

WESTMINSTER CITY COUNCIL SPECIAL MEETING
MONDAY, JULY 20, 1998 AT 6:30 P.M.

1. Pledge of Allegiance
2. Roll Call
3. Purpose of Special Meeting
 - A. Councillor's Bill No. 28 re \$6.3 million Golf Course Revenue Bonds
 - B. Councillor's Bill No, 29 re Reserve Fund Loan Agreement with Golf Course Activity Enterprise
 - C. Resolution No. 41 Moral Obligation to Replenish Golf Course Enterprises Reserve Bond Fund
 - D. Bond Counsel and Special Counsel Fees re Golf Course Financing
 - E. Special Disclosure Counsel Fees re Golf Course Financing
4. Adjournment

GOLF COURSE ACTIVITY ENTERPRISE BOARD MEETING
MONDAY, JULY 20, 1998 AT 6:30 P.M.

1. Roll Call
2. New Business
 - A. Councillor's Golf Course Enterprise Bill No. 1 re \$6.3 million Golf Course Revenue Bonds
 - B. Councillor's Golf Course Enterprise Bill No, 2 re Reserve Fund Loan Agreement with Golf Course Activity Enterprise
 - C. Golf Course Enterprise Resolution No. 1 re Moral Obligation to Replenish Golf Course Enterprises Reserve Bond Fund
 - D. Bond Counsel and Special Counsel Fees re Golf Course Financing
 - E. Special Disclosure Counsel Fees re Golf Course Financing
3. Adjournment

Date: July 20, 1998

Subject: Councillor's Actions re Financing The Heritage Golf Course at Westmoor Technology Park

Prepared by: Mary Ann Parrot, Finance Director

Introduction

City Council is requested to approve certain documents on an emergency basis, pertinent to the approval of the \$6,300,000 Revenue Bonds for the financing for The Heritage Golf Course at Westmoor. The proceeds will be used to reimburse the City for funds advanced, per prior Council action, to allow construction to proceed on the golf course, and also to complete the construction of the golf course.

Summary

Over the past two years, Council has supported the building of The Heritage Golf Course at Westmoor as part of a larger public-private partnership arrangement with Westfield Development Company for the building of Westmoor Business and Technology Park. The action recommended at this time brings to completion the financing for the golf course, currently under construction.

City Council approved advance funding for the construction in May 1998 in order to take advantage of favorable construction costs and to keep the project on schedule. Currently, Staff estimates construction completion in September 1998, grow-in of the greens until September 1999, and opening of the course in September 1999.

The central documents for the financing are summarized as follows:

- A. **Bond Ordinance:** by ordinance, Council approves the issuance of the bonds, details of the bond (terms, interest rate, etc), repayment provisions, treatment of contingencies such as drawdown of the reserves, etc. The bonds are revenue bonds, to be repaid from Legacy Ridge and The Heritage revenues. The term is 25-years, and revenues are expected to be adequate to operate and maintain the golf course, service the debt and to repay the Jefferson County Open Space Loan and make the Jefferson County Airport lease payments.

By passing the ordinance on an emergency basis, the ordinance takes effect immediately. This is necessary to allow for underwriters to commit to bond investors and for the bonds to be settled in a timely manner; this action is standard for bond issues.

- B. **Reserve Fund Loan Agreement:** by ordinance, Council approves the loan by the City to the Golf Course Enterprise, authorizes \$500,000 to fund the Golf Course Bond Reserve Fund, and allows for repayment of this amount and an additional \$247,500 loaned by the City to the Golf Enterprise in 1996, all to be repaid from excess net revenues from the Golf Course. The structure of the bond issue includes a "cash-funded" reserve in order to keep interest costs down.

Reserve Replenishment Resolution: by resolution, Council approves the City's moral obligation to replenish the Bond Reserve Fund, if it is drawn down to make debt service payments.

It is not anticipated this will need to be done, as projected revenues are adequate from Legacy Ridge alone to make the necessary debt service payments. Nevertheless, to secure a BBB bond rating, it is necessary to include this promise as part of the structure of the financing.

In addition, by law, it is necessary to have an opinion from a nationally-recognized law firm on the tax-exempt qualification and enforceability of the bonds. Staff is recommending Sherman & Howard, as they have worked with Staff on numerous other City issues and their quoted fees are similar to other bond issues on which they have worked. The firm knows the City well.

Lastly, Staff is recommending fees be approved for Kutak Rock, acting as disclosure counsel, as it is necessary for the City to retain disclosure counsel to assist in the preparation of the Official Statement required in connection with the marketing and sale of the municipal bonds. Disclosure counsel is further required to issue its opinion regarding compliance of the Official Statement with federal securities Laws. City Charter section 4.14 requires City Council approval of all agreements with outside legal counsel.

Staff Recommendation

1. Adopt Councillor's Bill No. as an emergency ordinance, authorizing the issuance of \$6.3 million Golf Course Revenue Bonds, Series 1998, for purposes of design and construction of The Heritage Golf Course at Westmoor, at a net interest cost of 5.495325%, and authorize the Mayor, City Manager, City Finance Director and City Clerk to sign appropriate documents associated with the financing on the City's behalf.

2. Adopt Councillor's Bill No. as an emergency ordinance, approving the Reserve Fund Loan Agreement between the City and the Golf Course Activity Enterprise, for a total loan of \$747,500, at an effective interest cost of 5%, and authorize the Mayor, City Manager, City Finance Director and City Clerk to sign appropriate documents on the City's behalf.

3. Adopt Resolution No. establishing and approving the "moral obligation" of the City to replenish the Golf Course Enterprise Reserve Bond Fund in order to enhance the rating and marketability of the Golf Course Revenue Bonds, and authorize the City Manager, City Finance Director and City Clerk to sign documents on the City's behalf.

4. Approve fees of \$10,000 for Sherman & Howard to act as Bond Counsel and Special Counsel to the City and the Golf Course Enterprise for the Golf Course Financing.

5. Approve fees of \$12,000 for Kutak Rock to act as Special Disclosure Counsel to the City and the Golf Course Enterprise for the Golf Course Financing.

Background Information

The initiative to build the City's second golf course began in earnest in 1996, with negotiations among several key parties to this historic project: Jefferson County Board of Commissioners who loaned funds to the City for the golf course; Jefferson County Airport Authority who leased land for the golf course; and Rich McClintock of Westfield Development Company with whom the City has joined in partnership to bring the Westmoor Business and Technology Park to fruition.

With City Council's support and approval, Staff negotiated agreements with these organizations, resulting in what will be a premier 18-hole golf course in the northwest section of the City, near the corner of 108th Avenue and Simms Street. It is adjacent to and part of the attraction for the Westmoor Technology Park, a business park located in a key area for the City. It is already experiencing high demand and offers easy access to major transportation corridors.

The bonds for the issue were sold on Thursday, July 16, at a net cost of 5.495325% to the City. A unique feature of this issue is the triple B rating (BBB) assigned by Standard and Poors Rating Agency. This is the first issue of its kind rated by S & P and is testimony to the strong historical credit position of the City. By selling these bonds with this investment-grade rating, Staff was able to hold down the interest cost on the bonds, saving approximately \$500,000 in interest costs on this issue. The combined efforts of Hanifen-Imhoff and James Capital Advisors culminated in this part of the successful financing. Sherman & Howard and Kutak Rock serve as Bond Counsel and Disclosure Counsel for this financing, with Council approval. As always, their fine work is evident in the clarity and timeliness of the financing documents. The representatives of these four firms constitute the City's finance team, along with City Staff. The timetable for this issue was shortened to allow the City to take advantage of construction times and costs.

It is with a sense of accomplishment and pride that Staff is able to recommend to City Council the approval of this debt financing.

Respectfully submitted,

William M. Christopher
City Manager

Attachments

BY AUTHORITY

ORDINANCE NO. _____

COUNCILLOR'S BILL NO. _____

SERIES OF 1998

INTRODUCED BY COUNCILLORS

A BILL

FOR AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WESTMINSTER, COLORADO, ACTING AS SUCH AND AS THE GOVERNING BOARD OF THE CITY OF WESTMINSTER GOLF COURSE ACTIVITY ENTERPRISE, AUTHORIZING THE ISSUANCE OF GOLF COURSE ENTERPRISE REVENUE BONDS; AND DECLARING AN EMERGENCY.

THE CITY OF WESTMINSTER ORDAINS:

Section 1. Definitions.

A. The terms defined in this section, except where the context by clear implication otherwise requires, shall have the meanings herein specified.

"Additional Bonds" means any additional series of bonds or other securities or obligations issued pursuant to Section 18 hereof, payable from Net Revenues and having a lien on the Net Revenues on a parity with the lien of the 1998 Bonds.

"Average Annual Debt Requirement" means the sum of the Principal Installments of and interest on the Bonds, excluding any Bonds the principal of which is payable within less than one year from the date of computation, but including any Additional Bonds proposed to be issued for purposes of Section 18 hereof, to be paid during each 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 last becomes due at maturity or on a redemption date on which any Bond thereafter maturing is called for prior redemption, whichever is later, divided by the number of full Fiscal Years during the period beginning with the Fiscal Year in which such computation is made and ending with the year any Bond last becomes due at maturity or on a redemption date on which a Bond thereafter maturing is called for prior redemption.

"Bond Fund" means the special fund created pursuant to Section 14(A) hereof.

"Bond Reserve Fund" means the special fund created pursuant to Section 14(B) hereof.

"Bond Reserve Insurance Policy" means any insurance policy, surety bond, irrevocable letter of credit or similar instrument credited to the Bond Reserve Fund in lieu of or in partial substitution for moneys held therein. The issuer providing any such Bond Reserve Insurance Policy shall be an issuer which has been then currently assigned (or whose claims paying ability has been assigned) the highest rating designation by one or more nationally recognized organizations which regularly rate such issuers.

"Bonds" means Outstanding 1998 Bonds and any Outstanding Additional Bonds.

"Charter" means the Charter for the City of Westminister, Colorado, as approved by the City's voters in January 1958 and as amended from time to time thereafter.

"City" means the City of Westminister, Colorado.

"City Council" or "Council" means the City Council of the City or any successor in functions thereto.

"City Loan" means the loan of \$501,750 from the City to the Enterprise and any further loans pursuant to the Reserve Replenishment Resolution which will be credited to the Bond Reserve Fund and which shall be repaid pursuant to a loan agreement between the City and Enterprise approved by Council on July 20, 1998.

"Completion Bonds" means (i) any Additional Bonds in an amount or amounts not exceeding 15% of the aggregate principal amount of the 1998 Bonds, the proceeds of which are to be used (or to reimburse the Enterprise for paying) any cost of the Project not paid from proceeds of the 1998 Bonds, and (ii) with regard to any Additional Bonds which are not Completion Bonds as referred to in clause (i) of this definition, Completion Bonds as defined in the ordinance pursuant to which such Additional Bonds are issued.

"Consulting Engineer" or "Engineer" means the Enterprise's engineer or any registered or licensed professional engineer or firm of such engineers having a wide and favorable repute for skill and experience in the field of designing, preparing plans and specifications for, and supervising construction of Golf Course facilities, entitled to practice and practicing as such under the laws of the State, and retained and compensated by the Enterprise.

"Continuing Disclosure Certificate" means the undertaking executed by one or more officers of the Enterprise simultaneous with the delivery of the 1998 Bonds which enables the Purchaser to comply with the Rule.

"Enterprise" means the City of Westminster Golf Course Activity Enterprise, created by the Enterprise Ordinance.

"Enterprise Ordinance" means City Ordinance No. 24-79, Series of 1996, adopted on January 13, 1997.

"Federal Securities" means bills, certificates of indebtedness, notes, bonds or other obligations which are direct obligations of, or the principal and interest of which obligations are unconditionally guaranteed by, the United States of America, or an ownership interest in any of the foregoing issued directly by the United States Department of the Treasury.

"Fiscal Year" for the purposes of this ordinance means the twelve months commencing on the first day of January of any year and ending on the last day of December of the same year, or any other twelve-month period which the Enterprise hereafter may establish for the Enterprise.

"Golf Course Facilities" means the Legacy Ridge Golf Course heretofore acquired by the City and operated by the Enterprise, the Heritage at Westmoor Golf Course to be constructed, acquired and equipped with the proceeds of the 1998 Bonds and any other golf course facilities hereafter acquired by the City and operated by the Enterprise including without limitation, land, improvements, structures, fixtures, equipment and furnishings, and appurtenances incidental thereto, and any other facilities the revenues of which are pledged to the payment of the Bonds as described in clause (ii) of the definition of "Gross Income."

"Gross Income" means (i) all gross income and revenue derived by the Enterprise from the operation of the Golf Course Facilities, or any part thereof, whether resulting from improvements, extensions, enlargements, repairs or betterments to the Golf Course Facilities, or otherwise, and includes all gross income and revenue received by the Enterprise from the Golf Course Facilities owned or operated by the Enterprise as the same may at any time exist to serve customers within or without Enterprise boundaries, (ii) all gross income and revenue derived by the Enterprise from the operation of any other facility or from any other Enterprise revenues hereafter pledged by the Council to the payment of the Bonds provided that prior to such pledge the Enterprise receives a written opinion from nationally recognized bond counsel to the effect that such pledge does not adversely affect the validity of the Bonds or the exclusion of the interest on the Bonds from gross income for federal income tax purposes and (iii) all gross income and revenue derived from the investment of any of the funds established herein, even though such investment gross income and revenue is to be credited to the particular fund from which such investment is made, as further provided in and subject to restrictions imposed by Section 15 hereof.

"Independent Accountant" means any certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of the State of Colorado, appointed and paid by the Enterprise (1) who is, in fact, independent and not under the dominion of the City or the Enterprise, (2) who does not have any substantial interest, direct or indirect, in the City or the Enterprise, and (3) who is not an officer or employee of the City or the Enterprise, but who may be regularly retained to make annual or similar audits of the books or records of the City or the Enterprise.

"Independent Consultant" means any person or firm recognized as well qualified in the financing of golf course facilities, including rates and fees charged for the use of public golf course facilities, appointed and paid by the Enterprise (1) who is, in fact, independent and not under the domination of the City or the Enterprise, (2) who does not have any substantial interest, direct or indirect, in the City or the Enterprise, and (3) who is not an officer or employee of the City or the Enterprise.

Enterprise, but who may be regularly retained to make annual or similar audits of the books or records of the City or the Enterprise.

"Insured Bank" means a bank which is a member of the Federal Deposit Insurance Corporation.

"Maximum Annual Debt Service" means the maximum amount of all required payments of principal and interest on the Outstanding Bonds (or any portion thereof, if so provided) which will become due in any Fiscal Year..

"Net Revenues" means the Gross Income after deducting Operation and Maintenance Expenses.

"1998 Bonds" means the Golf Course Enterprise Revenue Bonds Series 1998, issued pursuant to this Ordinance.

"Official Statement" means the Official Statement delivered in connection with the original issue and sale of the 1998 Bonds.

"Operation and Maintenance Expenses" means all reasonable and necessary current expenses of the Enterprise, paid or accrued, of operating, maintaining and repairing the Golf Course Facilities, and shall include, without limiting the generality of the foregoing, legal and overhead expenses of the City or the Enterprise directly related and reasonably allocable to the administration of the Golf Course Facilities, insurance premiums, the reasonable charges of depository banks and registrar and paying agents, contractual services, lease payments on operating leases (but not capital leases) of real and personal property relating to

the Golf Course Facilities, professional services required by this ordinance, salaries and administrative expenses, labor, the cost of materials and supplies used for current operation of the Golf Course Facilities and rebate payments related to the Bonds and required by Section 148(f) of the Tax Code, but shall not include any allowance for depreciation, liabilities incurred by the City or the Enterprise as the result of either of their negligence in the operation of the Golf Course Facilities or other ground of legal liability not based on contract, improvements, extensions, enlargements or betterments of the Golf Course Facilities, or any charges for the accumulation of reserves for capital replacements of the Golf Course Facilities. In addition, upon the happening of an event of default as described in Section 21 hereof, Operation and Maintenance Expenses shall include any fees and/or expenses of the City, the Enterprise and/or any receiver appointed to protect the rights of the Registered Owners, which fees and/or expenses relate to pursuing remedies under this Ordinance.

"Ordinance" or "ordinance" means this Ordinance of the City, acting as the City Council and as the governing body of the Enterprise, which provides for the issuance and delivery of the 1998 Bonds.

"Outstanding" means, as of any date of calculation, all Bonds theretofore executed, issued and delivered by the Enterprise except:

- (1) Bonds theretofore canceled by the Enterprise, Registrar or Paying Agent, or surrendered to the Enterprise, Registrar or Paying Agent for cancellation;
- (2) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Enterprise and authenticated by the Registrar unless proof satisfactory to the Registrar is presented that any such Bonds are duly held by the lawful registered owners thereof; or
- (3) Bonds deemed to have been paid as provided in Section 24 hereof.

"Paying Agent" means The Bank of Cherry Creek, N.A., in Denver, Colorado, its successors and assigns, as agent for the Enterprise for the payment of the 1998 Bonds.

"Preliminary Official Statement" means the Preliminary Official Statement with respect to the Bonds.

"Principal Installment" means as of any date of calculation, the sum of the principal amount of Bonds maturing (including as a result of mandatory sinking fund redemption) on the next occurring principal payment date, or during such other period of time as is directed in this Ordinance for the calculation.

"Project" means the acquisition, construction, and equipping of a public golf course in the City including structures, fixtures, equipment, furnishings, and other real and personal property therefor and any other lawful City purposes related to the Enterprise.

"Purchase Contract" means the Bond Purchase Agreement dated the date of adoption of this Ordinance between the Enterprise and the Purchaser.

"Purchaser" means Hanifen, Imhoff Inc., Denver, Colorado.

"Record Date" means the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date.

"Redemption Date" means the date fixed for the redemption prior to their respective maturities of Bonds in any notice of redemption.

"Registered Owner" means any person who is the registered owner of any Bond as shown on the registration books kept by the Registrar.

"Registrar" means The Bank of Cherry Creek, N.A., in Denver, Colorado, its successors and assigns, as agent for the Enterprise for the registration and transfer of the 1998 Bonds.

"Registrar Agreement" means the Registrar and Paying Agent Agreement between the Enterprise and the Registrar and Paying Agent dated as of July 1, 1998.

"Required Bond Reserve" means an amount equal to the Maximum Annual Debt Service on the Bonds.

"Reserve Replenishment Resolution" means the resolution adopted by the City expressing its present intent to lend additional moneys to the Enterprise to maintain the Bond Reserve Fund at the Bond Reserve Fund Requirement.

"Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, ' 240.15c2-12).

"SEC" means the Securities and Exchange Commission.

"State" means the State of Colorado.

"Tax Code" means the Internal Revenue Code of 1986, as amended to the date of delivery of the 1998 Bonds.

In this ordinance, unless the context otherwise requires,

(1) the terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms, refer to this Ordinance as a whole and not to any particular article, section or subdivision hereof; and the term "heretofore" means before the date of execution of this ordinance, the term "now" means at the date of execution of this ordinance, and the term "hereafter" means after the date of execution of this ordinance;

(2) words of the masculine gender include correlative words of the feminine and neuter genders and words importing the singular number include the plural number and vice versa; and

(3) the captions or headings of this ordinance, are for convenience only and in no way define, limit or describe the scope or intent of any provisions, articles or sections of this ordinance.

Section 2. Recitals.

A. The City is a municipal corporation duly organized and existing under the City's Charter adopted pursuant to Article XX of the Constitution of the State of Colorado.

- B. The members of the Council have been duly elected or appointed and qualified.
- C. The City has determined and hereby determines that it is in the best interests of the City and its residents to construct, acquire and equip the Project.
- D. An enterprise is not subject to the limitations of Article X, Section 20 of the Colorado Constitution.
- E. The Council has created the Enterprise as a government owned business, authorized to issue its own revenue bonds. In 1997, the Enterprise did not receive more than 10% of its annual revenue in grants from Colorado state or local governments combined. As a result, the Enterprise constitutes an enterprise for purposes of Article X, Section 20 of the Colorado Constitution. The City expects that the Enterprise will constitute an enterprise for purposes of Article X, Section 20 of the Colorado Constitution during 1998. The City's Loan will bear interest and is expected to be repaid over time from Net Revenues; it is therefore not a grant from the City.
- F. Pursuant to Section 11.1(d) of the Charter and the Enterprise Ordinance, the Council is empowered to issue revenue bonds without the approval of the electors of the City.
- G. The Enterprise is also authorized to establish fees and charges for services, programs, or facilities furnished by the Enterprise and to pledge such revenue for the payment of obligations of the Enterprise.
- H. The Council has determined that it is necessary and for the best interests of the City and the inhabitants thereof to proceed as soon as possible with the Project and to issue, on behalf of the Enterprise, and sell the 1998 Bonds to defray, in part, the cost of the Project.
- I. The Enterprise has received a proposal from the Purchaser, for the purchase of the Bonds in the aggregate principal amount of \$6,300,000 for the purpose of defraying in whole or in part the cost of the Project.
- J. There have been presented to the Council the proposed forms of the following documents: (i) the Purchase Contract; (ii) the Registrar Agreement; (iii) the Continuing Disclosure Certificate; and (iv) the Preliminary Official Statement.

Section 3. Ratification. All actions heretofore taken (not inconsistent with the provisions of this ordinance) by the Council and the officers of the City and the Enterprise directed toward the sale and issuance of the 1998 Bonds and the Project be, and the same hereby are, ratified, approved and confirmed.

Section 4. Authorization of 1998 Bonds. It is hereby declared necessary that the City issue on behalf of the Enterprise, and there are hereby authorized to be issued the "City of Westminster, Colorado, (Acting on Behalf of its Golf Course Activity Enterprise) Golf Course Enterprise Revenue Bonds Series 1998" in the aggregate principal amount of \$6,300,000. The 1998 Bonds are payable as to principal, premium, if any, and interest solely out of the Net Revenues, the Bond Fund and the Bond Reserve Fund, and the Enterprise pledges irrevocably, but not exclusively, such Net Revenues and such funds to the payment of the 1998 Bonds and the interest and any redemption premium thereon. Pursuant to Article X, Section 20 of the Colorado Constitution, no election is required for the issuance of the 1998 Bonds.

Section 5. 1998 Bond Details.

- A. The 1998 Bonds shall be issued in fully registered form (i.e. registered as to payment of both principal and interest), shall be dated as of July 1, 1998, shall be issued in denominations of \$5,000 and any integral multiple thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on any maturity date and no individual Bond may be issued for more than one maturity), and shall be numbered in such manner as the Registrar may determine. Interest shall be payable semiannually on June 1 and December 1 in each year, beginning December 1, 1998.
- B. The 1998 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 at the rates to be hereinafter designated. The 1998 Bonds shall mature serially on December 1 in each of the designated years and amounts, and shall bear interest, as follows:

Amount
Maturing

Year
Maturing

Interest Rate
(Per Annum)

\$

The net effective interest rate on the 1998 Bonds is 5.495325% which is the maximum net effective interest rate authorized by the Council.

C. The principal of any 1998 Bond shall be payable to the Registered Owner thereof as shown on the registration books kept by the Registrar upon maturity or prior redemption thereof and upon presentation and surrender at the Paying Agent. If any 1998 Bond shall not be paid upon such presentation and surrender at maturity or upon prior redemption, it shall continue to draw interest at the rate borne by said 1998 Bond until the principal thereof is paid in full. Payment of interest on any 1998 Bond shall be made to the Registered Owner thereof by check or draft mailed 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 the Registered Owner thereof at his or her address as it last appears on the registration books kept by the Registrar 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 Registered Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Registered 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 the payment of such defaulted interest shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest. Notice of the Special Record Date and the date fixed for the payment of such defaulted interest shall be given to the Registered Owners not less than ten days prior to the Special Record Date by first-class mail to each such Registered Owner as shown on the Registrar's registration books on a date selected by the Registrar, 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 1998 Bond by such alternative means as may be mutually agreed to between the Registered Owner of such 1998 Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America.

Section 6. Redemption Provisions.

A. Optional Prior Redemption. The 1998 Bonds maturing on and after December 1, 2009 shall be subject to redemption prior to their respective maturities, at the option of the Enterprise, in whole, or in part, in integral multiples of \$5,000, from such maturities as are selected by the Enterprise, and if less than all of the 1998 Bonds of a maturity are to be redeemed, by lot within a maturity (giving proportionate weight to 1998 Bonds in denominations larger than \$5,000), in such manner as the Registrar may determine, on December 1, 2008, or on any date thereafter, at a redemption price equal to the principal amount or portion thereof so redeemed and accrued interest thereon to the Redemption Date plus a premium computed in accordance with the following schedule:

- 1.00% of the principal amount of each 1998 Bond, or portion thereof, so redeemed if redeemed on or before November 30, 2009; and
- No premium if redeemed thereafter.

The Registrar shall not be required to give notice of any such optional redemption unless it has received written instructions from the Enterprise in regard thereto, at least sixty days prior to such Redemption Date.

B. Mandatory Redemption. The 1998 Bonds maturing on December 1, 2013 are subject to mandatory sinking fund redemption, in part, by lot in such manner as the Registrar shall determine (giving proportionate weight to 1998 Bonds in denominations larger than \$5,000), on December 1 of each of the years set forth below, at a price equal to the principal amount of each 1998 Bond or portion thereof so redeemed and accrued interest to the Redemption Date, without redemption premium, in the annual amounts set forth below:

Date	Principal Amount to be Redeemed
2010	\$235,000
2011	250,000
2012	265,000

On or before forty-five (45) days prior to each sinking fund installment date, the Registrar shall, without any notice or instruction from the Enterprise, select for redemption, by lot as hereinabove provided, from the Outstanding 1998 Bonds maturing on December 1, 2013 such 1998 Bonds in an aggregate principal amount equal to the applicable sinking fund installment. The amount of the sinking fund installment may, at the option of the Enterprise, be reduced by the principal

amount of any 1998 Bonds maturing on December 1, 2013, which, at least 60 days prior to said redemption date, have been redeemed (otherwise than through operation of the sinking fund) or otherwise delivered to the Paying Agent for payment and cancellation, and which have not theretofore applied as a credit against a sinking fund installment. The remaining principal amount of 1998 Bonds maturing on December 1, 2013 shall be paid upon presentation and surrender at or after their maturity on December 1, 2013.

The 1998 Bonds maturing on December 1, 2023 are subject to mandatory sinking fund redemption, in part, by lot in such manner as the Registrar shall determine (giving proportionate weight to 1998 Bonds in denominations larger than \$5,000), on December 1 of each of the years set forth below, at a price equal to the principal amount of each 1998 Bond or portion thereof so redeemed and accrued interest to the Redemption Date, without redemption premium, in the annual amounts set forth below:

Date	Principal Amount to be Redeemed
2019	\$380,000
2020	\$400,000
2021	\$425,000
2022	\$450,000

On or before forty-five (45) days prior to each sinking fund installment date, the Registrar shall, without any notice or instruction from the Enterprise, select for redemption, by lot as hereinabove provided, from the Outstanding 1998 Bonds maturing on December 1, 2023, such 1998 Bonds in an aggregate principal amount equal to the applicable sinking fund installment. The amount of the sinking fund installment may, at the option of the Enterprise, be reduced by the principal amount of any 1998 Bonds maturing on December 1, 2023, which, at least 60 days prior to said redemption date, have been redeemed (otherwise than through operation of the sinking fund) or otherwise delivered to the Paying Agent for payment and cancellation, and which have not theretofore applied as a credit against a sinking fund installment. The remaining principal amount of 1998 Bonds maturing on December 1, 2023 shall be paid upon presentation and surrender at or after their maturity on December 1, 2023.

C. Notice. Notice of redemption shall be given by the Registrar in the name of the Enterprise by sending a copy of such official notice by first-class, postage prepaid mail, not more than sixty nor less than thirty days prior to the Redemption Date to each Registered Owner at his address as it last appears on the registration books kept by the Registrar; but neither failure to give such notice nor any defect therein shall affect the redemption of any 1998 Bond. Such notice shall identify the 1998 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 1998 Bond so to be redeemed, at the Paying Agent, the principal amount thereof, any redemption premium, and accrued interest to the Redemption Date, and that from and after such date interest will cease to accrue. Prior to any redemption date, the Enterprise shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the 1998 Bonds or portions of 1998 Bonds which are to be redeemed on that date. Notice of redemption having been given as aforesaid, the 1998 Bonds or portions of 1998 Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Enterprise shall default in the payment of the redemption price) such 1998 Bonds or portions of 1998 Bonds shall cease to bear interest. Upon surrender of such 1998 Bonds for redemption in accordance with said notice, such 1998 Bonds shall be paid by the Paying Agent at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All 1998 Bonds which have been redeemed shall be promptly canceled by the Paying Agent and such canceled 1998 Bonds shall be delivered by the Paying Agent or Registrar to the Enterprise, if requested by the Enterprise, and shall not be reissued.

Notwithstanding the provisions of this section, any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the 1998 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 1998 Bonds called for redemption in the same manner as the original redemption notice was mailed.

D. Partial Redemption. In the case of 1998 Bonds of a denomination larger than \$5,000, a portion of such 1998 Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Registrar shall, without charge to the

owner of such 1998 Bond, authenticate and issue a replacement 1998 Bond or 1998 Bonds for the unredeemed portion thereof of the same maturity in the amount of the unpaid principal.

Section 7. Registration, Transfer and Exchange of 1998 Bonds.

A. Registration. Books for the registration and transfer of the 1998 Bonds shall be kept by the Registrar, which is hereby appointed by the Enterprise as registrar and transfer agent for the 1998 Bonds. Upon the surrender for transfer of any 1998 Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new 1998 Bond or 1998 Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned.

Any 1998 Bond may be exchanged at the Registrar for an equal aggregate principal amount of 1998 Bonds of the same maturity of other authorized denominations. The Registrar shall authenticate and deliver a 1998 Bond or 1998 Bonds which the Registered Owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. In connection with any exchanges and transfers of 1998 Bonds as herein provided, the Registrar may require that the owner or any transferee pay for the cost of such transfer or exchange including any tax or other governmental charge required to be paid with respect to such exchange or transfer.

B. Transfer Limitations. The Registrar shall not be required (1) to transfer or exchange all or a portion of any 1998 Bond subject to prior redemption during the period beginning at the opening of business fifteen days preceding the mailing of notice calling any 1998 Bonds for prior redemption as herein provided and ending at the close of business on the day of such mailing or (2) to transfer or exchange all or a portion of a 1998 Bond after the mailing of notice calling such 1998 Bond or portion thereof for prior redemption except for the unredeemed portion of 1998 Bonds redeemed in part.

C. Absolute Owner. The person in whose name any 1998 Bond shall be registered, on the registration books kept by the Registrar, shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes except as may otherwise be provided with respect to payment of interest as is provided in Section 5 hereof; and payment of or on account of either principal or interest on any 1998 Bond shall be made only to or upon the written order of the Registered Owner thereof or his legal representative, but such registration may be changed upon transfer of such 1998 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 1998 Bond to the extent of the sum or sums so paid.

D. Lost Bonds. If any 1998 Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it may reasonably require, authenticate and deliver a replacement 1998 Bond or 1998 Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated 1998 Bond shall have matured or is about to become due and payable, the Registrar may direct the Paying Agent to pay such 1998 Bond in lieu of replacement.

E. Unauthenticated Bonds. The officers of the Enterprise are authorized to deliver to the Registrar fully executed but unauthenticated 1998 Bonds in such quantities as may be convenient to be held in custody by the Registrar pending use as herein provided.

F. Cancellation. Whenever any 1998 Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such 1998 Bond shall be promptly canceled by the Paying Agent or Registrar, and such canceled 1998 Bond shall be delivered by the Paying Agent or Registrar to the Enterprise if requested by the Enterprise.

Section 8. Book Entry.

A. DTC Book Entry. Notwithstanding any contrary provision of this Ordinance, the 1998 Bonds shall initially be evidenced by one 1998 Bond for each maturity in which the 1998 Bonds mature in denominations equal to the aggregate principal amount of the 1998 Bonds maturing for that maturity. Such initially delivered 1998 Bonds shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company, the securities depository for the 1998 Bonds. The 1998 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(3), Colorado Revised Statutes 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 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 new depository 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 1998 Bonds, which new depository institution must be both a "clearing corporation" as defined in Section 4-8-102(3), Colorado Revised Statutes 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; or

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

B. Transfer. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) of paragraph A. hereof or designation of a new depository pursuant to clause (2) of paragraph A. hereof, upon receipt of the Outstanding 1998 Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, a new 1998 Bond for each maturity of the 1998 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 locate another qualified depository institution for the 1998 Bonds as provided in clause (3) of paragraph A. hereof, and upon receipt of the Outstanding 1998 Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, new 1998 Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof, as provided in and subject to the limitations of Section 7 hereof, registered in the names of such persons, and in such authorized denominations as are requested in such written transfer instructions; however, the Registrar shall not be required to deliver such new 1998 Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

C. Absolute Owner. The Council, the Registrar and the Paying Agent shall be entitled to treat the Registered Owner of any 1998 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, the Registrar and the Paying Agent shall have no responsibility for transmitting payments to the beneficial owners of the 1998 Bonds held by The Depository Trust Company or any successor or new depository named pursuant to paragraph (a) hereof.

D. Cooperation. The Council, the Registrar 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 1998 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.

Section 9. Negotiability; Filing of Signatures--Execution of 1998 Bonds. Subject to the registration provisions hereof, the Bonds shall be fully negotiable and shall have all the qualities of negotiable paper, and the holder or holders thereof shall possess all rights enjoyed by the holders of negotiable instruments under the provisions of the Colorado Uniform Commercial Code. Prior to the execution of the 1998 Bonds, the Mayor and City Clerk shall each file with the Secretary of State of the State of Colorado his or her manual signature certified by him or her under oath. Said 1998 Bonds shall be executed in the name of and on behalf of the Enterprise by the signature of the Mayor and attested by the City Clerk, and shall be sealed with the seal of the City, or with a facsimile hereof. Said 1998 Bonds bearing the manual or facsimile signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of the Enterprise, notwithstanding that before the delivery thereof and payment therefor any or all of the persons whose manual or facsimile signature appear thereon shall have ceased to fill their respective offices.

No 1998 Bond shall be valid or obligatory for any purpose unless the certificate of authentication, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all the 1998 Bonds issued hereunder. By authenticating any of the 1998 Bonds initially delivered pursuant to this ordinance, the Registrar shall be deemed to have assented to the provisions of this ordinance.

Section 10. Special Obligations. All of the 1998 Bonds, together with the interest accruing thereon, and any prior redemption premium, shall be payable and collectible solely out of the Net Revenues which are so pledged and the Bond Fund, and the Bond Reserve Fund, the Registered Owner or Owners thereof may not look to any general or other fund for the payment of principal of and interest on such obligations, except the designated special funds pledged therefor; and such 1998 Bonds shall not constitute an indebtedness nor a debt within the meaning of any constitutional, charter or statutory provision or limitation; nor shall they be considered or held to be general obligations of the City or the Enterprise.

Section 11. 1998 Bond, Legal Opinion Certificate and Assignment Forms. Subject to the provisions of this ordinance, each 1998 Bond, Registrar's certificate of authentication, the legal opinion certificate and form of assignment shall be in substantially the following form (provided that any of the text on the face of the 1998 Bond may, with appropriate reference, be printed on the back of the 1998 Bond):

(Form of 1998 Bond)

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Enterprise or its agent for registration of transfer, exchange, or payment, and any certificate 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

COUNTIES OF ADAMS
AND JEFFERSON

CITY OF WESTMINSTER, COLORADO
(ACTING ON BEHALF OF ITS GOLF COURSE ACTIVITY ENTERPRISE)
GOLF COURSE ENTERPRISE REVENUE BOND
SERIES 1998

No. _____

\$ _____

INTEREST RATE MATURITY DATE DATED AS OF CUSIP

_____ % December 1, ____ July 1, 1998

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Westminster, Colorado (the "City"), in the Counties of Adams and Jefferson and the State of Colorado, acting on behalf of its Golf Course Activity Enterprise (the "Enterprise"), for value received hereby promises to pay upon the presentation and surrender of this 1998 Bond to the Registered Owner specified above, or registered assigns,

(Manual or Facsimile Seal)

COUNTERSIGNED:

Attest:

(Manual or Facsimile Signature) By:(Manual or Facsimile Signature
City Clerk

Finance Director

(End of Form of Bond)

(Form of Registrar's Certificate of Authentication)

This is one of the Bonds described in the within-mentioned Bond Ordinance, and this Bond has been duly registered on the registration books kept by the undersigned as Registrar for such Bonds.

Date of Authentication

and Registration: _____

THE BANK OF CHERRY CREEK, N.A.,

Denver, Colorado, as Registrar

Authorized Officer or Employee

(End of Form of Registrar's Certificate)

(Form of Legal Opinion Certificate)

STATE OF COLORADO)
)
COUNTIES OF ADAMS) SS.
AND JEFFERSON) LEGAL OPINION CERTIFICATE
)
CITY OF WESTMINSTER)

I, Michele Kelley, the City Clerk of the City of Westminster, Colorado, in the Counties of Adams and Jefferson and the State of Colorado, do hereby certify that the following approving legal opinion of Sherman & Howard L.L.C., Attorneys at Law, Denver, Colorado:

(attorneys' approving opinion was inserted in submargins, including complimentary closing and "/s/ Sherman & Howard L.L.C.")

is a true, perfect and complete copy of a manually executed and dated copy thereof on file in the records of the City in my office; that manually executed and dated copies of the opinion were forwarded to a representative of the original purchaser, and that the opinion was dated and issued as of the date of delivery of and the payment for the Bonds of the series of which this Bond is one.

IN WITNESS WHEREOF, I have caused to be hereunto set my facsimile signature.

(Facsimile Signature)
City Clerk

(End of Form of Legal Opinion of Certificate)

(Form of Assignment)

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and hereby irrevocably constitutes and appoints _____ attorney, to transfer the same on the books of the Registrar, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Address of transferee:

Social Security or other tax

identification number of transferee:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

TRANSFER FEES MAY BE CHARGED

(End of Form of Assignment)

(Form of Prepayment Panel)

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

Date of Prepayment	Principal Prepaid	Signature of Authorized Representative of the Depository
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(End of Form of Prepayment Panel)

Section 12. Bond Preparation, Execution and Delivery. The Mayor, Finance Director and City Clerk are hereby authorized and directed to prepare and execute the 1998 Bonds as herein provided. The Mayor shall deliver the executed 1998 Bonds to the Purchaser on receipt of the purchase price specified in the Purchase Contract.

Section 13. Disposition of 1998 Bond Proceeds and Other Moneys. A. The proceeds of the 1998 Bonds shall be credited as follows:

- (1) For credit to the Bond Fund, an amount equal to the accrued interest on the 1998 Bonds and an amount equal to the capitalized interest on the 1998 Bonds through ____.
- (2) For credit to any fund or account as determined by the Enterprise, an amount equal to the remaining available proceeds of the 1998 Bonds shall be immediately applied by the Enterprise solely to pay the costs of the Project and the incidental costs and expenses of issuing the 1998 Bonds. Until the proceeds of the 1998 Bonds are applied as herein provided, the 1998 Bond proceeds are subject to a lien thereon and pledge thereof for the benefit of the Registered Owners of the Bonds.

B. The proceeds of the City's Loan to the Enterprise of the Required Bond Reserve on the 1998 Bonds shall be credited into the Bond Reserve Fund.

Section 14. Administration of Funds. So long as any of the Bonds shall be Outstanding, either as to principal or interest or both, the following payments in the following order of priority shall be made from the Net Revenues:

A. Bond Fund. First, from the Net Revenues, there shall be credited to a separate account hereby created, to be known as the "City of Westminster Golf Course Enterprise Revenue Bonds, Bond Fund" (the "Bond Fund") the following:

- (1) On each May 15 and November 15, commencing on the May 15 or November 15 (as applicable) preceding the first interest payment date for which there will not be sufficient capitalized interest to pay all of the interest on the Bonds, an amount necessary, together with any other moneys from time to time available therefor, to pay the next maturing installment of interest on the Bonds then Outstanding, except to the extent any other moneys are available therefor; and
- (2) On each May 15 and November 15, commencing on the May 15 immediately succeeding the delivery of any of the Bonds then Outstanding, or commencing on the May 15 next prior to the first principal payment date of the Bonds, whichever is later, an amount in equal semi-annual installments necessary, together with any other moneys from time to time available therefor, to pay the next maturing Principal Installment on the maturing Bonds then Outstanding, except to the extent any other moneys are available therefor.

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 subparagraph (a) or (b) (whichever is applicable) of this paragraph, may be appropriately reduced; but the required semi-annual amounts again shall be so credited to such account commencing on the next May 15 or November 15 (as applicable). The moneys in the Bond Fund shall be used only to pay the principal of and interest on the Bonds as the same become due.

B. Bond Reserve Fund. Second, except as hereinafter provided, from any remaining Net Revenues there shall be credited to a separate account hereby created, to be known as the "City of Westminster Golf Course Enterprise Revenue Bonds, Bond Reserve Fund" an amount, if any, which is necessary to maintain the Bond Reserve Fund as a continuing reserve in an amount not less than the Required Bond Reserve or to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy. The Required Bond Reserve shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided in subsection C of this Section and Section 24 hereof, only to prevent deficiencies in the payment of the principal of and the interest on the Bonds resulting from the failure to credit to the Bond Fund sufficient funds to pay said principal and interest as the same accrue or to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Insurance Policy.

If at any time the Enterprise shall for any reason fail to credit to the Bond Fund the full amount above stipulated from the Net Revenues or capitalized interest, then an amount shall be credited to the Bond Fund at such time from the Bond Reserve Fund, equal to the difference between that paid from said Net Revenues and the full amount so stipulated. Any money so used from the Bond Reserve Fund shall be replaced in the Bond Reserve Fund from the first Net Revenues received that are not required to be otherwise applied by this section or amounts advanced pursuant to the Reserve Replenishment Resolution. The moneys in the Bond Fund and in the Bond Reserve Fund shall be used solely for the purpose of paying the principal and any redemption premium of and the interest on the Bonds and moneys in the Bond Reserve Fund may be used to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy; provided, however, that any moneys at any time in excess of the Required Reserve in the Bond Reserve Fund may be withdrawn therefrom and used for any legal purpose; and provided further, that any moneys in the Bond Fund and in the Bond Reserve Fund in excess of accrued and unaccrued principal, any prior redemption premium due, and interest requirements to the due date or prior redemption date (if called for prior redemption) of the Outstanding Bonds may be used as provided in subsections D or E.

In determining the amounts required to be credited in the Bond Reserve Fund, the Enterprise shall receive credit for any investment earnings on the amounts in the Bond Reserve Fund. No credit need be made to the Bond Reserve Fund so long as the moneys therein equal the Required Bond Reserve (regardless of the source of such accumulations). The Required Bond Reserve shall be calculated upon (i) any principal payment, whether at stated maturity or upon redemption, (ii) the issuance of Additional Bonds, or (iii) the defeasance of all or a portion of the Bonds.

In lieu of all or a portion of the moneys required to be credited in the Bond Reserve Fund by this ordinance, the Enterprise may at any time or from time to time credit a Bond Reserve Insurance Policy in the Bond Reserve Fund in full or partial satisfaction of the Required Bond Reserve; provided that any such Bond Reserve Insurance Policy shall be payable on any date on which moneys will be required to be withdrawn from the Bond Reserve Fund as provided herein. Upon credit of any Bond Reserve Insurance Policy in the Bond Reserve Fund, the Enterprise may transfer moneys equal to the amount payable under the Bond Reserve Insurance Policy from the

Bond Reserve Fund and apply such moneys to any lawful purpose.

C. Termination Upon Deposits to Maturity or Redemption Date. No credit need be made to the Bond Fund or the Bond Reserve Fund if the amount in the Bond Fund plus the amount in the Bond Reserve Fund total a sum at least equal to the entire amount of the Outstanding Bonds, both as to principal and interest to their respective maturities, both accrued and not accrued, or to any Redemption Date on which the Enterprise shall have exercised its option to redeem the Bonds then Outstanding and thereafter maturing, including any prior redemption premiums then due, and both accrued and not accrued, in which case moneys in said two funds in an amount at least equal to such principal, any prior redemption premium, and interest requirements shall be used solely to pay such as the same accrue, and any moneys in excess thereof in said two funds and any other moneys derived from the operation of the Golf Course Facilities may be used in any lawful manner determined by the Enterprise.

D. Payment for Subordinate Obligations. After the payments required by the foregoing paragraphs of this Section, the Net Revenues shall be used by the Enterprise for the payment of interest on and principal of any obligations secured by Net Revenues subordinate to the lien of the 1998 Bonds, hereafter authorized to be issued, including reasonable reserves therefor.

E. Use of Remaining Net Revenues. After making the payments hereinabove required to be made, any remaining Net Revenues may be applied to any other lawful purpose or purposes permitted by the Constitution and laws of the State.

Section 15. General Administration of Funds. The funds and accounts designated in Sections 13 and 14 hereof shall be administered as follows:

A. Places and Times of Deposits. The above accounts and funds shall be separately maintained as book accounts and shall be accounted for separate from all other accounts as trust funds for the purposes established and shall be deposited in one or more bank accounts in an Insured Bank or Banks. For purposes of investment of moneys, nothing herein prevents the commingling of moneys accounted for in any two or more such book accounts pertaining to the Gross Income or to such funds and any other funds of the Enterprise, except as otherwise required by Section 20(B) hereof. Each account shall be continuously secured to the extent required by law and shall be irrevocable and shall not be

withdrawable by anyone for any other purpose. Payments shall be made into the proper account on the date herein designated (except when any such date shall be a Saturday, Sunday or legal holiday, then payment shall be made the preceding secular day). Nothing in this ordinance shall prevent the Council from establishing one bank account for all of the funds required by this ordinance.

B. Investment of Moneys. Moneys in any fund not immediately needed may be invested in legal investments permitted by the laws of the State of Colorado. Such investments shall be deemed to be a part of said fund, and any profit or loss shall be charged thereto; provided, however, that, after giving effect to Section 14(B) hereof, any investment income on moneys in the Bond Reserve Fund for the Bonds shall be treated as Net Revenues. All such investments shall (i) either be subject to redemption at any time at a fixed value by the holder thereof at the option of such holder, or (ii) mature not later than the estimated date or respective dates on which the proceeds are to be expended as estimated by the Finance Director of the City at the time of such investment. If necessary to meet any payment, the Enterprise shall sell such investments on the prevailing market from such fund.

Section 16. First Lien Bonds. The Bonds constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon the Net Revenues.

Section 17. Equality of Bonds. The Bonds shall not be entitled to any priority one over the other in the application of the Net Revenues, regardless of the time or times of their issuance.

Section 18. Additional Bonds.

A. Earnings Test. This ordinance shall not prevent the issuance of Additional Bonds provided that before any such Additional Bonds are issued it must be determined that:

(1) No event of default described in subsections (A) or (B) of Section 21 shall have occurred and be continuing; and

(2) (a) The Net Revenues for the Fiscal Year immediately preceding the date of the issuance of any such Additional Bonds, as certified by the Director of Finance, shall have been sufficient to pay an amount representing not less than 150% of the Maximum Annual Debt Service for the Outstanding Bonds and the Additional Bonds proposed to be issued; or

(b) The Net Revenues for the Fiscal Year immediately preceding the date of the issuance of any such Additional Bonds, as certified by the Director of Finance, shall have been sufficient to pay an amount representing not less than 150% of the Maximum Annual Debt Service for the Outstanding Bonds and the estimated Net Revenues for the two Fiscal Years immediately succeeding the proposed completion date of the project to be financed in whole or in part through the issuance of any such Additional Bonds are estimated by an Independent Consultant to be sufficient to pay an amount representing not less than 150% of the Maximum Annual Debt Service for the Bonds and other Outstanding Additional Bonds and the Additional Bonds proposed to be issued; and

(3) For purposes of the test set forth in (2) above, if a schedule of Golf Course Facilities rate increases has become effective at any time during the twelve months immediately prior to the issuance of the proposed Additional Bonds, and if such schedule was not in effect for the entire Fiscal Year used for the test hereinabove set forth, there may be added to the actual Gross Income for said Fiscal Year a sum equal to the estimated increase in Gross Income which would have been realized during said Fiscal Year had such rate increase governed the Gross Income received during said entire Fiscal Year.

B. Certification or Opinion of Gross Income. The certification by the Finance Director or the estimate by an Independent Consultant, or both, as the case may be, shall be conclusive in determining the right of the Enterprise to authorize, issue, sell and deliver said Additional Bonds on a parity with the Outstanding Bonds.

C. Additional Bonds for Completion. Completion Bonds may be issued by the Enterprise without complying with the provisions of paragraph A of this Section; provided, however, the Enterprise must comply with the provisions of paragraph D of this Section in connection with the issuance of Completion Bonds.

D. Bond Reserve Fund Credit. Simultaneously with the issuance of Additional Bonds (including Completion Bonds), there shall be credited to the Bond Reserve Fund an amount equal to the Required Reserve for such Additional Bonds or a Bond Reserve Insurance Policy in such amount or a combination thereof.

E. Subordinate Obligations Permitted. The Enterprise may issue Bonds, securities, or other obligations having a lien on Net Revenues subordinate to the lien of the Bonds.

F. Superior Obligations Prohibited. The Enterprise shall not issue Bonds, securities, or other obligations having a lien prior and superior to the lien of the Bonds.

Section 19. Refunding Bonds. The provisions of Section 18 hereof are subject to the following exceptions:

A. Privilege of Issuing Refunding Obligations. If at any time the Enterprise shall find it desirable to refund any Outstanding obligations constituting a lien upon the Net Revenues, said Bonds or other obligations may be refunded (but only with the consent of the owners thereof, unless the obligations at the time of their required surrender for payment shall then mature, or shall then be subject to prior redemption at the Enterprise's option) regardless of whether lien priority is changed thereby (except that superior obligations are prohibited as provided in paragraph F of Section 18 hereof and except as provided in paragraph B of this Section 19).

B. Limitations Upon Issuance of Parity Refunding Obligations.

No refunding obligations shall be issued with a lien on the Net Revenues on a parity with the Bonds, unless:

- (1) The lien of the obligations refunded is on a parity with the lien of the Bonds; or
- (2) The refunding obligations are issued in compliance with paragraph A of Section 18 hereof.

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

D. Limitation Upon Issuance of any Refunding Obligations. Any refunding obligations payable from the Net Revenues shall be issued with such details as the Council may provide, but without impairing any contractual obligation imposed by any proceedings authorizing any unrefunded portion of any issue (including the Bonds). If only a part of any series of Bonds is proposed to be refunded, then there may be no refunding without the consent of the owners of the unrefunded portion unless:

- (1) The refunding obligations do not increase the aggregate principal and interest requirements for any Fiscal Year commencing prior to the last maturity date of such unrefunded obligations, or
- (2) The lien of the refunding obligations is subordinate to the lien of any obligations not refunded, or
- (3) The refunding obligations are issued in compliance with paragraph A of Section 18 hereof.

Section 20. Protective Covenants. The Enterprise and, where the context so requires, the City covenants and agrees with each and every Registered Owner as follows:

A. Use of Bond Proceeds. The Enterprise, with the proceeds derived from the sale of the 1998 Bonds, will, after the sale, issuance, and delivery of the 1998 Bonds, proceed without delay to apply the proceeds to the Project (including capitalized interest relating thereto), funding of the Bond Reserve Fund and the payment of costs of issuing the Bonds.

B. Tax Covenant. The Enterprise will not take any action or omit to take any action with respect to the 1998 Bonds, the proceeds thereof, any other funds of the Enterprise or any facilities financed with the proceeds of the 1998 Bonds if such action or omission (i) would cause the interest on the 1998 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 1998 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 such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under

Section 56 of the Tax Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the 1998 Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the 1998 Bonds. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 1998 Bonds until the date on which all obligations of the Enterprise in fulfilling the above covenant under the Tax Code and Colorado law have been met.

C. Use Charges. Rates, fees and charges for use of the Golf Course Facilities shall be reasonable and just, taking into account the cost and value of the Golf Course Facilities, Operation and Maintenance Expenses, proper allowances for depreciation and the amounts necessary to retire all Bonds payable from Net Revenues, and the reserves therefor. There shall be charged against all users of the Golf Course Facilities, including the Enterprise and the City, rates, fees and charges sufficient to produce Gross Income in each Fiscal Year to pay the Operation and Maintenance Expenses in such Fiscal Year, 100% of both the principal of and interest requirements on the 1998 Bonds and any Additional Bonds payable from the Net Revenues in such Fiscal Year (excluding interest requirements to the extent such interest has been capitalized), and any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Gross Income or any securities payable therefrom. The Enterprise covenants and agrees that it will cause all rates, fees and service charges appertaining to the Golf Course Facilities to be collected as soon as reasonable, shall prescribe and enforce rules and regulations for the payment thereof, and shall provide methods of collection and penalties, including but not limited to denial of service for nonpayment of such rates, fees and service charges to the end that the Net Revenues shall be adequate to meet the requirements hereof.

The Council will take all reasonable measures to adjust rates, fees and charges to such extent and in such manner to ensure that the payments and accumulations required by this Ordinance; provided, however, the insufficiency of such rates, fees and charges to make such payments and accumulations shall not constitute an Event of Default if, in the opinion of an Independent Consultant, the rates, fees and charges being imposed are reasonable and consistent with the maximization of Net Revenues.

D. Efficient Operation. The Enterprise shall make such improvements and repairs to the Golf Course Facilities as may be necessary to insure economical and efficient operation and its ability to meet demands for service.

E. Records. Separate records will be kept showing complete and correct entries of all transactions relating to the Golf Course Facilities. Such records shall include monthly entries showing:

- (1) the number of users;
- (2) the Gross Income received; and
- (3) a detailed statement of expenses.

F. Right to Inspect. Any Registered Owner, or his duly authorized agent, shall have the right at reasonable business hours to inspect the Golf Course Facilities, and all records, accounts and data relating thereto.

G. Audits and Budgets. The Enterprise agrees that it will, within 185 days following the close of each Fiscal Year, cause an audit to be prepared by an Independent Accountant. Each such audit, in addition to matters thought proper by the accountant, shall include:

- (1) A statement for the Fiscal Year
- (2) A balance sheet as of the end of such Fiscal Year, including all funds created by proceedings authorizing 1998 Bonds payable from Gross Income;
- (3) The accountant's comment regarding the Enterprise's methods of operation and accounting practice; and
- (4) An accounting for each fund or account created by the various proceedings showing deposits and withdrawals for the Fiscal Year.

Along with the audit, the Enterprise shall furnish an operating budget showing the budget for the preceding year, actual Gross Income and expenses for that year and the planned budget for the ensuing year. The Enterprise will make a copy of each audit and budget available for inspection and copying to any Registered Owner and the Purchaser of the 1998 Bonds upon request.

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

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

J. Insurance. The Enterprise in its operation of the Golf Course Facilities will carry fire and extended coverage insurance, public liability insurance and other types of insurance, or will maintain self-insurance funds, in an amount which an independent risk manager determines in writing delivered to the City Manager to be sufficient for the risks covered by such insurance. The Enterprise will also maintain as provided by law a self-insurance fund to cover workmen's compensation or will carry equivalent insurance. The cost of insurance shall be considered one of the operating costs of the Golf Course Facilities. In the event of property loss or damage, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged, and any remainder shall be treated as Net Revenues, and shall be subject to distribution in the manner provided hereinabove in Section 14 hereof, for Net Revenues.

K. Alienating Golf Course Facilities. The Enterprise will not sell, lease, mortgage, pledge, or otherwise alienate the Golf Course Facilities, or any part thereof, unless all Outstanding 1998 Bonds have been paid or payment provided within the meaning of Section 24 hereof, except any portion which shall have been replaced by other property of at least equal value or which shall cease to be necessary for the efficient operation of the Golf Course Facilities. In the event of any sale, the proceeds of such sale shall be distributed as Net Revenues.

L. Extension of Interest Payments. The Enterprise will not extend or be a party to the extension of the time for paying any claim for interest. Any installment of interest so extended shall not be entitled in case of default hereunder to the benefit or security of this ordinance except subject to the prior payment in full of the principal of all 1998 Bonds and interest which has been extended.

M. Competent Management. The Enterprise shall employ experienced and competent management personnel for the Golf Course Facilities.

N. Surety Bonds. Each Enterprise official being responsible for receiving Gross Income and maintaining the accounts of the Golf Course Facilities, shall be bonded to at least the extent of \$100,000, which bond shall be conditioned upon the proper application of such funds. The cost of each surety bond shall be considered one of the operating costs of the Golf Course Facilities.

O. City's Existence. The City will maintain its corporate entity and existence so long as any of the 1998 Bonds remain Outstanding, unless another political subdivision by operation of law succeeds to the liabilities and rights of the City without adversely affecting to a substantial degree the privileges and rights of any 1998 Bondholder. The City shall not repeal or amend the Enterprise Ordinance if such repeal or amendment would materially adversely affect the Registered Owners of the Bonds.

P. Performing Duties. The Enterprise will faithfully and punctually perform all duties with respect to the Golf Course Facilities required by the Constitution and laws of the State and resolutions of the Enterprise, including but not limited to the making and collecting of reasonable and sufficient rates and charges for services rendered or furnished by the Golf Course Facilities as herein provided.

Q. Other Liens. Other than as set forth in this ordinance, there are no liens or encumbrances of any nature whatsoever, on or against the Golf Course Facilities or the Gross Income derived or to be derived from the operation of the same.

R. Life of Improvements. The useful life of the Golf Course Facilities to be funded with proceeds of the 1998 Bonds is estimated to be 25 years, which is not less than the term of the 1998 Bonds.

S. Continuing Disclosure. The Enterprise shall comply with the provisions of the Continuing Disclosure Certificate.

Section 21. Events of Default. An "event of default" occurs if:

- A. payment of principal of any Bond is not made when due at maturity or upon prior redemption;
- B. payment of interest on any Bond is not made when due;
- C. the Enterprise is not capable of fulfilling its obligations hereunder; or

D. the Enterprise defaults in the punctual performance of its covenants hereunder (except as otherwise provided herein) for ninety (90) days after written notice shall have been given by the Registered Owners of at least 25 percent of the Outstanding Bonds.

Section 22. Remedies Upon Defaults. Upon the happening of any event of default, the Registered Owner or Owners of not less than 25 percent in principal amount of the Outstanding 1998 Bonds, or a trustee therefor, may protect and enforce the rights of any Registered Owner by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenant, the appointment of a receiver (the consent to such appointment being hereby granted), injunctive relief, or requiring the governing body of the Enterprise to act as if it were the trustee of an expressed trust, or any combination of such remedies. In addition, the Enterprise may have a receiver appointed upon the happening of an event of default. Any fees and/or expenses of the Enterprise and/or the receiver incurred following an event of default and relating to pursuing remedies hereunder may be paid from Gross Income as Operation and Maintenance Expenses. All proceedings shall be maintained for the equal benefit of all Registered Owners. Any receiver appointed to protect the rights of Registered Owners may take possession and operate and maintain the Golf Course Facilities in the same manner as the Enterprise itself might do. The failure of any Registered Owner to proceed does not relieve the Enterprise or any person of any liability for failure to perform any duty hereunder. The foregoing rights are in addition to any other right and the exercise of any right by any Registered Owner shall not be deemed a waiver of any other right.

Section 23. Duties upon Default. Upon the happening of any event of default, the Enterprise will perform all proper acts to protect and preserve the security created for the prompt payment of the principal of and interest on the 1998 Bonds. The Registered Owner or Owners of not less than 25 percent in principal amount of the Outstanding 1998 Bonds, after written demand, may proceed to protect and enforce the rights provided by this section.

Section 24. Defeasance. When the principal and interest due in connection with any 1998 Bond have been duly paid, all obligations hereunder with respect to such 1998 Bond shall be discharged, and such 1998 Bond shall no longer be deemed to be Outstanding for any purpose of this ordinance. Payment of such 1998 Bond or any portion thereof shall be deemed made when the Enterprise has placed in escrow with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may be wholly or in part initially invested) to meet all requirements of principal of, premium, if any, and interest on such 1998 Bond as the same become due to maturity or to any redemption date as of which the Enterprise shall have exercised or obligated itself to exercise its prior redemption option and have given irrevocable instructions to the Registrar to give notice of redemption to the holder of any such 1998 Bond. The Federal Securities shall become due or be callable at the option of the holder at or prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule agreed upon between the Enterprise and such bank at the time of creation of the escrow.

In the event that there is a defeasance of only part of the 1998 Bonds, the Registrar shall, if requested by the Enterprise, institute a system to preserve the identity of the individual 1998 Bonds or portions thereof so defeased, regardless of

changes in 1998 Bond numbers attributable to transfers and exchanges of 1998 Bonds; and the Registrar shall be entitled to reasonable compensation and reimbursement of expenses from the Enterprise in connection with such system.

Section 25. Successor Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Enterprise shall determine to replace the Registrar or Paying Agent hereunder, the Enterprise may, upon notice mailed to each owner of any 1998 Bond at his address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. Every such successor Registrar or Paying Agent shall be a bank or trust company located in the State. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the Enterprise shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Section 26. Delegated Powers. The officers of the Enterprise shall be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this ordinance, including the printing of the 1998 Bonds (including the opinion of counsel), execution of any certificates reasonably required of the Enterprise officials by the initial purchaser of the 1998 Bonds, including but not limited to the execution and delivery of the 1998 Bonds and the absence and existence of factors affecting the exemption of interest on such 1998 Bonds from federal income taxation, contracting for and obtaining 1998 Bond ratings and/or 1998 Bond insurance for the 1998 Bonds, and the execution and delivery of agreements with the Paying Agent and Registrar necessary or desirable to evidence the acceptance by the Paying Agent and Registrar of each of their duties hereunder.

Section 27. Amendment of Ordinance.

A. The Enterprise may, without the consent of, or notice to, the Registered Owners of the 1998 Bonds, amend this ordinance for any one or more or all of the following purposes:

- (1) To add to the covenants and agreements in this ordinance other covenants and agreements thereafter to be observed for the protection or benefit of the Registered Owners of the 1998 Bond;
- (2) To cure any ambiguity, or to cure, correct, or supplement any defect or inconsistent provision contained in this ordinance, or to make any provisions with respect to matters arising under this ordinance or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Registered Owners of the 1998 Bonds;
- (3) To subject to this ordinance additional revenues, properties, or collateral;
- (4) In connection with the issuance of Additional Bonds; or
- (5) In connection with crediting a Bond Reserve Insurance Policy to the Bond Reserve Fund.

B. Except as provided in paragraph A of this Section, this ordinance may be amended, without receipt by the Enterprise of any additional consideration, but with the written consent of the Registered Owners of at least 66% of the 1998 Bonds then Outstanding (not including 1998 Bonds which may be held for the account of the Enterprise). No ordinance adopted without the written consent of the Registered Owners of all Outstanding 1998 Bonds adversely affected thereby shall have the effect of permitting:

- (1) An extension of maturity of any 1998 Bond; or
- (2) A reduction in the principal amount or interest rate of any 1998 Bond; or
- (3) The creation of a lien upon Gross Income ranking prior to the lien or pledge created by this ordinance; or
- (4) A reduction of the principal amount of 1998 Bonds required for consent to such amendatory ordinance; or
- (5) The establishment of priorities as between the 1998 Bonds issued and Outstanding under the provisions of this ordinance; or

(6) The modification of or otherwise affecting the rights of the holders of less than all of the Outstanding 1998 Bonds.

Section 28. Acceptance of Purchase Contract. The Council hereby accepts the Purchase Contract as submitted by the Purchaser, and hereby authorizes the sale of the 1998 Bonds to the Purchaser at the price and upon the terms, conditions, and provisions as set forth in the Purchase Contract.

Section 29. Contract with 1998 Bondowners. After any of the 1998 Bonds herein authorized are issued, this ordinance shall constitute a contract between the Enterprise and the owner or owners of the 1998 Bonds, and shall be and remain irrevocable until the 1998 Bonds and the interest accruing thereon shall have been fully paid, canceled and discharged.

Section 30. Severability. If any section, paragraph, clause or provision of this ordinance shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall in no manner affect any other provision of this ordinance.

Section 31. Repealer. All ordinances, resolutions, by-laws or parts thereof in conflict with this ordinance are hereby repealed only to the extent of such conflict.

Section 32. Safety Clause. The City Council finds and declares that this Ordinance is promulgated and adopted for the public health, safety and welfare and this Ordinance bears a rational relation to the legislative object sought to be obtained.

Section 33. Declaration of Emergency. In order to complete the issuance and sale of the Bonds while favorable market conditions exist to effect the Project, it is hereby declared that an emergency exists and that this ordinance is necessary for the immediate preservation of the public peace, health, safety and financial well-being of the City and the Enterprise. This Ordinance is hereby declared, pursuant to Section 8.14 of the Charter, exempt from referendum.

Section 34. Effective Date, Recording and Authentication. This Ordinance shall be in full force and effect immediately upon enactment following final passage. This Ordinance shall be recorded in the City Book of Ordinances kept for that purpose, and shall be authenticated by the signatures of the Mayor and City Clerk, and published in accordance with law.

INTRODUCED, PASSED AND ADOPTED AS AN EMERGENCY ORDINANCE on July 20, 1998.

(SEAL)

Mayor

ATTESTED:

City Clerk

STATE OF COLORADO)
)
COUNTIES OF ADAMS) SS.
AND JEFFERSON)
)
CITY OF WESTMINSTER)

I, Michele Kelley, the duly elected, qualified and acting City Clerk of the City of Westminster, Colorado (the "City") do hereby certify:

1. That the foregoing pages are a true, correct, and complete copy of an ordinance adopted by the City Council (the "Council") of the City at a special meeting of the Council held at the City Hall on July 20, 1998.
2. The Ordinance has been signed by the Mayor, sealed with the corporate seal of the City, attested by me as City Clerk, and duly recorded in the books of the City; and that the same remains of record in the book of records of the City.
3. The passage of the Ordinance as an emergency was duly moved and seconded and the Ordinance was approved by vote of a ___ of ___ of the members of the Council as follows:

Those Voting Yes: Mayor Nancy M. Heil
Mayor Pro Tem Ann Merkel
Councillor Fred Allen
Councillor Herb Atchison
Councillor Sam Dixon
Councillor Glenn Scott
Councillor Suzanne Smith

Those Voting No: None

Those Abstaining: None

Those Absent: None

4. That notice of the meeting of July 20, 1998, in the form, attached hereto as Exhibit A, was posted in a designated public place within the boundaries of the City no less than twenty-four hours prior to the meeting as required by law.
5. That the ordinance was published in full after adoption in Westminster Window, a newspaper of general circulation within the City on _____, 1998. The affidavit of publication is attached hereto as Exhibit B.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said City this ____ day of _____, 1998.

(SEAL) City Clerk

EXHIBIT A

(Attach Notice of Meeting)

BY AUTHORITY

ORDINANCE NO. 2600

COUNCILLOR'S BILL NO. 29

SERIES OF 1998

INTRODUCED BY COUNCILLORS

Merkel-Allen

A BILL

FOR AN ORDINANCE APPROVING A LOAN AGREEMENT BETWEEN THE CITY OF WESTMINSTER GOLF COURSE ACTIVITY ENTERPRISE AND THE CITY OF WESTMINSTER

WHEREAS, the City of Westminster, Colorado (the "City") has heretofore established the City of Westminster Golf Course Activity Enterprise (the "Enterprise") as an enterprise of the City within the meaning of Article X, Section 20 of the Colorado Constitution; and

WHEREAS, the Enterprise is authorized to have and exercise certain powers in furtherance of its purpose; and

WHEREAS, in 1996, the City previously loaned the Enterprise \$247,500 to assist the Enterprise with the cost of designing the Heritage at Westmoor Golf Course (the "1996 Loan"); and

WHEREAS, the Enterprise intends to issue its Enterprise Revenue Bonds in the amount of \$6,300,000 for the construction of the Heritage at Westmoor Golf Course, Clubhouse and related improvements; and

WHEREAS, the City finds that this Project will provide significant recreational opportunities for the citizens of Westminster and the region, as well as significant economic development benefits to the City; and

WHEREAS, the City finds that it is in its best interest to further assist the Enterprise with a loan in the approximate amount of \$500,000 to be used to fund the reserve fund for the Enterprise's revenue bond issue thereby reducing the Enterprise's interest expense and its overall cost of financing for this project (the "1998 Loan"); and

WHEREAS, both parties wish to consolidate the 1996 Loan and the 1998 Loan into a single loan to be repaid in accordance with the terms set forth in this Agreement; and

WHEREAS, the City Council, as governing body of the City and as ex officio Board of Directors of the Enterprise, finds that the execution of this Agreement will serve the public purposes outlined above and is in the best interest of both the Enterprise and the City.

THE CITY COUNCIL OF THE CITY OF WESTMINSTER, COLORADO, ORDAINS:

Section 1. The City Manager of the City of Westminster is hereby authorized to enter into a \$747,500 Loan Agreement with the City of Westminster Golf Course Activity Enterprise in substantially the same form as the one attached as Exhibit "A" and, upon execution of the Agreement, to fund and implement said Agreement.

Section 2. An emergency is declared to exist, and this ordinance is declared to be necessary for the immediate preservation of the public peace, health and safety. Therefore, this ordinance shall be in full force and effect upon adoption of this ordinance on July 20, 1998, by an affirmative vote of six members, if six or seven members are present, or by an affirmative vote of four members, if four or five members of the Council are present.

Section 3. This ordinance shall be published in full within ten days after its enactment.

INTRODUCED, PASSED AND ADOPTED AS AN EMERGENCY ORDINANCE this 20th day of July, 1998.

ATTEST:

Mayor

City Clerk

EXHIBIT "A"

THIS AGREEMENT is made and entered into this 20th day of July, 1998, between the CITY OF WESTMINSTER, COLORADO (the "City") and the CITY OF WESTMINSTER GOLF COURSE ACTIVITY ENTERPRISE (the "Enterprise").

WHEREAS, the City of Westminster, Colorado (the "City") has heretofore established the City of Westminster Golf Course Activity Enterprise (the "Enterprise") as an enterprise of the City within the meaning of Article X, Section 20 of the Colorado Constitution; and

WHEREAS, on May 11, 1998, the City adopted Resolution No. 26 (the "Reimbursement Resolution") expressing its intent to issue Enterprise Revenue Bonds (the "Bonds") in the principal amount of \$6,300,000 for the design and construction of the Heritage at Westmoor Golf Course, Clubhouse and related improvements (the "Project"); and

WHEREAS, the Reimbursement Resolution contemplates, among other things, the use of a portion of the proceeds from the Bonds to reimburse the City for amounts advanced to the Enterprise for the payment of certain design and construction costs incurred prior to the issuance of the Bonds and the receipt of the proceeds therefrom; and

WHEREAS, on July 10, 1996, the City previously authorized a loan to the Enterprise in the amount of \$247,500 to assist the Enterprise with certain planning and preliminary design costs for the Project (the "1996 Loan"); and

WHEREAS, the City finds that it is in its best interest to further assist the Enterprise with a loan in the approximate amount of \$500,000 to be used to fund the reserve fund for the Bonds, thereby reducing the total principal amount of the Bonds (the "1998 Loan"); and

WHEREAS, the City anticipates adopting the ordinance authorizing the Bonds (the "Bond Ordinance") on or before August 31, 1998; and

WHEREAS, the City also anticipates adopting a resolution in order to increase the marketability of the Bonds, morally obligating the City to consider the making of supplemental appropriations of funds to fund the Reserve Fund for the Bonds in the event such Reserve Fund is for any reason depleted due to deficiencies in funds necessary for the payment of principal and interest on the Bonds and certain other payments as provided for in the Bond Ordinance (the "Reserve Replenishment Resolution"); and

WHEREAS, both parties wish to consolidate the 1996 Loan and the 1998 Loan into a single loan to be repaid in accordance with the terms set forth in this Agreement, and to memorialize the Enterprise's obligations to the City as contemplated by the Reimbursement Resolution; and

WHEREAS, the City finds that this Project will provide significant recreational opportunities for the citizens of Westminster and the region, as well as significant economic development benefits to the City; and

WHEREAS, the City Council, as governing body of the City and as ex officio Board of Directors of the Enterprise, finds that the execution of this Agreement will serve the public purposes outlined above and is in the best interest of both the Enterprise and the City.

NOW, THEREFORE, in consideration of the mutual promises set forth below, the City and the Enterprise agree as follows:

I. LOAN.

a. The City hereby loans to the Enterprise Seven Hundred Forty-Seven Thousand Five Hundred Dollars (\$747,500) (the "Loan Amount") subject to the repayment provisions set forth below. The Loan Amount shall be increased by any amounts paid by the City pursuant to the Reserve Replenishment Resolution.

b. The Enterprise agrees to repay to the City the Loan Amount if, when and as net revenues become available. "Net revenues" means those revenues available under section 14.E of the Bond Ordinance on December 31, 1999, and on each December 31 thereafter. Without limiting the foregoing, the parties agree that the Enterprise's obligations pursuant to this Agreement shall be deemed to be subordinate to any current or future indebtedness of the Enterprise.

c. The unpaid balance of the Loan Amount shall accrue simple interest at the rate of five (5) percent per annum. Payments due hereunder shall be applied first to accrued interest and then to principal.

II. REIMBURSEMENT FROM BOND PROCEEDS. In accordance with and as contemplated by the Reimbursement Resolution, the Enterprise agrees to reimburse the City those amounts advanced by the City to the Enterprise for design and construction costs incurred prior to the Enterprise's receipt of the said reimbursement shall be made within sixty (60) days of the date of closing of the Bonds.

III. GENERAL PROVISIONS

A. Dispute Resolution. If a dispute arises between the parties relating to this contract, the parties agree to submit the dispute to mediation before filing litigation.

B. Modifications. No modification or change of any provision in this Agreement shall be made, or construed to have been made, unless such modification is mutually agreed to in writing by both parties and incorporated as a written amendment to the Agreement. Memoranda of understanding and correspondence shall not be construed as amendments to the Agreement.

C. Entire Agreement. This Agreement shall represent the entire agreement between the parties with respect to the subject matter hereof and shall supersede all prior negotiations, representations, or agreements, either written or oral, between the parties relating to the subject matter of this Agreement and shall be independent of and have no effect upon any other contracts.

D. Severability. If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

E. Assignment. This Agreement shall not be assigned, in whole or in part, by either party without the written consent of the other.

F. Waiver. No waiver of a breach of any provision of this Agreement by either party shall constitute a waiver of any other breach or of such provision. Failure of either party to enforce at any time, or from time to time, any provision of the Agreement shall not be construed as a waiver thereof. The remedies reserved in this Agreement shall be cumulative and additional to any other remedies in law or equity.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers on the date first appearing above.

CITY OF WESTMINSTER,
COLORADO

CITY OF WESTMINSTER, COLORADO,
GOLF COURSE ACTIVITY ENTERPRISE

By
Nancy Heil, Mayor

By _____
Nancy Heil
President, City of Westminister,
Golf Course Activity Enterprise

ATTEST:

ATTEST:

Michele Kelley, City Clerk

Michele Kelley, Secretary,
City of Westminister, Colorado,
Golf Course Activity Enterprise

APPROVED AS TO LEGAL FORM

By
Martin R. McCullough
City Attorney

TO: BOARD OF DIRECTORS OF GOLF COURSE ACTIVITY ENTERPRISES

Date: July 20, 1998

Subject: Councillor's Enterprise Actions re Financing The Heritage Golf Course at Westmoor Technology Park

Prepared by: Mary Ann Parrot, Finance Director

Introduction

City Council, acting as the Board of Directors of the Golf Course Activity Enterprise, is requested to approve selected documents on an emergency basis, thus approving the financing of \$6,300,000 Revenue Bonds for the financing for the City's golf course, The Heritage Golf Course at Westmoor. The proceeds will be used to reimburse the City for funds advanced, per prior Council action, to allow construction to proceed on the course, and also to complete the construction of the golf course.

Summary

Over the past two years, Council has supported the building of The Heritage Golf Course at Westmoor as part of a larger public-private partnership arrangement with Westfield Development Company for the building of Westmoor Business and Technology Park. The action recommended at this time brings to completion the financing for the premier golf course, currently under construction.

City Council approved advance funding for the construction in May 1998 in order to take advantage of favorable construction costs and to keep the project on schedule. Currently, Staff estimates construction completion in September, 1998, grow-in of the greens until September 1999, and opening of the course in September 1999.

The central documents for the financing are summarized as follows:

- A. **Bond Ordinance:** by ordinance, approves the issuance of the bonds, details of the bond (terms, interest rate, etc), repayment provisions, treatment of contingencies such as drawdown of the reserves, etc. The bonds are revenue bonds, to be repaid from Legacy Ridge and Heritage revenues; the term is 25-years, and revenues are expected to be adequate to operate and maintain the golf course, service the debt and to repay the Jefferson County Loan and make the Jefferson County Airport lease payments.

By passing the ordinance on an emergency basis, the ordinance takes effect immediately. This is necessary to allow for underwriters to commit to bond investors and for the bonds to be settled in a timely manner; this action is standard for bond issues.

- B. **Reserve Fund Loan Agreement:** by ordinance, approves the loan by the City to the Golf Course Enterprise, authorizes \$500,000 to fund the Golf Course Bond Reserve Fund, and allows for repayment of this amount and an additional \$247,500 loaned by the City in 1996, all to be repaid from excess net revenues from the Golf Course. The structure of the bond issue includes a "cash-funded" reserve in order to keep interest costs down.

- C. **Reserve Replenishment Resolution:** by resolution, approves the City's moral obligation to replenish the Bond Reserve Fund, if it is drawn down to make debt service payments. It is not anticipated this will need to be done, as projected revenues are adequate from Legacy Ridge alone to make the necessary debt service payments. Nevertheless, to secure a BBB rating, it is necessary to include this promise as part of the structure of the financing.

In addition, by law, it is necessary to have an opinion from a nationally-recognized law firm on the tax-exempt qualification and enforceability of the bonds; Staff is recommending Sherman & Howard, as they have worked with Staff on numerous other City issues and their quoted fees are similar to other bond issues on which they have worked. The firm knows the City well.

Lastly, Staff is recommending fees be approved for Kutak Rock, acting as disclosure counsel, as it is necessary for the City to retain disclosure counsel to assist in the preparation of the Official Statement required in connection with the sale of municipal bonds. Disclosure counsel is further required to issue its opinion regarding compliance of the Official Statement with federal securities Laws. City Charter section 4.14 requires City Council approval of all agreements with outside legal counsel.

Staff Recommendation

1. Adopt Councillor's Enterprise Bill No. as an emergency ordinance, authorizing the issuance of \$6.3 million Golf Course Revenue Bonds, Series 1998, for purposes of design and construction of The Heritage Golf Course at Westmoor, at a net interest cost of 5.495325%, and authorize the Mayor, City Manager, City Finance Director and City Clerk to sign appropriate documents associated with the financing on the City's behalf.
2. Adopt Councillor's Enterprise Bill No. as an emergency ordinance, approving the Reserve Fund Loan Agreement between the City and the Golf Course Activity Enterprise, for a total loan of \$747,500, at an effective interest cost of 5%, and authorize the Mayor, City Manager, City Finance Director and City Clerk to sign appropriate documents on the City's behalf.
3. Adopt Enterprise Resolution No. , thus establishing and approving the "moral obligation" of the City to replenish the Golf Course Enterprise Reserve Bond Fund in order to enhance the rating and marketability of the Golf Course Revenue Bonds, and authorize the City Manager, City Finance Director and City Clerk to sign documents on the City's behalf.
4. Approve fees of \$10,000 for Sherman & Howard to act as Bond Counsel and Special Counsel to the City and the Golf Course Enterprise for the Golf Course Financing.
5. Approve fees of \$12,000 for Kutak Rock to act as Special Disclosure Counsel to the City and the Golf Course Enterprise for the Golf Course Financing.

Background Information

Consistent with action taken earlier during the Special Meeting of the City Council, the Enterprise Board of Directors is asked to take favorable action on the Staff recommendations above. This will ensure the approval of the action, on both the City side and on the part of the Golf Course Activity Enterprise, as a separate legal entity.

The bonds for the issue were sold on Thursday, July 16, at a net cost of 5.495325% to the City. A unique feature of this issue is the triple B rating (BBB) assigned by Standard and Poors Rating Agency. This is the first issue of its kind rated by S & P and is testimony to the strong historical credit position of the City. It is with a sense of accomplishment and pride that Staff is able to recommend the approval of this bonding package.

Respectfully submitted,

William M. Christopher
City Manager

Attachments

BY AUTHORITY

ORDINANCE NO. 1

COUNCILLOR'S GOLF COURSE
ENTERPRISE BILL NO. 1

SERIES OF 1998

INTRODUCED BY COUNCILLORS

Allen - Smith

A BILL

FOR AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WESTMINSTER, COLORADO, ACTING AS SUCH AND AS THE GOVERNING BOARD OF THE CITY OF WESTMINSTER GOLF COURSE ACTIVITY ENTERPRISE, AUTHORIZING THE ISSUANCE OF GOLF COURSE ENTERPRISE REVENUE BONDS; AND DECLARING AN EMERGENCY.

THE CITY OF WESTMINSTER ORDAINS:

Section 1. Definitions.

A. The terms defined in this section, except where the context by clear implication otherwise requires, shall have the meanings herein specified.

"Additional Bonds" means any additional series of bonds or other securities or obligations issued pursuant to Section 18 hereof, payable from Net Revenues and having a lien on the Net Revenues on a parity with the lien of the 1998 Bonds.

"Average Annual Debt Requirement" means the sum of the Principal Installments of and interest on the Bonds, excluding any Bonds the principal of which is payable within less than one year from the date of computation, but including any Additional Bonds proposed to be issued for purposes of Section 18 hereof, to be paid during each 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 last becomes due at maturity or on a redemption date on which any Bond thereafter maturing is called for prior redemption, whichever is later, divided by the number of full Fiscal Years during the period beginning with the Fiscal Year in which such computation is made and ending with the year any Bond last becomes due at maturity or on a redemption date on which a Bond thereafter maturing is called for prior redemption.

"Bond Fund" means the special fund created pursuant to Section 14(A) hereof.

"Bond Reserve Fund" means the special fund created pursuant to Section 14(B) hereof.

"Bond Reserve Insurance Policy" means any insurance policy, surety bond, irrevocable letter of credit or similar instrument credited to the Bond Reserve Fund in lieu of or in partial substitution for moneys held therein. The issuer providing any such Bond Reserve Insurance Policy shall be an issuer which has been then currently assigned (or whose claims paying ability has been assigned) the highest rating designation by one or more nationally recognized organizations which regularly rate such issuers.

"Bonds" means Outstanding 1998 Bonds and any Outstanding Additional Bonds.

"Charter" means the Charter for the City of Westminster, Colorado, as approved by the City's voters in January 1958 and as amended from time to time thereafter.

"City" means the City of Westminster, Colorado.

"City Council" or "Council" means the City Council of the City or any successor in functions thereto.

"City Loan" means the loan of \$_____ from the City to the Enterprise and any further loans pursuant to the Reserve Replenishment Resolution which will be credited to the Bond Reserve Fund and which shall be repaid pursuant to _____.

"Completion Bonds" means (i) any Additional Bonds in an amount or amounts not exceeding 15% of the aggregate principal amount of the 1998 Bonds, the proceeds of which are to be used (or to reimburse the Enterprise for paying) any cost of the Project not paid from proceeds of the 1998 Bonds, and (ii) with regard to any Additional Bonds which are not Completion Bonds as referred to in clause (i) of this definition, Completion Bonds as defined in the ordinance pursuant to which such Additional Bonds are issued.

"Consulting Engineer" or "Engineer" means the Enterprise's engineer or any registered or licensed professional engineer or firm of such engineers having a wide and favorable repute for skill and experience in the field of designing, preparing plans and specifications for, and supervising construction of Golf Course facilities, entitled to practice and practicing as such under the laws of the State, and retained and compensated by the Enterprise.

"Continuing Disclosure Certificate" means the undertaking executed by one or more officers of the Enterprise simultaneous with the delivery of the 1998 Bonds which enables the Purchaser to comply with the Rule.

"Enterprise" means the City of Westminster Golf Course Activity Enterprise, created by the Enterprise Ordinance.

"Enterprise Ordinance" means City Ordinance No. 24-79, Series of 1996, adopted on January 13, 1997.

"Federal Securities" means bills, certificates of indebtedness, notes, bonds or other obligations which are direct obligations of, or the principal and interest of which obligations are unconditionally guaranteed by, the United States of America, or an ownership interest in any of the foregoing issued directly by the United States Department of the Treasury.

"Fiscal Year" for the purposes of this ordinance means the twelve months commencing on the first day of January of any year and ending on the last day of December of the same year, or any other twelve-month period which the Enterprise hereafter may establish for the Enterprise.

"Golf Course Facilities" means the Legacy Ridge Golf Course heretofore acquired by the City and operated by the Enterprise, the Heritage at Westmoor Golf Course to be constructed, acquired and equipped with the proceeds of the 1998 Bonds and any other golf course facilities hereafter acquired by the City and operated by the Enterprise including without limitation, land, improvements, structures, fixtures, equipment and furnishings, and appurtenances incidental thereto, and any other facilities the revenues of which are pledged to the payment of the Bonds as described in clause (ii) of the definition of "Gross Income."

"Gross Income" means (i) all gross income and revenue derived by the Enterprise from the operation of the Golf Course Facilities, or any part thereof, whether resulting from improvements, extensions, enlargements, repairs or betterments to the Golf Course Facilities, or otherwise, and includes all gross income and revenue received by the Enterprise from the Golf Course Facilities owned or operated by the Enterprise as the same may at any time exist to serve customers within or without Enterprise boundaries, (ii) all gross income and revenue derived by the Enterprise from the operation of any other facility or from any other Enterprise revenues hereafter pledged by the Council to the payment of the Bonds provided that prior to such pledge the Enterprise receives a written opinion from nationally recognized bond counsel to the effect that such pledge does not adversely affect the validity of the Bonds or the exclusion of the interest on the Bonds from gross income for federal income tax purposes and (iii) all gross income and revenue derived from the investment of any of the funds established herein, even though such investment gross income and revenue is to be credited to the particular fund from which such investment is made, as further provided in and subject to restrictions imposed by Section 15 hereof.

"Independent Accountant" means any certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of the State of Colorado, appointed and paid by the Enterprise (1) who is, in fact, independent and not under the dominion of the City or the Enterprise, (2) who does not have any substantial interest, direct or indirect, in the City or the Enterprise, and (3) who is not an officer or employee of the City or the Enterprise, but who may be regularly retained to make annual or similar audits of the books or records of the City or the Enterprise.

"Independent Consultant" means any person or firm recognized as well qualified in the financing of golf course facilities, including rates and fees charged for the use of public golf course facilities, appointed and paid by the Enterprise (1) who is, in fact, independent and not under the domination of the City or the Enterprise, (2) who does not have any substantial interest, direct or indirect, in the City or the Enterprise, and (3) who is not an officer or employee of the City or the Enterprise, but who may be regularly retained to make annual or similar audits of the books or records of the City or the Enterprise.

"Insured Bank" means a bank which is a member of the Federal Deposit Insurance Corporation.

"Maximum Annual Debt Service" means the maximum amount of all required payments of principal and interest on the Outstanding Bonds (or any portion thereof, if so provided) which will become due in any Fiscal Year..

"Net Revenues" means the Gross Income after deducting Operation and Maintenance Expenses.

"1998 Bonds" means the Golf Course Enterprise Revenue Bonds Series 1998, issued pursuant to this Ordinance.

"Official Statement" means the Official Statement delivered in connection with the original issue and sale of the 1998 Bonds.

"Operation and Maintenance Expenses" means all reasonable and necessary current expenses of the Enterprise, paid or accrued, of operating, maintaining and repairing the Golf Course Facilities, and shall include, without limiting the generality of the foregoing, legal and overhead expenses of the City or the Enterprise directly related and reasonably allocable to the administration of the Golf Course Facilities, insurance premiums, the reasonable charges of depository banks and registrar and paying agents, contractual services, lease payments on operating leases (but not capital leases) of real and personal property relating to

the Golf Course Facilities, professional services required by this ordinance, salaries and administrative expenses, labor, the cost of materials and supplies used for current operation of the Golf Course Facilities and rebate payments related to the Bonds and required by Section 148(f) of the Tax Code, but shall not include any allowance for depreciation, liabilities incurred by the City or the Enterprise as the result of either of their negligence in the operation of the Golf Course Facilities or other ground of legal liability not based on contract, improvements, extensions, enlargements or betterments of the Golf Course Facilities, or any charges for the accumulation of reserves for capital replacements of the Golf Course Facilities. In addition, upon the happening of an event of default as described in Section 21 hereof, Operation and Maintenance Expenses shall include any fees and/or expenses of the City, the Enterprise and/or any receiver appointed to protect the rights of the Registered Owners, which fees and/or expenses relate to pursuing remedies under this Ordinance.

"Ordinance" or "ordinance" means this Ordinance of the City, acting as the City Council and as the governing body of the Enterprise, which provides for the issuance and delivery of the 1998 Bonds.

"Outstanding" means, as of any date of calculation, all Bonds theretofore executed, issued and delivered by the Enterprise except:

(1) Bonds theretofore canceled by the Enterprise, Registrar or Paying Agent, or surrendered to the Enterprise, Registrar or Paying Agent for cancellation;

(2) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Enterprise and authenticated by the Registrar unless proof satisfactory to the Registrar is presented that any such Bonds are duly held by the lawful registered owners thereof; or

(3) Bonds deemed to have been paid as provided in Section 24 hereof.

"Paying Agent" means The Bank of Cherry Creek, N.A., in Denver, Colorado, its successors and assigns, as agent for the Enterprise for the payment of the 1998 Bonds.

"Preliminary Official Statement" means the Preliminary Official Statement with respect to the Bonds.

"Principal Installment" means as of any date of calculation, the sum of the principal amount of Bonds maturing (including as a result of mandatory sinking fund redemption) on the next occurring principal payment date, or during such other period of time as is directed in this Ordinance for the calculation.

"Project" means the acquisition, construction, and equipping of a public golf course in the City including structures, fixtures, equipment, furnishings, and other real and personal property therefor and any other lawful City purposes related to the Enterprise.

"Purchase Contract" means the Bond Purchase Agreement dated the date of adoption of this Ordinance between the Enterprise and the Purchaser.

"Purchaser" means Hanifen, Imhoff Inc., Denver, Colorado.

"Record Date" means the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date.

"Redemption Date" means the date fixed for the redemption prior to their respective maturities of Bonds in any notice of redemption.

"Registered Owner" means any person who is the registered owner of any Bond as shown on the registration books kept by the Registrar.

"Registrar" means The Bank of Cherry Creek, N.A., in Denver, Colorado, its successors and assigns, as agent for the Enterprise for the registration and transfer of the 1998 Bonds.

"Registrar Agreement" means the Registrar and Paying Agent Agreement between the Enterprise and the Registrar and Paying Agent dated as of July 1, 1998.

"Required Bond Reserve" means an amount equal to the Maximum Annual Debt Service on the Bonds.

"Reserve Replenishment Resolution" means the resolution adopted by the City expressing its present intent to lend additional moneys to the Enterprise to maintain the Bond Reserve Fund at the Bond Reserve Fund Requirement.

"Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, ' 240.15c2-12).

"SEC" means the Securities and Exchange Commission.

"State" means the State of Colorado.

"Tax Code" means the Internal Revenue Code of 1986, as amended to the date of delivery of the 1998 Bonds.

In this ordinance, unless the context otherwise requires,

(1) the terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms, refer to this Ordinance as a whole and not to any particular article, section or subdivision hereof; and the term "heretofore" means before the date of execution of this ordinance, the term "now" means at the date of execution of this ordinance, and the term "hereafter" means after the date of execution of this ordinance;

(2) words of the masculine gender include correlative words of the feminine and neuter genders and words importing the singular number include the plural number and vice versa; and

(3) the captions or headings of this ordinance, are for convenience only and in no way define, limit or describe the scope or intent of any provisions, articles or sections of this ordinance.

Section 2. Recitals.

A. The City is a municipal corporation duly organized and existing under the City's Charter adopted pursuant to Article XX of the Constitution of the State of Colorado.

B. The members of the Council have been duly elected or appointed and qualified.

C. The City has determined and hereby determines that it is in the best interests of the City and its residents to construct, acquire and equip the Project.

D. An enterprise is not subject to the limitations of Article X, Section 20 of the Colorado Constitution.

E. The Council has created the Enterprise as a government owned business, authorized to issue its own revenue bonds. In 1997, the Enterprise did not receive more than 10% of its annual revenue in grants from Colorado state or local governments combined. As a result, the Enterprise constitutes an enterprise for purposes of Article X, Section 20 of the Colorado Constitution. The City expects that the Enterprise will constitute an enterprise for purposes of Article X,

Section 20 of the Colorado Constitution during 1998. The City's Loan will bear interest and is expected to be repaid over time from Net Revenues; it is therefore not a grant from the City.

F. Pursuant to Section 11.1(d) of the Charter and the Enterprise Ordinance, the Council is empowered to issue revenue bonds without the approval of the electors of the City.

G. The Enterprise is also authorized to establish fees and charges for services, programs, or facilities furnished by the Enterprise and to pledge such revenue for the payment of obligations of the Enterprise.

H. The Council has determined that it is necessary and for the best interests of the City and the inhabitants thereof to proceed as soon as possible with the Project and to issue, on behalf of the Enterprise, and sell the 1998 Bonds to defray, in part, the cost of the Project.

I. The Enterprise has received a proposal from the Purchaser, for the purchase of the Bonds in the aggregate principal amount of \$_____ for the purpose of defraying in whole or in part the cost of the Project.

J. There have been presented to the Council the proposed forms of the following documents: (i) the Purchase Contract; (ii) the Registrar Agreement; (iii) the Continuing Disclosure Certificate; and (iv) the Preliminary Official Statement.

Section 3. Ratification. All actions heretofore taken (not inconsistent with the provisions of this ordinance) by the Council and the officers of the City and the Enterprise directed toward the sale and issuance of the 1998 Bonds and the Project be, and the same hereby are, ratified, approved and confirmed.

Section 4. Authorization of 1998 Bonds. It is hereby declared necessary that the City issue on behalf of the Enterprise, and there are hereby authorized to be issued the "City of Westminster, Colorado, (Acting on Behalf of its Golf Course Activity Enterprise) Golf Course Enterprise Revenue Bonds Series 1998" in the aggregate principal amount of \$_____. The 1998 Bonds are payable as to principal, premium, if any, and interest solely out of the Net Revenues, the Bond Fund and the Bond Reserve Fund, and the Enterprise pledges irrevocably, but not exclusively, such Net Revenues and such funds to the payment of the 1998 Bonds and the interest and any redemption premium thereon. Pursuant to Article X, Section 20 of the Colorado Constitution, no election is required for the issuance of the 1998 Bonds.

Section 5. 1998 Bond Details.

A. The 1998 Bonds shall be issued in fully registered form (i.e. registered as to payment of both principal and interest), shall be dated as of July 1, 1998, shall be issued in denominations of \$5,000 and any integral multiple thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on any maturity date and no individual Bond may be issued for more than one maturity), and shall be numbered in such manner as the Registrar may determine. Interest shall be payable semiannually on June 1 and December 1 in each year, beginning December 1, 1998.

B. The 1998 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 at the rates to be hereinafter designated. The 1998 Bonds shall mature serially on December 1 in each of the designated years and amounts, and shall bear interest, as follows:

Amount Maturing	Year Maturing	Interest Rate (Per Annum)
\$		

The net effective interest rate on the 1998 Bonds is _____% which is the maximum net effective interest rate authorized by the Council.

C. The principal of any 1998 Bond shall be payable to the Registered Owner thereof as shown on the registration books kept by the Registrar upon maturity or prior redemption thereof and upon presentation and surrender at the Paying Agent. If any 1998 Bond shall not be paid upon such presentation and surrender at maturity or upon prior redemption, it shall continue to draw interest at the rate borne by said 1998 Bond until the principal thereof is paid in full. Payment of interest on any 1998 Bond shall be made to the Registered Owner thereof by check or draft mailed 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 the Registered Owner thereof at his or her address as it last appears on the registration books kept by the Registrar 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 Registered Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Registered 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 the payment of such defaulted interest shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest. Notice of the Special Record Date and the date fixed for the payment of such defaulted interest shall be given to the Registered Owners not less than ten days prior to the Special Record Date by first-class mail to each such Registered Owner as shown on the Registrar's registration books on a date selected by the Registrar, 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 1998 Bond by such alternative means as may be mutually agreed to between the Registered Owner of such 1998 Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America.

Section 6. Redemption Provisions.

A. Optional Prior Redemption. The 1998 Bonds maturing on and after December 1, _____ shall be subject to redemption prior to their respective maturities, at the option of the Enterprise, in whole, or in part, in integral multiples of \$5,000, from such maturities as are selected by the Enterprise, and if less than all of the 1998 Bonds of a maturity are to be redeemed, by lot within a maturity (giving proportionate weight to 1998 Bonds in denominations larger than \$5,000), in such manner as the Registrar may determine, on December 1, _____, or on any date thereafter, at a redemption price equal to the principal amount or portion thereof so redeemed and accrued interest thereon to the Redemption Date plus a premium computed in accordance with the following schedule:

_____ % of the principal amount of each 1998 Bond, or portion thereof, so redeemed if redeemed on or before November 30, _____;

.____ % of such principal amount if redeemed thereafter and on or before November 30, _____; and

No premium if redeemed thereafter.

The Registrar shall not be required to give notice of any such optional redemption unless it has received written instructions from the Enterprise in regard thereto, at least sixty days prior to such Redemption Date.

B. Mandatory Redemption. The 1998 Bonds maturing on December 1, _____ are subject to mandatory sinking fund redemption, in part, by lot in such manner as the Registrar shall determine (giving proportionate weight to 1998 Bonds in denominations larger than \$5,000), on December 1 of each of the years set forth below, at a price equal to the principal amount of each 1998 Bond or portion thereof so redeemed and accrued interest to the Redemption Date, without redemption premium, in the annual amounts set forth below:

Date	Principal Amount to be Redeemed
------	------------------------------------

On or before forty-five (45) days prior to each sinking fund installment date, the Registrar shall, without any notice or instruction from the Enterprise, select for redemption, by lot as hereinabove provided, from the Outstanding 1998 Bonds maturing on December 1, ____ such 1998 Bonds in an aggregate principal amount equal to the applicable sinking fund installment. The amount of the sinking fund installment may, at the option of the Enterprise, be reduced by the principal amount of any 1998 Bonds maturing on December 1, ____, which, at least 60 days prior to said redemption date, have been redeemed (otherwise than through operation of the sinking fund) or otherwise delivered to the Paying Agent for payment and cancellation, and which have not theretofore applied as a credit against a sinking fund installment. The remaining principal amount of 1998 Bonds maturing on December 1, ____ shall be paid upon presentation and surrender at or after their maturity on December 1, _____.

The 1998 Bonds maturing on December 1, ____ are subject to mandatory sinking fund redemption, in part, by lot in such manner as the Registrar shall determine (giving proportionate weight to 1998 Bonds in denominations larger than \$5,000), on December 1 of each of the years set forth below, at a price equal to the principal amount of each 1998 Bond or portion thereof so redeemed and accrued interest to the Redemption Date, without redemption premium, in the annual amounts set forth below:

Date	Principal Amount to be Redeemed
------	------------------------------------

On or before forty-five (45) days prior to each sinking fund installment date, the Registrar shall, without any notice or instruction from the Enterprise, select for redemption, by lot as hereinabove provided, from the Outstanding 1998 Bonds maturing on December 1, ____, such 1998 Bonds in an aggregate principal amount equal to the applicable sinking fund installment. The amount of the sinking fund installment may, at the option of the Enterprise, be reduced by the principal amount of any 1998 Bonds maturing on December 1, ____, which, at least 60 days prior to said redemption date, have been redeemed (otherwise than through operation of the sinking fund) or otherwise delivered to the Paying Agent for payment and cancellation, and which have not theretofore applied as a credit against a sinking fund installment. The remaining principal amount of 1998 Bonds maturing on December 1, ____ shall be paid upon presentation and surrender at or after their maturity on December 1, _____.

C. Notice. Notice of redemption shall be given by the Registrar in the name of the Enterprise by sending a copy of such official notice by first-class, postage prepaid mail, not more than sixty nor less than thirty days prior to the Redemption Date to each Registered Owner at his address as it last appears on the registration books kept by the Registrar; but neither failure to give such notice nor any defect therein shall affect the redemption of any 1998 Bond. Such notice shall identify the 1998 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 1998 Bond so to be redeemed, at the Paying Agent, the principal amount thereof, any redemption premium, and accrued interest to the Redemption Date, and that from and after such date interest will cease to accrue. Prior to any redemption date, the Enterprise shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the 1998 Bonds or portions of 1998 Bonds which are to be redeemed on that date. Notice of redemption having been given as aforesaid, the 1998 Bonds or portions of 1998 Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Enterprise shall default in the payment of the redemption price) such 1998 Bonds or portions of 1998 Bonds shall cease to bear interest. Upon surrender of such 1998 Bonds for redemption in accordance with said notice, such 1998 Bonds shall be paid by the Paying Agent at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All 1998 Bonds which have been redeemed shall be promptly canceled by the Paying Agent and such canceled 1998 Bonds shall be delivered by the Paying Agent or Registrar to the Enterprise, if requested by the Enterprise, and shall not be reissued.

Notwithstanding the provisions of this section, any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the 1998 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 1998 Bonds called for redemption in the same manner as the original redemption notice was mailed.

D. Partial Redemption. In the case of 1998 Bonds of a denomination larger than \$5,000, a portion of such 1998 Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Registrar shall, without charge to the owner of such 1998 Bond, authenticate and issue a replacement 1998 Bond or 1998 Bonds for the unredeemed portion thereof of the same maturity in the amount of the unpaid principal.

Section 7. Registration, Transfer and Exchange of 1998 Bonds.

A. Registration. Books for the registration and transfer of the 1998 Bonds shall be kept by the Registrar, which is hereby appointed by the Enterprise as registrar and transfer agent for the 1998 Bonds. Upon the surrender for transfer of any 1998 Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new 1998 Bond or 1998 Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned.

Any 1998 Bond may be exchanged at the Registrar for an equal aggregate principal amount of 1998 Bonds of the same maturity of other authorized denominations. The Registrar shall authenticate and deliver a 1998 Bond or 1998 Bonds which the Registered Owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. In connection with any exchanges and transfers of 1998 Bonds as herein provided, the Registrar may require that the owner or any transferee pay for the cost of such transfer or exchange including any tax or other governmental charge required to be paid with respect to such exchange or transfer.

B. Transfer Limitations. The Registrar shall not be required (1) to transfer or exchange all or a portion of any 1998 Bond subject to prior redemption during the period beginning at the opening of business fifteen days preceding the mailing of notice calling any 1998 Bonds for prior redemption as herein provided and ending at the close of business on the day of such mailing or (2) to transfer or exchange all or a portion of a 1998 Bond after the mailing of notice calling such 1998 Bond or portion thereof for prior redemption except for the unredeemed portion of 1998 Bonds redeemed in part.

C. Absolute Owner. The person in whose name any 1998 Bond shall be registered, on the registration books kept by the Registrar, shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes except as may otherwise be provided with respect to payment of interest as is provided in Section 5 hereof; and payment of or on account of either principal or interest on any 1998 Bond shall be made only to or upon the written order of the Registered Owner thereof or his legal representative, but such registration may be changed upon transfer of such 1998 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 1998 Bond to the extent of the sum or sums so paid.

D. Lost Bonds. If any 1998 Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it may reasonably require, authenticate and deliver a replacement 1998 Bond or 1998 Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated 1998 Bond shall have matured or is about to become due and payable, the Registrar may direct the Paying Agent to pay such 1998 Bond in lieu of replacement.

E. Unauthenticated Bonds. The officers of the Enterprise are authorized to deliver to the Registrar fully executed but unauthenticated 1998 Bonds in such quantities as may be convenient to be held in custody by the Registrar pending use as herein provided.

F. Cancellation. Whenever any 1998 Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such 1998 Bond shall be promptly canceled by the Paying Agent or Registrar, and such canceled 1998 Bond shall be delivered by the Paying Agent or Registrar to the Enterprise if requested by the Enterprise.

Section 8. Book Entry.

A. DTC Book Entry. Notwithstanding any contrary provision of this Ordinance, the 1998 Bonds shall initially be evidenced by one 1998 Bond for each maturity in which the 1998 Bonds mature in denominations equal to the aggregate principal amount of the 1998 Bonds maturing for that maturity. Such initially delivered 1998 Bonds shall be registered in

the name of "Cede & Co." as nominee for The Depository Trust Company, the securities depository for the 1998 Bonds. The 1998 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(3), Colorado Revised Statutes 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 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 new depository 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 1998 Bonds, which new depository institution must be both a "clearing corporation" as defined in Section 4-8-102(3), Colorado Revised Statutes 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; or

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

B. Transfer. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) of paragraph A. hereof or designation of a new depository pursuant to clause (2) of paragraph A. hereof, upon receipt of the Outstanding 1998 Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, a new 1998 Bond for each maturity of the 1998 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 locate another qualified depository institution for the 1998 Bonds as provided in clause (3) of paragraph A. hereof, and upon receipt of the Outstanding 1998 Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, new 1998 Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof, as provided in and subject to the limitations of Section 7 hereof, registered in the names of such persons, and in such authorized denominations as are requested in such written transfer instructions; however, the Registrar shall not be required to deliver such new 1998 Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

C. Absolute Owner. The Council, the Registrar and the Paying Agent shall be entitled to treat the Registered Owner of any 1998 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, the Registrar and the Paying Agent shall have no responsibility for transmitting payments to the beneficial owners of the 1998 Bonds held by The Depository Trust Company or any successor or new depository named pursuant to paragraph (a) hereof.

D. Cooperation. The Council, the Registrar 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 1998 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.

Section 9. Negotiability; Filing of Signatures--Execution of 1998 Bonds. Subject to the registration provisions hereof, the Bonds shall be fully negotiable and shall have all the qualities of negotiable paper, and the holder or holders thereof shall possess all rights enjoyed by the holders of negotiable instruments under the provisions of the Colorado Uniform Commercial Code. Prior to the execution of the 1998 Bonds, the Mayor and City Clerk shall each file with the Secretary of State of the State of Colorado his or her manual signature certified by him or her under oath. Said 1998 Bonds shall be executed in the name of and on behalf of the Enterprise by the signature of the Mayor and attested by the City Clerk, and shall be sealed with the seal of the City, or with a facsimile hereof. Said 1998 Bonds bearing the manual or facsimile signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of the

Enterprise, notwithstanding that before the delivery thereof and payment therefor any or all of the persons whose manual or facsimile signature appear thereon shall have ceased to fill their respective offices.

No 1998 Bond shall be valid or obligatory for any purpose unless the certificate of authentication, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all the 1998 Bonds issued hereunder. By authenticating any of the 1998 Bonds initially delivered pursuant to this ordinance, the Registrar shall be deemed to have assented to the provisions of this ordinance.

Section 10. Special Obligations. All of the 1998 Bonds, together with the interest accruing thereon, and any prior redemption premium, shall be payable and collectible solely out of the Net Revenues which are so pledged and the Bond Fund, and the Bond Reserve Fund, the Registered Owner or Owners thereof may not look to any general or other fund for the payment of principal of and interest on such obligations, except the designated special funds pledged therefor; and such 1998 Bonds shall not constitute an indebtedness nor a debt within the meaning of any constitutional, charter or statutory provision or limitation; nor shall they be considered or held to be general obligations of the City or the Enterprise.

Section 11. 1998 Bond, Legal Opinion Certificate and Assignment Forms. Subject to the provisions of this ordinance, each 1998 Bond, Registrar's certificate of authentication, the legal opinion certificate and form of assignment shall be in substantially the following form (provided that any of the text on the face of the 1998 Bond may, with appropriate reference, be printed on the back of the 1998 Bond):

(Form of 1998 Bond)

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Enterprise or its agent for registration of transfer, exchange, or payment, and any certificate 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

COUNTIES OF ADAMS
AND JEFFERSON

CITY OF WESTMINSTER, COLORADO
(ACTING ON BEHALF OF ITS GOLF COURSE ACTIVITY ENTERPRISE)
GOLF COURSE ENTERPRISE REVENUE BOND
SERIES 1998

No. _____

\$ _____

INTEREST RATE MATURITY DATE DATED AS OF CUSIP
_____ % December 1, ____ July 1, 1998

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Westminster, Colorado (the "City"), in the Counties of Adams and Jefferson and the State of Colorado, acting on behalf of its Golf Course Activity Enterprise (the "Enterprise"), for value received hereby promises to pay upon the presentation and surrender of this 1998 Bond to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption) the Principal Amount specified above, and to pay solely from said 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 December 1, 1998, until the Principal Amount is paid or payment has been provided for. This bond will bear interest from the most recent interest payment date to which interest has been paid, or, if no interest has been paid, from the date of this bond. This bond is one of an authorized series issued pursuant to an ordinance of the City Council adopted on _____, 1998 (the "Bond Ordinance"). This bond bears interest, matures, is payable, is subject to redemption and is transferable as provided in the Bond Ordinance. To the extent not defined herein, terms used in this bond shall have the same meanings as set forth in the Bond Ordinance.

The principal of this bond is payable upon presentation and surrender hereof to the principal office of the Paying Agent. Interest on this bond will be paid 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), by check or draft mailed to the person in whose name this bond is registered in the registration records of the Enterprise maintained by the Registrar at the principal office and at the address appearing thereon at the close of business on the Record Date.

The Bonds of which this bond is one are all of like date, tenor, and effect except as to number, principal amount, interest rate, date of maturity, and optional prior redemption and are issued by the Enterprise for the purpose of financing the Project under the authority of and in full conformity with the City's home rule charter, the constitution and laws of the State of Colorado, and pursuant to the duly adopted Bond Ordinance.

The principal of and interest on this bond are payable only from the proceeds of the Net Revenues, all as more particularly set forth in the Bond Ordinance. This bond constitutes a first and prior lien, but not necessarily an exclusively first lien, on the Net Revenues.

This bond is payable solely from such Net Revenues, does not constitute a debt of the City or the Enterprise within the meaning of any constitutional, home rule charter, or statutory limitation, and shall not be considered or held to be a general obligation of the City or the Enterprise.

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

Reference is made to the Bond Ordinance for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the receipt and disposition of the Net Revenues, the nature and extent of the security, the terms and conditions under which additional bonds payable from the Net Revenues may be issued, the rights, duties and obligations of the Enterprise, the rights of the owners of the Bonds, the events of default and remedies, the circumstances under which any Bond is no longer Outstanding, the ability to amend the Bond Ordinance; and by the acceptance of this bond the owner hereof assents to all provisions of the Bond Ordinance. The principal of, premium if any, and the interest on this bond shall be paid, and this bond is transferable, free from and without regard to any equities between the Enterprise and the original or any intermediate owner hereof or any setoffs or cross-claims.

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

IN WITNESS WHEREOF, the City of Westminster, Colorado (acting on behalf of its Golf Course Activity Enterprise) has caused this Bond to be executed in its name and upon its behalf by the manual or facsimile signature of the Mayor, countersigned by the manual or facsimile signature of the Finance Director; and attested by the manual or facsimile signature of the City Clerk, and has caused a manual or facsimile impression of the seal of the City to be affixed hereon, all as of July 1, 1998.

CITY OF WESTMINSTER, COLORADO
(ACTING ON BEHALF OF ITS GOLF COURSE
ACTIVITY ENTERPRISE)

(Form of Registrar's Certificate of Authentication)

This is one of the Bonds described in the within-mentioned Bond Ordinance, and this Bond has been duly registered on the registration books kept by the undersigned as Registrar for such Bonds.

Date of Authentication

and Registration: _____

THE BANK OF CHERRY CREEK, N.A.,

Denver, Colorado, as Registrar

Authorized Officer or Employee

(End of Form of Registrar's Certificate)

(Form of Legal Opinion Certificate)

STATE OF COLORADO)
)
COUNTIES OF ADAMS) SS.
AND JEFFERSON) LEGAL OPINION CERTIFICATE
)
CITY OF WESTMINSTER)

I, Michele Kelley, the City Clerk of the City of Westminster, Colorado, in the Counties of Adams and Jefferson and the State of Colorado, do hereby certify that the following approving legal opinion of Sherman & Howard L.L.C., Attorneys at Law, Denver, Colorado:

(attorneys' approving opinion was inserted in submargins, including complimentary closing and "/s/ Sherman & Howard L.L.C.")

is a true, perfect and complete copy of a manually executed and dated copy thereof on file in the records of the City in my office; that manually executed and dated copies of the opinion were forwarded to a representative of the original purchaser, and that the opinion was dated and issued as of the date of delivery of and the payment for the Bonds of the series of which this Bond is one.

IN WITNESS WHEREOF, I have caused to be hereunto set my facsimile signature.

(Facsimile Signature)
City Clerk

(End of Form of Legal Opinion of Certificate)

(Form of Assignment)

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and hereby irrevocably constitutes and appoints _____ attorney, to transfer the same on the books of the Registrar, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Address of transferee:

Social Security or other tax

identification number of transferee:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

TRANSFER FEES MAY BE CHARGED

(End of Form of Assignment)

(Form of Prepayment Panel)

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

Date of Prepayment	Principal Prepaid	Signature of Authorized Representative of the Depository
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(End of Form of Prepayment Panel)

Section 12. Bond Preparation, Execution and Delivery. The Mayor, Finance Director and City Clerk are hereby authorized and directed to prepare and execute the 1998 Bonds as herein provided. The Mayor shall deliver the executed 1998 Bonds to the Purchaser on receipt of the purchase price specified in the Purchase Contract.

Section 13. Disposition of 1998 Bond Proceeds and Other Moneys. A. The proceeds of the 1998 Bonds shall be credited as follows:

- (1) For credit to the Bond Fund, an amount equal to the accrued interest on the 1998 Bonds and an amount equal to the capitalized interest on the 1998 Bonds through ____.
- (2) For credit to any fund or account as determined by the Enterprise, an amount equal to the remaining available proceeds of the 1998 Bonds shall be immediately applied by the Enterprise solely to pay the costs of the Project and the incidental costs and expenses of issuing the 1998 Bonds. Until the proceeds of the 1998 Bonds are applied as herein provided, the 1998 Bond proceeds are subject to a lien thereon and pledge thereof for the benefit of the Registered Owners of the Bonds.

B. The proceeds of the City's Loan to the Enterprise of the Required Bond Reserve on the 1998 Bonds shall be credited into the Bond Reserve Fund.

Section 14. Administration of Funds. So long as any of the Bonds shall be Outstanding, either as to principal or interest or both, the following payments in the following order of priority shall be made from the Net Revenues:

A. Bond Fund. First, from the Net Revenues, there shall be credited to a separate account hereby created, to be known as the "City of Westminster Golf Course Enterprise Revenue Bonds, Bond Fund" (the "Bond Fund") the following:

- (1) On each May 15 and November 15, commencing on the May 15 or November 15 (as applicable) preceding the first interest payment date for which there will not be sufficient capitalized interest to pay all of the interest on the Bonds, an amount necessary, together with any other moneys from time to time available therefor, to pay the next maturing installment of interest on the Bonds then Outstanding, except to the extent any other moneys are available therefor; and
- (2) On each May 15 and November 15, commencing on the May 15 immediately succeeding the delivery of any of the Bonds then Outstanding, or commencing on the May 15 next prior to the first principal payment date of the Bonds, whichever is later, an amount in equal semi-annual installments necessary, together with any other moneys from time to time available therefor, to pay the next maturing Principal Installment on the maturing Bonds then Outstanding, except to the extent any other moneys are available therefor.

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 subparagraph (a) or (b) (whichever is applicable) of this paragraph, may be appropriately reduced; but the required semi-annual amounts again shall be so credited to such account commencing on the next May 15 or November 15 (as applicable). The moneys in the Bond Fund shall be used only to pay the principal of and interest on the Bonds as the same become due.

B. Bond Reserve Fund. Second, except as hereinafter provided, from any remaining Net Revenues there shall be credited to a separate account hereby created, to be known as the "City of Westminster Golf Course Enterprise Revenue Bonds, Bond Reserve Fund" an amount, if any, which is necessary to maintain the Bond Reserve Fund as a continuing reserve in an amount not less than the Required Bond Reserve or to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy. The Required Bond Reserve shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided in subsection C of this Section and Section 24 hereof, only to prevent deficiencies in the payment of the principal of and the interest on the Bonds resulting from the failure to credit to the Bond Fund sufficient funds to pay said principal and interest as the same accrue or to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Insurance Policy.

If at any time the Enterprise shall for any reason fail to credit to the Bond Fund the full amount above stipulated from the Net Revenues or capitalized interest, then an amount shall be credited to the Bond Fund at such time from the Bond Reserve Fund, equal to the difference between that paid from said Net Revenues and the full amount so stipulated. Any money so used from the Bond Reserve Fund shall be replaced in the Bond Reserve Fund from the first Net Revenues received that are not required to be otherwise applied by this section or amounts advanced pursuant to the Reserve Replenishment Resolution. The moneys in the Bond Fund and in the Bond Reserve Fund shall be used solely for the purpose of paying the principal and any redemption premium of and the interest on the Bonds and moneys in the Bond Reserve Fund may be used to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy; provided, however, that any moneys at any time in excess of the Required Reserve in the Bond Reserve Fund may be withdrawn therefrom and used for any legal purpose; and provided further, that any moneys in the Bond Fund and in the Bond Reserve Fund in excess of accrued and unaccrued principal, any prior redemption premium due, and interest requirements to the due date or prior redemption date (if called for prior redemption) of the Outstanding Bonds may be used as provided in subsections D or E.

In determining the amounts required to be credited in the Bond Reserve Fund, the Enterprise shall receive credit for any investment earnings on the amounts in the Bond Reserve Fund. No credit need be made to the Bond Reserve Fund so long as the moneys therein equal the Required Bond Reserve (regardless of the source of such accumulations). The Required Bond Reserve shall be calculated upon (i) any principal payment, whether at stated maturity or upon redemption, (ii) the issuance of Additional Bonds, or (iii) the defeasance of all or a portion of the Bonds.

In lieu of all or a portion of the moneys required to be credited in the Bond Reserve Fund by this ordinance, the Enterprise may at any time or from time to time credit a Bond Reserve Insurance Policy in the Bond Reserve Fund in full or partial satisfaction of the Required Bond Reserve; provided that any such Bond Reserve Insurance Policy shall be payable on any date on which moneys will be required to be withdrawn from the Bond Reserve Fund as provided herein. Upon credit of any Bond Reserve Insurance Policy in the Bond Reserve Fund, the Enterprise may transfer moneys equal to the amount payable under the Bond Reserve Insurance Policy from the

Bond Reserve Fund and apply such moneys to any lawful purpose.

C. Termination Upon Deposits to Maturity or Redemption Date. No credit need be made to the Bond Fund or the Bond Reserve Fund if the amount in the Bond Fund plus the amount in the Bond Reserve Fund total a sum at least equal to the entire amount of the Outstanding Bonds, both as to principal and interest to their respective maturities, both accrued and not accrued, or to any Redemption Date on which the Enterprise shall have exercised its option to redeem the Bonds then Outstanding and thereafter maturing, including any prior redemption premiums then due, and both accrued and not accrued, in which case moneys in said two funds in an amount at least equal to such principal, any prior redemption premium, and interest requirements shall be used solely to pay such as the same accrue, and any moneys in excess thereof in said two funds and any other moneys derived from the operation of the Golf Course Facilities may be used in any lawful manner determined by the Enterprise.

D. Payment for Subordinate Obligations. After the payments required by the foregoing paragraphs of this Section, the Net Revenues shall be used by the Enterprise for the payment of interest on and principal of any obligations secured by Net Revenues subordinate to the lien of the 1998 Bonds, hereafter authorized to be issued, including reasonable reserves therefor.

E. Use of Remaining Net Revenues. After making the payments hereinabove required to be made, any remaining Net Revenues may be applied to any other lawful purpose or purposes permitted by the Constitution and laws of the State.

Section 15. General Administration of Funds. The funds and accounts designated in Sections 13 and 14 hereof shall be administered as follows:

A. Places and Times of Deposits. The above accounts and funds shall be separately maintained as book accounts and shall be accounted for separate from all other accounts as trust funds for the purposes established and shall be deposited in one or more bank accounts in an Insured Bank or Banks. For purposes of investment of moneys, nothing herein prevents the commingling of moneys accounted for in any two or more such book accounts pertaining to the Gross Income or to such funds and any other funds of the Enterprise, except as otherwise required by Section 20(B) hereof. Each account shall be continuously secured to the extent required by law and shall be irrevocable and shall not be

withdrawable by anyone for any other purpose. Payments shall be made into the proper account on the date herein designated (except when any such date shall be a Saturday, Sunday or legal holiday, then payment shall be made the preceding secular day). Nothing in this ordinance shall prevent the Council from establishing one bank account for all of the funds required by this ordinance.

B. Investment of Moneys. Moneys in any fund not immediately needed may be invested in legal investments permitted by the laws of the State of Colorado. Such investments shall be deemed to be a part of said fund, and any profit or loss shall be charged thereto; provided, however, that, after giving effect to Section 14(B) hereof, any investment income on moneys in the Bond Reserve Fund for the Bonds shall be treated as Net Revenues. All such investments shall (i) either be subject to redemption at any time at a fixed value by the holder thereof at the option of such holder, or (ii) mature not later than the estimated date or respective dates on which the proceeds are to be expended as estimated by the Finance Director of the City at the time of such investment. If necessary to meet any payment, the Enterprise shall sell such investments on the prevailing market from such fund.

Section 16. First Lien Bonds. The Bonds constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon the Net Revenues.

Section 17. Equality of Bonds. The Bonds shall not be entitled to any priority one over the other in the application of the Net Revenues, regardless of the time or times of their issuance.

Section 18. Additional Bonds.

A. Earnings Test. This ordinance shall not prevent the issuance of Additional Bonds provided that before any such Additional Bonds are issued it must be determined that:

(1) No event of default described in subsections (A) or (B) of Section 21 shall have occurred and be continuing; and

(2) (a) The Net Revenues for the Fiscal Year immediately preceding the date of the issuance of any such Additional Bonds, as certified by the Director of Finance, shall have been sufficient to pay an amount representing not less than 150% of the Maximum Annual Debt Service for the Outstanding Bonds and the Additional Bonds proposed to be issued; or

(b) The Net Revenues for the Fiscal Year immediately preceding the date of the issuance of any such Additional Bonds, as certified by the Director of Finance, shall have been sufficient to pay an amount representing not less than 150% of the Maximum Annual Debt Service for the Outstanding Bonds and the estimated Net Revenues for the two Fiscal Years immediately succeeding the proposed completion date of the project to be financed in whole or in part through the issuance of any such Additional Bonds are estimated by an Independent Consultant to be sufficient to pay an amount representing not less than 150% of the Maximum Annual Debt Service for the Bonds and other Outstanding Additional Bonds and the Additional Bonds proposed to be issued; and

(3) For purposes of the test set forth in (2) above, if a schedule of Golf Course Facilities rate increases has become effective at any time during the twelve months immediately prior to the issuance of the proposed Additional Bonds, and if such schedule was not in effect for the entire Fiscal Year used for the test hereinabove set forth, there may be added to the actual Gross Income for said Fiscal Year a sum equal to the estimated increase in Gross Income which would have been realized during said Fiscal Year had such rate increase governed the Gross Income received during said entire Fiscal Year.

B. Certification or Opinion of Gross Income. The certification by the Finance Director or the estimate by an Independent Consultant, or both, as the case may be, shall be conclusive in determining the right of the Enterprise to authorize, issue, sell and deliver said Additional Bonds on a parity with the Outstanding Bonds.

C. Additional Bonds for Completion. Completion Bonds may be issued by the Enterprise without complying with the provisions of paragraph A of this Section; provided, however, the Enterprise must comply with the provisions of paragraph D of this Section in connection with the issuance of Completion Bonds.

D. Bond Reserve Fund Credit. Simultaneously with the issuance of Additional Bonds (including Completion Bonds), there shall be credited to the Bond Reserve Fund an amount equal to the Required Reserve for such Additional Bonds or a Bond Reserve Insurance Policy in such amount or a combination thereof.

E. Subordinate Obligations Permitted. The Enterprise may issue Bonds, securities, or other obligations having a lien on Net Revenues subordinate to the lien of the Bonds.

F. Superior Obligations Prohibited. The Enterprise shall not issue Bonds, securities, or other obligations having a lien prior and superior to the lien of the Bonds.

Section 19. Refunding Bonds. The provisions of Section 18 hereof are subject to the following exceptions:

A. Privilege of Issuing Refunding Obligations. If at any time the Enterprise shall find it desirable to refund any Outstanding obligations constituting a lien upon the Net Revenues, said Bonds or other obligations may be refunded (but only with the consent of the owners thereof, unless the obligations at the time of their required surrender for payment shall then mature, or shall then be subject to prior redemption at the Enterprise's option) regardless of whether lien priority is changed thereby (except that superior obligations are prohibited as provided in paragraph F of Section 18 hereof and except as provided in paragraph B of this Section 19).

B. Limitations Upon Issuance of Parity Refunding Obligations.

No refunding obligations shall be issued with a lien on the Net Revenues on a parity with the Bonds, unless:

- (1) The lien of the obligations refunded is on a parity with the lien of the Bonds; or
- (2) The refunding obligations are issued in compliance with paragraph A of Section 18 hereof.

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

D. Limitation Upon Issuance of any Refunding Obligations. Any refunding obligations payable from the Net Revenues shall be issued with such details as the Council may provide, but without impairing any contractual obligation imposed by any proceedings authorizing any unrefunded portion of any issue (including the Bonds). If only a part of any series of Bonds is proposed to be refunded, then there may be no refunding without the consent of the owners of the unrefunded portion unless:

- (1) The refunding obligations do not increase the aggregate principal and interest requirements for any Fiscal Year commencing prior to the last maturity date of such unrefunded obligations, or
- (2) The lien of the refunding obligations is subordinate to the lien of any obligations not refunded, or
- (3) The refunding obligations are issued in compliance with paragraph A of Section 18 hereof.

Section 20. Protective Covenants. The Enterprise and, where the context so requires, the City covenants and agrees with each and every Registered Owner as follows:

A. Use of Bond Proceeds. The Enterprise, with the proceeds derived from the sale of the 1998 Bonds, will, after the sale, issuance, and delivery of the 1998 Bonds, proceed without delay to apply the proceeds to the Project (including capitalized interest relating thereto), funding of the Bond Reserve Fund and the payment of costs of issuing the Bonds.

B. Tax Covenant. The Enterprise will not take any action or omit to take any action with respect to the 1998 Bonds, the proceeds thereof, any other funds of the Enterprise or any facilities financed with the proceeds of the 1998 Bonds if such action or omission (i) would cause the interest on the 1998 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 1998 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 such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under

Section 56 of the Tax Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the 1998 Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the 1998 Bonds. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 1998 Bonds until the date on which all obligations of the Enterprise in fulfilling the above covenant under the Tax Code and Colorado law have been met.

C. Use Charges. Rates, fees and charges for use of the Golf Course Facilities shall be reasonable and just, taking into account the cost and value of the Golf Course Facilities, Operation and Maintenance Expenses, proper allowances for depreciation and the amounts necessary to retire all Bonds payable from Net Revenues, and the reserves therefor. There shall be charged against all users of the Golf Course Facilities, including the Enterprise and the City, rates, fees and charges sufficient to produce Gross Income in each Fiscal Year to pay the Operation and Maintenance Expenses in such Fiscal Year, 100% of both the principal of and interest requirements on the 1998 Bonds and any Additional Bonds payable from the Net Revenues in such Fiscal Year (excluding interest requirements to the extent such interest has been capitalized), and any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Gross Income or any securities payable therefrom. The Enterprise covenants and agrees that it will cause all rates, fees and service charges appertaining to the Golf Course Facilities to be collected as soon as reasonable, shall prescribe and enforce rules and regulations for the payment thereof, and shall provide methods of collection and penalties, including but not limited to denial of service for nonpayment of such rates, fees and service charges to the end that the Net Revenues shall be adequate to meet the requirements hereof.

The Council will take all reasonable measures to adjust rates, fees and charges to such extent and in such manner to ensure that the payments and accumulations required by this Ordinance; provided, however, the insufficiency of such rates, fees and charges to make such payments and accumulations shall not constitute an Event of Default if, in the opinion of an Independent Consultant, the rates, fees and charges being imposed are reasonable and consistent with the maximization of Net Revenues.

D. Efficient Operation. The Enterprise shall make such improvements and repairs to the Golf Course Facilities as may be necessary to insure economical and efficient operation and its ability to meet demands for service.

E. Records. Separate records will be kept showing complete and correct entries of all transactions relating to the Golf Course Facilities. Such records shall include monthly entries showing:

- (1) the number of users;
- (2) the Gross Income received; and
- (3) a detailed statement of expenses.

F. Right to Inspect. Any Registered Owner, or his duly authorized agent, shall have the right at reasonable business hours to inspect the Golf Course Facilities, and all records, accounts and data relating thereto.

G. Audits and Budgets. The Enterprise agrees that it will, within 185 days following the close of each Fiscal Year, cause an audit to be prepared by an Independent Accountant. Each such audit, in addition to matters thought proper by the accountant, shall include:

- (1) A statement for the Fiscal Year
- (2) A balance sheet as of the end of such Fiscal Year, including all funds created by proceedings authorizing 1998 Bonds payable from Gross Income;
- (3) The accountant's comment regarding the Enterprise's methods of operation and accounting practice; and
- (4) An accounting for each fund or account created by the various proceedings showing deposits and withdrawals for the Fiscal Year.

Along with the audit, the Enterprise shall furnish an operating budget showing the budget for the preceding year, actual Gross Income and expenses for that year and the planned budget for the ensuing year. The Enterprise will make a copy of each audit and budget available for inspection and copying to any Registered Owner and the Purchaser of the 1998 Bonds upon request.

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

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

J. Insurance. The Enterprise in its operation of the Golf Course Facilities will carry fire and extended coverage insurance, public liability insurance and other types of insurance, or will maintain self-insurance funds, in an amount which an independent risk manager determines in writing delivered to the City Manager to be sufficient for the risks covered by such insurance. The Enterprise will also maintain as provided by law a self-insurance fund to cover workmen's compensation or will carry equivalent insurance. The cost of insurance shall be considered one of the operating costs of the Golf Course Facilities. In the event of property loss or damage, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged, and any remainder shall be treated as Net Revenues, and shall be subject to distribution in the manner provided hereinabove in Section 14 hereof, for Net Revenues.

K. Alienating Golf Course Facilities. The Enterprise will not sell, lease, mortgage, pledge, or otherwise alienate the Golf Course Facilities, or any part thereof, unless all Outstanding 1998 Bonds have been paid or payment provided within the meaning of Section 24 hereof, except any portion which shall have been replaced by other property of at least equal value or which shall cease to be necessary for the efficient operation of the Golf Course Facilities. In the event of any sale, the proceeds of such sale shall be distributed as Net Revenues.

L. Extension of Interest Payments. The Enterprise will not extend or be a party to the extension of the time for paying any claim for interest. Any installment of interest so extended shall not be entitled in case of default hereunder to the benefit or security of this ordinance except subject to the prior payment in full of the principal of all 1998 Bonds and interest which has been extended.

M. Competent Management. The Enterprise shall employ experienced and competent management personnel for the Golf Course Facilities.

N. Surety Bonds. Each Enterprise official being responsible for receiving Gross Income and maintaining the accounts of the Golf Course Facilities, shall be bonded to at least the extent of \$100,000, which bond shall be conditioned upon the proper application of such funds. The cost of each surety bond shall be considered one of the operating costs of the Golf Course Facilities.

O. City's Existence. The City will maintain its corporate entity and existence so long as any of the 1998 Bonds remain Outstanding, unless another political subdivision by operation of law succeeds to the liabilities and rights of the City without adversely affecting to a substantial degree the privileges and rights of any 1998 Bondholder. The City shall not repeal or amend the Enterprise Ordinance if such repeal or amendment would materially adversely affect the Registered Owners of the Bonds.

P. Performing Duties. The Enterprise will faithfully and punctually perform all duties with respect to the Golf Course Facilities required by the Constitution and laws of the State and resolutions of the Enterprise, including but not limited to the making and collecting of reasonable and sufficient rates and charges for services rendered or furnished by the Golf Course Facilities as herein provided.

Q. Other Liens. Other than as set forth in this ordinance, there are no liens or encumbrances of any nature whatsoever, on or against the Golf Course Facilities or the Gross Income derived or to be derived from the operation of the same.

R. Life of Improvements. The useful life of the Golf Course Facilities to be funded with proceeds of the 1998 Bonds is estimated to be 25 years, which is not less than the term of the 1998 Bonds.

S. Continuing Disclosure. The Enterprise shall comply with the provisions of the Continuing Disclosure Certificate.

Section 21. Events of Default. An "event of default" occurs if:

- A. payment of principal of any Bond is not made when due at maturity or upon prior redemption;
- B. payment of interest on any Bond is not made when due;
- C. the Enterprise is not capable of fulfilling its obligations hereunder; or

D. the Enterprise defaults in the punctual performance of its covenants hereunder (except as otherwise provided herein) for ninety (90) days after written notice shall have been given by the Registered Owners of at least 25 percent of the Outstanding Bonds.

Section 22. Remedies Upon Defaults. Upon the happening of any event of default, the Registered Owner or Owners of not less than 25 percent in principal amount of the Outstanding 1998 Bonds, or a trustee therefor, may protect and enforce the rights of any Registered Owner by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenant, the appointment of a receiver (the consent to such appointment being hereby granted), injunctive relief, or requiring the governing body of the Enterprise to act as if it were the trustee of an expressed trust, or any combination of such remedies. In addition, the Enterprise may have a receiver appointed upon the happening of an event of default. Any fees and/or expenses of the Enterprise and/or the receiver incurred following an event of default and relating to pursuing remedies hereunder may be paid from Gross Income as Operation and Maintenance Expenses. All proceedings shall be maintained for the equal benefit of all Registered Owners. Any receiver appointed to protect the rights of Registered Owners may take possession and operate and maintain the Golf Course Facilities in the same manner as the Enterprise itself might do. The failure of any Registered Owner to proceed does not relieve the Enterprise or any person of any liability for failure to perform any duty hereunder. The foregoing rights are in addition to any other right and the exercise of any right by any Registered Owner shall not be deemed a waiver of any other right.

Section 23. Duties upon Default. Upon the happening of any event of default, the Enterprise will perform all proper acts to protect and preserve the security created for the prompt payment of the principal of and interest on the 1998 Bonds. The Registered Owner or Owners of not less than 25 percent in principal amount of the Outstanding 1998 Bonds, after written demand, may proceed to protect and enforce the rights provided by this section.

Section 24. Defeasance. When the principal and interest due in connection with any 1998 Bond have been duly paid, all obligations hereunder with respect to such 1998 Bond shall be discharged, and such 1998 Bond shall no longer be deemed to be Outstanding for any purpose of this ordinance. Payment of such 1998 Bond or any portion thereof shall be deemed made when the Enterprise has placed in escrow with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may be wholly or in part initially invested) to meet all requirements of principal of, premium, if any, and interest on such 1998 Bond as the same become due to maturity or to any redemption date as of which the Enterprise shall have exercised or obligated itself to exercise its prior redemption option and have given irrevocable instructions to the Registrar to give notice of redemption to the holder of any such 1998 Bond. The Federal Securities shall become due or be callable at the option of the holder at or prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule agreed upon between the Enterprise and such bank at the time of creation of the escrow.

In the event that there is a defeasance of only part of the 1998 Bonds, the Registrar shall, if requested by the Enterprise, institute a system to preserve the identity of the individual 1998 Bonds or portions thereof so defeased, regardless of

changes in 1998 Bond numbers attributable to transfers and exchanges of 1998 Bonds; and the Registrar shall be entitled to reasonable compensation and reimbursement of expenses from the Enterprise in connection with such system.

Section 25. Successor Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Enterprise shall determine to replace the Registrar or Paying Agent hereunder, the Enterprise may, upon notice mailed to each owner of any 1998 Bond at his address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. Every such successor Registrar or Paying Agent shall be a bank or trust company located in the State. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the Enterprise shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Section 26. Delegated Powers. The officers of the Enterprise shall be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this ordinance, including the printing of the 1998 Bonds (including the opinion of counsel), execution of any certificates reasonably required of the Enterprise officials by the initial purchaser of the 1998 Bonds, including but not limited to the execution and delivery of the 1998 Bonds and the absence and existence of factors affecting the exemption of interest on such 1998 Bonds from federal income taxation, contracting for and obtaining 1998 Bond ratings and/or 1998 Bond insurance for the 1998 Bonds, and the execution and delivery of agreements with the Paying Agent and Registrar necessary or desirable to evidence the acceptance by the Paying Agent and Registrar of each of their duties hereunder.

Section 27. Amendment of Ordinance.

A. The Enterprise may, without the consent of, or notice to, the Registered Owners of the 1998 Bonds, amend this ordinance for any one or more or all of the following purposes:

- (1) To add to the covenants and agreements in this ordinance other covenants and agreements thereafter to be observed for the protection or benefit of the Registered Owners of the 1998 Bond;
- (2) To cure any ambiguity, or to cure, correct, or supplement any defect or inconsistent provision contained in this ordinance, or to make any provisions with respect to matters arising under this ordinance or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Registered Owners of the 1998 Bonds;
- (3) To subject to this ordinance additional revenues, properties, or collateral;
- (4) In connection with the issuance of Additional Bonds; or
- (5) In connection with crediting a Bond Reserve Insurance Policy to the Bond Reserve Fund.

B. Except as provided in paragraph A of this Section, this ordinance may be amended, without receipt by the Enterprise of any additional consideration, but with the written consent of the Registered Owners of at least 66% of the 1998 Bonds then Outstanding (not including 1998 Bonds which may be held for the account of the Enterprise). No ordinance adopted without the written consent of the Registered Owners of all Outstanding 1998 Bonds adversely affected thereby shall have the effect of permitting:

- (1) An extension of maturity of any 1998 Bond; or
- (2) A reduction in the principal amount or interest rate of any 1998 Bond; or
- (3) The creation of a lien upon Gross Income ranking prior to the lien or pledge created by this ordinance; or
- (4) A reduction of the principal amount of 1998 Bonds required for consent to such amendatory ordinance; or
- (5) The establishment of priorities as between the 1998 Bonds issued and Outstanding under the provisions of this ordinance; or

(6) The modification of or otherwise affecting the rights of the holders of less than all of the Outstanding 1998 Bonds.

Section 28. Acceptance of Purchase Contract. The Council hereby accepts the Purchase Contract as submitted by the Purchaser, and hereby authorizes the sale of the 1998 Bonds to the Purchaser at the price and upon the terms, conditions, and provisions as set forth in the Purchase Contract.

Section 29. Contract with 1998 Bondowners. After any of the 1998 Bonds herein authorized are issued, this ordinance shall constitute a contract between the Enterprise and the owner or owners of the 1998 Bonds, and shall be and remain irrevocable until the 1998 Bonds and the interest accruing thereon shall have been fully paid, canceled and discharged.

Section 30. Severability. If any section, paragraph, clause or provision of this ordinance shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall in no manner affect any other provision of this ordinance.

Section 31. Repealer. All ordinances, resolutions, by-laws or parts thereof in conflict with this ordinance are hereby repealed only to the extent of such conflict.

Section 32. Safety Clause. The City Council finds and declares that this Ordinance is promulgated and adopted for the public health, safety and welfare and this Ordinance bears a rational relation to the legislative object sought to be obtained.

Section 33. Declaration of Emergency. In order to complete the issuance and sale of the Bonds while favorable market conditions exist to effect the Project, it is hereby declared that an emergency exists and that this ordinance is necessary for the immediate preservation of the public peace, health, safety and financial well-being of the City and the Enterprise. This Ordinance is hereby declared, pursuant to Section 8.14 of the Charter, exempt from referendum.

Section 34. Effective Date, Recording and Authentication. This Ordinance shall be in full force and effect immediately upon enactment following final passage. This Ordinance shall be recorded in the City Book of Ordinances kept for that purpose, and shall be authenticated by the signatures of the President and Secretary, and published in accordance with law.

INTRODUCED, PASSED AND ADOPTED AS AN EMERGENCY ORDINANCE on July 20, 1998.

(SEAL)

President

ATTESTED:

Secretary

STATE OF COLORADO)
)
COUNTIES OF ADAMS) SS.
AND JEFFERSON)
)
CITY OF WESTMINSTER)

I, Michele Kelley, the duly elected, qualified and acting City Clerk of the City of Westminster, Colorado (the "City") do hereby certify:

1. That the foregoing pages are a true, correct, and complete copy of an ordinance adopted by the City Council (the "Council") of the City at a special meeting of the Council held at the City Hall on July 20, 1998.
2. The Ordinance has been signed by the Mayor, sealed with the corporate seal of the City, attested by me as City Clerk, and duly recorded in the books of the City; and that the same remains of record in the book of records of the City.
3. The passage of the Ordinance as an emergency was duly moved and seconded and the Ordinance was approved by vote of a ___ of ___ of the members of the Council as follows:

Those Voting Yes: Mayor Nancy M. Heil
Mayor Pro Tem Ann Merkel
Councillor Fred Allen
Councillor Herb Atchison
Councillor Sam Dixon
Councillor Glenn Scott
Councillor Suzanne Smith

Those Voting No: None

Those Abstaining: None

Those Absent: None

4. That notice of the meeting of July 20, 1998, in the form, attached hereto as Exhibit A, was posted in a designated public place within the boundaries of the City no less than twenty-four hours prior to the meeting as required by law.
5. That the ordinance was published in full after adoption in Westminster Window, a newspaper of general circulation within the City on _____, 1998. The affidavit of publication is attached hereto as Exhibit B.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said City this ____ day of _____, 1998.

(SEAL) City Clerk

EXHIBIT A

(Attach Notice of Meeting)

BY AUTHORITY

ORDINANCE NO. 2

COUNCILLOR'S GOLF COURSE
ENTERPRISE BILL NO. 2

SERIES OF 1998

INTRODUCED BY COUNCILLORS

Scott-Smith

A BILL

FOR AN ORDINANCE APPROVING A LOAN AGREEMENT BETWEEN THE CITY OF WESTMINSTER GOLF COURSE ACTIVITY ENTERPRISE AND THE CITY OF WESTMINSTER

WHEREAS, the City of Westminster, Colorado (the "City") has heretofore established the City of Westminster Golf Course Activity Enterprise (the "Enterprise") as an enterprise of the City within the meaning of Article X, Section 20 of the Colorado Constitution; and

WHEREAS, the Enterprise is authorized to have and exercise certain powers in furtherance of its purpose; and

WHEREAS, in 1996, the City previously loaned the Enterprise \$247,500 to assist the Enterprise with the cost of designing the Heritage at Westmoor Golf Course (the "1996 Loan"); and

WHEREAS, the Enterprise intends to issue its Enterprise Revenue Bonds in the amount of \$6,300,000 for the construction of the Heritage at Westmoor Golf Course, Clubhouse and related improvements; and

WHEREAS, the City finds that this Project will provide significant recreational opportunities for the citizens of Westminster and the region, as well as significant economic development benefits to the City; and

WHEREAS, the City finds that it is in its best interest to further assist the Enterprise with a loan in the approximate amount of \$500,000 to be used to fund the reserve fund for the Enterprise's revenue bond issue thereby reducing the Enterprise's interest expense and its overall cost of financing for this project (the "1998 Loan"); and

WHEREAS, both parties wish to consolidate the 1996 Loan and the 1998 Loan into a single loan to be repaid in accordance with the terms set forth in this Agreement; and

WHEREAS, the City Council, as governing body of the City and as ex officio Board of Directors of the Enterprise, finds that the execution of this Agreement will serve the public purposes outlined above and is in the best interest of both the Enterprise and the City.

THE CITY OF WESTMINSTER, COLORADO, GOLF COURSE ACTIVITY ENTERPRISE ORDAINS:

Section 1. The President of the Enterprise is hereby authorized to enter into a \$747,500 Loan Agreement with the City of Westminster in substantially the same form as the one attached as Exhibit "A" and, upon execution of the Agreement, to fund and implement said Agreement.

Section 2. An emergency is declared to exist, and this ordinance is declared to be necessary for the immediate preservation of the public peace, health and safety. Therefore, this ordinance shall be in full force and effect upon adoption of this ordinance on July 20, 1998, by an affirmative vote of six members, if six or seven members are present, or by an affirmative vote of four members, if four or five members of the Council are present.

Section 3. This ordinance shall be published in full within ten days after its enactment.

INTRODUCED, PASSED AND ADOPTED AS AN EMERGENCY ORDINANCE this 20th day of July, 1998.

ATTEST:

President

Secretary

EXHIBIT "A"

THIS AGREEMENT is made and entered into this 20th day of July, 1998, between the CITY OF WESTMINSTER, COLORADO (the "City") and the CITY OF WESTMINSTER GOLF COURSE ACTIVITY ENTERPRISE (the "Enterprise").

WHEREAS, the City of Westminster, Colorado (the "City") has heretofore established the City of Westminster Golf Course Activity Enterprise (the "Enterprise") as an enterprise of the City within the meaning of Article X, Section 20 of the Colorado Constitution; and

WHEREAS, on May 11, 1998, the City adopted Resolution No. 26 (the "Reimbursement Resolution") expressing its intent to issue Enterprise Revenue Bonds (the "Bonds") in the principal amount of \$6,300,000 for the design and construction of the Heritage at Westmoor Golf Course, Clubhouse and related improvements (the "Project"); and

WHEREAS, the Reimbursement Resolution contemplates, among other things, the use of a portion of the proceeds from the Bonds to reimburse the City for amounts advanced to the Enterprise for the payment of certain design and construction costs incurred prior to the issuance of the Bonds and the receipt of the proceeds therefrom; and

WHEREAS, on July 10, 1996, the City previously authorized a loan to the Enterprise in the amount of \$247,500 to assist the Enterprise with certain planning and preliminary design costs for the Project (the "1996 Loan"); and

WHEREAS, the City finds that it is in its best interest to further assist the Enterprise with a loan in the approximate amount of \$500,000 to be used to fund the reserve fund for the Bonds, thereby reducing the total principal amount of the Bonds (the "1998 Loan"); and

WHEREAS, the City anticipates adopting the ordinance authorizing the Bonds (the "Bond Ordinance") on or before August 31, 1998; and

WHEREAS, the City also anticipates adopting a resolution in order to increase the marketability of the Bonds, morally obligating the City to consider the making of supplemental appropriations of funds to fund the Reserve Fund for the Bonds in the event such Reserve Fund is for any reason depleted due to deficiencies in funds necessary for the payment of principal and interest on the Bonds and certain other payments as provided for in the Bond Ordinance (the "Reserve Replenishment Resolution"); and

WHEREAS, both parties wish to consolidate the 1996 Loan and the 1998 Loan into a single loan to be repaid in accordance with the terms set forth in this Agreement, and to memorialize the Enterprise's obligations to the City as contemplated by the Reimbursement Resolution; and

WHEREAS, the City finds that this Project will provide significant recreational opportunities for the citizens of Westminster and the region, as well as significant economic development benefits to the City; and

WHEREAS, the City Council, as governing body of the City and as ex officio Board of Directors of the Enterprise, finds that the execution of this Agreement will serve the public purposes outlined above and is in the best interest of both the Enterprise and the City.

NOW, THEREFORE, in consideration of the mutual promises set forth below, the City and the Enterprise agree as follows:

I. LOAN.

a. The City hereby loans to the Enterprise Seven Hundred Forty-Seven Thousand Five Hundred Dollars (\$747,500) (the "Loan Amount") subject to the repayment provisions set forth below. The Loan Amount shall be increased by any amounts paid by the City pursuant to the Reserve Replenishment Resolution.

b. The Enterprise agrees to repay to the City the Loan Amount if, when and as net revenues become available. "Net revenues" means those revenues available under section 14.E of the Bond Ordinance on December 31, 1999, and on each December 31 thereafter.

Without limiting the foregoing, the parties agree that the Enterprise's obligations pursuant to this Agreement shall be deemed to be subordinate to any current or future indebtedness of the Enterprise.

c. The unpaid balance of the Loan Amount shall accrue simple interest at the rate of five (5) percent per annum. Payments due hereunder shall be applied first to accrued interest and then to principal.

II. REIMBURSEMENT FROM BOND PROCEEDS. In accordance with and as contemplated by the Reimbursement Resolution, the Enterprise agrees to reimburse the City those amounts advanced by the City to the Enterprise for design and construction costs incurred prior to the Enterprise's receipt of the said reimbursement shall be made within sixty (60) days of the date of closing of the Bonds.

III. GENERAL PROVISIONS

A. Dispute Resolution. If a dispute arises between the parties relating to this contract, the parties agree to submit the dispute to mediation before filing litigation.

B. Modifications. No modification or change of any provision in this Agreement shall be made, or construed to have been made, unless such modification is mutually agreed to in writing by both parties and incorporated as a written amendment to the Agreement. Memoranda of understanding and correspondence shall not be construed as amendments to the Agreement.

C. Entire Agreement. This Agreement shall represent the entire agreement between the parties with respect to the subject matter hereof and shall supersede all prior negotiations, representations, or agreements, either written or oral, between the parties relating to the subject matter of this Agreement and shall be independent of and have no effect upon any other contracts.

D. Severability. If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

E. Assignment. This Agreement shall not be assigned, in whole or in part, by either party without the written consent of the other.

F. Waiver. No waiver of a breach of any provision of this Agreement by either party shall constitute a waiver of any other breach or of such provision. Failure of either party to enforce at any time, or from time to time, any provision of the Agreement shall not be construed as a waiver thereof. The remedies reserved in this Agreement shall be cumulative and additional to any other remedies in law or equity.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers on the date first appearing above.

CITY OF WESTMINSTER,
COLORADO

CITY OF WESTMINSTER, COLORADO,
GOLF COURSE ACTIVITY ENTERPRISE

By
Nancy Heil, Mayor

By _____
Nancy Heil, President

ATTEST:

ATTEST:

Michele Kelley, City Clerk

Michele Kelley, Secretary,

APPROVED AS TO LEGAL FORM

By
Martin R. McCullough, City Attorney

STATE OF COLORADO)
)
COUNTIES OF ADAMS AND JEFFERSON) SS. CERTIFICATE AS TO
) ENTERPRISE ORDINANCE
)
CITY OF WESTMINSTER)

I, Michele Kelley, the undersigned City Clerk of the City of Westminster, Colorado (the "City") hereby certify that:

1. Attached hereto is a true and correct copy of Ordinance No. 2479, Series of 1996 (the "Ordinance"), which was introduced, read by title and passed on first reading by a roll call vote of 7 "Yes" and 0 "No" votes at the City Council meeting of December 23, 1996, and was duly adopted by the City Council by a 6 "Yes" and 0 "No" vote at its meeting held on January 13, 1997, which Ordinance has not been revoked, rescinded or repealed and is in full force and effect on the date hereof.

2. Attached hereto are true and correct copies of the notices of the meetings of December 23, 1996 and January 13, 1997 as delivered to the members of the City Council and which were posted at the City Hall not less than twenty-four hours prior to the meetings.

3. The Ordinance was published in the Westminster Window, a newspaper of general circulation in the City by title and purpose on January 2, 1997, and published in full on January 23, 1997, as required by Section 8.4 of the City Charter. True and correct copies of the affidavits of publication are attached hereto.

DATED this July 30, 1998.

(SEAL) City Clerk

CITY OF WESTMINSTER, COLORADO
SPECIAL CITY COUNCIL MEETING
MONDAY, JULY 20, 1998 AT 6:30 P.M.

PLEDGE OF ALLEGIANCE:

Mayor Heil led Council, Staff and the audience in the Pledge of Allegiance.

ROLL CALL:

Present at roll call were Mayor Heil, Mayor Pro Tem Merkel and Councillors Allen, Atchison, Dixon, Scott and Smith. Also present were William Christopher, City Manager; Vicky Bunsen, Assistant City Attorney; and Michele Kelley, City Clerk. Absent none.

PURPOSE OF SPECIAL MEETING:

The Mayor stated that the purpose of the special City Council meeting was approval of the \$6,300,000 Revenue Bonds for the financing for The Heritage Golf Course at Westmoor.

ORDINANCE NO. 2599 - HERITAGE GOLF COURSE REVENUE BONDS:

A motion was made by Atchison and seconded by Scott to adopt Councillor's Bill No. 28 as an emergency ordinance, authorizing the issuance of \$6.3 million Golf Course Revenue Bonds, Series 1998, for purposes of design and construction of The Heritage Golf Course at Westmoor, at a net interest cost of 5.495325%, and authorize the Mayor, City Manager, City Finance Director and City Clerk to sign appropriate documents associated with the financing on the City's behalf. Upon roll call vote, the motion carried unanimously.

ORDINANCE NO. 2600 - RESERVE FUND LOAN AGREEMENT WITH GOLF COURSE:

A motion was made by Merkel and seconded by Allen to adopt Councillor's Bill No. 29 as an emergency ordinance, approving the Reserve Fund Loan Agreement between the City and the Golf Course Activity Enterprise, for a total loan of \$747,500, at an effective interest cost of 5%, and authorize the Mayor, City Manager, City Finance Director and City Clerk to sign appropriate documents on the City's behalf. Upon roll call vote, the motion carried unanimously.

RESOLUTION NO. 41 - REPLENISH GOLF COURSE ENTERPRISES RESERVE BOND FUND:

A motion was made by Allen and seconded by Dixon to adopt Resolution No. 41 establishing and approving the "moral obligation" of the City to replenish the Golf Course Enterprise Reserve Bond Fund in order to enhance the rating and marketability of the Golf Course Revenue Bonds, and authorize the City Manager, City Finance Director and City Clerk to sign documents on the City's behalf. Upon roll call vote, the motion carried unanimously.

BOND COUNSEL AND SPECIAL COUNSEL FEES FOR GOLF COURSE FINANCING:

A motion was made by Smith and seconded by Atchison to approve fees of \$10,000 for Sherman & Howard to act as Bond Counsel and Special Counsel to the City and the Golf Course Enterprise for the Golf Course Financing. The motion carried unanimously.

SPECIAL DISCLOSURE COUNSEL FEES FOR GOLF COURSE FINANCING:

A motion was made by Dixon and seconded by Smith to approve fees of \$12,000 for Kutak Rock to act as Special Disclosure Counsel to the City and the Golf Course Enterprise for the Golf Course Financing. The motion carried unanimously.

Les Wilson of Hanifen Imhoff and Director of Finance Mary Ann Parrot were present to address Council.

ADJOURNMENT:

The meeting was adjourned at 6:55 P.M.

ATTEST:

Mayor

City Clerk