirement shall be accumulated and, if necessary, re-accumulated from time to time, in the Reserve Fund from Net Pledged Revenues, except to the extent other moneys are credited to the Reserve Fund, and maintained as a continuing reserve to be used, except as hereinafter provided in Sections 508, 509, 604 and 1201 hereof, only to prevent deficiencies in the payment of the Bond Requirements of the Bonds Outstanding from time to time from the failure to deposit into the Bond Fund sufficient moneys to pay such Bond Requirements as the same accrue and become due. No payment need be made into the Reserve Fund at any time so long as the moneys and/or the Reserve Fund Insurance Policy therein equal not less than the Reserve Fund Requirement and there are no Policy Costs due and owing. Unless otherwise provided in the Sale Certificate, the Reserve Fund Requirement shall be re-calculated upon (i) any principal payment, whether at stated maturity or upon redemption, or (ii) the defeasance of all or a portion of the Bonds.

The City may at any time substitute (a) cash or Investment Securities for a Reserve Fund Insurance Policy or (b) a Reserve Fund Insurance Policy for cash or Investment Securities, so long as the amount on deposit in the Reserve Fund after such substitution is at least equal to the Reserve Fund Requirement. Notwithstanding the foregoing, no Reserve Fund Insurance Policy shall be deposited by the City in the Reserve Fund for such substitution unless the City has received an opinion of Bond Counsel to the effect that such substitution and the intended use by the City of the cash or Investment Securities to be released from the Reserve Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Section 507. Supplemental Reserve Fund. Moneys in the Supplemental Reserve Fund, if such a fund is required and funded in an amount set forth in the Sale Certificate, shall held by the Paying Agent, and utilized, if necessary, only to prevent a default in the payment of the principal of, premium, if any, and interest on the Bonds when due, (including on any mandatory sinking fund redemption date or at final maturity) and the Supplemental Reserve Fund is pledged to the payment of the Bonds for such purpose.

Fourth, except as provided in Section 508 and 509 hereof, and concurrently with any payments required to be made pursuant to any Parity Bond Ordinances with respect to any supplemental reserve funds which may be, but are not required to be, established thereby, from any moneys remaining in the Sewer Enterprise Fund there shall be credited to the Supplemental Reserve Fund monthly, commencing on the first day of the month next succeeding each date on which the moneys accounted for in the Supplemental Reserve Fund are less than the Supplemental Reserve Fund Requirement, such amounts as is necessary to fund the Supplemental Reserve Fund to the Supplemental Reserve Fund Requirement. Any draws on the Supplemental Reserve Fund shall be replenished in the same manner as described in Section 5.06 above with respect to replenishment of the Reserve Fund and only to the extent of available revenue from the Sewer Enterprise Fund.

If on any date the amounts then on deposit in the Bond Fund are insufficient to pay the principal of, premium, if any, and/or interest on the Bonds on the next scheduled payment date, sinking fund installment date or at maturity, the Paying Agent shall transfer from the Supplemental Reserve Fund to the Bond Fund an amount which, when combined with moneys then on deposit therein, will be sufficient to make such payment of the Bonds when due. In the event that moneys in the Supplemental Reserve Fund, together with moneys in the Bond Fund, are insufficient to make such payment when due, the Paying Agent is to nonetheless transfer all moneys in the Supplemental Reserve Fund to the Bond Fund for the purpose of making partial payments on the Bonds. Bonds shall be selected for any such partial payments in the same manner as selected for mandatory sinking fund redemption.

Amounts in the Supplemental Reserve Fund are to be transferred to the Bond Fund prior to the transfer of moneys from the Reserve Fund to the Bond Fund.

Amounts on deposit in the Supplemental Reserve Fund may be invested or deposited at the direction of the District in Permitted Investments only and in accordance with the laws of the State and shall be valued on the basis of their current market value, as reasonably determined by the District, which value shall be determined at least annually.

Section 508. Termination of Deposits. No payment need be made into the Bond Fund or the Reserve Fund if there are no Policy Costs due and owing and if the amount in the Bond Fund and the amount in the Reserve Fund (exclusive of the amount available under a Reserve Fund Insurance Policy) total a sum at least sufficient so that all Bonds Outstanding are deemed to have been paid pursuant to Section 1201 hereof, in which case moneys therein (taking into account the known minimum gain from any investment if such moneys in Investment Securities from the time of any such investment or deposit shall be needed for such payment which will not be designated for transfer to the Rebate Fund) shall be used (together with any such gain from such investments) solely to pay the Bond Requirements of the Outstanding Bonds as the same become due; and any moneys in excess thereof in those two accounts and any other moneys derived from the Net Pledged Revenues or otherwise pertaining to the System may be used to make required payments into the Rebate Fund or in any other lawful manner determined by the Council.

Section 509. Defraying Delinquencies. If at any time the City shall for any reason fail to pay into the Bond Fund the full amount above stipulated from the Net Pledged Revenues, then an amount shall be paid into the Bond Fund at such time first from the Supplemental Reserve Fund and then from the Reserve Fund equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. The City shall use all cash in the Reserve Fund before drawing on a Reserve Fund Insurance Policy. If, (i) upon notice from the City requesting a draw or (ii) failure of the Paying Agent to receive the Bond Requirements by the third Business Day prior to June 1 or December 1 in each year, the Paying Agent determines that it is necessary to draw on the Reserve Fund Insurance Policy, the Paying Agent shall present a demand for payment, in the form and manner required by the Reserve Fund Insurance Policy, at least two Business Days before funds are needed. If there is more than one Reserve Fund Insurance Policy on deposit in the Reserve Fund, the Paying Agent shall draw on them on a pro rata basis, based upon the amount available to be drawn on each.

Any money so used or drawn shall be replaced as provided in Sections 506 and 507 hereof from the first Net Pledged Revenues thereafter received and not required to be otherwise applied by this Article. Except as provided in Sections 506 and 507 hereof, the moneys in the Bond Fund, the Supplemental Reserve Fund and in the Reserve Fund (including any Reserve Fund Insurance Policy) shall be used solely and only for the purpose of paying the Bond Requirements of the Bonds from time to time.

If the amount on deposit in the Reserve Fund exceeds the Reserve Fund Requirement for any reason, the amount to be released from the Reserve Fund shall be as directed in writing by the City Manager. Any excess amount released from the Reserve Fund may be deposited in the Bond Fund, or deposited into a defeasance escrow account, or may be applied for other purposes, as directed in writing by the City Manager for such purposes authorized by law.

Section 510. Rebate Fund. Fifth, concurrently with any payments required to be made pursuant to any Parity Bond Ordinances with respect to any rebate funds established thereby, there shall be deposited into the special and separate accounts hereby created and to be known as the “City and County of Broomfield, Colorado, Sewer Activity Enterprise Sewer Revenue and Refunding Bonds, Series 2026, Rebate Fund” moneys in the amounts and at the times specified in the Tax Compliance Certificate so as to enable the City to comply with Section 830 hereof. Amounts on deposit in the Rebate Fund shall not be subject to the lien and pledge of this Ordinance to the extent that such amounts are required to be paid to the United States Treasury. The City shall cause amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury (at the address provided in the Tax Compliance Certificate) at the times and in the amounts set forth in the Tax Compliance Certificate.

If the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, the City shall transfer moneys in the amount of the insufficiency to the Rebate Fund from the Project Fund and, to the extent permitted by Section 509 hereof, from the Supplemental Reserve Fund, the Reserve Fund and the Bond Fund. Upon receipt by the City of an opinion of Bond

Counsel to the effect that the amount in the Rebate Fund is in excess of the amount required to be contained therein, such excess may be transferred to the Sewer Enterprise Fund.

Section 511. Payment of Subordinate Securities. Sixth, and subject to the provisions hereinabove in this Article, but subsequent to the payments required by Sections 504, 505, 506, 507 and 510 hereof, any moneys remaining in the Sewer Enterprise Fund may be used by the City for the payment of Bond Requirements of Subordinate Securities, including reasonable reserves for such Subordinate Securities and for rebate of amounts to the United States Treasury with respect to such Subordinate Securities.

Section 512. Use of Remaining Revenues. After the payments hereinabove required to be made by Sections 502 through 511 hereof are made, any remaining Net Pledged Revenues in the Sewer Enterprise Fund shall be used, firstly, for any one or any combination of reasonably necessary purposes and in the Council's discretion relating to the operation, improvement or debt management of the System and, secondly, to the extent of any remaining surplus, for any one or any combination of lawful purposes as the Council may from time to time conclusively determine.

Section 513. Maintenance of the Escrow Account. The Escrow Account shall be maintained in an amount at the time of the initial deposits therein and at all times subsequently at least sufficient, together with the known minimum yield to be derived from the initial investment and any temporary reinvestment of the deposits therein or any part thereof in Federal Securities to pay the principal of and interest on the Refunded Bonds on and after the delivery of the Bonds to and including the first available Redemption Date for the Refunded Bonds. The form, terms and provisions of the Escrow Agreement are hereby approved in substantially the form as on file with the Clerk, and the Mayor and City Clerk are hereby authorized to execute and deliver the Escrow Agreement.

Section 514. Use of the Escrow Account. Moneys shall be withdrawn by the Escrow Bank from the Escrow Account in sufficient amounts and at such times to permit the payment without default of the principal of and interest on the Refunded Bonds and after the delivery of the Bonds to and including the first available Redemption Date for the Refunded Bonds. Any moneys remaining in the Escrow Account after provision shall have been made for the payment in full of the Refunded Bonds shall be applied to any lawful purpose of the City as the Council may hereafter determine.

ARTICLE VI GENERAL ADMINISTRATION

Section 601. Administration of Accounts. The special funds and accounts designated in Articles IV and V hereof, except for the Escrow Account, shall be administered as provided in this Article (but not any account under Section 1201 hereof).

Section 602. Places and Times of Deposits. Except as hereinafter provided, each of such special funds and accounts shall be maintained by the City as a book account and kept separate from all other accounts as a trust account solely for the purposes herein designated therefor. The moneys accounted for in such special book accounts may be in one or more bank accounts in one or more Commercial Banks. Each such bank account shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes. Each periodic payment shall be credited to the proper book account not later than the date therefor herein designated, except that when any such date shall not be a Business Day, then such payment shall be made on or before the next preceding Business Day. Moneys shall be deposited with the Paying Agent for the Bonds not less than (a) three Business Days prior to each interest payment date and each maturity or mandatory Redemption Date, if funds are delivered by wire transfer, or (b) five Business Days prior to each payment date if funds are delivered by another method of payment, in immediately available amounts sufficient to pay the Bond Requirements then becoming due on the Outstanding Bonds.

Section 603. Investment of Moneys. Any moneys in the Project Fund, Sewer Enterprise Fund, Bond Fund, Supplemental Reserve Fund, Reserve Fund, and Rebate Fund and not needed for immediate use shall be invested or reinvested by the Director of Finance in Investment Securities. All such investments shall (a) either be subject to redemption at any time at a fixed value by the holder thereof at the option of such holder, or (b) mature not later than the estimated date or respective dates on which the proceeds are to be expended as estimated by the Director of Finance at the time of such investment or reinvestment; provided that (1) Investment Securities credited to the Reserve Fund shall not mature later than ten years from the date of such investment or reinvestment and (2) collateral securities of any Investment Securities may have a maturity of more than five years from the date of purchase thereof. For the purpose of any such investment or reinvestment, Investment Securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

Section 604. Accounting for Investments. The Investment Securities so purchased as an investment or reinvestment of moneys in any such account hereunder shall be deemed at all times to be a part of the account. Any interest or other gain from any investments and reinvestments of moneys accounted for in the Sewer Enterprise Fund, the Project Fund, the Bond Fund, and the Rebate Fund shall be credited to such account, and any loss resulting from any such investments or reinvestments of moneys accounted for in the Sewer Enterprise Fund, the Project Fund, the Bond Fund, the Supplemental Reserve Fund, the Reserve Fund, and the Rebate Fund shall be charged or debited to such Fund.

Any interest or other gain from any investment or reinvestment of moneys accounted for in the Reserve Fund (a) shall be credited to the Rebate Fund or the Bond Fund, at the discretion of the Director of Finance, if the amount credited to the Reserve Fund immediately after such credit to the Rebate Fund or the Bond Fund is not less than the Reserve Fund Requirement

and (b) if the amount credited to the Reserve Fund is less than the Reserve Fund Requirement, shall be credited to the Reserve Fund (up to the amount of the deficiency).

No loss or profit in any account on any investments or reinvestments in Investment Securities shall be deemed to take place as a result of market fluctuations of the Investment Securities prior to the sale or maturity thereof. In the computation of the amount in any account for any purpose hereunder, except as herein otherwise expressly provided or for rebate purposes, as described in the Tax Compliance Certificate, Investment Securities shall be valued at the cost thereof (including any amount paid as accrued interest at the time of purchase of the obligation); provided that any time or demand deposits shall be valued at the amounts deposited, in each case exclusive of any accrued interest or any other gain to the City until such gain is realized by the presentation of matured coupons for payment or otherwise.

Section 605. Redemption or Sale of Investment Securities. The Director of Finance shall present for redemption or sale on the prevailing market at the best price obtainable any Investment Securities so purchased as an investment or reinvestment of moneys in the account whenever it shall be necessary in order to provide moneys to meet any withdrawal, payment or transfer from such account. Neither the Director of Finance nor any other officer or employee of the City shall be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with this Ordinance.

Section 606. Character of Funds. The moneys in any account designated in Articles IV and V hereof shall consist either of lawful money of the United States or Investment Securities, or both such money and such Investment Securities. Moneys deposited in a demand or time deposit account in a bank or savings and loan association, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States.

Section 607. Payment of Bond Requirements. The moneys credited to any fund or account designated in Article V hereof for the payment of the Bond Requirements of any Bonds shall be used without requisition, voucher, warrant, further order or authority (other than is contained herein), or any other preliminaries, to pay promptly the Bond Requirements of any Bonds payable from such fund or account as such amounts are due, except to the extent any other moneys are available therefor.

ARTICLE VII SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 701. Lien of Bonds. The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues on a parity with the lien of the Net Pledged Revenues of the Parity Bonds. The Policy Costs constitute an irrevocable and subordinate lien (but not necessarily an exclusive subordinate lien) upon the Net Pledged Revenues.

Section 702. Equality of Bonds. The Bonds and any Parity Bonds heretofore issued or hereafter authorized to be issued and from time to time Outstanding are equitably and

ratably secured by a lien on the Net Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Net Pledged Revenues regardless of the time or times of the issuance of the Bonds and any other such Parity Bonds, it being the intention of the Council that there shall be no priority among the Bonds and any such Parity Bonds regardless of the fact that they may be actually issued and delivered at different times, except that (a) moneys in the Project Fund, Bond Fund, the Supplemental Reserve Fund, and Reserve Fund shall secure only the Bonds and the moneys in any acquisition, bond, reserve or similar funds established for other Parity Bonds shall secure only such Parity Bonds; and (b) other Parity Bonds may have a lien on Net Pledged Revenues on a parity with the lien thereon of the Bonds even if no supplemental reserve fund or reserve fund is established for such Parity Bonds or a supplemental reserve fund or reserve fund is established but with a different requirement as to the amount of moneys (or the value of a supplemental reserve fund or reserve fund insurance policy with respect to such Parity Bonds) required to be on deposit therein or the manner in which such supplemental reserve fund or reserve fund is funded or the period of time over which such supplemental reserve fund or reserve fund is funded.

Section 703. Issuance of Parity Bonds. Nothing herein prevents the issuance by the City of additional securities payable from the Net Pledged Revenues and constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the Bonds; but before any such additional Parity Bonds, except as provided in Section 708, are authorized or actually issued all of the following conditions are satisfied:

A. **Absence of Default.** At the time of the adoption of the ordinance authorizing the issuance of the additional securities, the City shall not be in default in making any payments required by Article V hereof or other Parity Bond Ordinances, including any payments of Policy Costs.

B. **Historic Earnings Test.** The Net Pledged Revenues for any 12 consecutive months out of the 24 months preceding the month in which such securities are to be issued are at least equal to the sum of 110% of the Combined Maximum Annual Principal and Interest Requirements of all Outstanding Bonds, Outstanding Parity Bonds and such additional Parity Bonds proposed to be issued.

C. **Adjustment of Gross Pledged Revenues.** In any computation under paragraph B of this Section, the amount of the Gross Pledged Revenues for the applicable period shall be decreased and may be increased by the amount of loss or gain conservatively estimated by an Independent Accountant, Independent Engineer or the Director of Finance, as the case may be, which results from any changes in any schedule of fees, rates and other charges constituting Gross Pledged Revenues based on the number of users during the applicable period as if such modified schedule of fees, rates and other charges shall have been in effect during such entire time period. However, the Gross Pledged Revenues need not be decreased by the amount of any such estimated loss to the extent the Independent Accountant, the Independent Engineer or the Director of Finance estimates the loss is temporary in nature or will be offset within a reasonable temporary period by an increase in revenues or a reduction in Operation and Maintenance Expenses not otherwise included in the calculations under this Section, and estimates any loss under this sentence will not at any time materially and adversely affect the City's apparent ability to comply with the rate maintenance covenant

stated in Section 821 hereof without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

D. Reduction of Annual Requirements. The respective annual Bond Requirements (including as such a requirement the amount of any prior redemption premiums due on any Redemption Date) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective Fiscal Years with moneys held in trust or in escrow for that purpose by any Trust Bank, including the known minimum yield from any investment in Federal Securities and any bank deposits, including any certificate of deposit.

E. Consideration of Additional Expenses. In determining whether or not additional Parity Bonds may be issued as aforesaid, consideration shall be given to any probable increase (but not reduction) in the Operation and Maintenance Expenses of the System as estimated by the Director of Finance that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional securities; but the Director of Finance may reduce any such increase in Operation and Maintenance Expenses by the amount of any increase in revenues or any reduction in Operation and Maintenance Expenses resulting from the Capital Improvements to which such expenditure relates and not otherwise included in the calculations under this Section, if the Director of Finance also opines that any such increase in revenues or reduction in any increase in Operation and Maintenance Expenses will not materially and adversely affect the City's apparent ability to comply with the rate maintenance covenant stated in Section 821 hereof without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

Section 704. Certification of Revenues. A written certificate or written opinion by the Director of Finance that the annual revenues required under paragraph B of Section 703 hereof, when adjusted as hereinabove provided in paragraphs C, D, and E of Section 703 hereof, are sufficient to pay such amounts, as provided in paragraph B of Section 703 hereof, shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver additional securities on a parity with the Bonds.

Section 705. Subordinate Securities Permitted. Nothing herein prevents the City from issuing additional securities payable from the Net Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds.

Section 706. Superior Securities Prohibited. Nothing herein permits the City to issue additional securities payable from the Net Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the Bonds.

Section 707. Use of Proceeds. The proceeds of any Parity Bonds or other securities payable from any Net Pledged Revenues shall be used only to finance Capital Improvements or to refund all or any portion of the Bonds, Parity Bonds, or other securities payable from Net Pledged Revenues, regardless of the priority or the lien of such securities on Net Pledged Revenues.

Section 708. Issuance of Refunding Securities. The City may issue any refunding securities payable from Net Pledged Revenues to refund any Outstanding Bonds or Parity Bonds, with such details as the Council may by ordinance provide so long as there is no material impairment of any contractual obligation imposed upon the City by any proceedings authorizing the issuance of any unrefunded portion of such Outstanding securities of any one or more issues; but so long as the Bonds, or any part thereof, are Outstanding, refunding securities payable from Net Pledged Revenues may be issued on a parity with the unrefunded Bonds only if:

- A. **Prior Consent.** The City first receives the consent of the Owner or Owners of the unrefunded portion of the Bonds; or
- B. **Requirements Not Increased.** The Combined Maximum Annual Principal and Interest Requirements for the Bonds and Parity Bonds Outstanding immediately after the issuance of the refunding securities is not greater than the Combined Maximum Annual Principal and Interest Requirements for all Bonds and Parity Bonds Outstanding immediately prior to the issuance of the refunding securities and the lien of any refunding Parity Bonds on the Net Pledged Revenues is not raised to a higher priority than the lien thereon of any securities thereby refunded; or
- C. **Earnings Test.** The refunding securities are issued in compliance with Section 703 hereof.

ARTICLE VIII PROTECTIVE COVENANTS

Section 801. General. The City hereby covenants and agrees with the Owners of the Bonds and makes provisions which shall be a part of its contract with such Owners to the effect and with the purpose set forth in the following Sections of this Article.

Section 802. Performance of Duties. The City, acting by and through the Council or otherwise, shall faithfully and punctually perform, or cause to be performed, all duties with respect to the Gross Pledged Revenues and the System required by the Constitution and laws of the State and the various ordinances of the City, including, without limitation, the making and collection of reasonable and sufficient fees, rates and other charges for services rendered or furnished by or the use of the System, as herein provided, and the proper segregation of the proceeds of the Bonds and of any securities hereafter authorized and the Gross Pledged Revenues and their application from time to time to the respective accounts provided therefor.

Section 803. Contractual Obligations. The City shall perform all contractual obligations undertaken by it under any agreements relating to the Bonds, the Gross Pledged Revenues, the Project, or the System, or any combination thereof, with any other Persons.

Section 804. Further Assurances. At any and all times the City shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other

documents and assurances as may be reasonably necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Gross Pledged Revenues and other moneys and accounts hereby pledged or assigned, or intended so to be, or which the City may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Ordinance and to comply with any instrument of the City amendatory thereof, or supplemental thereto. The City, acting by and through the Council, or otherwise, shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Gross Pledged Revenues and other moneys and accounts pledged hereunder and all the rights of every Owner of any Bond hereunder against all claims and demands of all Persons whomsoever.

Section 805. Conditions Precedent. Upon the date of issuance of the Bonds, all conditions, acts and things required by the Federal or State Constitution, Title 37, Article 45.1, C.R.S., Title 11, Article 57, Part 2, C.R.S., this Ordinance, or any other applicable law to exist, to have happened and to have been performed precedent to or in the issuance of the Bonds shall exist, have happened, and have been performed; and the Bonds, together with all other obligations of the City, shall not contravene any debt or other limitation prescribed by the State Constitution.

Section 806. Efficient Operation and Maintenance. The City shall at all times operate the System properly and in a sound and economical manner; and the City shall maintain, preserve and keep the same properly or cause the same so to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof in good repair, working order and condition, and shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the System may be properly and advantageously conducted. All salaries, fees, wages and other compensation paid by the City in connection with the maintenance, repair and operation of the System shall be reasonable and proper.

Section 807. Rules, Regulations and Other Details. The City, acting by and through the Council, shall establish and enforce reasonable rules and regulations governing the operation, use and services of the System. The City shall observe and perform all of the terms and conditions contained in this Ordinance, and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System or to the City, except for any period during which the same are being contested in good faith by proper legal proceedings.

Section 808. Payment of Governmental Charges. The City shall pay or cause to be paid all taxes and assessments or other governmental charges, if any, lawfully levied or assessed upon or in respect of the System, or upon any part thereof, or upon any portion of the Gross Pledged Revenues, when the same shall become due, and shall duly observe and comply with all valid requirements of any governmental authority relative to the System or any part thereof, except for any period during which the same are being contested in good faith by proper legal proceedings. The City shall not create or suffer to be created any lien upon the

System, or any part thereof, or upon the Gross Pledged Revenues, except the pledge and lien created by this Ordinance for the payment of the Bond Requirements of the Bonds and except as herein otherwise permitted. The City shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System, or any part thereof, or the Gross Pledged Revenues; but nothing herein requires the City to pay or cause to be discharged or to make provision for any such tax, assessment, lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Section 809. Protection of Security. The City, the officers, agents and employees of the City, and the Council shall not take any action in such manner or to such extent as might prejudice the security for the payment of the Bond Requirements of the Bonds, the Parity Bonds, and any other securities payable from the Net Pledged Revenues or any Policy Costs relating thereto according to the terms thereof. No contract shall be entered into, nor any other action taken by which the rights of any Owner of any Bond or other security payable from Net Pledged Revenues or any Policy Costs relating thereto might be prejudicially and materially impaired or diminished.

Section 810. Prompt Payment of Bonds. The City shall promptly pay the Bond Requirements of the Bonds at the places, on the dates and in the manner specified herein and, in the Bonds, according to the true intent and meaning hereof.

Section 811. Use of Bond Fund, Supplemental Reserve and Reserve Funds. The Bond Fund, the Supplemental Reserve Fund and the Reserve Fund shall be used solely for and the moneys credited to such funds and accounts therein are hereby pledged, and a lien thereon is hereby created, for the purpose of paying the Bond Requirements of the Bonds to their respective maturities or any Redemption Date or Dates, subject to the provisions of Sections 506, 507, 508, 509, 604 and 1201 hereof.

Section 812. Other Liens. Other than as provided herein, there are no liens or encumbrances of any nature whatsoever on or against the System, or any part thereof, or on or against the Gross Pledged Revenues on a parity with or superior to the lien thereon of the Bonds.

Section 813. Corporate Existence. The City shall maintain its corporate identity and existence so long as any of the Bonds remain Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the City and is obligated by law to operate and maintain the System and to fix and collect the Gross Pledged Revenues as herein provided without adversely and materially affecting at any time the privileges and rights of any Owner of any Outstanding Bond.

Section 814. Disposal of System Prohibited. Except for the use of the System and services pertaining thereto in the normal course of business, or as provided in Section 815 hereof, neither all nor a substantial part of the System shall be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of, until all the Bonds have been paid in full, as to all Bond Requirements, or unless provision has been made therefor, or until the Bonds have otherwise been redeemed, including, without limitation, the termination of the pledge as herein authorized; and the City shall not dispose of its title to the System or to any useful part thereof, including any property necessary to the operation and use of the System and the lands and interests in lands comprising the sites of the System.

Section 815. Disposal of Unnecessary Property. The City at any time and from time to time may sell, exchange, lease or otherwise dispose of any property constituting a part of the System and not useful in the construction, reconstruction or operation thereof, or which shall cease to be necessary for the efficient operation of the System, or which shall have been replaced by other property of at least equal value. Any proceeds of any such sale, exchange, lease or other disposition received and not used to replace such property so sold or so exchanged or otherwise so disposed of, shall be deposited by the City in the Sewer Enterprise Fund or into a special book account for the betterment, enlargement, extension, other improvement and equipment of the System, or any combination thereof, as the Council may determine, provided that any proceeds of any such lease received shall be deposited by the City as Gross Pledged Revenues in the Sewer Enterprise Fund.

Section 816. Competing System. So long as any of the Bonds are Outstanding, the City shall not grant any franchise or license to any competing facilities so that the Gross Pledged Revenues shall not be sufficient to satisfy the covenant in Section 821 hereof.

Section 817. Loss From Condemnation. If any part of the System is taken by the exercise of the power of eminent domain, the amount of any award received by the City as a result of such taking shall be paid into the Sewer Enterprise Fund or into a capital improvement account pertaining to the System for the purposes thereof, or, applied to the redemption of the Outstanding Bonds and any Outstanding Parity Bonds relating thereto, all as the City may determine.

Section 818. Employment of Management Engineers. If the City defaults in paying the Bond Requirements of the Bonds or any Parity Bonds, and any other securities or Policy Costs relating thereto payable from the Gross Pledged Revenues promptly as the same fall due, or an Event of Default has occurred and is continuing, or if the Net Pledged Revenues in any Fiscal Year fail to equal at least the amount of the Bond Requirements of the Outstanding Bonds, Parity Bonds, and any other securities (including all reserves therefor specified in the authorizing proceedings, including, without limitation, this Ordinance) or Policy Costs relating thereto payable from the Net Pledged Revenues in that Fiscal Year, the City shall retain a firm of competent management engineers skilled in the operation of such facilities to assist the management of the System so long as such default continues or so long as the Net Pledged Revenues are less than the amount hereinabove designated in this Section.

Section 819. Budgets. The Council and officials of the City shall annually and at such other times as may be provided by law prepare and adopt a budget pertaining to the System.

Section 820. Reasonable and Adequate Charges. While the Bonds remain Outstanding and unpaid, the fees, rates and other charges due to the City for the use of or otherwise pertaining to and services rendered by the System to the City, to its inhabitants and to all other users within and without the boundaries of the City shall be reasonable and just, taking into account and consideration public interests and needs, the cost and value of the System, the Operation and Maintenance Expenses thereof, and the amounts necessary to meet the Bond Requirements of all Bonds, the Parity Bonds, and any other securities payable from the Net Pledged Revenues, including, without limitation, reserves and any replacement accounts therefor.

Section 821. Adequacy and Applicability of Charges. There shall be charged against users of service pertaining to and users of the System, such fees, rates and other charges so that the Gross Pledged Revenues shall be adequate to meet the requirements of this and the preceding Sections hereof. Such charges pertaining to the System shall be at least sufficient so that the Gross Pledged Revenues annually are sufficient to pay in each Fiscal Year:

- A. Operation and Maintenance Expenses. An amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year,
- B. Principal and Interest. An amount equal to 110% of both the principal and interest on the Bonds and any Parity Bonds then Outstanding in that Fiscal Year (excluding the reserves therefor), and
- C. Deficiencies. Any amounts required to pay all Policy Costs, if any, due and owing and all sums, if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the Gross Pledged Revenues or any securities payable therefrom.

Section 822. Limitations Upon Free Service. No free service or facilities shall be furnished by the System, except that if the City elects to use for City purposes any water facilities, or other services and facilities provided by the System or otherwise to use the System or any part thereof, the City is not required to pay for such use.

Section 823. Levy of Charges. The City shall forthwith and in any event prior to the delivery of any of the Bonds, fix, establish and levy the fees, rates and other charges which are required by Section 821 of this Ordinance, if such action is necessary therefor. No reduction in any initial or existing rate schedule for the System may be made:

- A. Proper Application. Unless the City has fully complied with the provisions of Article V of this Ordinance for at least the full Fiscal Year immediately preceding such reduction of the initial or any other existing rate schedule; and
- B. Sufficient Revenues. Unless the audit required by the Independent Accountant by Section 827 hereof for the full Fiscal Year immediately preceding such reduction discloses that the estimated revenues resulting from the proposed rate schedule for the System, after the

schedule's proposed reduction, shall be at least sufficient to produce the amounts required by Section 821 hereof.

Section 824. Collection of Charges. The City shall cause all fees, rates and other charges pertaining to the System to be collected as soon as is reasonable, shall reasonably prescribe and enforce rules and regulations or impose contractual obligations for the payment of such charges, and for the use of the System, and shall provide methods of collection and penalties, to the end that the Gross Pledged Revenues shall be adequate to meet the requirements of this Ordinance and any other ordinance supplemental thereto.

Section 825. Procedure for Collecting Charges. All bills for water services and all other services or facilities furnished or served by or through the System shall be rendered to customers on a regularly established basis. The fees, rates and other charges due shall be collected in a lawful manner, including, without limitation, discontinuance of service.

Section 826. Maintenance of Records. So long as any of the Bonds and any Parity Bonds payable from the Gross Pledged Revenues remain Outstanding, proper books of record and account pertaining to the Gross Pledged Revenues and the System shall be kept by the City, separate and apart from all other records and accounts.

Section 827. Audits Required. The City shall cause an audit for the Fiscal Year of the books and accounts pertaining to the Gross Pledged Revenues and the System to be completed by an Independent Accountant within 210 days following the close of each Fiscal Year.

Section 828. Accounting Principles. System records and accounts, and audits thereof, shall be currently kept and made, as nearly as practicable, in accordance with the then generally accepted accounting principles, methods and terminology followed and construed for utility operations comparable to the System, except as may be otherwise provided herein or required by applicable law or regulation or by contractual obligation existing on the effective date of this Ordinance.

Section 829. Insurance and Reconstruction. Except to the extent of any self-insurance, the City shall at all times maintain with responsible insurers fire and extended coverage insurance, worker's compensation insurance, public liability insurance and all such other insurance as is customarily maintained with respect to utilities of like character against loss of or damage to the System and against loss of revenues and against public and other liability to the extent reasonably necessary to protect the interests of the City and of each Owner of a Bond. If any useful part of the System shall be damaged or destroyed, the City shall, as expeditiously as may be possible, commence and diligently proceed with the repair or replacement of the damaged property so as to restore the same to use. The proceeds of any such insurance shall be payable to the City and (except for proceeds of any use and occupancy insurance) shall be applied to the necessary costs involved in such repair and replacement and to the extent not so applied shall (together with the proceeds of any such use and occupancy insurance) be deposited in the Sewer Enterprise Fund by the City as revenues derived from the operation of the System. If the costs of such repair and

replacement of the damaged property exceed the proceeds of such insurance available for the payment of the same, moneys in the Sewer Enterprise Fund shall be used to the extent necessary for such purposes, as permitted by Section 512 hereof.

Section 830. Federal Income Tax Exemption. The City covenants for the benefit of the Owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the City or any facilities financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except to the extent that such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations; or (iii) would cause interest on the Bonds to lose its exclusion from State taxable income or State alternative minimum taxable income under present State law. In furtherance of this covenant, the City agrees to comply with the procedures set forth in the Tax Compliance Certificate with respect to the Bonds. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code and State law have been met.

Section 831. Continuing Disclosure. The City shall comply with the provisions of the Continuing Disclosure Certificate. Any failure by the City to perform in accordance with this Section shall not constitute an Event of Default under this Ordinance, and the rights and remedies provided by this Ordinance upon the occurrence of an Event of Default shall not apply to any such failure. The Paying Agent shall not have any power or duty to enforce this Section. No Owner of a Bond shall be entitled to damages for the City's non-compliance with its obligations under this Section; however, the Owners of the Bonds may enforce specific performance of the obligations contained in this Section by any judicial proceeding available.

ARTICLE IX PRIVILEGES, RIGHTS AND REMEDIES

Section 901. Owners' Remedies. Each Owner of any Bond shall be entitled to all of the privileges, rights and remedies provided or permitted in this Ordinance, and as otherwise provided or permitted by law or in equity or by any statutes, except as provided in Sections 202 through 206 and 1201 hereof, but subject to the provisions herein concerning the pledge of and the covenants and the other contractual provisions concerning the Gross Pledged Revenues and the proceeds of the Bonds.

Section 902. Right to Enforce Payment. Nothing in this Article affects or impairs the right of any Owner of any Bond to enforce the payment of the Bond Requirements due in connection

with his or her Bond or the obligation of the City to pay the Bond Requirements of each Bond to the Owner thereof at the time and the place expressed in the Bond.

Section 903. Events of Default. Each of the following events is hereby declared an “Event of Default,” provided however, that in determining whether a payment default has occurred pursuant to paragraphs A or B of this Section, no effect shall be given to payments made under the Insurance Policy:

- A. Nonpayment of Principal. Payment of the principal of any of the Bonds is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption, or otherwise;
- B. Nonpayment of Interest. Payment of any installment of interest on any of the Bonds is not made when the same becomes due and payable;
- C. Cross Defaults. The occurrence and continuance of an “event of default,” as defined in any Parity Bond Ordinance;
- D. Failure to Reconstruct. The City unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the System which is destroyed or damaged and is not promptly repaired or replaced (whether such failure promptly to repair the same is due to impracticability of such repair or replacement or is due to a lack of moneys therefor or for any other reason), but it shall not be an Event of Default if such reconstruction is not essential to the efficient operation of the System;
- E. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the City appointing a receiver or receivers for the System or for the Gross Pledged Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or if an order or decree having been entered without the consent or acquiescence of the City is not vacated or discharged or stayed on appeal within 60 days after entry;
- F. Default Under Insurance Agreement. If an event of default shall have occurred and be continuing under the provisions of the Insurance Agreement; and
- G. Default of Any Provision. The City defaults in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds or in this Ordinance on its part to be performed (other than Section 831 hereof), and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the City and the Insurer specifying the failure and requiring that it be remedied, which notice may be given by the Paying Agent in its discretion and, except as provided in Section 1101 hereof, shall be given by the Paying Agent at the written request of the Owners of not less than 25 percent in aggregate principal amount of Bonds then Outstanding.

Section 904. Remedies for Defaults. Except as provided in Section 1101 hereof, upon the happening and continuance of any Event of Default, the Owner or Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the City and its agents, officers and employees to protect and to enforce the rights of any Owner of Bonds under this Ordinance by mandamus or by other suit, action or special proceedings in equity or at law, in any court of

competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper legal or equitable remedy as such Owner or Owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any Owner of any Bond, or to require the City to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of the Bonds.

Section 905. Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such Owners hereunder, the consent to any such appointment being hereby expressly granted by the City, may enter and may take possession of the System, may operate and maintain the same, may prescribe fees, rates and other charges, and may collect, receive and apply all Gross Pledged Revenues arising after the appointment of such receiver in the same manner as the City itself might do.

Section 906. Rights and Privileges Cumulative. The failure of any Owner of any Outstanding Bond to proceed in any manner herein provided shall not relieve the City, or any of its officers, agents or employees of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such Owner (or trustee thereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any Owner shall not be deemed a waiver of any other right or privilege thereof.

Section 907. Duties upon Defaults. Upon the happening of any Event of Default, the City shall do and perform all proper acts on behalf of and for the Owners of Bonds to protect and to preserve the security created for the payment of the Bonds and to insure the payment of the Bond Requirements promptly as the same become due. While any Event of Default exists, except to the extent it may be unlawful to do so, all Gross Pledged Revenues shall be paid into the Bond Fund and into bond or similar funds established for any Parity Bonds then Outstanding, pro rata based upon the aggregate principal amount of the Bonds and Parity Bonds then Outstanding. Except as provided in Section 1101 hereof, if the City fails or refuses to proceed as in this Section provided, the Owner or Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the Owners of the Bonds as hereinabove provided, and to that end any such Owners of the Outstanding Bonds shall be subrogated to all rights of the City under any agreement, lease or other contract involving the System or the Gross Pledged Revenues entered into prior to the effective date of this Ordinance or thereafter while any of the Bonds are Outstanding.

**ARTICLE X
AMENDMENT OF ORDINANCE**

Section 1001. Privilege of Amendments.

A. Except as hereafter provided, this Ordinance may be amended or supplemented by ordinances adopted by the Council in accordance with law, without receipt by the City of any additional consideration, but with the written consent of the Insurer and, subject to Section 1101 hereof, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory or supplemental ordinance excluding, pursuant to Section 101 B hereof, any Bonds which may then be held or owned for the account of the City. Notwithstanding the foregoing, no such ordinance shall permit:

- (1) Changing Payment. A change in the maturity, terms of redemption or interest payment of any Outstanding Bond; or
- (2) Reducing Return. A reduction in the principal amount of any Bond or the rate of interest thereon, without the consent of the Owner of the Bond; or
- (3) Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by this Ordinance; or
- (4) Modifying Any Bond. A reduction of the principal amount or percentages or otherwise affecting the description of Bonds the consent of the Owners of which is required for any such modification or amendment; or
- (5) Priorities Between Bonds. The establishment of priorities as between Bonds issued and Outstanding; or
- (6) Modification of Less Than All the Bonds. The modification of or otherwise affecting the rights of the Owners of less than all of the Outstanding Bonds.

B. Notwithstanding the foregoing provisions of this Section, this Ordinance and the rights and obligations of the City and of the Owners of the Bonds may also be modified or amended at any time, with the written consent of the Insurer but without the consent of any Owners of the Bonds, but only to the extent permitted by law and only for any or all of the following purposes:

- (1) to add to the covenants and agreements of the City in this Ordinance contained other covenants and agreements thereafter to be observed;
- (2) to subject to the covenants and agreements of the City in this Ordinance additional System revenues, to be defined and treated as Gross Pledged Revenues, for the purpose of providing additional security for the Bonds and any Parity Bonds;
- (3) in connection with the provision of a Reserve Fund Insurance Policy subsequent to the issuance of the Bonds;
- (4) to provide for the appointment of a new Paying Agent;
- (5) to make such provisions for the purpose of curing any ambiguity or of curing or correcting any formal defect or omission in this Ordinance, or in regard to questions arising under this Ordinance, as the City may deem necessary or desirable, and which shall not adversely affect the interests of the Owners of the Bonds; or
- (6) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest allocable to the Bonds.

Section 1002. Notice of Amendment. Whenever the Council proposes to amend or modify this Ordinance under the provisions of this Article, it shall cause notice of the proposed amendment to be sent to Owners of all Outstanding Bonds at their addresses as the same last appear on the registration records maintained by the Paying Agent or by electronic means to DTC or its successors, and to the Insurer. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory ordinance is on file with the City Manager for public inspection. Notice of the proposed amendment, together with a copy of the proposed amendatory ordinance, shall be delivered to the Rating Agencies then maintaining a rating on the Bonds at least 15 days in advance of the adoption of the amendment. A full transcript of all proceedings relating to the execution of such amendatory ordinance shall be provided to the Insurer.

Section 1003. Time for Amendment. If the ordinance is required to be consented to by the Owners of the Bonds, whenever at any time within one year from the date of the giving of such notice there shall be filed with the City Manager an instrument or instruments executed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory ordinance described in such notice and shall specifically consent to and approve the adoption of such ordinance, the Council may adopt such amendatory ordinance and such ordinance shall become effective. If the ordinance is not required to be consented to by the Owners of the Bonds, the amendatory ordinance may be adopted by the Council at any time.

Section 1004. Binding Consent to Amendment. If the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory ordinance requiring consent of the Owners of the Bonds, or the predecessors in title of such Owners, shall have consented to and approved the adoption thereof as herein provided, no Owner of any Bond, whether or not such Owner shall have consented to or shall have revoked any consent as in this Article provided, shall have any right or interest to object to the adoption of such amendatory ordinance or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions thereof.

Section 1005. Time Consent Binding. Any consent given by the Owner of a Bond pursuant to the provisions of this Article shall be irrevocable for a period of 6 months from the date of the giving of the notice above provided for and shall be conclusive and binding upon all future Owners of the same Bond during such period. Such consent may be revoked at any time after 6 months from the date of such giving of such notice by the Owner who gave such consent or by a successor in title by filing notice of such revocation with the City Manager, but such revocation shall not be effective if the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding as in this Article provided, prior to the attempted revocation, consented to and approved the amendatory ordinance referred to in such revocation.

Section 1006. Unanimous Consent. Notwithstanding anything in the foregoing provisions of this Article, the terms and provisions of this Ordinance or of any ordinance amendatory

thereof or supplemental thereto and the rights and the obligations of the City and of the Owners of the Bonds thereunder may be modified or amended in any respect upon the adoption by the City and upon the filing with the City Manager of an ordinance to that effect and with the consent of the Insurer and the Owners of all the then Outstanding Bonds, such consent to be given as provided in Section 1003 hereof; and no notice to Owners of Bonds shall be required as provided in Section 1002 hereof, nor shall the time of consent be limited except as may be provided in such consent.

Section 1007. Exclusion of City's Bonds. At the time of any consent or of other action taken under this Article, the City shall furnish to the City Manager a certificate of the Director of Finance, upon which the City may rely, describing all Bonds to be excluded for the purpose of consent or of other action or of any calculation of Outstanding Bonds provided for in this Article, and the City shall not be entitled with respect to such Bonds to give any consent or to take any other action provided for in this Article, as provided in Section 101 B hereof.

Section 1008. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this Article provided may bear a notation by endorsement or otherwise in form approved by the Council as to such action; and after the approval of such notation, then upon demand of the Owner of any Bond Outstanding and upon presentation of his or her Bond for that purpose at the principal office of the Paying Agent, suitable notation shall be made on such Bond by the Paying Agent as to any such action. If the Council so determines, new Bonds, so modified as in the opinion of the Council conform to such action, shall be prepared, executed, authenticated and delivered; and upon demand of the Owner of any Bond then Outstanding, shall be exchanged without cost to such Owner for Bonds then Outstanding upon surrender of such Bonds.

Section 1009. Proof of Instruments and Bonds. The fact and date of execution of any instrument under the provisions of this Article, the amount and number of the Bonds held by any Person executing such instrument, and the date of his or her holding the same may be proved as provided by Section 1203 hereof.

Section 1010. Copies of Supplemental Ordinances to Rating Agencies. Copies of any supplemental or amendatory ordinance shall be sent by the City to the Rating Agencies at least 10 days prior to the effective date thereof.

ARTICLE XI INSURANCE POLICY AND RESERVE POLICY PROVISIONS

Section 1101. Insurer To Be Deemed Owner, Rights of the Insurer, Payments by the Insurer: Notices.

A. Notwithstanding any provision of this Ordinance to the contrary, so long as the Insurer is not in default in its payment obligations under the Insurance Policy, the Insurer shall at all times be deemed the sole and exclusive Owner of the Outstanding Bonds for the purposes of all approvals, consents, waivers, institution of any action, and the direction of all remedies pursuant to this Ordinance, including but not limited to approval of or consent to any

amendment of or supplement to this Ordinance which requires the consent or approval of the Owners of not less than a majority of the aggregate principal amount of the Bonds then Outstanding pursuant to this Ordinance; provided, however, that the Insurer shall not be deemed to be the sole and exclusive Owner of the Outstanding Bonds with respect to any amendment or supplement to this Ordinance which seeks to amend or supplement this Ordinance for the purposes set forth in clauses A (1) through A (6) of Section 1001 hereof, and provided, further, that the Insurer shall not have the right to direct or consent to City, Paying Agent or Owner action as provided herein, if:

- (1) the Insurer shall be in default under the Insurance Policy;
- (2) any material provision of the Insurance Policy shall be held to be invalid by a final, non-appealable order of a court of competent jurisdiction, or the validity or enforceability thereof shall be contested by the Insurer; or
- (3) a proceeding shall have been instituted in a court having jurisdiction in the premises seeking an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution in respect of the Insurer and such proceeding is not terminated for a period of 90 consecutive days or such court enters an order granting the relief sought in such proceeding.

B. To the extent that the Insurer makes payment of any principal of or interest on a Bond, it shall be fully subrogated to all of the Owner's rights thereunder in accordance with the terms of the Insurance Policy to the extent of such payment, including the Owner's rights to payment thereof.

C. In the event that the principal of or interest on a Bond shall be paid by the Insurer pursuant to the terms of the Insurance Policy: (1) such Bond shall continue to be "Outstanding" under this Ordinance, and (2) the Insurer shall be fully subrogated to all of the rights of the Owner thereof in accordance with the terms and conditions of paragraph B of this Section and the Insurance Policy.

D. This Ordinance shall not be discharged unless and until all amounts due to the Insurer have been paid in full or duly provided for.

E. The rights granted under this Ordinance to the Insurer to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit of or on behalf of the Owners, nor does such action evidence any position of the Insurer, positive or negative, as to whether Owner consent is required in addition to consent of the Insurer.

F. No modification, amendment or supplement to this Ordinance shall become effective except upon obtaining the prior written consent of the Insurer.

G. No contract shall be entered into, nor any action taken by the City or the Paying Agent pursuant to which the rights of the Insurer or security for or sources of payment of the Bonds under this Ordinance may be impaired or prejudiced except upon obtaining the prior written consent of the Insurer.

H. The provisions of this Article shall be of no force or effect if the Bonds are not insured by an Insurer.

**ARTICLE XII
MISCELLANEOUS**

Section 1201. Defeasance. If, when the Bonds shall be paid in accordance with their terms (or payment of the Bonds has been provided for in the manner set forth in the following paragraph), then this Ordinance and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied.

Payment of any Outstanding Bond shall prior to the maturity or Redemption Date thereof be deemed to have been provided for within the meaning and with the effect expressed in this Section if (a) in case said Bond is to be redeemed on any date prior to its maturity, the City shall have given to the Paying Agent in form satisfactory to it irrevocable instructions to give on a date in accordance with the provisions of Section 405 hereof, notice of redemption of such Bond on said Redemption Date, such notice to be given in accordance with the provisions of Section 405 hereof, (b) there shall have been deposited with the Paying Agent or a Trust Bank either moneys in an amount which shall be sufficient, and/or Federal Securities which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Paying Agent or Trust Bank at the same time, shall be sufficient to pay when due the Bond Requirements due and to become due on said Bond on and prior to the Redemption Date or maturity date thereof, as the case may be, and (c) in the event said Bond is not by its terms subject to redemption within the next sixty days, the City shall have given the Paying Agent in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 405 hereof, a notice to the Owner of such Bond that the deposit required by (b) above has been made with the Paying Agent or Trust Bank and that payment of said Bond has been provided for in accordance with this Section and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the Bond Requirements of said Bond. Neither such securities nor moneys deposited with the Paying Agent or Trust Bank pursuant to this Section or principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Bond Requirements of said Bond; provided any cash received from such principal or interest payments on such Federal Securities deposited with the Paying Agent or other Trust Bank, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities of the type described in (b) of this paragraph maturing at times and in amounts sufficient to pay when due the Bond Requirements to become due on said Bond on or prior to such Redemption Date or maturity date thereof, as the case may be. At such time as payment of a Bond has been provided for as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Ordinance, except for the purpose of any payment from such moneys or securities deposited with the Paying Agent or other Trust Bank.

The release of the obligations of the City under this Section shall be without prejudice to the right of the Paying Agent to be paid reasonable compensation for all services rendered by it

hereunder and all its reasonable expenses, charges and other disbursements incurred on or about the administration of and performance of its powers and duties hereunder.

Upon compliance with the foregoing provisions of this Section with respect to all Bonds then Outstanding, this Ordinance may be discharged in accordance with the provisions of this Section but the liability of the City in respect of the Bonds shall continue; provided that the Owners thereof shall thereafter be entitled to payment only out of the moneys or Federal Securities deposited with the Paying Agent or other Trust Bank as provided in this Section.

Section 1202. Delegated Powers. The officers, employees and agents of the City be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limitation:

- A. Final Certificates. the execution of such certificates as may be reasonably required by the Purchaser, including the Continuing Disclosure Certificate and Insurance Agreement, if any;
- B. Paying Agent Agreement. the execution and delivery of an agreement with the Paying Agent necessary or desirable to evidence the acceptance by the Paying Agent of its duties hereunder;
- C. Escrow Agreement. the execution and delivery of an agreement with the Escrow Agent necessary or desirable to evidence the acceptance by the Paying Agent of its duties hereunder;
- D. Official Statement. the execution and delivery of the final Official Statement; and
- E. Bond Purchase Agreement. the execution and delivery of the Bond Purchase Agreement from the Purchaser.
- F. Electronic Signatures. The use of electronic signatures to execute any of the documents described in this Section 1202 or elsewhere in this Ordinance, as authorized by Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act.

Section 1203. Evidence of Bond Owners. Any request, consent or other instrument which this Ordinance may require or may permit to be signed and to be executed by the Owners of any Bonds may be in one or more instruments of similar tenor and shall be signed or shall be executed by each such Owner in person or by his or her attorney appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Ordinance (except as otherwise herein expressly provided) if made in the following manner:

- A. Proof of Execution. The fact and the date of the execution by any Owner of any Bonds or his or her attorney of such instrument may be established by a certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the City Manager or Director of Finance of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he or she purports to act, that the individual signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer; the authority of the individual or individuals executing any such instrument on behalf of a corporate Owner of any securities may be established without

further proof if such instrument is signed by an individual purporting to be the president or vice-president of such corporation with a corporate seal affixed and attested by an individual purporting to be its secretary or an assistant secretary; and the authority of any Person or Persons executing any such instrument in any fiduciary or representative capacity may be established without further proof if such instrument is signed by a Person or Persons purporting to act in such fiduciary or representative capacity; and

B. Proof of Holdings. The amount of Bonds held by any Person and the numbers, date and other identification thereof, together with the date of his or her holding the Bonds, shall be proved by the registration records maintained by the Paying Agent.

Section 1204. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the City, the Paying Agent, the Insurer and the Owners of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Paying Agent, the Insurer, the Surety Provider and the Owners of the Bonds.

Section 1205. Notices. Except as otherwise may be provided in this Ordinance, all notices, certificates, requests or other communications pursuant to this Ordinance shall be in writing and shall be sufficiently given and shall be deemed given by personal delivery, electronic means, or when mailed by first class mail, and either delivered or addressed as follows:
If to the City at:

City and County of Broomfield
One DesCombes Drive
Broomfield, Colorado 80020
Attention: Director of Finance

If to the Paying Agent or Escrow Agent at:

UMB Bank, n.a.
1670 Broadway
Denver, Colorado 80202
Attention: Corporate Trust and Escrow Services

Any of the foregoing Persons may, by notice given hereunder to each of the other Persons, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 1206. Additional Notices to Rating Agencies. The Paying Agent hereby agrees that if at any time (a) the City shall redeem any portion of the Bonds Outstanding prior to maturity, but excluding redemptions pursuant to Section 402 hereof, (b) the City shall provide for the payment of any portion of the Bonds pursuant to Section 1201 hereof, (c) a successor Paying Agent is appointed hereunder, or (d) any supplement to this Ordinance shall become effective

or any Person shall waive any provision of this Ordinance, then, in each case, the Paying Agent shall give notice to each Rating Agency.

Section 1207. Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any rights, as provided in this Ordinance, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date.

Section 1208. Effective Date. This Ordinance shall be in full force and effect seven days after final publication.

Section 1209. Disposition of Ordinance. This Ordinance, as adopted by the Council, shall be numbered and recorded by the City Clerk in the official records of the City. The adoption and publication shall be authenticated by the signatures of the Mayor and City Clerk, and by the certificate of publication.

Introduced and approved after first reading on October 14, 2025, and ordered published in full.

Finally adopted and ordered published on October 28, 2025.

THE CITY AND COUNTY OF
BROOMFIELD, COLORADO
/s/ Guyleen Castriotta
Mayor

ATTEST:
/s/ Tasha Reynolds
City and County Clerk Administrator

APPROVED AS TO FORM:
/s/ Nancy Rodgers
City & County Attorney

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