



WESTMINSTER

AGENDA

**SPECIAL CITY COUNCIL MEETING
COUNCIL CHAMBERS
TUESDAY, DECEMBER 1, 2015**

AT 7:00 P.M.

1. Roll Call

2. Purpose of Special Council Meeting:

- A. Councillor's Bill No. 56, an Emergency Ordinance, to Refund Special Purpose Sales/Use Tax Revenue Bonds Series 2007D
- B. Councillor's Bill No. 57, an Emergency Ordinance, Authorizing a Supplemental Appropriation of Bond Refunding Proceeds

3. Adjournment



WESTMINSTER

November 24, 2015

Linda Yeager, City Clerk
City of Westminster
4800 West 92nd Avenue
Westminster, CO 80031

City of Westminster
Office of the
Council

4800 West 92nd Avenue
Westminster, Colorado
80031

303-658-2006
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Herb Atchison
Mayor

Alberto Garcia
Mayor Pro Tem

Bruce Baker
Councillor

Shannon Bird
Councillor

Maria De Cambra
Councillor

Emma Pinter
Councillor

Anita Seitz
Councillor

Dear Linda:

I wish to call a special meeting of the City Council to be held in the Council Chambers on Tuesday, December 1, 2015, beginning at 7:00 p.m. for the purpose of considering the following emergency ordinances:

1. Councillor's Bill No. 56 to Refund Special Purpose Sales/Use Tax Revenue Bonds Series 2007D; and
2. Councillor's Bill No. 57 Authorizing a Supplemental Appropriation of Bond Refunding Proceeds.

Sincerely,

Herb Atchison
Mayor

cc: City Council
Donald M. Tripp, City Manager



Agenda Item 2 A-B

Agenda Memorandum

City Council Special Meeting
December 1, 2015



SUBJECT: Councillor's Bill No. 56 re Refund of Special Purpose Sales and Use Tax Revenue Bonds (POST Project) Series 2007D in a Par Amount not to Exceed \$20,000,000 and Councillor's Bill No. 57 re Supplemental Appropriation of the Bond Refunding Proceeds.

Prepared By: Tammy Hitchens, Finance Director
Fred Kellam, Senior Financial Analyst

Recommended City Council Action

1. Pass Councillor's Bill No. 56 as an emergency ordinance to refund the Special Purpose Sales and Use Tax Revenue Bonds (POST Project) Series 2007D, in a par amount not to exceed \$20,000,000.
2. Pass Councillor's Bill No. 57 as an emergency ordinance appropriating \$20,000,000 in Parks, Open Space and Trails Fund for the 2015 bond refunding proceeds.

Summary

- This meeting is a continuation from the November 23, 2015, meeting.
- Current financial market conditions provide an opportunity to significantly reduce the City's future debt service costs by refunding the Special Purpose Sales and Use Tax Revenue Bonds (POST Project) Series 2007D.
- As of October 20, 2015, the proposed refunding is estimated to result in a present value savings of \$1.4-1.5 million or over 7% of the refunded par amount and reduces the debt service on average approximately \$115,000 each year until final maturity, enhancing budgetary flexibility for Parks, Open Space and Trails.
- Staff is recommending this be passed as an emergency ordinance in order to be able to post the Preliminary Official Statement and price the bonds prior to the December 15 and 16, 2015, Federal Open Market Committee Meeting where it is anticipated that a rate increase will be announced. A ¼-percent increase interest rate will likely result in decreased savings to the City in excess of \$400,000.

Expenditure Required: Not to exceed \$20,000,000

Source of Funds: Proceeds of the refunding transaction

Policy Issue

Should the City refund the Special Purpose Sales and Use Tax Revenue Bonds (POST Project) Series 2007D in the par amount not to exceed \$20,000,000 and appropriate the proceeds from the bond refunding?

Alternatives

1. Do not refund the bonds. This option is not recommended. The proposed refunding is projected to save approximately \$115,000 per year in debt service costs without extending the final maturity of the original issue, totaling \$1.4-\$1.5 million through 2031.
2. Delay the financing in hopes that interest rates may decline. This option is not recommended. While it is possible the Fed will reduce short-term rates, there is a greater likelihood that rates will increase. Further delay in securing the financing exposes the City to potential interest rate increases and reduce the refunding saving's significantly.
3. Pass both ordinances using the typical two reading process, which would require a 30-day referendum period after the second reading before the City could issue the refunding bonds. This option is not recommended. If this option is chosen, the earliest that the City could issue the refunding bonds would be mid-late January. As mentioned in the preceding alternative, this action exposes the City to interest rate risk in the event that rates increase.

Background Information

The City of Westminster Open Space Program has preserved approximately 3,092 acres of natural open space throughout the city (about 14.3 percent of the City's land area), including the preservation of major creek corridors such as Big Dry Creek, Walnut Creek and Little Dry Creek. These are linear corridors that stretch for miles. In the Big Dry Creek corridor alone, the City has acquired 982 acres of open space. In total, the City and its neighboring jurisdictions are preserving more than 16,000 acres in Boulder, Broomfield and Jefferson counties to our west.

Since 1985, the 0.25 percent (2.5 cents on a \$10 purchase) sales tax has been extended by voters three times: once in 1989, with half of sales tax revenues dedicated to parks and recreation improvements; again in 1996 when the citizens authorized the City to issue \$26 million of bonds to fund additional open space purchases, recreation facility construction and park development; and most recently, in 2006 when voters approved an additional bond sale of up to \$20 million, which were subsequently issued in 2007.

The proceeds from the 2007 bond sale funded approximately \$12 million in open space land acquisitions, such as the Big Dry Creek, McKay Lake and Walnut Creek parcels and another \$8 million towards Parks and Recreation projects, such as the Westminster Center Park improvements, City Park Aquatics Renovation and the Big Dry Creek Park improvements.

Due to the historically low interest rate environment we have been experiencing in recent years, the City has the opportunity to refund the outstanding \$20 million in POST bonds with an estimated interest savings of approximately \$1.4-\$1.5 million or over 7% of the refunded par amount of the bonds on a present value basis net of issuance fees. This savings threshold exceeds the 3-5% recommended minimum savings threshold by the Government Finance Officers' Association of the United States and Canada.

The projected savings is based on market conditions as of October 20, 2015. Since then, interest rates have risen slightly. It should be noted that market volatility may work for or against the projected savings as there are recent indications that the Federal Reserve may increase rates in the near term.

The table below presents the impact of rate increases based on rates as of November 10, 2015 and includes the projected savings as of October 20, 2015:

	10/20/15	11/10/15	11/10/15 Plus 0.25%	11/10/15 Plus 0.50%
Interest Rate	2.88%	3.01%	3.26%	3.52%
Present Value Interest Savings	\$1,471,826	\$1,318,922	\$965,038	\$623,235
Present Value %	7.73%	6.93%	5.06%	3.27%
Average Annual Savings	\$114,592	\$103,715	\$78,297	\$52,807

As the table presents, rising interest rates have a profound impact on the savings with incremental rate increases. Staff along with our Financial Advisor will monitor market conditions prior to issuance and will delay the refunding if necessary; however, the table highlights the importance of having flexibility in the near term with the recommended emergency ordinance versus a normal ordinance as market volatility may move against the city’s objective to refund the bonds efficiently.

Staff will structure the refunding bonds 1) without extending the final maturity of the original bond issue and 2) so the cost savings are realized over the duration of the repayment period through 2031, resulting in estimated savings averaging approximately \$115,000 per year that would otherwise be obligated to debt service. The City does not extend the maturity period on refundings in order to maintain integrity of savings which are aligned with the original amortization period.

This appropriation will amend Parks, Open Space & Trails Fund revenue and expense accounts as follows:

REVENUES - Description

Description	Account Number	Current Budget	Amendment	Revised Budget
Other Financing Sources	5400.46000.0193	\$0	<u>\$20,000,000</u>	\$20,000,000
Total Change to Revenues			<u>\$20,000,000</u>	

EXPENSES

Description	Account Number	Current Budget	Amendment	Revised Budget
Other Financing Uses	54010900.78800.0193	\$0	<u>\$20,000,000</u>	\$20,000,000
Total Change to Expenses			<u>\$20,000,000</u>	

This recommended action supports the strategic objectives of a Financially Sustainable Government Providing Excellence in City Services. The anticipated refunding will help the City and the Parks, Open Space & Trails Fund realize interest cost savings through 2031.

Respectfully submitted,

Stephen P. Smithers
Acting City Manager

Attachments: Emergency Bond Ordinance
Emergency Appropriation Ordinance

By Authority

Ordinance No. **3807**

Councillor's Bill No. **56**

Series of 2015

Introduced By Councillors

A BILL

FOR AN ORDINANCE AUTHORIZING THE ISSUANCE OF SPECIAL PURPOSE SALES AND USE TAX REVENUE REFUNDING BONDS (POST PROJECT), SERIES 2015, OF THE CITY OF WESTMINSTER, COLORADO, PROVIDING OTHER DETAILS IN CONNECTION THEREWITH; AND DECLARING AN EMERGENCY.

THE CITY OF WESTMINSTER ORDAINS:

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

Beneficial Owner: any Person for which a Participant acquires an interest in the Bonds.

Bond Fund: offsetting revenue and expense accounts within the General Debt Service Fund of the City, designated as the "2015 Special Purpose Sales and Use Tax Revenue Refunding Bonds" created by the provisions of this Ordinance.

Bond Insurance Policy: the financial guaranty insurance policy issued by the Bond Insurer guaranteeing the payment when due of the principal of and interest on the Bonds, if set forth in the Sale Certificate. To the extent that no Bond Insurance Policy is obtained, all references herein to Bond Insurance Policy and Bond Insurer shall be of no force or effect.

Bond Insurer: means the provider of any municipal bond insurance policy, or any successor thereto, if set forth in the Sale Certificate. To the extent that no Bond Insurance Policy is obtained, all references herein to Bond Insurance Policy and Bond Insurer shall be of no force or effect.

Bond Purchase Agreement: the agreement between the City and the Underwriter, concerning the purchase of the Bonds by the Underwriter.

Bonds: the Special Purpose Sales and Use Tax Revenue Refunding Bonds (POST Project), Series 2015, as authorized by this Ordinance.

Cede: Cede & Co., the nominee of DTC as record owner of the Bonds, or any successor nominee of DTC with respect to the Bonds.

Charter: the home rule charter of the City adopted in accordance with Article XX of the Colorado Constitution.

City: the City of Westminster, Adams and Jefferson Counties, Colorado.

Code: the Internal Revenue Code 1986, as in effect on the date of delivery of the Bonds.

Combined Average Annual Principal and Interest Requirements: with regard to any two or more particular issues of bonds or other obligations, the aggregate of all future payments of principal of and interest on all of said issues (excluding redemption premiums) to become due from the date of computation to the date of maturity of the latest maturing obligation of any of said issues, divided by the number of years between said dates; provided further that such computation shall assume the redemption and payment of bonds or other obligations subject to mandatory redemption, but shall be made without regard to optional redemption.

Combined Maximum Annual Principal and Interest Requirements: with regard to any two or more particular issues of bonds or other obligations, the maximum annual payment of principal of and interest on all of said issues (excluding redemption premiums) to become due from the date of computation to the date of maturity of the latest maturing obligation of any of said issues; provided that such computation shall assume the redemption and payment of bonds or other obligations subject to mandatory redemption, but shall be made without regard to optional redemption or any other assumed amortization.

Continuing Disclosure Certificate: the undertaking executed by officers of the City simultaneous with the delivery of the Bonds which enables the Underwriter to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Council: the City Council of the City of Westminster, Colorado.

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

Depository: any securities depository as the City may provide and appoint, in accordance with the guidelines of the Securities and Exchange Commission, which shall act as securities depository for the Bonds.

DTC: the Depository Trust Company, New York, New York, and its successors and assigns.

Escrow Account: the account created and maintained by the Escrow Bank pursuant to the Escrow Agreement.

Escrow Agreement: the Escrow Agreement dated as of its date, between the City and the Escrow Bank.

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

Event of Default: any one or more of the events set forth in Section 22 of this Ordinance.

Federal Securities: direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee.

General Debt Service Fund: the "General Debt Service Fund" heretofore established as a governmental fund of the City.

Letter of Representations: the letter of representations from the City to DTC to induce DTC to accept the Bonds as eligible for deposit at DTC.

2007B Bonds: the City's Special Purpose Sales and Use Tax Revenue Refunding Bonds, Series 2007B.

2007D Bonds: the City's Special Purpose Sales and Use Tax Revenue Bonds, Series 2007D.

Open Space Fund: the "Open Space Fund" heretofore established as a governmental fund of the City.

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

Owners: the Beneficial Owners and the Registered Owners.

Parity Lien Bonds: one or more series of additional bonds, notes, interim securities, or other obligations issued by the City in accordance with the provisions hereof, having a lien on the Pledged Revenue which is on a parity with the lien of the Bonds.

Participant: any broker-dealer, bank, or other financial institution from time to time for which DTC or other Depository holds the Bonds.

Paying Agent: UMB Bank, n.a., in Denver, Colorado or its successor, which shall perform the function of paying agent as set forth in this Ordinance.

Paying Agent Agreement: the Registrar and Paying Agent Agreement between the City and the Registrar and Paying Agent.

Permitted Investments: any investment or deposit permitted for the City under the laws of the State.

Person: any natural person, firm, partnership, association, corporation, trust, public body, or other entity.

Pledged Revenue: 6.49% of the revenue derived from the Sales and Use Tax, after deducting all costs of administering and collecting the Sales and Use Tax.

Preliminary Official Statement: the Preliminary Official Statement prepared in connection with the issuance of the Bonds.

Purchaser: George K. Baum & Company, Denver, Colorado, the original purchaser of the Bonds.

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

Refunded Bonds: any or all of the 2007D Bonds as designated in the Sale Certificate.

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

Refunding Project: the issuance of the Bonds for the purpose of defraying the costs of refunding the Refunded Bonds and payment of the costs of issuance of the Bonds.

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

Registrar: UMB Bank, n.a., in Denver, Colorado or its successor, which shall perform the registration and transfer functions of bond registrar as set forth in this Ordinance.

Required Reserve: the amount of the Reserve Fund required by Section 19(e) hereof.

Reserve Fund: offsetting revenue and expense accounts within the General Debt Service Fund of the City, designated as the "Special Purpose Sales and Use Tax Revenue Bonds Reserve," created by the provisions of Section 19(e) of this Ordinance.

Sale Certificate: the certificate executed by the City Manager or the Finance Director dated on or before the date of delivery of the Bonds, setting forth (i) that portion of the Refunded Bonds to be refunded; (ii) the rates of interest on the Bonds, (iii) the conditions on which and the prices at which the Bonds may be called for redemption; (iv) the existence and amount of any capitalized interest or reserve fund; (v) the price at which the Bonds will be sold; (vi) the principal amount of the Bonds; (vii) the amount of principal of the Bonds maturing on each date; (viii) the dates on which principal and interest will be paid and the first interest payment date; (ix) whether the Bonds will be secured by a municipal bond insurance policy; and (x) any other matters which may be determined by the City Manager or the Finance Director pursuant to Section 11-57-205 of the Supplemental Act.

Sales and Use Tax: the sales and use tax of the City, as imposed by Title IV in effect as of the date hereof. The term "Sales and Use Tax" does not include any increases in the

rate of sale and use taxes from the present rate of 3.85%, nor does it include any other excise taxes which may now or hereafter be imposed by the City, whether contained in Title IV or any other Chapter or ordinance of the City.

Sales and Use Tax Fund: the “Sales and Use Tax Special Revenue Fund” heretofore established as a governmental fund of the City.

Special Record Date: a special date fixed to determine the names and addresses of registered owners of Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest.

Subordinate Lien Bonds: one or more series of additional bonds, notes, interim securities, or other obligations issued by the City in accordance with the provisions hereof, having a lien on the Pledged Revenue which is subordinate or junior to the lien of the Bonds.

Supplemental Act: the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, C.R.S.

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

Title IV: Chapters 1 and 2 of Title IV of the Municipal Code of the City governing the imposition, collection, distribution, and enforcement of the Sales and Use Tax, and any successor or other ordinance pertaining to the Sales and Use Tax.

Underwriter: George K. Baum & Company, Denver, Colorado, the original purchaser of the Bonds, or its successor.

Section 2. Recitals.

A. This Ordinance shall be known as and may be cited by the short title “Sales and Use Tax Bond Ordinance, Series 2015.”

B. The City is a duly organized and existing home rule municipality of the State of Colorado, created and operating pursuant to Article XX of the Colorado Constitution and the Charter.

C. Pursuant to Section 10.2 of the Charter and Title IV of the City’s Municipal Code, the City has heretofore imposed and is collecting a sales and use tax upon the sale or use of tangible personal property and certain services.

D. Pursuant to said Title IV, for transactions consummated or contracts entered into on or after January 1, 2004, but prior to January 1, 2033, the rate of the sales and use tax shall be three and eighty-five hundredths percent (3.85%), and for transactions consummated or contracts entered into prior to January 1, 1986, the rate of the sales and use tax shall be three percent (3.00%), or on or after January 1, 2033, the rate of the sales and use tax shall be three and sixty-hundredths percent (3.60%).

E. Pursuant to said Title IV, six and forty-nine hundredths percent (6.49%) of all sales and use taxes collected at the rate of three and eighty-five hundredths percent (3.85%) shall be distributed to the City's Open Space Fund.

F. Pursuant to Chapter XI of the Charter, the Council has the power to issue, without the vote of the qualified electors of the City, bonds for the purpose of refunding outstanding bonds of the City.

G. Article X, Section 20 of the Colorado Constitution permits the City to issue bonds without an election to refund outstanding bonds at a lower rate of interest.

H. The Council has determined that it is necessary to undertake the Refunding Project in order to lower the interest rate paid by the City.

I. The Bonds shall have an irrevocable and first lien, but not necessarily an exclusive such lien, on certain sales and use tax revenues of the City, as set forth herein.

J. The City expects to receive a proposal in the form of a Bond Purchase Agreement from the Underwriter concerning the purchase of the Bonds, subject to the parameters and limitations set forth herein.

K. The Council has determined that the Bonds shall be sold to the Underwriter in accordance with its proposal, and that such sale is to the best advantage of the City.

L. There are on file with the City Clerk the forms of the following documents: (i) the form of the Escrow Agreement; (ii) the form of the Bond Purchase Agreement; (iii) the form of the Paying Agent and Registrar Agreement; (iv) the form of a Preliminary Official Statement for the Bonds; and (v) the form of the Continuing Disclosure Certificate.

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

N. No member of the Council has any conflict of interest or is interested in any pecuniary manner in the issuance of the Bonds.

Section 3. Authorization. In accordance with the Constitution of the State of Colorado; the Charter; and all other laws of the State of Colorado thereunto enabling, and pursuant to the provisions of this Ordinance, the City hereby authorizes, for the purpose of paying the costs of the Refunding Project, the issuance of its "Special Purpose Sales and Use Tax Revenue Refunding Bonds (POST Project), Series 2015," in the maximum aggregate principal amount of not to exceed \$20,000,000. Section 11-57-204 of the Supplemental Act provides that a public entity, including the City, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act to the Bonds. The Council hereby elects to apply all of the Supplemental Act to the Bonds. The Bonds are issued under the authority of the Acts and shall so recite as provided in Section 9 hereof. Pursuant to Section 11-57-210, C.R.S., such recital

conclusively imparts full compliance with all the provisions of said sections, and the Bonds issued containing such recital shall be incontestable for any cause whatsoever after their delivery for value.

Either the City Manager or the Finance Director is hereby independently authorized and directed to execute and deliver the Sale Certificate and to make and approve the final determinations contained therein, subject to the parameters and restrictions of this Ordinance. Either the City Manager or the Finance Director is hereby authorized to determine if obtaining municipal bond insurance is in the best interests of the City, and if so, to select a bond insurer to issue a municipal bond insurance policy, execute a commitment relating to the same and execute any related documents or agreements required by such commitment. If it is determined that the Bonds will be sold without municipal bond insurance, all references herein to Bond Insurer and Bond Insurance Policy are of no force and effect.

Section 4. Special Obligations. All of the Bonds, together with the interest thereon and any premium due in connection therewith, and any payments due to the Bond Insurer under the Bond Insurance Policy shall be payable only out of the Bond Fund, into which the City covenants to deposit the Pledged Revenue in amounts sufficient to pay promptly, when due, the principal of, premium, if any, and interest on the Bonds. The Bonds shall constitute an irrevocable and first lien upon the Pledged Revenue to the extent provided herein, but not necessarily an exclusive such lien, and the Pledged Revenue is hereby pledged to the payment of the Bonds as provided herein. Neither the Bond Insurer nor Owners may look to any general or other revenue of the City, including without limitation the proceeds of ad valorem taxes, for the payment of the principal of, premium, if any, and interest on the Bonds, or any payments due to the Bond Insurer under the Bond Insurance Policy. The Bonds and any payments under the Bond Insurance Policy shall not constitute a debt or an indebtedness of the City 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.

Section 5. Bond Details. The Bonds shall be issued only as fully registered Bonds, without coupons, in the denomination of \$5,000 each or any integral multiple thereof. Unless the City shall otherwise direct, the registered Bonds of each series shall be numbered separately from 1 upward, with the number of each Bond preceded by "R-" and such other series designation as the Registrar deems necessary.

The Bonds shall be dated as of the date of their delivery to the Underwriter. The Bonds shall mature, bear interest from their dated date to maturity and be sold, all as provided in the Sale Certificate; provided that:

- (i) the aggregate principal amount of the Bonds shall not exceed \$20,000,000;
- (ii) (ii) the maximum net effective interest rate of the Bonds shall not exceed 5.00%;
- (iii) (iii) the Bonds shall mature no later than December 1, 2031;
- (iv) (iv) the purchase price of the Bonds, shall not be less than 98%;

(v) (vii) the Bonds may be sold with or without a provision for redemption at the option of the City prior to maturity;

(vi) (viii) the net present value savings as a result of the Refunding Project shall be at least 3.00% of the principal amount of the Bonds so redeemed; and

(vii) the optional redemption price, if any shall not exceed 101% of the principal amount of the Bonds so redeemed. Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months, payable semiannually on June 1 and December 1, commencing on the date provided in the Sale Certificate.

Section 6. Payment of Bonds; Paying Agent and Registrar. The principal of and premium, if any, on each Bond is payable in lawful money of the United States of America to the Registered Owner of such Bond upon maturity and presentation of the Bond, at the principal office of the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said Bond until the principal thereof is paid in full. Payment of interest on any Bond shall be made to the Registered Owner thereof by check or draft mailed or wire sent by the Paying Agent, on or before each interest payment date, to the Registered Owner thereof at his or her address as it last appears on the registration records kept by the Registrar on the Record Date; but any such interest not so timely paid 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 such defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Registered Owners of the Bonds 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 records 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 Bond by such alternative means as may be mutually agreed to between the registered owner of such Bond and the Paying Agent; provided, however, that the City shall not be required to make funds available to the Paying Agent prior to the payment dates stated in this Ordinance. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Paying Agent or Registrar.

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

The principal of, premium, if any, and interest on the Bonds shall be paid in accordance with the terms of the Letter of Representations.

Section 7. Book-Entry System. The Bonds shall be initially issued in the form of a single, certificated, fully registered Bond for each maturity bearing the same interest

rate. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Registrar in the name of Cede.

With respect to Bonds registered in the name of Cede or held by a Depository, the City, the Registrar, and the Paying Agent shall have no responsibility or obligation to any Participant or Beneficial Owner including, without limitation, any responsibility or obligation with respect to: (i) the accuracy of the records of the Depository or any Participant concerning any ownership interest in the Bonds; (ii) the delivery to any Participant, Beneficial Owner, or Person other than the Registered Owner, of any notice concerning the Bonds, including notice of redemption; (iii) the payment to any Participant, Beneficial Owner, or Person other than the Registered Owner, of the principal of, premium if any, and interest on the Bonds. The City, the Registrar, and the Paying Agent may treat the Registered Owner of a Bond as the absolute owner of such Bond for the purpose of payment of the principal of, premium if any, and interest with respect to such Bond, for purposes of giving notices of redemption and other matters with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium if any, and interest on the Bonds only to or upon the order of the Registered Owners, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the payment of the same. No Person, other than a Registered Owner, shall receive a certificated Bond evidencing the obligations of the City pursuant to this Ordinance.

DTC may determine to discontinue providing its service as Depository with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. Additionally, the City Finance Director may terminate the services of DTC if she determines, in her sole and absolute discretion, that DTC is unable to discharge its responsibilities with respect to the Bonds or that continuation of the system of book entry transfers through DTC is not in the best interests of the Beneficial Owners or the City. Such termination shall be effected by written notice of the same from the City to DTC and to the Registrar and Paying Agent. Upon the termination of the services of DTC, a substitute Depository which is willing and able to undertake the system of book-entry transfers upon reasonable and customary terms may be engaged by the City or, if the City Finance Director determines in her sole and absolute discretion that it is in the best interests of the Beneficial Owners or the City that the Beneficial Owners be able to obtain certificated Bonds, the Bonds shall no longer be restricted to being registered in the name of Cede or other nominee of a Depository but shall be registered in whatever name or names the Beneficial Owners shall designate at that time, and fully registered Bond certificates shall be delivered to the Beneficial Owners.

Section 8. Prior Redemption.

(a) Optional Prior Redemption. The Bonds designated in the Sale Certificate, if any, will be subject to redemption at the option of the City from any legally available funds on the dates set forth in the Sale Certificate in whole, or in part from any maturities, in any order of maturity and by lot within a maturity from Bonds of the same maturity and interest rate, in such manner as the City may determine (giving proportionate weight to Bonds in denominations larger than \$5,000), at the price set forth in the Sale Certificate, subject to the parameters and restrictions of this Ordinance.

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

(b) Mandatory Redemption. The Term Bonds, if any, are subject to mandatory sinking fund redemption, at the times, in the amounts and at the prices provided in the Sale Certificate.

On or before thirty (30) days prior to each sinking fund installment date, the Registrar shall, without any notice or instruction from the City, proceed to call the Term Bonds (or any Term Bond or Term Bonds issued to replace such Term Bonds) for redemption from the sinking fund on the next December 1, and give notice of such call without other instruction or notice from the City.

At its option, to be exercised on or before the sixtieth (60th) day next preceding each such sinking fund redemption date, the City may (a) deliver to the Registrar for cancellation Term Bonds subject to mandatory sinking fund redemption on such date in an aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Term Bonds of the same maturity subject to mandatory sinking fund redemption on such date, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond so delivered or previously redeemed will be credited by the Registrar at the principal amount thereof on the obligation of the City on such sinking fund redemption date and the principal amount of Term Bonds to be redeemed by operation of such sinking fund on such date will be accordingly reduced. The City will on or before the sixtieth day next preceding each sinking fund redemption date furnish the Registrar with its certificate indicating whether or not and to what extent the provisions of (a) and (b) of the preceding sentence are to be availed with respect to such sinking fund payment. Failure of the City to deliver such certificate shall not affect the Registrar's duty to give notice of sinking fund redemption as provided in this paragraph.

(c) Notice. Notice of redemption shall be given by the Registrar in the name of the City by sending a copy of such official notice by first-class, postage prepaid mail, or electronic means, 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 Bond. Such notice shall identify the Bonds to be so redeemed (if less than all are to be redeemed) and the redemption date, and shall further state that on such redemption date there will become due and payable upon each 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 City shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. Notice of redemption having been given as aforesaid, the Bonds or portions of 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 City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender

of such Bonds for redemption in accordance with said notice, such 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 Bonds which have been redeemed shall be promptly canceled by the Paying Agent and such canceled Bonds shall be delivered by the Paying Agent or Registrar to the City if requested by the City, and shall not be reissued.

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

(e) Conditional Call Provision. Notwithstanding the provisions of this section, any notice of optional 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 Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed.

Section 9. Form and Execution of Bonds. The Bonds shall be signed with the facsimile or manual signature of the Mayor of the City, sealed with a facsimile or manual impression of the seal of the City, countersigned by the facsimile or manual signature of the City's Finance Director, and attested by the facsimile or manual signature of the City Clerk. Should any officer whose facsimile or manual signature appears on the Bonds cease to be such officer before delivery of the Bonds to the Underwriter, such facsimile or manual signature shall nevertheless be valid and sufficient for all purposes.

No 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 representative of the Registrar, but it shall not be necessary that the same representative sign the certificate of authentication on all of the Bonds issued hereunder. By authenticating any of the Bonds initially delivered pursuant to this Ordinance, the Registrar shall be deemed to have assented to the provisions of this Ordinance.

The Bonds shall be in substantially the following form:

[Form of Bond]

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

No. R-_____

\$_____

**UNITED STATES OF AMERICA
STATE OF COLORADO
COUNTIES OF ADAMS AND JEFFERSON
CITY OF WESTMINSTER
SPECIAL PURPOSE SALES AND USE TAX REVENUE REFUNDING BOND
SERIES 2015**

INTEREST RATE

MATURITY DATE

DATED DATE

CUSIP

December 1, 20__

REGISTERED OWNER: CEDE & COMPANY

PRINCIPAL AMOUNT:

DOLLARS

The City of Westminster, in the Counties of Adams and Jefferson and the State of Colorado, for value received, hereby promises to pay from the special fund hereafter designated, but not otherwise, to the registered owner named above, or registered assigns, on the maturity date specified above or on the date of prior redemption, the principal amount specified above. This bond will bear interest from the most recent interest payment date to which interest has been paid or provided for, 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 of the City adopted on December 1, 2015 (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.

This Bond is one of a series aggregating _____ dollars (\$_____) par value, all of like date, tenor, and effect except as to number, principal amount, interest rate, and date of maturity, issued by the City Council of the City of Westminster, in the Counties of Adams and Jefferson and the State of Colorado, for the purpose of paying the costs of certain street improvements in the City, in accordance with the

Constitution of the State of Colorado, the Charter of the City, Title 11, Article 57, Part 2, C.R.S. and all other laws of the State of Colorado thereunto enabling, and pursuant to the Bond Ordinance duly adopted prior to the issuance of this Bond. Pursuant to Section 11-57-210, C.R.S., this recital conclusively imparts full compliance with all of the provisions and limitations of said sections and this bond shall be incontestable for any cause whatsoever after its delivery for value.

The principal of, premium, if any, and interest on this Bond are payable only out of a special fund of the City created in full conformity with law and designated as the "2015 Special Use Sales and Use Tax Revenue Refunding Bonds" (the "Bond Fund"), into which the City covenants and agrees to credit, from certain sales and use tax proceeds defined hereafter as the "Pledged Revenue," and other legally available revenues, amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds when the same become due and payable, all as is more particularly set forth in the authorizing Bond Ordinance. The Pledged Revenue consists only of 6.49% of the revenue derived from the City's existing 3.85% sales and use tax, after deducting all costs of administering and collecting the sales and use tax. In the authorizing Bond Ordinance the City has covenanted that it will not amend or repeal the ordinance imposing the sales and use tax in any way which would materially adversely affect the amount of Pledged Revenue which would be otherwise available for credit to the Bond Fund. The Bonds of this issue constitute an irrevocable and first lien upon the Pledged Revenue to the extent provided in the Bond Ordinance, but not necessarily an exclusive such lien. Subject to expressed conditions, obligations in addition to the Bonds of this issue may be issued and made payable from the Pledged Revenue having a lien thereon subordinate and junior to the lien of the Bonds of this issue or, subject to additional expressed conditions, having a lien on the Pledged Revenue on a parity with the lien of the Bonds of this issue, in accordance with the provisions of said Bond Ordinance.

THIS BOND DOES NOT CONSTITUTE A DEBT OR INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, CHARTER, OR STATUTORY PROVISION OR LIMITATION, AND SHALL NOT BE CONSIDERED OR HELD TO BE A GENERAL OBLIGATION OF THE CITY.

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

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

IN TESTIMONY WHEREOF, the City Council of the City of Westminster, Colorado, has caused this Bond to be signed by the manual or facsimile signature of the Mayor, sealed with a facsimile of the seal of the City, countersigned with the manual or facsimile signature of the Finance Director, and attested by the manual or facsimile signature of the City Clerk, all as of the _____, 2015.

CITY OF WESTMINSTER, COLORADO

(S E A L)

(Manual or Facsimile Signature)
Mayor

ATTESTED:

COUNTERSIGNED:

By: (Manual or Facsimile Signature)
City Clerk

By: (Manual or Facsimile Signature)
Finance Director

[End Form of Bond]

[Form of Registrar's Certificate of Authentication]

CERTIFICATE OF AUTHENTICATION

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

Date of Registration and Authentication: _____

UMB BANK, N.A.,
in Denver, Colorado, as Registrar

By: _____
Authorized Officer or Employee

[End Form of Registrar's Certificate of Authentication]

[Form of Transfer]

ASSIGNMENT

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

Social Security or Federal Employer
Identification Number of Assignee:

(Name and Address of Assignee)

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

Dated: _____

Signature of Registered Owner:

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

Signature guaranteed:

(Bank, Trust Company, or Firm)

[End Form of Transfer]

STATEMENT OF INSURANCE

[To be inserted if bond insurance is obtained]

Section 10. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until a certificate of authentication on such Bond substantially in the form hereinabove set forth shall have been duly executed by the Registrar, and such executed certificate of the Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The Registrar's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Registrar, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Section 11. Delivery of Bonds. Upon the adoption of this Ordinance, the City shall execute the Bonds and deliver them to the Registrar, and the Registrar shall authenticate the Bonds and deliver them to the Underwriter, as directed by the City, and in accordance with the Bond Purchase Agreement and the Letter of Representations.

Section 12. Registration, Transfer and Exchange of Bonds.

(a) Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender for transfer of any Bond at the Registrar, with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney, the Registrar shall enter such transfer in the registration records and shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and of the same maturity and interest rate, bearing a number or numbers not previously assigned. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same maturity and interest rate of other authorized denominations. The Registrar shall authenticate and deliver a Bond or Bonds which the registered owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. The Registrar may impose reasonable charges in connection with exchanges or transfers of Bonds which charges (as well as any tax or other governmental charge required to be paid with respect to such transfer) shall be paid by the registered owner requesting such exchange or transfer.

(b) The Registrar shall not be required (1) to transfer or exchange all or a portion of any Bond subject to prior redemption during the period beginning at the opening of business fifteen days preceding the mailing of notice calling any 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 Bond after the mailing of notice calling such Bond or portion thereof for prior redemption except for the unredeemed portion of Bonds redeemed in part.

(c) Except as herein provided with respect to Record Dates and Special Record Dates for the payment of interest, the person in whose name any Bond shall be registered on the registration records 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; and payment of either principal or interest on any Bond shall be made only to upon the written order of the registered owner thereof or his legal representative, but such registration may be changed in the manner and subject to the conditions and limitations provided herein. All such payments

shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) The officers of the City are authorized to deliver to the Registrar fully executed but unauthenticated Bonds in such quantities as may be convenient to be held in the custody of the Registrar pending use as herein provided.

(e) Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such Bond shall be promptly canceled by the Paying Agent or Registrar, and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or Registrar to the City.

Section 13. Destruction of Bonds. Whenever any outstanding Bond shall be delivered to the Registrar for cancellation pursuant to this Ordinance, and upon payment of the principal amount and interest represented thereby, or whenever any outstanding Bond shall be delivered to the Registrar for transfer pursuant to the provisions hereof, such Bond shall be canceled and destroyed by the Registrar and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Registrar to the City. In the event a Bond is registered in the name of a Depository, cancellation may consist of the notation thereof on the registration books of the Registrar. The Registrar shall notify the Depository of all Bonds, or portions thereof, canceled in accordance with this Section.

Section 14. Lost Bonds. Any Bond that is lost, stolen, destroyed, or mutilated may be replaced or paid by the Registrar in accordance with and subject to the limitations of applicable law. The applicant for any such replacement Bond shall post such security, pay such costs, and present such proof of ownership and loss as may be required by applicable law, or in the absence of specific requirements, as may be required by the Registrar.

Section 15. Disposition and Investment of Bond Proceeds. The Bonds shall be issued and sold for the purposes of paying the costs of the Refunding Project. Accrued interest on the Bonds shall be deposited to the Bond Fund. All other Bond proceeds shall be deposited to such fund or account as the Finance Director determines and applied to pay the costs of the Refunding Project. Neither the Underwriter nor any subsequent owners of the Bonds shall be responsible for the application or disposal by the City or any of its officers of the funds derived from the sale thereof.

Section 16. Creation of Fund and Accounts. There are hereby created and established the following funds and accounts which shall be established as book accounts and maintained in accordance with this Ordinance:

- (a) the Bond Fund; and
- (b) the Reserve Fund pursuant to Section 19(e).

In accordance with generally accepted accounting principles, for the purpose of accounting for the moneys provided for in this Ordinance the City Finance Director may create offsetting revenue and expense accounts not inconsistent with the provisions hereof, all as may be determined by the City Finance Director.

Section 17. Payment of Principal and Interest; Attachment of Lien. The City shall credit to the Sales and Use Tax Fund all revenue derived from the Sales and Use Tax immediately upon receipt. Thereafter, the City shall transfer the Pledged Revenue to the Open Space Fund to be applied in the following order of priority:

FIRST: To the credit of the Bond Fund the amounts required by Section 18 hereof, and to the credit of any other fund or account established for the 2007B Bonds, the 2007D Bonds, or hereafter established for the payment of the principal of, premium if any, and interest on Parity Lien Bonds, in the amounts required by the ordinance or other enactment authorizing issuance of the 2007B Bonds, the 2007D Bonds, and the Parity Lien Bonds.

SECOND: To the credit of any sinking fund, reserve fund, or similar fund or account established in connection with the 2007B Bonds, the 2007D Bonds, the Bonds or any Parity Lien Bonds, in the amounts required by this Ordinance or the ordinance or other enactment authorizing issuance of the 2007B Bonds, the 2007D Bonds, and the Parity Lien Bonds.

THIRD: To the credit of any other fund or account hereafter established for the payment of the principal of, premium if any, and interest on Subordinate Lien Bonds, including any sinking fund, reserve fund, or similar fund or account established therefor, in the amounts required by the ordinance or other enactment authorizing issuance of the Subordinate Lien Bonds.

FOURTH: To the credit of any other fund as may be designated by the City, to be used for any lawful purpose, any Pledged Revenue remaining after the payments and accumulations set forth in Section 17 FIRST through THIRD hereof.

The lien of the Bonds on the Pledged Revenue shall attach immediately upon receipt of any Sales and Use Tax proceeds, shall remain in effect so long as such Pledged Revenue is credited to the Open Space Fund or the Bond Fund or the Reserve Fund, and shall be extinguished with respect to any Pledged Revenue not required to be credited to the Bond Fund pursuant to Section 18 hereof or the Reserve Fund pursuant to Section 19(e) hereof and which is transferred to other funds of the City for other purposes.

Section 18. Bond Fund. The City shall credit to the Bond Fund from the Pledged Revenue, or other legally available moneys, in substantially equal monthly installments of the total principal to become due and interest to accrue on the Bonds on the next principal payment date and interest payment date, respectively. Notwithstanding the foregoing, the City shall credit to the Bond Fund from the Pledged Revenue an amount which, when combined with other legally available moneys credited thereto, will be sufficient to pay when due the principal of and interest on the Bonds.

Moneys credited to the Bond Fund may be invested or deposited in accordance with the Charter. The investment of moneys in the Bond Fund shall, however, be subject to the tax covenants and provisions of Section 19(f) hereof. Except to the extent otherwise required by

Section 19(f) hereof, any investment income earned on amounts credited to the Bond Fund shall be credited to the Bond Fund, and for purposes of making the deposits required by this Section, any investment income so credited to the Bond Fund shall be deemed the credit of Pledged Revenue to the Bond Fund.

Section 19. Additional Covenants of the City. The City hereby irrevocably covenants and agrees with each and every Registered Owner and Beneficial Owner, that so long as any of said Bonds remain outstanding:

(a) It will not amend or repeal Title IV in any way that would materially adversely affect the amount of Pledged Revenue which would be otherwise available for credit to the Bond Fund. Nothing shall prevent the City from amending said Title IV in order to increase the rate of tax above that currently imposed by said Title IV, or to make certain changes in the administration, collection, or enforcement of such Sales or Use Tax, provided that such changes do not materially adversely affect the amount of Pledged Revenue which would be otherwise available for credit to the Bond Fund.

(b) It will administer, enforce, and collect, or cause to be administered, enforced, and collected, the Sales and Use Tax authorized by Title IV, and shall take such reasonable, necessary action to collect delinquent payments in accordance with law.

(c) It will keep or cause to be kept such books and records showing the proceeds of the Sales and Use Tax, in which complete entries shall be made in accordance with generally accepted accounting principles, as applicable to governments, and any Owner shall have the right at all reasonable times to inspect the records and accounts relating to the collection and receipts of such Sales and Use Tax.

(d) It will, at least once a year, cause an audit of the records relating to the collection and receipts of the Sales and Use Tax revenues. Such audit may be made part of and included within the general audit of the City, and made at the same time as such audit.

(e) For so long as the 2007B Bonds and the 2007D Bonds are Outstanding, in the event the City does not receive Pledged Revenue in any fiscal year in an amount at least equal to 150% of the Combined Average Annual Principal and Interest Requirements for the 2007B Bonds, the 2007D Bonds, the Bonds and any Parity Lien Bonds, the City shall establish and maintain a reserve fund solely for the 2007B Bonds, the 2007D Bonds, the Bonds and Parity Lien Bonds (the "Reserve Fund"), in an amount equal to (i) 10% of the outstanding aggregate principal amount of the 2007B Bonds, the 2007D Bonds, the Bonds and Parity Lien Bonds, (ii) 125% of the Combined Average Annual Principal and Interest Requirements, or (iii) the maximum principal and interest due on the 2007B Bonds, the 2007D Bonds, the Bonds and Parity Lien Bonds in any fiscal year (the "Required Reserve"). The City shall accumulate the Required Reserve in the Reserve Fund by twelve equal monthly deposits. The City shall make the initial deposit into the Reserve Fund of Pledged Revenue within 90 days after the end of the fiscal year in which such deficiency occurs. Such Reserve Fund shall not be released after it has been established. Draws on the Reserve Fund must be replenished within one year. Investments purchased with funds on deposit in the Reserve Fund shall have an average aggregate weighted term to maturity not greater than five years. At such time as the 2007B Bonds and the 2007D

Bonds are no longer Outstanding, no Reserve Fund shall be required for the Bonds or Parity Lien Bonds unless required by an ordinance authorizing the issuance of Parity Lien Bonds.

(f) It will not take any action or omit to take any action with respect to the Bonds, the proceeds of the Bonds, any other funds of the City or the facilities financed or refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as in effect on the date of delivery of the Bonds (the "Code"), (ii) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 55(b)(2) of the 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 Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the Bonds to lose the exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present Colorado law. The foregoing covenants shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the City in fulfilling the above covenants under the Code and State law have been met.

(g) It will comply with the provisions of the Continuing Disclosure Certificate to be executed by City officers and delivered in connection with the delivery of the Bonds.

Section 20. Additional Bonds.

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

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

(i) No Event of Default has occurred and is continuing.

(ii) The City is then current in the accumulation of all amounts required to be then accumulated in the Bond Fund as required by this Ordinance.

(iii) The Pledged Revenue for any twelve (12) consecutive month period out of the last 18 months immediately preceding the date of issuance of such Parity Lien Bonds is sufficient to pay an amount representing not less than 150% of the Combined Maximum Annual Principal and Interest Requirements of the 2007B Bonds, the 2007D Bonds, the Bonds, any Parity Lien Bonds, and the Parity Lien Bonds proposed to be issued.

(iv) To the extent the Reserve Fund has been established, a deposit is made to the Reserve Fund so that the balance therein on the date of delivery of the Parity Lien Bonds equals the Required Reserve.

(c) A written certificate signed by the City Finance Director that the requirements of Section 20(b) hereof are met shall conclusively determine the right of the City to authorize, issue, sell, and deliver Parity Lien Bonds.

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

(e) Refunding Bonds.

(i) Generally. If at any time after the 2007B Bonds and 2007D Bonds are no longer Outstanding, and for so long as the Bonds, or any part thereof, shall have been issued and remain outstanding, the City shall find it desirable to refund any outstanding obligations payable from the Pledged Revenue, said obligations, or any part thereof, may be refunded, subject to the provisions of this Section, if (a) the obligations to be refunded, at the time of their required surrender for payment, shall then mature or shall then be callable for prior redemption at the City's option upon proper call, or (b) the owners of the obligations to be refunded consent to such surrender and payment.

(ii) Protection of Obligations Not Refunded. Any refunding obligations payable from the Pledged Revenue shall be issued with such details as the City Council may provide, so long as there is no impairment of any contractual obligation imposed upon the City by any proceedings authorizing the issuance of any unrefunded portion of such obligations; but so long as any Bonds are outstanding, refunding obligations payable from the Pledged Revenue may be issued on a parity with the unrefunded Bonds, the or Parity Lien Bonds only if:

(1) Prior Consent. The City first receives the consent of the owner or owners of the unrefunded Bonds, or Parity Lien Bonds; or

(2) Requirements Not Increased. The refunding obligations do not increase, for any Fiscal Year prior to and including the last maturity date of any unrefunded Bonds, the aggregate principal and interest requirements evidenced by such refunded obligations and by any outstanding Parity Lien Bonds not refunded, and the lien of any refunding parity obligations on the Pledged Revenue is not raised to a higher priority than the lien thereon of any obligations thereby refunded; or

(3) Earnings Test. The refunding obligations are issued in compliance with (b)(iii) above.

Section 21. Delegated Powers. The officers of the City be, and hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limiting the generality of the foregoing: the printing of the Bonds; the procuring of bond insurance, if in the best interests of the City; entering into and executing appropriate agreements with the Registrar and Paying Agent as to its services hereunder; entering into and executing appropriate agreements with The Depository Trust Company as to its services hereunder; the printing, distribution and execution of the Official Statement for the Bonds in substantially the form of the Preliminary Official Statement now before the Council, but with such amendments, additions and deletions as are in accordance with facts and not inconsistent herewith; and the execution of such certificates as may be required by the Purchaser, including, but not necessarily limited to, the absence and existence of factors

affecting the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The form, terms and provisions of the Registrar Agreement and the Continuing Disclosure Certificate are hereby approved, and the City shall enter into and perform its obligations under the Escrow Agreement, the Bond Purchase Agreement, the Registrar Agreement and the Continuing Disclosure Certificate in the forms of such documents presented to the Council at this meeting, with only such changes therein as are required by the circumstances and are not inconsistent herewith; and the Mayor and the City Clerk are hereby authorized and directed to execute and deliver such documents as required hereby.

Section 22. Events of Default. It is an Event of Default if:

- (a) Payment of the principal of or premium due on any Bond is not made by the City when due at maturity or upon prior redemption;
- (b) Payment of the interest on any Bond is not made by the City when due; or
- (c) The City defaults in the punctual performance of its covenants hereunder, including covenants contained in any agreements entered into with any Bond Insurer, for sixty (60) days after written notice shall have been given by the Owners of not less than 25% of the outstanding principal amount of the Bonds.

Section 23. Remedies. Upon the happening of any Event of Default, any Owner, or a trustee therefor, may protect and enforce the rights of such Owner by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenants, the appointment of a receiver (the consent to such appointment being hereby granted), injunctive relief, or requiring the Council to act as if it were the trust of an express trust, or any combination of such remedies. All proceedings shall be maintained for the benefit of the Owners; provided however, that any action brought pursuant to an Event of Default under Section 22(c) hereof may be brought only upon the written consent of the Owner or Owners of not less than 25% of the outstanding principal amount of the Bonds. All proceedings shall be maintained for the equal benefit and protection of all Owners. The failure of any Owner to proceed does not relieve the City or any person of any liability for failure to perform any duty hereunder. The foregoing rights are in addition to any other right which may exist under applicable law, and the exercise of any right by any Owner shall not be deemed a waiver of any other right. If any remedial action is discontinued, the Owners shall be restored to their positions prior to taking such action.

Section 24. Amendment. After any of the Bonds have been issued, this Ordinance shall constitute a contract between the City and the Owners of the Bonds and shall be and remain irrevocable until the Bonds and the interest thereon have been fully paid, satisfied and discharged.

- (a) The City may, without the consent of, or notice to the Owners of the Bonds, adopt such ordinances supplemental hereto (which supplemental amendments shall thereafter form a part hereof) for any one or more or all of the following purposes:

(i) to cure any ambiguity, or to cure, correct or supplement any defect or omission 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 Owners of the Bonds;

(ii) to subject to the lien of this Ordinance additional revenues, properties or collateral;

(iii) to grant or confer upon the Registrar for the benefit of the Owners of the Bonds any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Owners of the Bonds;

(iv) to qualify this Ordinance under the Trust Indenture Act of 1939; or

(b) Exclusive of the amendatory ordinances permitted by paragraph A of this Section, this Ordinance may be amended or supplemented by ordinance adopted by the Council in accordance with the law, without receipt by the City of any additional consideration but with the prior written consent of the Owners of at least 66% in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory or supplemental ordinance.

(c) Written consent of the Owners of all of the Bonds adversely affected thereby is required for any Ordinance that shall have the effect of permitting:

(i) An extension of the maturity of any of the Bonds authorized by this Ordinance; or

(ii) A reduction in the principal amount of any of the Bonds, the rate of interest thereon, or the prior redemption premium thereon; or

(iii) The creation of a lien upon or pledge of the Pledged Revenues ranking prior to the lien or pledge created by this Ordinance; or

(iv) A reduction of the principal amount of the Bonds required for consent to such amendatory or supplemental ordinance; or

(v) The establishment of priorities as between outstanding 2007B Bonds, the 2007D Bonds, and the Bonds or the establishment of priorities as between Bonds issued and outstanding under the provisions of this Ordinance; or

(vi) The modification of or otherwise affecting the rights of the Owners of less than all of the Bonds then outstanding.

Copies of any waiver, modification or amendment to this Ordinance shall be delivered to any entity then maintaining a rating on the Bonds at least 15 days prior to its execution or adoption.

Section 25. Bond Insurer As Third Party Beneficiary. To the extent that this Ordinance confers upon or gives or grants to the Bond Insurer any right, remedy, or claim under or by reason of this Ordinance, the Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 26. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any Person, other than the City, the Paying Agent, and the Owners of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Paying Agent, and the Owners of the Bonds.

Section 27. Successor Registrar or Paying Agent. UMB Bank, n.a., is hereby appointed as Registrar and Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the City shall determine to remove the Registrar or Paying Agent, the City may, upon notice mailed to each Registered Owner of Bonds at the address last shown on the registration records, appoint a successor Registrar or Paying Agent. No resignation or removal of the Registrar or Paying Agent may take effect until a successor, is appointed by the City and has accepted such appointment. Every such successor Paying Agent shall be either the City or a bank or trust company having a shareholders' equity (e.g., capital stock, surplus and undivided profits), however denominated, not less than \$10,000,000.

Section 28. Defeasance. When all principal, premium, if any, and interest in connection with a Bond have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged and said Bond shall no longer be deemed to be outstanding within the meaning of this Ordinance. There shall be deemed to be such due payment of a Bond when the City has placed in escrow and in trust with a commercial bank located within or without the State of Colorado, and exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may be initially invested) to meet all requirements of principal, premium, if any, and interest with respect to said Bond as the same become due at final maturity or upon designated prior redemption dates. The Federal Securities shall become due at or prior to the respective times at which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the City and such bank at the time of the creation of the escrow, or the Federal Securities shall be subject to redemption at the option of the holder thereof to assure such availability as so needed to meet such schedule.

In the event that there is a defeasance of only part of the Bonds, the Paying Agent shall, if requested by the City, institute a system to preserve the identity of the individual Bonds or portions thereof so defeased, regardless of changes in Bond numbers attributable to transfers and exchanges of Bonds and the Paying Agent shall be entitled to reasonable compensation and reimbursement of expenses from the City in connection with such system.

Authorization to Execute Collateral Documents. The officers of the City and the members of the Council are hereby authorized and directed to take any and all other actions

necessary or appropriate to effectuate the provisions of this Ordinance, including but not limited to the execution of the Letter of Representations, the Escrow Agreement, the Bond Purchase Agreement, the Paying Agent Agreement, the Continuing Disclosure Certificate, any agreement relating to bond insurance, if any, and such certificates and affidavits as may be reasonably required by the Underwriter. The execution of any instrument by the aforementioned officers or members of the Council shall be conclusive evidence of the approval by the City of such instrument in accordance with the terms hereof and thereof.

Section 29. Costs and Expenses. All costs and expenses incurred in connection with the issuance and payment of the Bonds, including without limitation the Underwriter's discount, the premium due in connection with any bond insurance policy, and all expenses related to issuing the Bonds, shall be paid either from the proceeds of the Bonds or from legally available moneys of the City, or from a combination thereof, and such moneys are hereby appropriated for that purpose.

Section 30. Ratification and Approval of Prior Actions. All actions heretofore taken by the officers of the City and members of the Council, not inconsistent with the provisions of this Ordinance, relating to the authorization, sale, issuance, and delivery of the Bonds, and the qualification of the Bonds for book-entry with DTC, are hereby ratified, approved, and confirmed.

Section 31. Approval of the Bond Purchase Agreement. The Council does hereby accept and approve the Bond Purchase Agreement as submitted by the Underwriter, and the Bonds shall be sold to the Underwriter upon the terms, conditions, and provisions as set forth in the Bond Purchase Agreement.

Section 32. Approval of Official Statement. The Council hereby approves the Preliminary Official Statement, in the form presented at this meeting. The Council hereby authorizes and directs the Finance Director to approve on behalf of the City a final Official Statement containing any updated information regarding items described in the Preliminary Official Statement which become known to the City prior to the date of delivery of the Bonds. Copies of said Preliminary Official Statement and final Official Statement are hereby authorized to be distributed by the Underwriter to all interested persons in connection with the sale of the Bonds. The Preliminary Official Statement is hereby deemed to be final as of its date within the meaning of Rule 15c2-12(b)(I) of the U.S. Securities and Exchange Commission. The execution of a final Official Statement by an officer of the City shall be conclusively deemed to evidence the approval of the form and contents thereof by the City.

Section 33. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Council, or any officer or agent of the City acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal or interest on the Bonds. Such recourse shall not be available either directly or indirectly through the Council or the City, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Bond specifically waives any such recourse.

Section 34. Creation and Maintenance of Escrow Account: The Escrow Account is created pursuant to the Escrow Agreement and shall be maintained in an amount at the time of those initial deposits therein and at all times subsequently at least sufficient, together with the known minimum yield to be derived from the initial investment and any temporary reinvestment of the deposits therein or any part thereof in Federal Securities to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds on the Redemption Date.

Section 35. Use of Escrow Account. Moneys shall be withdrawn by the Escrow Bank from the Escrow Account in sufficient amounts and at such times to permit the payment without default of the principal of, redemption premium, if any, and interest on the Refunded Bonds on the applicable redemption date. Any moneys remaining in the Escrow Account after provision shall have been made for the payment in full of the Refunded Bonds shall be applied to any lawful purpose of the City as the City Council may hereafter determine.

Section 36. Exercise of Option. The City Council has elected and does hereby declare its intent to exercise on the behalf and in the name of the City its option to redeem the Refunded Bonds on the earliest applicable redemption date. The City Council is hereby obligated so to exercise such option, which option shall be deemed to have been exercised when notice is duly given and completed as herein provided.

Section 37. Limitation of Actions. Pursuant to Section 11-57-212 of the Supplemental Act, no legal or equitable action brought with respect to any legislative acts or proceedings of the City in connection with the authorization or issuance of the Bonds, including but not limited to the adoption of this Ordinance, shall be commenced more than thirty days after the authorization of the Bonds.

Section 38. Ordinance Irrepealable. After any of the Bonds have been issued, this Ordinance shall constitute an irrevocable contract between the City and the Owners, and shall be and remain irrepealable until the Bonds and the interest accruing thereon shall have been fully paid, satisfied, and discharged as herein provided.

Section 39. Severability. If any section, paragraph, clause, or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Ordinance, the intent being that the same are severable.

Section 40. Repealer. All orders, ordinances, resolutions, bylaws, and regulations of the City, or parts thereof, inconsistent with this Ordinance are hereby repealed to the extent only of such inconsistency.

Section 41. Holidays. If the date for making any payment or the last date for performing any act or exercising any right, as provided in this Ordinance, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Registrar and Paying Agent are authorized by law to remain closed, such payment may be made, act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect

as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date.

Section 42. Declaration of Emergency. In order to complete the issuance and sale of the Bonds while favorable market conditions exist to effect the Refunding 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. This Ordinance is hereby declared, pursuant to Section 8.14 of the Charter, exempt from referendum.

Section 43. 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 December 1, 2015.

(S E A L)

Mayor

ATTESTED:

City Clerk

APPROVED AS TO FORM:

City Attorney

DATE

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

I, Linda Yeager, the duly appointed, 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 December 1, 2015.

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:

Name	“Yes”	“No”	Absent	Abstain
Herb Atchison, Mayor				
Alberto Garcia, Mayor Pro-Tem				
Bruce Baker				
Shannon Bird				
Maria De Cambra				
Emma Pinter				
Anita Seitz				

4. That notice of the special meeting of December 1, 2015, in the form, attached hereto as **Exhibit A**, was duly given to the Council members as provided in Section 7.2 of the City Charter and 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 _____, 2015. 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 December, 2015.

(SEAL)

City Clerk

EXHIBIT A

(Attach Notice of December 1, 2015 Meeting)

EXHIBIT B

(Attach Affidavit of Publication)

BY AUTHORITY

ORDINANCE NO. **3808**

COUNCILLOR'S BILL NO. **57**

SERIES OF 2015

INTRODUCED BY COUNCILLORS

**A BILL FOR AN EMERGENCY ORDINANCE
AMENDING THE 2015 BUDGET OF THE PARKS OPEN SPACE AND TRAILS FUND AND
AUTHORIZING A SUPPLEMENTAL APPROPRIATION FROM THE 2015 ESTIMATED
REVENUES IN THE FUND**

THE CITY OF WESTMINSTER ORDAINS:

Section 1. The 2015 appropriation for the Parks, Open Space and Trails Fund initially appropriated by Ordinance No. 3737 is hereby increased in aggregate by \$20,000,000. This appropriation is due to the receipt of bond refunding proceeds.

Section 2. The \$20,000,000 increase shall be allocated to City Revenue and Expense accounts as described in the City Council Agenda Item A-B dated December 1, 2015 (a copy of which may be obtained from the City Clerk) amending City fund budgets as follows:

Parks, Open Space and Trails Fund	<u>\$20,000,000</u>
Total	<u>\$20,000,000</u>

Section 3 – Severability. The provisions of this Ordinance shall be considered as severable. If any section, paragraph, clause, word, or any other part of this Ordinance shall for any reason be held to be invalid or unenforceable by a court of competent jurisdiction, such part shall be deemed as severed from this ordinance. The invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect the construction or enforceability of any of the remaining provisions, unless it is determined by a court of competent jurisdiction that a contrary result is necessary in order for this Ordinance to have any meaning whatsoever.

Section 4 – Emergency. Timely closing on the financing is deemed critical to mitigate interest rate risk inherent in the financial markets. If the ordinance went through a two reading approval, the City is exposed to interest rate uncertainty from the time the ordinance is approved on a first reading until the time of closing on the bonds. This time horizon potentially jeopardizes the ability to secure financing if interest rates were to increase significantly over this time period in the event of adverse financial market conditions. As such, 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. Wherefore, this ordinance shall be in full force and effect upon adoption of this ordinance on December 1, 2015, by an affirmative vote of six of the members of the Council if six or seven members of the Council are present at the meeting at which this ordinance is presented, or by an affirmative vote of four of the members of the Council if four or five members of the Council are present at the meeting at which this ordinance is enacted.

Section 5. This ordinance shall be published in full within ten days after its enactment.

INTRODUCED, READ IN FULL, AND PASSED AND ADOPTED AS AN EMERGENCY ORDINANCE this 1st day of December, 2015.

ATTEST:

Mayor

City Clerk