
CITY OF COLORADO SPRINGS, COLORADO

UTILITIES SYSTEM
REFUNDING AND IMPROVEMENT REVENUE BONDS

SERIES 2019A

2019A UTILITIES BOND ORDINANCE

2019A UTILITIES BOND ORDINANCE
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Bond Ordinance and is only for convenience of reference)

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ORDINANCE NO. 19-61

AN ORDINANCE OF THE CITY OF COLORADO SPRINGS, COLORADO PROVIDING FOR THE REFUNDING OF CERTAIN OUTSTANDING UTILITIES SYSTEM REVENUE BONDS OF THE CITY; PROVIDING FOR THE EXTENSION, BETTERMENT, OTHER IMPROVEMENT AND EQUIPMENT OF THE CITY OF COLORADO SPRINGS UTILITIES SYSTEM; PROVIDING FOR THE ISSUANCE AND SALE OF THE CITY OF COLORADO SPRINGS, COLORADO, UTILITIES SYSTEM REFUNDING REVENUE BONDS, SERIES 2019A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$110,000,000, PAYABLE SOLELY OUT OF THE NET REVENUES TO BE DERIVED FROM THE OPERATION OF THE CITY OF COLORADO SPRINGS UTILITIES SYSTEM; AUTHORIZING THE EXECUTION BY THE CITY OF A PAYING AGENT AGREEMENT, A BOND PURCHASE AGREEMENT AND AN OFFICIAL STATEMENT RELATED THERETO; AND PROVIDING OTHER MATTERS RELATING THERETO

WHEREAS, the City of Colorado Springs, Colorado (the "City") is a municipal corporation duly organized and existing under the laws of the State of Colorado and in particular under the provisions of Article XX of the Constitution of the State of Colorado and the City's Charter (the "Charter"); and

WHEREAS, the City now owns and operates a municipal water system, electric light and power system, gas system, wastewater system and certain other systems heretofore designated by the City Council (the "Council") of the City (the "System"), constituting the utilities created by the Charter (the "Utilities"); and

WHEREAS, prior to the issuance of the bonds authorized by this ordinance, the City has issued its "City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bond, Series 2009E" in the principal amount of \$8,600,000 (the "2010 CWRPDA Bond"), of which \$5,863,086 is presently Outstanding, and which was issued to the Colorado Water Resources and Power Development Authority pursuant to a Loan Agreement dated as of April 29, 2010 (the "2010 CWRPDA Loan Agreement") between the City and the Authority; and

WHEREAS, in addition to the 2010 CWRPDA Bond, the sole first lien securities Outstanding payable from any revenues derived from the operation of the System or any part thereof and for the payment of which such revenues are pledged are the bonds in the outstanding aggregate principal amount of \$2,218,231,171.10 of the following issues:

<u>Issue</u>	<u>Authorizing Ordinance</u>	<u>Outstanding Principal Amount</u>
Series 2000A Bonds	2000A Bond Ordinance	\$110,000,000
Series 2000B Bonds	2000B Bond Ordinance	2,605,000
Series 2005A Bonds	2005A Bond Ordinance	80,295,000
Series 2006B Bonds	2006B Bond Ordinance	63,475,000
Series 2007A Bonds	2007A Bond Ordinance	60,025,000
Series 2008A Bonds	2008A Bond Ordinance	40,055,000
Series 2008D Bond	2008D Bond Ordinance	778,071
Series 2009A Bonds	2009A Bond Ordinance	8,135,000
Series 2009B-1 Bonds	2009B Bond Ordinance	2,190,000
Series 2009B-2 Bonds	2009B Bond Ordinance	64,450,000
Series 2009C Bonds	2009C Bond Ordinance	58,275,000
Series 2009D-2 Bonds	2009D Bond Ordinance	54,065,000
Series 2010A-1 Bonds	2010A Bond Ordinance	72,600,000
Series 2010A-2 Bonds	2010A Bond Ordinance	20,055,000
Series 2010B-2 Bonds	2010B Bond Ordinance	171,240,000
Series 2010C Bonds	2010C Bond Ordinance	41,850,000
Series 2010D-2 Bonds	2010D Bond Ordinance	68,500,000
Series 2010D-3 Bonds	2010D Bond Ordinance	6,250,000
Series 2010D-4 Bonds	2010D Bond Ordinance	107,260,000
Series 2011A Bonds	2011A Bond Ordinance	85,115,000
Series 2012A Bonds	2012A Bond Ordinance	43,040,000
Series 2012B Bonds	2012B Bond Ordinance	92,550,000
Series 2012C-1 Bonds	2012C Bond Ordinance	72,045,000
Series 2012C-2 Bonds	2012C Bond Ordinance	30,850,000
Series 2013A Bonds	2013A Bond Ordinance	93,310,000
Series 2013B-1 Bonds	2013B Bond Ordinance	53,590,000
Series 2013B-2 Bonds	2013B Bond Ordinance	62,785,000
Series 2014A-1 Bonds	2014A Bond Ordinance	58,515,000
Series 2014A-2 Bonds	2014A Bond Ordinance	53,995,000
Series 2015A Bonds	2015A Bond Ordinance	81,955,000
Series 2017A-1 Bonds	2017A Bond Ordinance	89,045,000
Series 2017A-2 Bonds	2017A Bond Ordinance	83,470,000
Series 2017A-3 Bonds	2017A Bond Ordinance	54,890,000
Series 2018A-1 Bonds	2018A Bond Ordinance	124,345,000
Series 2018A-2 Bonds	2018A Bond Ordinance	39,500,000
Series 2018A-3 Bonds	2018A Bond Ordinance	4,810,000
Series 2018A-4 Bonds	2018A Bond Ordinance	56,860,000

(the Ordinances referenced in the preceding table are collectively referred to herein as the “Parity Bond Ordinances”); and

WHEREAS, the 2010 CWRPDA Bond, and the bonds referenced in the preceding table are collectively referred to herein as the “Outstanding Parity Bonds” are special obligations of the City payable from the gross revenues derived from the operation of the System (the “Gross Pledged Revenues”), after provision is made for the payment of the operation and maintenance expenses of the

System (such remaining revenues the "Net Pledged Revenues") and the payment of the Outstanding Parity Bonds is secured by a pledge of and by an irrevocable lien on the Net Pledged Revenues; and

WHEREAS, the City proposes to current refund the Outstanding Series 2000A Bonds, as may be designated in a supplemental certificate (the "Refunded Bonds"), and to issue therefor its "City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2019A" (the "Bonds") to defray all or a portion of the cost of such refunding; and

WHEREAS, except as hereinabove provided, the City has never pledged nor in any way hypothecated revenues derived and to be derived directly or indirectly from the operation of the System to the payment of any securities or for any other purpose (excluding (a) securities which have heretofore been redeemed in full, as to all principal, premium, if any, and interest, or are otherwise not Outstanding, and (b) obligations with a lien expressly subordinated to the Outstanding Parity Bonds, to the Bonds and to future securities issued on a parity with the Bonds), with the result that the Net Pledged Revenues may now be pledged lawfully and irrevocably for the payment of the Bonds, and they may be made payable from the Net Pledged Revenues; and

WHEREAS, the Series 2000A Bond Ordinance provides in relevant part:

"Section 903. Issuance of Parity Bonds. Nothing herein prevents the issuance by the City of additional securities payable from the Net Pledged Revenues and constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the Bonds; but before any such additional Parity Bonds, except as provided in Section 908 hereof, are authorized or actually issued:

A. Absence of Default; Liquidity Provider Bonds. At the time of the adoption of the ordinance authorizing the issuance of the additional securities, the City shall not be in default in making any payments required by Article VII hereof, including any payments to the Surety Provider under the Surety Agreement and no Liquidity Provider Bonds shall be held by or on behalf of the Liquidity Provider.

B. Capital Improvements - Historic Earnings Test. If the additional Parity Bonds are to be issued to finance Capital Improvements, the Net Pledged Revenues derived in the Fiscal Year immediately preceding the date of issuance of the additional Parity Bonds shall be not less than 130% of the Average Annual Principal and Interest Requirements of the Outstanding Bonds, any Outstanding First Lien Bonds, any Outstanding Parity Bonds and the Parity Bonds proposed to be issued, except as hereinafter otherwise expressly provided.

* * * *

D. Adjustment of Gross Pledged Revenues. In any computation under subsections B or C of this Section, the amount of the Gross Pledged Revenues for the applicable period shall be decreased and may be increased by the amount of loss or gain conservatively estimated by an Independent Accountant, Independent Engineer or the City, as the case may be, which results from any changes which became effective not less than 60 days prior to the last day of the period for which Gross Pledged Revenues are determined in any schedule of fees, rates and other charges constituting Gross Pledged Revenues based on the number of users during the applicable period as

if such modified schedule of fees, rates and other charges shall have been in effect during such entire time period. However, the Gross Pledged Revenues need not be decreased by the amount of any such estimated loss to the extent the Independent Accountant, the Independent Engineer or the Director estimates the loss is temporary in nature or will be offset within a reasonable temporary period by an increase in revenues or a reduction in Operation and Maintenance Expenses not otherwise included in the calculations under this Section, and estimates any loss under this sentence will not at any time materially and adversely affect the City's apparent ability to comply with the rate maintenance covenant stated in Section 1021 hereof without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

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

F. Consideration of Additional Expenses. In determining whether or not additional Parity Bonds may be issued as aforesaid, consideration shall be given to any probable increase (but not reduction) in the Operation and Maintenance Expenses of the System as estimated by the Director that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional securities; but the Director may reduce any such increase in Operation and Maintenance Expenses by the amount of any increase in revenues or any reduction in Operation and Maintenance Expenses resulting from the Capital Improvements or Capital Additions to which such expenditure relates and not otherwise included in the calculations under this Section, if the Director also opines that any such reduction in any such increase in Operation and Maintenance Expenses will not materially and adversely affect the City's apparent ability to comply with the rate maintenance covenant stated in Section 1021 hereof without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

Section 904. Certification of Revenues. A written certificate or written opinion by an Independent Accountant under Section 903B and Section 903(C)(i) hereof, an Independent Engineer under Section 903(C)(i) hereof and the City and the Independent Engineer under Section 903(C)(ii) hereof that such annual revenues, when adjusted as hereinabove provided in subsections D, E and F of Section 903 hereof, are sufficient to pay such amounts, as provided in subsection B or C of Section 903 hereof, shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver additional securities on a parity with the Bonds.

* * * *

Section 907. Use of Proceeds. The proceeds of any additional parity securities payable from any Net Pledged Revenues shall be used only to finance Capital Improvements or Capital Additions or to refund other securities or Credit Facility

Obligations payable from Net Pledged Revenues, regardless of the priority or the lien of such securities or Credit Facility Obligations on Net Pledged Revenues.

Section 908. Issuance of Refunding Securities. The City may issue any refunding securities payable from Net Pledged Revenues to refund any Outstanding Bonds, First Lien Bonds, Parity Bonds or any subordinate securities heretofore or hereafter issued, with such details as the Council may by ordinance 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 Outstanding securities of any one or more issues; but so long as the Bonds, or any part thereof, are Outstanding, refunding securities payable from Net Pledged Revenues may be issued on a parity with the unrefunded Bonds only if:

A. Prior Consent. The City first receives the consent of the Owner or Owners of the unrefunded portion of the Bonds and the Bank; or

B. Requirements Not Increased. The Combined Maximum Annual Principal and Interest Requirements for the Bonds, First Lien Bonds and Parity Bonds Outstanding immediately after the issuance of the refunding securities is not greater than the Combined Maximum Annual Principal and Interest Requirements for all Bonds, First Lien Bonds and Parity Bonds Outstanding immediately prior to the issuance of the refunding securities and the lien of any refunding Parity Bonds on the Net Pledged Revenues is not raised to a higher priority than the lien thereon of any securities thereby refunded; or

C. Earnings Test. The refunding securities are issued in compliance with Section 903B hereof; provided that any refunding securities issued to refund securities which were issued to finance a Capital Addition, or to refund refunding securities which were issued to refund securities which were issued to finance a Capital Addition, may be issued prior to the commercial operation date of such Capital Addition upon compliance with the test stated in Section 903C(ii) hereof.”

WHEREAS, the Series 2000B Bond Ordinance contains provisions substantially identical to the provisions of the Series 2000A Bond Ordinance set forth above; and

WHEREAS, the Series 2005A Bond Ordinance, the Series 2006B Bond Ordinance, the Series 2007A Bond Ordinance, the Series 2008A Bond Ordinance, the Series 2008D Bond Ordinance, the Series 2009A Bond Ordinance, the Series 2009B Bond Ordinance, the Series 2009C Bond Ordinance, the Series 2009D Bond Ordinance, the Series 2010A Bond Ordinance, the Series 2010B Bond Ordinance, the Series 2010C Bond Ordinance, the Series 2010D Bond Ordinance, the Series 2011A Bond Ordinance, the Series 2012A Bond Ordinance, the Series 2012B Bond Ordinance, the Series 2012C Bond Ordinance, the Series 2013A Bond Ordinance, the Series 2013B Bond Ordinance, the Series 2014A Bond Ordinance, the Series 2015A Bond Ordinance, the Series 2017A Bond Ordinance, and the Series 2018A Bond Ordinance contain provisions substantially identical to the provisions of the Series 2000A Bond Ordinance set forth above (other than the inclusion of certain provisions not yet effective); and

WHEREAS, Section 2 of Exhibit A to the 2010 CWRPDA Loan Agreement provides in relevant part as follows:

“Except as permitted by Sections 703-708 of the Governmental Agency Bond Ordinance, the Governmental Agency shall not issue any bonds or other evidences of indebtedness of a similar nature secured by a pledge, lien or assignment on the Net Pledged Revenues or create a lien or charge thereon.”

; and

WHEREAS, the Council has determined, and does hereby declare, that the proposal submitted by BofA Securities, Inc., as representative of itself and J.P. Morgan Securities LLC (collectively, the “Purchasers”) for the purchase of the Bonds upon the terms and provisions provided in the Bond Purchase Agreement between the City and the Purchasers filed with the City (the “Bond Purchase Agreement”), is a responsible proposal to the best advantage of the City; and

WHEREAS, pursuant to Section 11-57-205, Colorado Revised Statutes, as amended, the home rule power of the City under Article XX of the Constitution of the State of Colorado, and the Charter of the City, the City desires to delegate to the Chief Executive Officer, the Chief Planning and Finance Officer and the General Manager of Financial Services of the Utilities the power to determine the rates of interest on the Bonds, the prices at which the Bonds will be sold to the Purchasers, the aggregate principal amount of each series of the Bonds to be issued, the amount of each series of Bonds principal maturing, or subject to mandatory redemption, in any particular year, the principal amount and maturity dates of the Refunded Bonds to be refunded, and whether the Bonds are to be issued; and

WHEREAS, the Council has determined and does hereby declare:

A. The current refunding of the Refunded Bonds will be undertaken if it is determined that the cost of such refundings is beneficial to the City.

B. The City is not in default in making any payments required by Article V of the Parity Bond Ordinances (or by Article VII of the 2000A, 2005A, 2006B, 2007A, 2008A, 2009C, 2010C or 2012A Bond Ordinances) at the time of the adoption of this ordinance, including any payments to the providers of reserve fund insurance policies required by the Parity Bond Ordinances, no Liquidity Provider Bonds (as defined in the Series 2000A Bond Ordinance) are held by or on behalf of the Liquidity Provider (as defined in the Series 2000A Bond Ordinance), and no Liquidity Provider Bonds (as defined in the 2004A, 2005A, 2006B, 2007A, 2008A and 2009C Bond Ordinances) are held by or on behalf of the Bank (as defined in the 2005A, 2006B, 2007A, 2008A and 2009C Bond Ordinances);

C. The Net Pledged Revenues derived in the Fiscal Year ending on December 31, 2018 are not less than 130% of the Average Annual Principal and Interest Requirements (as such terms are defined in the Parity Bond Ordinances) of the Outstanding Parity Bonds and the Bonds;

D. The amount of Gross Pledged Revenues for the Fiscal Year ended December 31, 2018 is not required to be decreased as a result of any changes in any schedule of fees, rates and other charges which became effective not less than 60 days prior to December 31, 2018 and the City does not elect to increase the amount of such Gross Pledged Revenues as a result of any such changes;

E. All action preliminary to the authorization of the issuance of the Bonds has been taken.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

ARTICLE I

DEFINITIONS, INTERPRETATION, RATIFICATION AND EFFECTIVE DATE

Section 101. Short Title. This ordinance shall be known as and may be cited by the short title “2019A Utilities Bond Ordinance” (the “ordinance”).

Section 102. Meanings and Construction.

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

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

“Average Annual Principal and Interest Requirements” means the sum of the principal of and interest on the Bonds and any other Outstanding Parity Bonds, excluding any securities the principal of which is payable within less than one year from the date on which issued, but including any proposed Parity Bonds in the computation under Section 703 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 or other such security last becomes due at maturity or on a Redemption Date, whichever time is later (but excluding any reserve requirement to secure such payments unless otherwise expressly provided) 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 last Fiscal Year in which any Bond or other such security last becomes due at maturity or on a Redemption Date, whichever time is later. The word “principal,” as used in the preceding sentence, means for all purposes of this paragraph, the principal which must be paid to security Owners, whether on stated maturity dates or on mandatory redemption dates, or otherwise. Any such computation shall be adjusted for all purposes in the same manner as is provided in Section 703E hereof. For the purposes of this computation, it shall be assumed that (a) Variable Rate Bonds Outstanding at the time of such determination will bear interest during any period (i) if the interest rate such Variable Rate Bonds bear or shall bear during such period has not been determined, at the fixed interest rate estimated by the remarketing agent for such Variable Rate Bonds and approved by the Finance Director or, if there is no such remarketing agent, by the Finance Director that, having due regard for prevailing financial market conditions, is necessary, but does not exceed the interest rate necessary, to sell such Variable Rate Bonds at 100% of the principal amount thereof in an open market transaction, assuming the Variable Rate Bonds had a term equal to the then remaining term of the Variable Rate Bonds (taking into account any mandatory redemption for such Variable Rate Bonds), or (ii) if the interest rate such Variable Rate Bonds bear or shall bear during such period has been determined and is not subject to fluctuation, at such interest rate thus determined, and (b) any Tender Bonds Outstanding at the time of such determination shall mature on the stated maturity or mandatory Redemption Date or Dates thereof.

For purposes of this calculation, if a Parity Financial Products Agreement has been entered into by the City with respect to the Bonds or any Parity Bonds, interest on the Bonds or such Parity Bonds shall be included in the calculation of such principal and interest by including for each Fiscal Year an amount equal to the amount of interest payable on the Bonds or such Parity Bonds in such Fiscal Year during such period determined as hereinabove provided plus any Financial Products Payments payable in any such Fiscal Year minus any Financial Products Receipts receivable in any such Fiscal Year; provided that in no event shall any calculation made pursuant to this sentence result in a number less than zero being included in the calculation of such interest.

In determining the amount of any Financial Products Payments or Financial Products Receipts on any interest rate swaps or other similar Financial Products Agreement which Payments or Receipts are based on interest rates which are not fixed in percentage for the entire term of the Financial Products Agreement, such amount shall be calculated by assuming such variable interest rate is a fixed interest rate equal to (a) if the Parity Financial Products Agreement relates to Variable Rate Bonds, the fixed rate of interest estimated for such Variable Rate Bonds as hereinabove provided, or (b) if the Parity Financial Products Agreement relates to the Bonds or Parity Bonds which bear interest at a fixed interest rate, the average daily interest rate for such Payments or Receipts under such Financial Products Agreement during the twelve months preceding the calculation or during the time the Financial Products Agreement has been in effect if less than twelve months and if such Financial Products Agreement is not then in effect, the variable interest rate shall be deemed to be a fixed interest rate equal to the average daily interest rate for such Payments or Receipts which would have been applicable if such Financial Products Agreement had been in effect for the preceding 12-month period, which average daily interest rate shall be set forth in a certificate of the Finance Director.

In determining the amount of any Financial Products Payments or Financial Products Receipts on any interest rate cap, floor, collar or other similar Financial Products Agreement with respect to Parity Bonds which are Variable Rate Bonds, such amount shall be calculated by assuming the interest rate on the related Variable Rate Bonds will be a fixed interest rate equal to the average daily interest rate on such Variable Rate Bonds during the twelve months preceding the calculation or during the time the Variable Rate Bonds are Outstanding if less than twelve months and if such Variable Rate Bonds are not at the time of calculation Outstanding, the variable interest rate shall be deemed to be a fixed interest rate equal to the average daily interest rate which such Bonds would have borne if they had been Outstanding for the preceding 12-month period as estimated by the Finance Director, all as set forth in a certificate of the Finance Director. In determining the amount of any Financial Products Payments or Financial Products Receipts on any interest rate cap, floor, collar or other similar Financial Products Agreement with respect to Parity Bonds bearing interest at a fixed rate, such amount shall be the amount payable or receivable annually determined as of the date of issuance of the Parity Bonds as set forth in a certificate of the Finance Director.

For the purposes of this calculation, if Commercial Paper Notes are then Outstanding or are the Parity Bonds proposed to be issued, it shall be assumed that (a) the principal amount of any Commercial Paper Notes Outstanding is that amount forecasted by the City as of the date of the calculation of Average Annual Principal and Interest Requirements to have been issued and be Outstanding at the expiration date of the program established for the Commercial Paper Notes, (b) only interest will be payable on the Commercial Paper Notes prior to the expiration date of the program established for the Commercial Paper Notes, and such amount shall be calculated by assuming such interest rate is a fixed interest rate equal to the average daily interest rate for all Commercial Paper Notes issued as part of such program during the twelve months preceding the calculation or during the time the Commercial Paper Notes have been Outstanding if less than twelve months and if such

Commercial Paper Notes are not then Outstanding, the interest rate shall be deemed to be a fixed interest rate equal to the average daily interest rate which would have been applicable if such Commercial Paper Notes had been Outstanding for the preceding 12-month period as estimated by the Finance Director, and (c) the Commercial Paper Notes so forecasted to have been issued and Outstanding will mature over 25 years from the expiration date of the program established for the Commercial Paper Notes, will bear interest on the unpaid principal amount thereof at the fixed rate of interest equal to the Bond Buyer 30 Year Revenue Index of 25 Revenue Bonds as published in the most recent issue of The Bond Buyer (or any successor thereto) preceding the date of such determination or if such Index is no longer published, of a comparable index selected by the Finance Director and will be payable on a level annual debt service basis over such 25 year period, all as set forth in a certificate of the Finance Director. For the purposes of this paragraph, the term “expiration date of the program established for the Commercial Paper Notes” shall mean the earlier of (i) such expiration date as set forth in the ordinance of the City authorizing the issuance of the Commercial Paper Notes, or (ii) 5 years from the initial date of issuance of any Commercial Paper Note under such program.

“Build America Bond Credit” means the credit provided in Section 6431 of the Code in lieu of any credit otherwise available to the owners under Section 54AA(a) of the Code.

“Build America Mutual” means Build America Mutual Assurance Company, a mutual insurance corporation organized under the laws of, and domiciled in, the State of New York, or any successor thereto or assignee thereof.

“Balloon Bonds” means any securities payable from Net Pledged Revenues 25% or more of the original principal amount of which matures during any consecutive 12-month period if such maturing principal amount is not required to be amortized by mandatory redemption or prepayment prior to such period and if such 12-month period overlaps the Fiscal Year in which the Combined Maximum Annual Principal and Interest Requirements occur (without regard to the assumptions contained in clause (c) of the first paragraph of the definition of Combined Maximum Annual Principal and Interest Requirements).

“Beneficial Owner” means each Owner of Bonds whose ownership is recorded under the book-entry only system maintained by the Depository.

“Bond Fund” means the special account designated as the “City of Colorado Springs, Colorado, Utilities System Refunding and Improvement Revenue Bonds, Series 2019A Bond Fund” created pursuant to Section 505 hereof.

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

“Bonds” means those securities issued hereunder and designated as the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2019A.

“Business Day” means any day other than (a) a Saturday or Sunday or a day on which banking institutions in the State or the State of New York are authorized to close, or (b) a day on which the New York Stock Exchange is closed.

“Capital Additions” prior to the Effective Date means those properties and facilities which by their nature, and as incorporated into the System (a) will add additional capacity, or are to replace existing capacity, of the System, or substantially increase revenue-producing capabilities, or constitute new transmission facilities, and (b) which upon completion will have an estimated net book value in excess of 15% of the net book value of the net utilities plant (without regard to such Capital Addition), as shown on the City’s most recent audited financial statements for the System.

On and after the Effective Date, this definition shall be deleted and of no force or effect.

“Capital Improvements” means those property improvements or any combination of property improvements which will constitute enlargements, extensions or betterments to the System and will be incorporated into the System.

“Charter” means the home rule charter of the City, as from time to time amended.

“City” means the City of Colorado Springs, Colorado, or any successor municipal corporation owning the System.

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

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

“Combined Maximum Annual Principal and Interest Requirements” means the largest sum of the principal of and interest on the Bonds and any other Outstanding Parity Bonds, excluding any securities the principal of which is payable within less than one year from the date on which issued, to be paid during any one Fiscal Year for the period beginning with the Fiscal Year in which such computation is made and ending with the Fiscal Year in which any Bond or other such security last becomes due at maturity or on a Redemption Date, whichever time is later (but excluding any reserve requirement to secure such payments unless otherwise expressly provided). The word “principal,” as used in the preceding sentence, means for all purposes of this paragraph, the principal which must be paid to security Owners, whether on stated maturity dates or on mandatory Redemption Dates, or otherwise. Any such computation shall be adjusted for all purposes in the same manner as is provided in Section 703E hereof. For the purposes of this computation, it shall be assumed that (a) Variable Rate Bonds Outstanding at the time of such determination will bear interest during any period (i) if the interest rate such Variable Rate Bonds bear or shall bear during such period has not been determined, at the fixed interest rate estimated by the remarketing agent for such Variable Rate Bonds and approved by the Finance Director or, if there is no such remarketing agent, by the Finance Director that, having due regard for prevailing financial market conditions, is necessary, but does not exceed the interest rate necessary, to sell such Variable Rate Bonds at 100% of the principal amount thereof in an open market transaction, assuming the Variable Rate Bonds had a term equal to the then remaining term of the Variable Rate Bonds (taking into account any mandatory redemption for such Variable Rate Bonds), or (ii) if the interest rate such Variable Rate Bonds bear or shall bear during such period has been determined and is not subject to fluctuation, at such interest rate thus determined, (b) any Tender Bonds Outstanding at the time of such determination shall mature on the stated maturity or mandatory Redemption Date or Dates thereof, and (c) any Balloon Bonds Outstanding at the time

of such determination will mature over 30 years from the date of issuance of the Balloon Bonds, will bear interest on the unpaid principal amount thereof at the fixed rate of interest equal to the Bond Buyer 30 Year Revenue Index of 25 Revenue Bonds as published in the most recent issue of The Bond Buyer (or any successor thereto) preceding the date of such determination or if such Index is no longer published, of a comparable index selected by the Finance Director and will be payable on a level annual debt service basis over a thirty year period.

For purposes of this calculation, if a Parity Financial Products Agreement has been entered into by the City with respect to the Bonds or any Parity Bonds, interest on the Bonds or such Parity Bonds shall be included in the calculation of such principal and interest by including for each Fiscal Year an amount equal to the amount of interest payable on the Bonds or such Parity Bonds in such Fiscal Year during such period determined as hereinabove provided plus any Financial Products Payments payable in any such Fiscal Year minus any Financial Products Receipts receivable in any such Fiscal Year; provided that in no event shall any calculation made pursuant to this sentence result in a number less than zero being included in the calculation of such interest.

In determining the amount of any Financial Products Payments or Financial Products Receipts on any interest rate swaps or other similar Financial Products Agreement which Payments or Receipts are based on interest rates which are not fixed in percentage for the entire term of the Financial Products Agreement, such amount shall be calculated by assuming such variable interest rate is a fixed interest rate equal to (a) if the Parity Financial Products Agreement relates to Variable Rate Bonds, the fixed rate of interest estimated for such Variable Rate Bonds as hereinabove provided, or (b) if the Parity Financial Products Agreement relates to the Bonds or Parity Bonds which bear interest at a fixed interest rate, the average daily interest rate for such Payments or Receipts under such Financial Products Agreement during the twelve months preceding the calculation or during the time the Financial Products Agreement has been in effect if less than twelve months and if such Financial Products Agreement is not then in effect, the variable interest rate for such Payments or Receipts shall be deemed to be a fixed interest rate equal to the average daily interest rate which would have been applicable if such Financial Products Agreement had been in effect for the preceding 12-month period, which average daily interest rate shall be set forth in a certificate of the Finance Director.

In determining the amount of any Financial Products Payments or Financial Products Receipts on any interest rate cap, floor, collar or other similar Financial Products Agreement with respect to Parity Bonds which are Variable Rate Bonds, such amount shall be calculated by assuming the interest rate on the related Parity Bonds will be a fixed interest rate equal to the average daily interest rate on such Variable Rate Bonds during the twelve months preceding the calculation or during the time the Variable Rate Bonds are Outstanding if less than twelve months and if such Variable Rate Bonds are not at the time of calculation Outstanding, the variable interest rate shall be deemed to be a fixed interest rate equal to the average daily interest rate which such Bonds would have borne if they had been Outstanding for the preceding 12-month period as estimated by the Finance Director, all as set forth in a certificate of the Finance Director. In determining the amount of any Financial Products Payments or Financial Products Receipts on any interest rate cap, floor, collar or other similar Financial Products Agreement with respect to Parity Bonds bearing interest at a fixed rate, such amount shall be the amount payable or receivable annually determined as of the date of issuance of the Parity Bonds, as set forth in a certificate of the Finance Director.

For the purposes of this calculation, if Commercial Paper Notes are then Outstanding or are the Parity Bonds proposed to be issued, it shall be assumed that (a) the principal amount of any Commercial Paper Notes Outstanding is that amount forecasted by the City as of the

date of the calculation of Combined Maximum Annual Principal and Interest Requirements to have been issued and be Outstanding at the expiration date of the program established for the Commercial Paper Notes, (b) only interest will be payable on the Commercial Paper Notes prior to the expiration date of the program established for the Commercial Paper Notes, and such amount shall be calculated by assuming such interest rate is a fixed interest rate equal to the average daily interest rate for all Commercial Paper Notes issued as part of such program during the twelve months preceding the calculation or during the time the Commercial Paper Notes have been Outstanding if less than twelve months and if such Commercial Paper Notes are not then Outstanding, the interest rate shall be deemed to be a fixed interest rate equal to the average daily interest rate which would have been applicable if such Commercial Paper Notes had been Outstanding for the preceding 12-month period as estimated by the Finance Director, and (c) the Commercial Paper Notes so forecasted to have been issued and Outstanding will mature over 25 years from the expiration date of the program established for the Commercial Paper Notes, will bear interest on the unpaid principal amount thereof at the fixed rate of interest equal to the Bond Buyer 30 Year Revenue Index of 25 Revenue Bonds as published in the most recent issue of The Bond Buyer (or any successor thereto) preceding the date of such determination or if such Index is no longer published, of a comparable index selected by the Finance Director and will be payable on a level annual debt service basis over such 25 year period, all as set forth in a certificate of the Finance Director. For the purposes of this paragraph, the term "expiration date of the program established for the Commercial Paper Notes" shall mean the earlier of (i) such expiration date as set forth in the ordinance of the City authorizing the issuance of the Commercial Paper Notes, or (ii) 5 years from the initial date of issuance of any Commercial Paper Note under such program.

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

"Commercial Paper Notes" means any bonds or notes payable from and having an irrevocable lien upon Net Pledged Revenues on a parity with the Bonds (a) which have a stated maturity date which is not more than 365 days after the date of issuance thereof, and (b) are designated as Commercial Paper Notes in the ordinance authorizing their issuance, but does not include any Credit Facility Obligations relating to such bonds or notes.

"Continuing Disclosure Undertaking" means the certificate to be dated the date of delivery of the Bonds delivered by the City, which constitutes an undertaking pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission.

"Council" means the city council of the City, and any successor governing body of the municipal corporation owning the System.

"Credit Facility" means any letter or line of credit, policy of bond insurance, surety bond or guarantee or similar instrument (other than a Reserve Fund Insurance Policy) issued by a financial, insurance or other institution and which specifically provides security and/or liquidity in respect of securities payable from Net Pledged Revenues.

"Credit Facility Obligations" means repayment or other obligations incurred by the City in respect of draws or other payments or disbursements made under a Credit Facility.

“Crossover Date” means, with respect to any Crossover Refunding Bonds, the date on which the principal portion of the related Crossover Refunded Indebtedness Outstanding as of such date is to be paid or redeemed (assuming any conditions thereto are satisfied) from the escrowed proceeds of such Crossover Refunding Bonds or other funds available to the City and irrevocably deposited in such escrow for such purpose.

“Crossover Refunded Indebtedness” means any securities payable from Net Pledged Revenues intended to be refunded by Crossover Refunding Bonds or other funds available to the City (assuming any conditions thereto are satisfied), and as to which an irrevocable escrow sufficient for such purpose is in existence.

“Crossover Refunding Bonds” means any securities issued by the City if the proceeds of such securities are irrevocably deposited in escrow to secure the payment on a Crossover Date of principal or Redemption Price of the Crossover Refunded Indebtedness (or the principal or Redemption Price of such securities under certain conditions) and the escrow deposit (including investment earnings thereon) is required to be applied to pay the Bond Requirements of such securities until and on the Crossover Date and, after the Crossover Date, the Bond Requirements of such securities are required to be payable from Net Pledged Revenues.

“Depository” means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book-entry interests in bonds, and to effect transfers of book-entry interests in bonds in book-entry form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

“Director” means the acting chief executive officer of the Utilities, presently the Chief Executive Officer, or his or her successor in functions, if any.

“Effective Date” means the earlier of the date on which (a) none of the Series 2000A Bonds or the Series 2000B Bonds are Outstanding, or (b) the holders of not less than 66% in aggregate principal amount of each of the Series 2000A Bonds and the Series 2000B Bonds then Outstanding, as well as any other entities whose consent is required therefor, have consented to the provisions contained in this ordinance to which the Effective Date pertains.

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

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

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

“Finance Director” means the chief financial officer of the Utilities, presently the Chief Planning and Finance Officer, or his or her successor in functions, if any.

“Financial Products Agreement” means an interest rate swap, cap, collar, floor, other hedging agreement, arrangement or security, however denominated, entered into by the City with a Provider not for investment purposes but with respect to the Bonds or specific Parity Bonds and

providing that any payments by the City thereunder shall be made only from Net Pledged Revenues and for the purpose of (a) reducing or otherwise managing the City's risk of interest rate changes, or (b) effectively converting the City's interest rate exposure, in whole or in part, from a fixed rate exposure to a variable rate exposure, or from a variable rate exposure to a fixed rate exposure.

"Financial Products Payments" means payments periodically required to be paid to a Provider by the City pursuant to a Financial Products Agreement but specifically not including any termination, settlement or similar payments required to be paid upon an early termination of the Financial Products Agreement or as a result of any event of default thereunder.

"Financial Products Receipts" means amounts periodically required to be paid to the City by a Provider pursuant to a Financial Products Agreement but specifically not including any termination, settlement or similar payments required to be paid upon an early termination of the Financial Products Agreement or as a result of any event of default thereunder.

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

"Funds Ordinance" means Ordinance No. 91-58 adopted by the Council on April 23, 1991 continuing the Income Fund previously created pursuant to a bond ordinance authorizing bonds which are no longer Outstanding.

"Gross Pledged Revenues" means all income, charges and revenues derived directly or indirectly by the City from the operation and use of and otherwise pertaining to the System, or any part thereof, whether resulting from Capital Improvements, Capital Additions, or otherwise, and includes all income, charges and revenues received by the City from the System, including without limitation:

(a) All fees, rates and other charges for the use of the System, or for any service rendered by the City in the operation thereof, directly or indirectly, the availability of any such service, or the sale or other disposal of any commodities derived therefrom, including, without limitation, connection charges, but:

(i) Excluding any moneys borrowed and used for the acquisition of Capital Improvements or Capital Additions or for the refunding of securities, including the proceeds of Crossover Refunding Bonds and all income or other gain from any investment of such borrowed moneys;

(ii) Excluding any moneys received as grants, appropriations or gifts from the Federal Government, the State, or other sources, the use of which is limited by the grantor or donor to the construction of Capital Improvements or Capital Additions, except to the extent any such moneys shall be received as payments for the use of the System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom;

(iii) Excluding any income and revenue from any Special Facilities which have not been transferred by the City, in its sole discretion, to the System and excluding any revenues from any special rates and charges imposed to finance any such untransferred Special Facilities; and

(iv) Excluding any Financial Products Receipts;

(b) All income or other gain from any investment of Gross Pledged Revenues (including without limitation the income or gain from any investment of all moneys in any bond fund or reserve fund for any securities payable from Net Pledged Revenues and of all Net Pledged Revenues, but excluding borrowed money and all income or other gain thereon in any acquisition or construction fund or any other escrow fund for any other securities payable from Net Pledged Revenues heretofore or hereafter issued and excluding any unrealized gains or losses on any investment of Gross Pledged Revenues) unless the Council or the qualified electors of the City otherwise provide by ordinance, or such electors by Charter amendment;

(c) All Build America Bond Credits to the extent received by the City with respect to any securities payable from the Net Pledged Revenues; and

(d) All income and revenues derived from the operation of any other utility or other income-producing facilities added to the System and to which the pledge and lien herein provided are extended by ordinance adopted by the Council or the qualified electors of the City or by Charter amendment adopted by such electors.

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

“Income Fund” means the special account designated as the “City of Colorado Springs, Colorado, Utilities System Gross Income Fund” created pursuant to a bond ordinance authorizing bonds which are no longer Outstanding and continued pursuant to the Funds Ordinance and this ordinance.

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

(a) Who is, in fact, independent and not under the domination of the City;

(b) Who does not have any substantial interest, direct or indirect, with the City; and

(c) Who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

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

On and after the Effective Date, this definition shall be deleted and of no force or effect.

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

“Late Payment Rate” means the lesser of (x) the greater of (i) the Prime Rate (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) the then applicable highest rate of interest on the Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days.

“Maturity-Rate” means Bonds which are due on the same date and bear the same rate of interest.

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

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

“Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the System or any component division or other part thereof, or any other designated facilities in connection with which such term is used including, without limitation, all salaries, labor, materials and repairs necessary to render efficient service; and the term includes, at the option of the City, acting by and through the Council, except as limited by law, without limitation:

(a) Engineering, auditing, reporting, legal and other overhead expenses of the various departments or systems of the City directly related and reasonably allocable to the administration, operation and maintenance of the System;

(b) Fidelity bond premiums and property and liability insurance premiums pertaining to the System, or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the System;

(c) Payments to pension, retirement, health and hospitalization funds, other insurance, and to any self-insurance fund;

(d) Any general (ad valorem) taxes, assessments, excise taxes or other charges which may be lawfully imposed on the City, the System, revenues therefrom, or the City’s income from or operations of any properties under its control and pertaining to the System, or any privilege in connection with the System or its operation (but no payments made in lieu of taxes);

(e) The reasonable charges of the Paying Agent, any alternate Paying Agent, any other paying agents, or any other escrow agents for any securities payable from the Net Pledged Revenues which have been or will be refunded, and any other depository bank pertaining to the Bonds and any other securities payable from the Net Pledged Revenues or otherwise pertaining to

the System, the premium for any Reserve Fund Insurance Policy issued other than concurrently with the issuance of the Bonds and any periodic fees, premiums, expenses or other costs incurred in connection with any Credit Facilities or with respect to a remarketing, tender, indexing or similar agent (other than those charges, fees, premiums, expenses or other costs included as part of the cost of a Capital Addition or Capital Improvement or paid from the proceeds of the Bonds or any other securities relating to the System);

(f) Contractual services, professional services, salaries, other administrative expenses and costs of materials, supplies, repairs and labor pertaining to the System or to the issuance of the Bonds or any other securities relating to the System, including, without limitation, the expenses and compensation of any trustee, receiver or other fiduciary;

(g) The costs incurred by the Council or the Utilities in the collection and any refunds of all or any part of the Gross Pledged Revenues;

(h) Any costs of utility services furnished to the System by the City or otherwise, including, without limitation, the contracting by the City for water, electricity, or gas, or any combination thereof, from any Person, for distribution through the System or for the transmission or treatment of water, electricity, or gas for use by the City and its customers and the obligations due under any contract pertaining thereto on a take-and-pay basis or take-or-pay basis or otherwise; and

(i) All other administrative, general and commercial expenses pertaining to the System and all other current expenses pertaining to the System which are properly classified as operation and maintenance expenses under generally accepted accounting principles; but

(i) Excluding any allowance for depreciation or noncash allocation of pension, retirement, health or hospitalization fund liabilities;

(ii) Excluding any costs of Capital Additions and Capital Improvements (or any combination thereof);

(iii) Excluding any reserves for major capital replacements (other than normal repairs);

(iv) Excluding any reserves for operation, maintenance or repair of the System;

(v) Excluding any allowance for the redemption of any Bond or other security evidencing a loan or other obligation, or the payment of any interest thereon, or any prior redemption premium due in connection therewith, or any reserve therefor;

(vi) Excluding any liabilities for Financial Products Payments;

(vii) Excluding any liabilities incurred in the acquisition or improvement of any properties comprising any project or any existing facilities (or any combination thereof) incorporated into the System, or otherwise; and

(viii) Excluding any liabilities incurred by the City as the result of its negligence in the operation of the System or any other ground of legal liability not based on contract.

“Outstanding” when used with reference to the Bonds or any other designated securities and as of any particular date means all the Bonds or any such other securities payable from the Net Pledged Revenues or otherwise pertaining to the System, as the case may be, in any manner theretofore and thereupon being executed and delivered:

(a) Except any Bond or other security canceled by the City, by any paying agent, or otherwise on the City’s behalf, at or before such date;

(b) Except any Bond or other security (not deemed to be paid as provided in Section 1101 hereof or any similar provision of the ordinance authorizing the issuance of such other security) during such period when its Bond Requirements are scheduled to be paid with moneys held in trust or escrow for that purpose by any Trust Bank located within or without the State, including the known minimum yield from any investment in Federal Securities; provided, however, that the foregoing shall not apply with respect to determinations of Bonds or other securities “Outstanding” for the purposes of Articles IX or X hereof;

(c) Except any Bond or other security deemed to be paid as provided in Section 1101 hereof or any similar provision of the ordinance authorizing the issuance of such other security; and

(d) Except any Bond or other security in lieu of or in substitution for which another Bond or other security shall have been executed and delivered pursuant to Sections 308, 309 or 1008 hereof or any similar provisions of the ordinance authorizing the issuance of such other security.

“Owner” means the registered owner of any designated Bond or other designated security.

“Parity Bond Ordinances” has the meaning ascribed to such term in the recitals hereof.

“Parity Bonds” has the meaning ascribed to such term in the recitals hereof.

“Parity Credit Facility Obligations” means any Credit Facility Obligations payable from the Net Pledged Revenues on a parity with the Bonds.

“Parity Financial Products Agreement” means any Financial Products Agreement pursuant to which Financial Products Payments are payable from Net Pledged Revenues on a parity with the Bonds.

“Park Watering Effective Date” means the earlier of the date on which (a) none of the Parity Bonds issued prior to 2011 are Outstanding, or (b) the holders of not less than 66% in aggregate principal amount of each series of the Parity Bonds issued prior to 2003 then Outstanding and the holders of a majority in aggregate principal amount of all Parity Bonds issued subsequent to 2002 but prior to 2011 then Outstanding, as well as any other entities whose consent is required therefor, have consented to the provisions contained in this ordinance to which the Park Watering Effective Date pertains.

“Paying Agent” means Wells Fargo Bank, National Association, in Minneapolis, Minnesota, and being an agent of the City for the payment of the Bond Requirements due in connection with the Bonds, the registrar for the Bonds and for other administration of moneys pertaining to the Bonds, and includes any successor Commercial Bank as paying agent.

“Paying Agent Agreement” means the Paying Agent Agreement dated as of October 1, 2019 between the City and the Paying Agent.

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

“Prime Rate” means the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as Build America Mutual shall specify.

“Principal Corporate Trust Office” means (a) with respect to Wells Fargo Bank, National Association, at Wells Fargo Bank Minnesota, National Association, 600 South 4th Street, 6th Floor, MAC N9300-060, Minneapolis, Minnesota 55415, (b) with respect to any successor Paying Agent, at the principal office of its corporate trust department, and (c) with respect to any Paying Agent, at such other place as shall be designated by such Paying Agent in writing to the Owners of the Bonds Outstanding.

“Provider” means any financial institution or insurance company which is a party to a Financial Products Agreement with the City.

“Purchasers” has the meaning ascribed to such term in the recitals hereof.

“Rebate Fund” means the special account designated as the “City of Colorado Springs, Colorado, Utilities System Improvement and Refunding Revenue Bonds, Series 2019A Rebate Fund” created pursuant to Section 509 hereof.

“Record Date” means the first day of the calendar month in which each regularly scheduled interest payment date for the Bonds occurs.

“Redemption Date” means the date fixed for the redemption prior to their respective maturities of any Bonds or other designated securities payable from Net Pledged Revenues in any notice of prior redemption or otherwise fixed and designated by the City.

“Redemption Price” means, when used with respect to a Bond or any other designated security payable from Net Pledged Revenues, the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof prior to the stated maturity date of such security on a Redemption Date in the manner contemplated in accordance with the security’s terms.

“Refunded Bonds” means the Outstanding Series 2000A Bonds, as may be designated in the Supplemental Public Securities Act Certificate.

“Refunding Project” means the refunding of the Refunded Bonds, and the costs necessary therefor or incidental thereto, the cost of which is to be defrayed in part with the proceeds of the Bonds.

“Reserve Fund” means the special account designated as the “City of Colorado Springs, Colorado, Utilities System Refunding and Improvement Revenue Bonds, Series 2019A Reserve Fund” created pursuant to Section 506 hereof.

“Reserve Fund Insurance Policy” means (a) the Surety Bond and (b) any insurance policy, surety bond or letter of credit deposited in or credited to the Reserve Fund as provided in Section 506 hereof in lieu of or in partial substitution for cash or Investment Securities on deposit in the Reserve Fund or similarly credited to a reserve fund for Parity Bonds.

“Reserve Fund Requirement” means the sum of an amount equal to the sum of the interest on the Bonds then Outstanding to be paid during each Fiscal Year for the period beginning with the Fiscal Year in which the Bonds are issued and ending with the Fiscal Year in which any Bond last becomes due at maturity or on a mandatory Redemption Date divided by the number of full Fiscal Years during the period beginning with the first Fiscal Year in which interest on the Bonds is paid and ending with the Fiscal Year in which any Bond last becomes due at maturity or on a mandatory Redemption Date,.

“Series 2000A Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Subordinate Lien Revenue Bonds, Series 2000A originally issued in the aggregate principal amount of \$110,000,000.

“Series 2000B Bonds” means the City of Colorado Springs, Colorado, Taxable Utilities System Subordinate Lien Revenue Bonds, Series 2000B originally issued in the aggregate principal amount of \$15,000,000.

“Series 2005A Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2005A originally issued in the aggregate principal amount of \$100,000,000.

“Series 2006B Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2006B originally issued in the aggregate principal amount of \$75,000,000.

“Series 2007A Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2007A originally issued in the aggregate principal amount of \$75,000,000.

“Series 2008A Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2008A originally issued in the aggregate principal amount of \$50,000,000.

“Series 2008D Bond” means the City of Colorado Springs, Colorado, Utilities System Improvement and Refunding Clean Renewable Energy Bond, Series 2008D originally issued in the principal amount of \$3,631,000.

“Series 2009A Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2009A originally issued in the aggregate principal amount of \$60,750,000.

“Series 2009B-1 Bonds” means the City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Series 2009B-1 (Tax-Exempt) originally issued in the aggregate principal amount of \$17,550,000.

“Series 2009B-2 Bonds” means the City of Colorado Springs, Colorado, Taxable Utilities System Improvement Revenue Bonds, Series 2009B-2 (Direct Pay Build America Bonds) originally issued in the aggregate principal amount of \$64,450,000.

“Series 2009C Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Refunding Revenue Bonds, Series 2009C originally issued in the aggregate principal amount of \$66,455,000.

“Series 2009D-2 Bonds” means the City of Colorado Springs, Colorado, Taxable Utilities System Improvement Revenue Bonds, Series 2009D-2 (Direct Pay Build America Bonds) originally issued in the aggregate principal amount of \$56,750,000.

“Series 2010A-1 Bonds” means the City of Colorado Springs, Colorado, Utilities System Revenue Bonds, Series 2010A-1 (Tax-Exempt) originally issued in the aggregate principal amount of \$117,925,000.

“Series 2010A-2 Bonds” means the City of Colorado Springs, Colorado, Taxable Utilities System Improvement Revenue Bonds, Series 2010A-2 (Direct Pay Build America Bonds) originally issued in the aggregate principal amount of \$21,910,000.

“Series 2010B-2 Bonds” means the City of Colorado Springs, Colorado, Taxable Utilities System Improvement Revenue Bonds, Series 2010B-2 (Direct Pay Build America Bonds) originally issued in the aggregate principal amount of \$174,295,000.

“Series 2010C Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2010C originally issued in the aggregate principal amount of \$50,000,000.

“Series 2010D-2 Bonds” means the City of Colorado Springs, Colorado, Utilities System Revenue Bonds, Series 2010D-2 (Tax-Exempt/Private Activity) originally issued in the aggregate principal amount of \$68,500,000.

“Series 2010D-3 Bonds” means the City of Colorado Springs, Colorado, Utilities System Revenue Bonds, Series 2010D-3 (Taxable) originally issued in the aggregate principal amount of \$48,760,000.

“Series 2010D-4 Bonds” means the City of Colorado Springs, Colorado, Utilities System Revenue Bonds, Series 2010D-4 (Taxable Direct Pay Build America Bonds) originally issued in the aggregate principal amount of \$107,260,000.

“Series 2011A Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2011A originally issued in the aggregate principal amount of \$167,490,000.

“Series 2012A Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2012A originally issued in the aggregate principal amount of \$50,000,000.

“Series 2012B Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2012B originally issued in the aggregate principal amount of \$108,015,000.

“Series 2012C-1 Bonds” means the City of Colorado Springs, Colorado, Utilities System Revenue Bonds, Series 2012C-1 originally issued in the aggregate principal amount of \$113,565,000.

“Series 2012C-2 Bonds” means the City of Colorado Springs, Colorado, Utilities System Revenue Bonds, Series 2012C-2 originally issued in the aggregate principal amount of \$44,105,000.

“Series 2013A Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2013A originally issued in the aggregate principal amount of \$97,580,000.

“Series 2013B-1 Bonds” means the City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Series 2013B-1 originally issued in the aggregate principal amount of \$58,915,000.

“Series 2013B-2 Bonds” means the City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Series 2013B-2 originally issued in the aggregate principal amount of \$68,645,000.

“Series 2014A-1 Bonds” means the City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Series 2014A-1 originally issued in the aggregate principal amount of \$58,515,000.

“Series 2014A-2 Bonds” means the City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Series 2014A-2 originally issued in the aggregate principal amount of \$53,995,000.

“Series 2015A Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2015A, originally issued in the aggregate principal amount of \$82,975,000.

“Series 2017A-1 Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2017A-1, originally issued in the aggregate principal amount of \$89,750,000.

“Series 2017A-2 Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2017A-2, originally issued in the aggregate principal amount of \$84,340,000.

“Series 2017A-3 Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2017A-3, originally issued in the aggregate principal amount of \$66,090,000.

“Series 2018A-1 Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2018A-1, originally issued in the aggregate principal amount of \$125,645,000.

“Series 2018A-2 Bonds” the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2018A-2, originally issued in the aggregate principal amount of \$39,500,000.

“Series 2018A-3 Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2018A-3, originally issued in the aggregate principal amount of \$4,810,000.

“Series 2018A-4 Bonds” means City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2018A-4, originally issued in the aggregate principal amount of \$56,860,000.

“Series 2010 CWRPDA Bond” means the City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bond, Series 2009E originally issued in the principal amount of \$8,600,000.

“Series 2000A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2000A Bonds and any amendments thereto.

“Series 2000B Bond Ordinance” means the ordinance authorizing the issuance of the Series 2000B Bonds and any amendments thereto.

“Series 2005A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2005A Bonds and any amendments thereto.

“Series 2006B Bond Ordinance” means the ordinance authorizing the issuance of the Series 2006B Bonds and any amendments thereto.

“Series 2007A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2007A Bonds and any amendments thereto.

“Series 2008A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2008A Bonds and any amendments thereto.

“Series 2008D Bond Ordinance” means the ordinance authorizing the issuance of the Series 2008D Bond and any amendments thereto.

“Series 2009A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2009A Bonds and any amendments thereto.

“Series 2009B Bond Ordinance” means the ordinance authorizing the issuance of the Series 2009B-1 Bonds and the Series 2009B-2 Bonds and any amendments thereto.

“Series 2009C Bond Ordinance” means the ordinance authorizing the issuance of the Series 2009C Bonds and any amendments thereto.

“Series 2009D Bond Ordinance” means the ordinance authorizing the issuance of the Series 2009D-2 Bonds and any amendments thereto.

“Series 2010A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2010A-1 Bonds and the Series 2010A-2 Bonds and any amendments thereto.

“Series 2010B Bond Ordinance” means the ordinance authorizing the issuance of the Series 2010B-2 Bonds and any amendments thereto.

“Series 2010C Bond Ordinance” means the ordinance authorizing the issuance of the Series 2010C Bonds and any amendments thereto.

“Series 2010D Bond Ordinance” means the ordinance authorizing the issuance of the Series 2010D-2 Bonds, the Series 2010D-3 Bonds and the Series 2010D-4 Bonds and any amendments thereto.

“Series 2011A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2011A Bonds and any amendments thereto.

“Series 2012A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2012A Bonds and any amendments thereto.

“Series 2012B Bond Ordinance” means the ordinance authorizing the issuance of the Series 2012B Bonds and any amendments thereto.

“Series 2012C Bond Ordinance” means the ordinance authorizing the issuance of the Series 2012C-1 Bonds and the Series 2012C-2 Bonds and any amendments thereto.

“Series 2013A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2013A Bonds and any amendments thereto.

“Series 2013B Bond Ordinance” means the ordinance authorizing the issuance of the Series 2013B-1 Bonds and the Series 2013B-2 Bonds and any amendments thereto.

“Series 2014A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2014A-1 Bonds and the Series 2014A-2 Bonds and any amendments thereto.

“Series 2015A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2015A Bonds and any amendments thereto.

“Series 2017A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2017A-1 Bonds, the Series 2017A-2 Bonds and the Series 2017A-3 Bonds and any amendments thereto.

“Series 2018A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2018A-1 Bonds, the Series 2018A-2 Bonds, the Series 2018A-3 Bonds, and the Series 2018A-4 Bonds and any amendments thereto.

“Series 2010 CWRPDA Loan Agreement” means the Loan Agreement dated as of April 29, 2010 between the City and the Colorado Water Resources and Power Development Authority, and any amendments thereto.

“Special Facility” means any construction or acquisition project undertaken by or on behalf of the City, including any interest therein, for the generation or transmission of electricity, the supply, treatment or transmission of water, the treatment of sanitary waste or the production or transmission of gas, including all facilities relating or incidental thereto:

- (a) which may be hereafter constructed or acquired in whole or in part by the City; and
- (b) which is financed wholly or in part with proceeds of Special Facility Obligations.

Any interest of the City in any such facility resulting from the City’s participation in any entity, including, without limitation an entity which has the attributes of a municipal corporation or political subdivision (*e.g.*, a joint action authority) or which may issue obligations on which the interest is exempt from federal income taxation, and which owns any such facility or interest therein, is neither a “Special Facility” nor a part of the System within the meaning of this ordinance.

“Special Facility Obligations” means any bonds or other obligations issued by the City and payable solely or in part from, and secured by a pledge of, any income, charge or revenue from, or relating to designated Special Facilities, including but not necessarily limited to (a) income, charges and revenues from sales of excess electrical energy and power produced or transmitted by, excess waste, water, or both, treatment capability of, or excess water or gas produced, supplied or transmitted by, such Special Facilities to any Person for resale, and (b) income, charges and revenues from any special rates and other charges to finance the construction or other acquisition of any Special Facilities, which the City may hereafter impose upon users of the facilities of the System (any such rates and other charges to be additional to any other rates and charges presently or hereafter imposed with respect to the System). The determination by the Council (by ordinance or resolution) that any electrical energy and power, treatment or transmission capability, water or gas is excess (within the meaning of clause (a) of the preceding sentence) shall be conclusive. Such special rates and other charges described in clause (b) of the first sentence of this paragraph may include, but are not necessarily limited to, amounts necessary or sufficient to pay operation and maintenance expenses of such Special Facilities, annual debt service and reserve funds for such Special Facility Obligations, the costs of renewal and replacements for such Special Facilities (including reserves therefor) and amounts necessary or sufficient to produce annual revenues from such Special Facilities necessary to meet any

rate maintenance test or parity lien bond test and, in the judgment of the City, necessary to maintain such income and revenues of such Special Facilities at acceptable levels.

“Special Record Date” means a special date fixed by the Paying Agent to determine the names and addresses of Owners of Bonds for the purpose of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in Section 302 hereof.

“State” means the State of Colorado.

“Subordinate Credit Facility Obligations” means any Credit Facility Obligations payable from Net Pledged Revenues subordinate and junior to the lien thereon of the Bonds.

“Subordinate Securities” means securities payable from the Net Pledged Revenues subordinate and junior to the lien thereon of the Bonds but does not include any Credit Facility Obligations relating to any such securities.

“Supplemental Public Securities Act” means Part 2 of Article 57 of Title 11, Colorado Revised Statutes, as amended.

“Supplemental Public Securities Act Certificate” means the certificate of the City described in Section 212 hereof.

“Surety Agreement” means any agreement hereafter entered into by the City and a Surety Provider with respect to a Reserve Fund Insurance Policy for the Bonds.

“Surety Bond” means the municipal bond debt service reserve insurance policy issued by Build America Mutual for deposit in the Reserve Fund with respect to the Bonds as provided therein and subject to the limitations set forth therein.

“Surety Provider” means Build America Mutual or any other entity issuing a Reserve Fund Insurance Policy with respect to the Bonds, provided that such entity has a rating in one of the two highest rating categories assigned by any one of S&P Global Ratings, Moody’s Investors Service or Fitch, Inc. at the time such policy, bond or letter of credit is deposited in or credited to the Reserve Fund.

“System” means the municipal water system, electric light and power system, gas system, wastewater system and certain other systems heretofore designated by the Council, which systems are under the jurisdiction of the City’s Utilities and are collectively designated as the Utilities System of the City, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City, through purchase, construction and otherwise, and used in connection with such system of the City, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the City; and such defined term includes any other utility or other income-producing facilities added to the Utilities System and to which the lien and pledge herein provided are extended by ordinance adopted by the Council or the qualified electors of the City or by Charter amendment adopted by such electors; but such term does not include any Special Facilities which may hereafter be acquired by the City unless the City, in its sole discretion, hereafter expressly authorizes any such Special Facilities to become a part of the System.

“Tax Compliance Certificate” means the Tax Compliance Certificate executed by the City in connection with the initial issuance and delivery of the Bonds as it may from time to time be modified pursuant to its terms.

“Tender Bonds” means any securities payable from Net Pledged Revenues which by their terms may be required to be tendered for purchase, or which may be tendered by and at the option of the Owner thereof for purchase, prior to the stated maturity thereof.

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

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

“Variable Rate Bonds” means any securities payable from Net Pledged Revenues issued with a variable, adjustable, convertible or other similar interest rate which is not fixed in percentage for the entire term thereof at the date of issue.

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

Section 103. Parties Interested Herein. Nothing herein expressed or implied confers any right, remedy or claim upon any Person, other than the City, the Council, the Paying Agent, any Surety Provider, the Owners of the Bonds and the Owners of any other securities payable from the Net Pledged Revenues when reference is expressly made thereto. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Council, the Paying Agent, any Surety Provider, the Owners of the Bonds and the Owners of any such other securities in the event of such a reference.

Section 104. Ratification. All action heretofore taken (not inconsistent with the provisions of this ordinance) by the Council, the officers of the City and otherwise taken by the City directed toward the Refunding Project and the sale and delivery of the Bonds for such purpose, be, and the same hereby is, ratified, approved and confirmed, including, without limitation, the preparation and electronic posting of the Preliminary Official Statement relating to the Bonds.

Section 105. Repealer. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any such bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 106. Severability. If any section, subsection, paragraph, clause or other provision of this ordinance for any reason is invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this ordinance.

Section 107. Ordinance Irrepealable. After any of the Bonds are issued, this ordinance shall constitute an irrevocable contract between the City and the Owner or Owners of the Bonds and this

ordinance shall be and shall remain irrevocable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled, and discharged, except as herein otherwise provided.

Section 108. Effectiveness and Publication. This ordinance upon passage shall be entered upon the journal of the Council's proceedings, shall be kept in the book marked "Ordinance Record" and authenticated as required by the Charter, shall be published twice in a legal newspaper of general circulation in the City in compliance with the requirements of the Charter, with the first publication to be at least ten (10) days before final passage by Council of this ordinance, and the second publication to be any time after its final adoption. The Council hereby determines that it is appropriate that publication of this ordinance by title with a summary written by the Clerk, together with a statement that this ordinance is available for public inspection and acquisition in the office of the Clerk, shall be sufficient publication pursuant to Section 3-80 of the Charter and this ordinance shall be so published. This ordinance shall be in full force and effective five (5) days after its final publication.

ARTICLE II

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

Section 201. Authority for This Ordinance. This ordinance is adopted by virtue of the City's powers as a home rule city organized and operating pursuant to Article XX of the State Constitution and the Charter thereunder and pursuant to their provisions. Pursuant to Article XX of the State Constitution and the Charter, all statutes of the State which might otherwise apply in connection with the Refunding Project or the Bonds are hereby superseded, other than the Supplemental Public Securities Act.

Section 202. Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the City shall be for the equal benefit, protection and security of the Owners of any and all of the Outstanding Bonds and any Outstanding Parity Bonds heretofore or hereafter authorized and issued and any Parity Credit Facility Obligations relating thereto, any Surety Provider and any Providers of Parity Financial Products Agreements heretofore or hereafter entered into, all of which, regardless of the time or times of their execution, issue or maturity, shall be of equal rank without preference, priority or distinction of any of such securities or other instruments over any other thereof, except as otherwise expressly provided in or pursuant to this ordinance.

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

Section 204. Character of Agreement. None of the covenants, agreements, representations and warranties contained herein or in the Bonds, nor the breach thereof, shall ever impose or shall be construed as imposing any liability, obligation or charge against the City (except the special funds pledged therefor), or against its general credit, or as payable out of its general fund or out of any funds derived from taxation or out of any other revenue source (other than those pledged therefor). The full faith and credit of the City is not pledged for the payment of the amounts due on the Bonds or under this ordinance.

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

Section 206. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the Bonds or for any claim based thereon or otherwise upon this ordinance or any other ordinance pertaining hereto, against any individual member of the Council or

any officer, employee or other agent of the City, past, present or future, either directly or indirectly through the Council, or the City, or otherwise, whether by virtue of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bonds and as part of the consideration of their issuance specially waived and released.

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

Section 208. Enterprise Status. The Council, on behalf of the City, hereby confirms its intention that the Utilities shall be an "enterprise" for the purposes of Section 7-90 of the Charter and of Article X, Section 20 of the State Constitution. In particular, the Utilities shall be owned by the City and shall have the power to issue revenue bonds in the manner and payable from the sources set forth in this ordinance and the Charter.

Section 209. Sale of Bonds. The Bonds shall be sold to the Purchasers pursuant to the Bond Purchase Agreement. The form, terms and provisions of the Bond Purchase Agreement are hereby approved and the Director, the Finance Director and the General Manager of Financial Services of the Utilities are each hereby authorized to execute the Bond Purchase Agreement on behalf of and in the name of the City, and to deliver the Bond Purchase Agreement in substantially the form presented to the Council at this meeting, with such changes as are not inconsistent herewith.

Section 210. Official Statement. The preparation, electronic posting and distribution of the Official Statement in substantially the form of the Preliminary Official Statement relating to the Bonds is hereby authorized. The Director and the Finance Director are hereby authorized to approve and execute, on behalf of the City, the Official Statement. The execution of the Official Statement by such persons shall be conclusively deemed to evidence the approval of the form and contents thereof by the City. The Finance Director is hereby authorized to deem the Preliminary Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

Section 211. Other Related Documents. The forms, terms and provisions of the Continuing Disclosure Undertaking and the Paying Agent Agreement are hereby approved and the Director, the Finance Director and the General Manager of Financial Services of the Utilities are each hereby authorized to execute each of such documents on behalf of and in the name of the City, and to deliver each of such documents, in substantially the forms presented to the Council at this meeting, with such changes as are not inconsistent herewith.

Section 212. Election to Apply Supplemental Public Securities Act to the Bonds. The Council hereby elects to apply the Supplemental Public Securities Act to the Bonds. Pursuant to such election to apply Section 11-57-205 of the Supplemental Public Securities Act to the Bonds, the home rule power of the City under Article XX of the Constitution of the State and the Charter, the Council hereby delegates to each of the Director, the Finance Director and the General Manager of Financial Services of the Utilities the power to make the following determinations with respect to the Bonds without any requirement that the Council approve such determinations:

A. Interest Rate. The rates of interest to be borne by the Bonds; provided that no Bond shall bear interest at a rate exceeding 5.50% per annum.

B. Purchase Price. The price at which the Bonds will be sold to the Purchasers; provided that such purchase price of the Bonds (including underwriting discount, original issue premium and original issue discount) shall not be less than 98% of the aggregate principal amount of the Bonds.

C. Principal Amount. The aggregate principal amount of the Bonds (which amount may be \$0.00); provided that the aggregate principal amount of the Bonds shall not exceed \$110,000,000.

D. Maturity Schedule. The amount of principal of the Bonds maturing, or subject to mandatory sinking fund redemption, in any particular year; provided that the principal amount of the Bonds maturing or, if applicable, subject to mandatory sinking fund redemption, in any particular year shall not exceed \$90,000,000 and that the final maturity date of the Bonds shall not be later than November 15, 2029.

E. Optional Redemption Date. The date on which the Bonds will first be subject to optional redemption, if at all.

F. The Refunded Bonds. The maturities and principal amount of the Series 2000A Bonds to be refunded; provided that the Series 2000A Bonds shall be refunded only if it is determined that the cost of such refunding is beneficial to the City.

Such determinations shall be evidenced by a certificate signed by the Director, the Finance Director, or the General Manager of Financial Services of the Utilities dated and delivered as of the date of issuance of the Bonds, which shall not be more than one year from the date of adoption of this ordinance.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

Section 301. Authorization of Bonds. For the purpose of protecting the public health, conserving the property and advancing the general welfare of the citizens of the City and of defraying wholly or in part the cost of the Refunding Project, the “City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2019A” in an aggregate principal amount set forth in the Supplemental Public Securities Act Certificate (but not to exceed \$110,000,000) are hereby authorized to be issued. The City pledges irrevocably, but not necessarily exclusively, the Net Pledged Revenues to the payment of the Bond Requirements of the Bonds.

Section 302. Bond Details.

A. Basic Provisions. The Bonds shall be issuable as fully registered Bonds and shall be in denominations of \$5,000 and any integral multiple thereof. Each series of the Bonds shall be lettered “R” and shall be numbered separately from 1 upward. The Bonds shall be dated as of the date of their delivery. The Bonds shall 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 the Bonds. Interest shall be payable on each May 15 and November 15, commencing May 15, 2020. The Bonds shall bear interest at the rates per annum and shall mature on November 15 in the years and in the principal amounts set forth in the Supplemental Public Securities Act Certificate.

The principal of each Bond shall be payable at the Principal Corporate Trust Office of the Paying Agent, upon presentation and surrender of the Bond. Payment of interest on any Bond shall be made to the Person who is the Owner thereof at the close of business on the Record Date for such interest payment date (or, if such interest payment date is not a Business Day, on the next succeeding Business Day) by check mailed by the Paying Agent on each payment date to such Owner at his or her address as it appears on the registration records kept by the Paying Agent, but any such interest not so timely paid shall cease to be payable to the Person who is the Owner thereof at the close of business on the Record Date and shall be payable to the Person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owners of the Bonds not less than ten days prior thereto by first-class postage prepaid mail to each such Owner as shown on the registration records, 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 in writing between the Owner of such Bond and the Paying Agent. If any Bond is not paid upon its presentation and surrender at or after its maturity or prior redemption, interest shall continue at its stated rate per annum until the principal thereof is paid in full. Interest on the Bonds shall be calculated based on a 360-day year, consisting of twelve 30-day months. All such payments shall be made in lawful money of the United States of America.

B. Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date to the extent, if any, designated in the Supplemental Public Securities Act Certificate. The principal amount of the Bonds to be redeemed and the dates of such redemption shall be as set forth in the Supplemental Public Securities Act Certificate.

On or before the fortieth day prior to any sinking fund Redemption Date, the Paying Agent shall proceed to select for redemption (by lot within a Maturity-Rate in such manner as the Paying Agent shall deem equitable and fair) from all Bonds of the Maturity-Rate then subject to mandatory sinking fund redemption, \$5,000 units of such Bonds equal in the aggregate to the total principal amount of Bonds redeemable with the required sinking fund payment, and shall call such Bonds, or portions thereof, for redemption from the sinking fund on the next November 15, and give notice of such call, as provided in Section 304 hereof. At the option of the City to be exercised by delivery of a written certificate to the Paying Agent on or before the forty-fifth day next preceding any sinking fund Redemption Date, it may (a) deliver to the Paying Agent for cancellation Bonds of the series and Maturity-Rate then subject to mandatory sinking fund redemption or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the City, or (b) specify a principal amount of Bonds of the series and Maturity-Rate then subject to mandatory sinking fund redemption or portions thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the respective sinking fund) and canceled by the Paying Agent and not theretofore applied as a credit against any sinking fund redemption obligation for Bonds the Maturity-Rate then subject to mandatory sinking fund redemption. Each Bond or portion thereof so delivered or previously redeemed shall be credited by the Paying Agent at 100% of the principal amount thereof against the obligation of the City on such sinking fund Redemption Date and any excess over such amount shall be credited against future sinking fund redemption obligations for the Bonds of the series and Maturity-Rate then subject to mandatory sinking fund redemption, in chronological order or any other order specified by the City. In the event the City shall avail itself of the provisions of clause (a) of the second sentence of this paragraph, the certificate required by the second sentence of this paragraph shall be accompanied by the Bonds or portions thereof to be canceled.

Section 303. Optional Prior Redemption. Bonds maturing on and after November 15 of the year designated in the Supplemental Public Securities Act Certificate shall be subject to redemption prior to maturity, at the option of the City, on November 15 of the year designated in the Supplemental Public Securities Act Certificate, or any date thereafter, in whole or in part at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest thereon to the Redemption Date.

In the event that less than all of the Outstanding Bonds of a series shall be redeemed as provided in this Section, the Bonds of such series redeemed shall be redeemed from any Maturity-Rate specified by the City. If less than all of a series of the Bonds of a single Maturity-Rate are to be redeemed, they shall be selected by lot within a Maturity-Rate in such manner as the Paying Agent may determine. The Paying Agent shall not be required to give notice of any such optional prior redemption unless it has received written instructions from the City in regard thereto at least 30 days prior to such Redemption Date.

Section 304. Notice of Prior Redemption. Notice of any prior redemption (mandatory or optional) shall be given by the Paying Agent on behalf of the City by mailing a copy of the redemption notice by first-class postage prepaid mail, not less than 20 nor more than 30 days prior to the Redemption Date to the Owners of the Bonds to be redeemed at their addresses as shown on the registration records kept by the Paying Agent.

With respect to any redemption of the Bonds in accordance with Section 303 hereof, unless, upon the giving of the notice of such redemption, such Bonds shall be deemed to have been paid within the meaning of Section 1101 hereof, such notice shall state that such redemption shall be conditional upon the receipt by the Paying Agent on or prior to the date fixed for such redemption of moneys

sufficient to pay the principal of and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the City shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Paying Agent shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Such notice shall specify the series and number or numbers of the Bonds to be so redeemed (if less than all Bonds of a series are to be redeemed), the Redemption Price to be paid and the date fixed for redemption; and such notice shall further state that, upon satisfaction of any condition to such redemption, on the Redemption Date there will become and will be due and payable upon each Bond or portion thereof (\$5,000 or any integral multiple thereof) so to be redeemed at the Paying Agent (designated by name) the Redemption Price, and that from and after such date interest on the Bonds (or portions thereof) called for redemption will cease to accrue. If a notice of redemption shall be unconditional, or if the conditions of a conditional notice of redemption shall have been satisfied, then, upon notice having been given in the manner hereinabove provided, the Bond or Bonds so called for redemption shall become due and payable on the Redemption Date so designated and upon presentation thereof at the Paying Agent, the City will pay the Bond or Bonds so called for redemption. No further interest shall accrue on the principal of any such Bond (or portion thereof) called for redemption from and after the Redemption Date, provided sufficient funds are on deposit with the Paying Agent on the Redemption Date. Except as provided in Section 310 hereof, upon surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof, at no expense to such Owner, a new Bond or Bonds of authorized denominations and of the same series and Maturity-Rate equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 305. Execution of Bonds. The Bonds shall be executed in the name of the City by the manual or facsimile signature of the Director and the Finance Director. Any Bond may be signed (manually or by facsimile), sealed or attested on behalf of the City by any person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of authentication, issuance or delivery, such person may have ceased to hold such office. The Director and the Finance Director may adopt as and for his or her own facsimile signature the facsimile signature of his or her predecessor in office in the event that such facsimile signature appears on any of the Bonds. Before the execution of any Bond, the Director and the Finance Director shall each file with the Secretary of State of the State his or her manual signature certified by him or her under oath.

Section 306. Paying Agent's Authentication Certificate. The authentication certificate upon the Bonds shall be substantially in the form and tenor provided in the forms of the Bonds attached to this ordinance as Exhibits A and B. No Bond shall be secured hereby or entitled to the benefit hereof, nor shall any Bond be valid or obligatory for any purpose, unless the certificate of authentication, substantially in such form, has been duly executed by the Paying Agent; and such certificate of the Paying Agent upon any Bond shall be conclusive evidence that such Bond has been authenticated and delivered hereunder. The Paying Agent's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer or employee of the Paying Agent, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds.

Section 307. Registration and Payment. The Paying Agent shall keep or cause to be kept sufficient records for the registration and transfer of the Bonds, which shall at all times be open to inspection by the City. Upon presentation for such purpose, the Paying Agent shall, under such

reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, Bonds as herein provided. The Person in whose name any Bond shall be registered on the registration records kept by the Paying Agent shall be deemed and regarded as the absolute owner thereof for the purpose of making payment of the Bond Requirements thereof and for all other purposes; neither the City nor the Paying Agent shall be affected by any notice to the contrary; and payment of or on account of the Bond Requirements of any Bond shall be made only to the Owner thereof or his or her legal representative, but such registration may be changed upon transfer of such Bond in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid. The foregoing provisions of this Section are subject to the provisions of Section 310 hereof.

Section 308. Transfer and Exchange. Any Bond may be transferred upon the records required to be kept pursuant to the provisions of Section 307 hereof by the Person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Whenever any Bond or Bonds shall be surrendered for transfer, the Paying Agent shall authenticate and deliver a new Bond or Bonds for a like aggregate principal amount of Bonds of the same series and Maturity-Rate and of any authorized denominations. The Bonds may be exchanged by the Paying Agent for a like aggregate principal amount of Bonds of the same series and Maturity-Rate and of other authorized denominations. The execution by the City of any Bond of any denomination shall constitute full and due authorization of such denomination and the Paying Agent shall thereby be authorized to authenticate and deliver such Bond.

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

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

The foregoing provisions of this Section are subject to the provisions of Section 310 hereof.

Section 309. Bond Replacement. Upon receipt by the City and the Paying Agent of evidence satisfactory to them of the ownership of and the loss, theft, destruction or mutilation of any Bond and, in the case of a lost, stolen or destroyed Bond, of indemnity satisfactory to them, and in the case of a mutilated Bond upon surrender and cancellation of the Bond, (a) the City shall execute and the Paying Agent shall authenticate and deliver a new Bond of the same series, date, Maturity-Rate and denomination in lieu of such lost, stolen, destroyed or mutilated Bond, or (b) if such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the City may pay such Bond. Any such new Bond shall bear a number not previously assigned. The applicant for any such new Bond shall be required to pay all expenses and charges of the City and of the Paying Agent in connection with the issuance of such Bond. All Bonds shall be held and owned upon the express condition that, to the extent permitted by

law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds, negotiable instruments or other securities.

Section 310. Custodial Deposit. Notwithstanding the provisions of Sections 307 and 308 hereof, the Bonds of each series shall initially be evidenced by one Bond for each Maturity-Rate and in denominations equal to the aggregate principal amount of the Bonds of such Maturity-Rate and such series. Such initially delivered Bonds shall be registered in the name of "Cede & Co.," as nominee for The Depository Trust Company ("DTC"), the securities depository for the Bonds. So long as the Bonds are held by DTC, the Paying Agent and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the Bond Requirements of the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to the Owners under this ordinance, registering the transfer of such Bonds, obtaining any consent or other action to be taken by the Owners and for all other purposes whatsoever, and neither the Paying Agent nor the City shall be affected by any notice to the contrary. Neither the Paying Agent nor the City shall have any responsibility or obligation to any DTC participant or indirect participant, any Beneficial Owner of the Bonds, or any other Person which is not shown on the registration records of the Paying Agent as being an Owner, with respect to the accuracy of any records maintained by DTC or any DTC participant or indirect participant; the payment by DTC or any DTC participant or indirect participant of any amount in respect of the Bond Requirements of the Bonds; any notice which is permitted or required to be given to the Owners under this ordinance; the selection by DTC or any DTC participant or indirect participant of any Person to receive payment in the event of a partial redemption of the Bonds or any consent given or other action taken by DTC as Owner. After such initial issuance of the Bonds, the Bonds may not thereafter be transferred or exchanged except:

A. to any successor of DTC or its nominee, which successor must be both a "clearing corporation" as defined in Section 4-8-102(a)(5), Colorado Revised Statutes, as amended, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended; or

B. upon the resignation of DTC or a successor or new Depository under paragraph A or this paragraph B, or a determination by the City that DTC or such successor or new Depository is no longer able to carry out its functions, and the designation by the City of another Depository acceptable to the Depository then holding the Bonds, which new Depository must be both a "clearing corporation" as defined in Section 4-8-102(a)(5), Colorado Revised Statutes, as amended, 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 DTC or such successor or new Depository; or

C. upon the resignation of DTC or a successor or new Depository under paragraph A or paragraph B, or a determination by the City that DTC or such successor or new Depository is no longer able to carry out its functions, and the failure by the City, after reasonable investigation, within 90 days thereafter to locate another qualified Depository under paragraph B to carry out such depository functions or upon a determination by the City that it is in the best interest of the Beneficial Owners of the Bonds that they be able to obtain Bond certificates and the delivery by the City of written notice thereof to the Paying Agent.

In the case of a transfer to a successor of DTC or its nominee as referred to in paragraph A above or designation of a new Depository pursuant to paragraph B above, upon receipt of the Bonds by the Paying Agent, together with written instructions for transfer satisfactory to the Paying Agent, a

new Bond for each Maturity-Rate of Bonds of each series 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 paragraph C above and, if applicable, the failure after reasonable investigation within 90 days thereafter to locate another qualified Depository for the Bonds as provided in paragraph C above, and upon receipt of the Bonds by the Paying Agent, together with written instructions for transfer satisfactory to the Paying Agent, new Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof, as provided in Section 302 hereof, registered in the names of such Persons, and in such denominations as are requested in such written transfer instructions; provided, however, the Paying Agent shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

The City and the Paying Agent shall endeavor to cooperate with DTC or any successor or new Depository named pursuant to paragraph A or B above in effectuating payment of the Bond Requirements of the Bonds by arranging for payment in such a manner that funds representing such payments are available to the Depository on the date they are due.

Upon any partial redemption of any Maturity-Rate of any of the Bonds, Cede & Co. (or its successor) in its discretion may request the City to issue and authenticate a new Bond or shall make an appropriate notation on the Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case the Bond must be presented to the Paying Agent prior to payment.

Section 311. Bond Cancellation. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Paying Agent for transfer, exchange or replacement as provided herein, such Bond shall be promptly canceled and destroyed by the Paying Agent, and a certificate of such cancellation and destruction shall be furnished by the Paying Agent to the City.

Section 312. Incontestable Recital in Bonds. Pursuant to Article XX of the State Constitution, the Supplemental Public Securities Act and this ordinance, each Bond shall recite that it is issued under the authority of this ordinance and the Supplemental Public Securities Act and that it is the intention of the City that such recital shall conclusively impart full compliance with all the provisions of this ordinance and shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value and that all the Bonds issued containing such recital shall be incontestable for any cause whatsoever after their delivery for value.

Section 313. Bond Form. Subject to the provisions of this ordinance, each Bond shall be in substantially the form attached hereto as Exhibit A, with such omissions, insertions, endorsements and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by this ordinance, be consistent with this ordinance or be necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto.

ARTICLE IV

USE OF BOND PROCEEDS AND OTHER MONEYS

Section 401. Disposition of Bond Proceeds and Other Moneys. The proceeds of the Bonds (including any original issue premium but net of underwriting and any original issue discount and the allocable premium payable to Build America Mutual for the Surety Bond), upon the receipt thereof, shall be accounted for in the following manner and priority.

A. Redemption of Refunded Bonds. Net proceeds derived from the sale of the Bonds, together with Net Pledged Revenues, in an amount sufficient to redeem the Refunded Bonds on the date of issuance of the Bonds shall be transferred directly to the paying agent for the Refunded Bonds.

B. Income Fund. The remaining proceeds derived from the sale of the Bonds shall be credited to the Income Fund. Except as otherwise provided herein, the proceeds of the Bonds deposited in the Income Fund shall be used solely for the purposes set forth in Section 402 hereof.

Section 402. Payment of Expenses. Moneys deposited in the Income Fund pursuant to Section 401B hereof shall be used and paid out by the City to defray the administrative costs of the Refunding Project, including, without limitation, fees and expenses of the Paying Agent, for custodial fees, legal fees, accounting fees, financial advisory fees, printing costs and rating fees and all other fees and expenses in connection with the Refunding Project and for reimbursing the City for any such administrative costs of the Refunding Project which the City has paid prior to the delivery of the Bonds. The City may defray any such costs from time to time as Operation and Maintenance Expenses to the extent the moneys deposited in the Income Fund pursuant to Section 401B hereof are insufficient therefor.

Section 403. Purchasers Not Responsible. The validity of the Bonds is not dependent upon nor affected by the validity or regularity of any proceedings relating to the application of the Bond proceeds. The Purchasers and any subsequent Owners of any of the Bonds are not responsible for the application or disposal by the City or by any of its officers, agents and employees of the moneys derived from the sale of the Bonds or of any other moneys herein designated.

Section 404. Prior Redemption and Defeasance of Refunded Bonds. If any Series 2000A Bonds are to be refunded, as set forth in the Supplemental Public Securities Act Certificate, the Council elects and declares its intent to exercise on the behalf and in the name of the City its option to redeem on the date provided in the Supplemental Public Securities Act Certificate such portion of the Outstanding Series 2000A Bonds as are designated in the Supplemental Public Securities Act Certificate to be redeemed at the redemption price equal to 100% of the principal amount of such Series 2000A Bonds and accrued interest thereon to the redemption date.

Section 405. Notice of Redemption. If any Series 2000A Bonds are to be refunded, the notice of prior redemption of the Series 2000A Bonds shall be given by the paying agent for the Series 2000A Bonds in accordance with the Series 2000A Bond Ordinance.

ARTICLE V

ADMINISTRATION OF AND ACCOUNTING FOR PLEGGED REVENUES

Section 501. Pledge Securing Bonds. Subject only to the right of the City to cause amounts to be withdrawn and paid on account of Operation and Maintenance Expenses, the Gross Pledged Revenues and all moneys and securities paid or to be paid to or held or to be held in any account under this Article or under Section 401 hereof, other than moneys and securities held in the Rebate Fund to the extent such amounts held in the Rebate Fund are required to be paid to the United States, are hereby pledged to secure the payment of the Bond Requirements of the Outstanding Bonds and to secure the obligations of the City to the Surety Provider under the Surety Bond and hereunder. The pledge of the Net Pledged Revenues is on a parity with the pledge of the Net Pledged Revenues for, and lien thereon of, any Outstanding Parity Bonds heretofore or hereafter authorized, any Parity Credit Facility Obligations and Reserve Fund Insurance Policy repayment obligations relating thereto and any Parity Financial Products Agreements heretofore or hereafter entered into, the liens of which on the Gross Pledged Revenues shall be on a parity with the lien thereon of the Outstanding Bonds. This pledge shall be valid and binding from and after the date of the delivery of the Bonds, and the moneys as received by the City and hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act.

Section 502. Income Fund Deposits. So long as any of the Bonds shall be Outstanding, as to any Bond Requirements, the entire Gross Pledged Revenues, upon their receipt from time to time by the City, shall be set aside and credited immediately to the Income Fund, which is hereby continued.

Section 503. Administration of Income Fund. So long as any of the Bonds shall be Outstanding, as to any Bond Requirements, the following payments shall be made from the Income Fund, as provided in Sections 504 through 512 hereof.

Section 504. Operation and Maintenance Expenses. Firstly, as a first charge on the Income Fund, from time to time there shall continue to be held therein moneys sufficient to pay Operation and Maintenance Expenses, as they become due and payable, and thereupon they shall be promptly paid.

Section 505. Bond Fund Payments. Secondly, from any remaining Net Pledged Revenues, there shall be credited to the special and separate account hereby created and to be known as the "City of Colorado Springs, Colorado, Utilities System Improvement and Refunding Revenue Bonds, Series 2019A Bond Fund," concurrently with any payments required to be made pursuant to any Parity Bond Ordinances with respect to the principal of or interest on any other Parity Bonds then Outstanding, any parity Credit Facility Obligations with respect thereto or any Parity Financial Products Agreements heretofore or hereafter entered into, the following amounts:

A. Interest Payments. Monthly, commencing with the month immediately succeeding the delivery of the Bonds, on the same day as payments are made with respect to interest on the Series 2000A Bonds (*i.e.*, at least three days prior to the first Business Day of each month or at least three days prior to the first day of each month, depending on the then current interest rate mode of the Series 2000A Bonds), an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of interest on the Bonds then Outstanding.

B. Principal Payments. Monthly, commencing on the first day of the month immediately succeeding the delivery of the Bonds, or commencing one year next prior to the first principal payment date of the Bonds, whichever commencement date is later, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next due installment of principal (whether at maturity or on a mandatory Redemption Date) of the Bonds then Outstanding. In addition, any moneys paid by the City with respect to the Redemption Price of Bonds scheduled to be redeemed pursuant to Section 303 hereof shall be credited to the Bond Fund or to a fund or account established pursuant to Section 1101 hereof.

The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the Bonds then Outstanding, as such Bond Requirements become due, except as provided in Sections 507 and 1101 hereof.

Section 506. Reserve Fund Payments.

A. Thirdly, except as provided in Section 507 hereof, and concurrently with the monthly payments into the Bond Fund required by Section 505A hereof, and concurrently with any payments required to be made pursuant to any Parity Bond Ordinances with respect to any reserve funds established thereby and concurrently with any repayment or similar obligations payable to any surety provider issuing any Reserve Fund Insurance Policy with respect to any Parity Bonds, from any moneys remaining in the Income Fund there shall be credited to the special and separate account hereby created and to be known as the "City of Colorado Springs, Colorado, Utilities System Improvement and Refunding Revenue Bonds, Series 2019A Reserve Fund" monthly, commencing on the first day of the month next succeeding each date on which the moneys accounted for in the Reserve Fund for any reason are less than the Reserve Fund Requirement, such amounts in substantially equal monthly payments on the first day of each month to reaccumulate the Reserve Fund Requirement by not more than 12 such monthly payments. If a Reserve Fund Insurance Policy is on deposit in the Reserve Fund to fund all or a part of the Reserve Fund Requirement, the amounts payable into the Reserve Fund pursuant to the immediately preceding sentence shall be paid by the City first to any Surety Provider to reimburse it (in accordance with the provisions hereof, and of a Surety Agreement, to the extent applicable) for amounts disbursed by it until the Reserve Fund Insurance Policy is reinstated in full, and second to replenish cash in the Reserve Fund. If there are insufficient Net Pledged Revenues to comply with the requirements of the first sentence of this paragraph, available Net Pledged Revenues shall be credited or paid to the Reserve Fund and to reserve funds established by any Parity Bond Ordinances (or to any Surety Provider or any other surety provider issuing any Reserve Fund Insurance Policy with respect to any Parity Bonds) pro rata, based upon the aggregate principal amount of the Bonds and any such Parity Bonds then Outstanding; provided, however, that compliance with the provisions of this sentence shall not cure any Event of Default caused by non-compliance with the first sentence of this paragraph. If there are insufficient Net Pledged Revenues to comply with the requirements of the first sentence of this paragraph and more than one Reserve Fund Insurance Policy is on deposit in the Reserve Fund, available Net Pledged Revenues credited to or paid to the Reserve Fund shall be applied to reimburse each Surety Provider providing a Reserve Fund Insurance Policy pro rata, based upon the original amount available to be drawn on each. The Reserve Fund Requirement shall be accumulated and, if necessary, reaccumulated from time to time, in the Reserve Fund from Net Pledged Revenues, except to the extent other moneys are credited to the Reserve Fund, and maintained as a continuing reserve to be used, except as hereinafter provided in Sections 507, 508, 604 and 1101 hereof, only to prevent deficiencies in the payment of the Bond Requirements of the Bonds Outstanding from time to time from the failure to deposit into the Bond Fund sufficient moneys

to pay such Bond Requirements as the same accrue and become due. No payment need be made into the Reserve Fund at any time so long as the moneys and/or the Reserve Fund Insurance Policy therein equal not less than the Reserve Fund Requirement. Any Reserve Fund Insurance Policy deposited to the credit of the Reserve Fund shall be valued at the amount available to be drawn or otherwise paid pursuant to such policy at the time of calculation.

B. Upon delivery of the Bonds, the Surety Bond being provided by Build America Mutual in the amount of the Reserve Fund Requirement shall be deposited in the Reserve Fund in satisfaction of the Reserve Fund Requirement. Such Reserve Fund Insurance Policy shall be held by the Paying Agent and amounts drawn thereunder shall be available only for the payments of scheduled principal and interest on the Bonds when due as provided herein. Any Reserve Fund Insurance Policy deposited to the credit of the Reserve Fund shall be valued at the amount available to be drawn or otherwise paid pursuant to such Policy at the time of calculation. As and to the extent that payments are made to Build America Mutual on account of amounts drawn under such Surety Bond for the payment of principal on the Bonds, the coverage under the Reserve Fund Insurance Policy will be increased by a like amount, subject to the terms of the Surety Bond. The Paying Agent shall maintain adequate records as to the amount available to be drawn at any time under the Reserve Fund Insurance Policy and as to the amounts paid and owing to the Surety Provider under the Surety Bond. Such records shall be open to inspection and verification by the Surety Provider during business hours of the Paying Agent.

C. The City shall repay any draws under the Surety Bond and pay all related reasonable expenses incurred by Build America Mutual and shall pay interest thereon from the date of payment by Build America Mutual at the Late Payment Rate. If the interest provisions of this subparagraph (C) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the obligations created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice by or to Build America Mutual, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by Build America Mutual, with the same force and effect as if the City had specifically designated such extra sums to be so applied and Build America Mutual had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the obligations created herein exceed the limits imposed or provided by the applicable law for the use or detention of money or for forbearance in seeking its collection.

D. The City may at any time substitute (i) cash or Investment Securities for a Reserve Fund Insurance Policy, or (ii) a Reserve Fund Insurance Policy for cash or Investment Securities, so long as the amount on deposit in the Reserve Fund after such substitution is at least equal to the Reserve Fund Requirement. So long as the Surety Bond is on deposit in the Reserve Fund, no other Reserve Fund Insurance Policy shall be deposited in the Reserve Fund without the prior written consent of Build America Mutual.

Section 507. Termination of Deposits. No payment need be made into the Bond Fund or the Reserve Fund if the amount in the Bond Fund and the amount in the Reserve Fund (exclusive of the amount available under a Reserve Fund Insurance Policy) total a sum at least sufficient so that all Bonds Outstanding are deemed to have been paid pursuant to Section 1101 hereof, in which case moneys therein (taking into account the known minimum gain from any investment of such moneys in

Investment Securities from the time of any such investment or deposit shall be needed for such payment which will not be designated for transfer to the Rebate Fund) shall be used (together with any such gain from such investments) solely to pay the Bond Requirements of the Outstanding Bonds as the same become due; and any moneys in excess thereof in those two accounts and any other moneys derived from the Net Pledged Revenues or otherwise pertaining to the System may be used to make required payments into the Rebate Fund or in any other lawful manner determined by the Council.

Section 508. Defraying Delinquencies. If at any time the City shall for any reason fail to pay into the Bond Fund the full amount above stipulated from the Net Pledged Revenues, then an amount shall be paid into the Bond Fund at such time from the Reserve Fund equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. The City shall use all cash in the Reserve Fund before drawing on a Reserve Fund Insurance Policy. The Paying Agent shall ascertain the necessity for a claim upon the Surety Bond in accordance with the provisions hereof and shall provide notice to Build America Mutual in accordance with the terms of the Surety Bond at least five business days prior to each date upon which interest or principal is due on the Bonds. If the City has failed to make a deposit in the Bond Fund when required by Section 505 hereof, the City shall give notice thereof to Build America Mutual within two business days of the date due. If there is more than one Reserve Fund Insurance Policy on deposit in the Reserve Fund, the Paying Agent shall draw on them on a pro rata basis (calculated by reference to the coverage then available thereunder), based upon the amount available to be drawn on each. For the avoidance of doubt, "coverage then available thereunder" means the coverage then available for disbursement pursuant to the terms of the applicable Reserve Fund Insurance Policy without regard to the legal or financial ability or willingness of the Surety Provider to honor a claim or draw thereon or the failure of such Surety Provider to honor any such claim or draw.

Any money so used or drawn shall be replaced as provided in Section 506 hereof from the first Net Pledged Revenues thereafter received and not required to be otherwise applied by this Article. Except as provided in Section 507 hereof, the moneys in the Bond Fund and in the Reserve Fund (including any Reserve Fund Insurance Policy) shall be used solely and only for the purpose of paying the Bond Requirements of the Bonds from time to time. If moneys in the Reserve Fund are in excess of the Reserve Fund Requirement at any time, such excess (not held in the form of a Reserve Fund Insurance Policy) may be transferred by the City to the Rebate Fund or the Bond Fund as directed by the City.

Section 509. Rebate Fund. Fourthly, there shall be deposited into the special and separate account hereby created and to be known as the "City of Colorado Springs, Colorado, Utilities System Improvement and Refunding Revenue Bonds, Series 2019A Rebate Fund" moneys in the amounts and at the times specified in the Tax Compliance Certificate so as to enable the City to comply with Section 830 hereof. Amounts on deposit in the Rebate Fund shall not be subject to the lien and pledge of this ordinance to the extent that such amounts are required to be paid to the United States Treasury. The City shall cause amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury (at the address provided in the Tax Compliance Certificate) at the times and in the amounts set forth in the Tax Compliance Certificate.

If the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, the City shall transfer moneys in the amount of the insufficiency to the Rebate Fund to the extent permitted by Section 508 hereof, from the Reserve Fund and the Bond Fund. Upon receipt by the City of an opinion of nationally recognized bond counsel acceptable to the City to the effect that the amount in the Rebate

Fund is in excess of the amount required to be contained therein, such excess shall be transferred to the Income Fund.

Section 510. Interest on Reserve Fund Insurance Policy Draws. Fifthly, there shall be paid to any Surety Provider interest on amounts advanced under a Reserve Fund Insurance Policy pursuant to such Surety Agreement.

Section 511. Payment of Additional Securities. Sixthly, and subject to the provisions hereinabove in this Article, but subsequent to the payments required by Sections 504, 505, 506, 509 and 510 hereof, any moneys remaining in the Income Fund may be used by the City for the payment of Bond Requirements of Subordinate Securities, including reasonable reserves for such Subordinate Securities and for rebate of amounts to the United States Treasury with respect to such Subordinate Securities, and any Subordinate Credit Facility Obligations and any payments on Financial Products Agreements which have a lien on Net Pledged Revenues subordinate and junior to the lien thereon of the Bonds.

Section 512. Use of Remaining Revenues. After the payments hereinabove required to be made by Sections 504 through 511 hereof are made, any remaining Net Pledged Revenues in the Income Fund shall be used, firstly, for any one or any combination of necessary purposes relating to the operation, improvement or debt management of the System and, secondly, to the extent of any remaining surplus, for any one or any combination of lawful purposes as the Council may from time to time conclusively determine.

ARTICLE VI

GENERAL ADMINISTRATION

Section 601. Administration of Accounts. The special accounts designated in Articles IV and V hereof shall be administered as provided in this Article (but not any account under Section 1101 hereof).

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

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

Section 604. Accounting for Investments. The Investment Securities so purchased as an investment or reinvestment of moneys in any such account hereunder shall be deemed at all times to be a part of the account. Any interest or other gain from any investments and reinvestments of moneys accounted for in the Income Fund, Bond Fund and Rebate Fund shall be credited to such Fund, and any loss resulting from any such investments or reinvestments of moneys accounted for in the Income Fund, Bond Fund, Reserve Fund and Rebate Fund shall be charged or debited to such Fund. Any interest or other gain from any investment or reinvestment of moneys accounted for in the Reserve Fund (a) shall be credited to the Bond Fund or the Rebate Fund, at the discretion of the Finance Director, if the amount credited to the Reserve Fund immediately after such credit to the Bond Fund or Rebate Fund is not less than the Reserve Fund Requirement, and (b) if the amount credited to the Reserve Fund is less than the Reserve Fund Requirement, shall be credited to the Reserve Fund (up to the amount of the deficiency). No loss or profit in any account on any investments or reinvestments in Investment Securities shall be deemed to take place as a result of market fluctuations of the Investment Securities prior to the sale or maturity thereof. In the computation of the amount in any account for any purpose hereunder, except as herein otherwise expressly provided or for rebate purposes, as described in the Tax Compliance Certificate, Investment Securities shall be valued at the cost thereof (including any amount paid as accrued interest at the time of purchase of the obligation);

provided that any time or demand deposits shall be valued at the amounts deposited, in each case exclusive of any accrued interest or any other gain to the City until such gain is realized by the presentation of matured coupons for payment or otherwise.

Section 605. Redemption or Sale of Investment Securities. The Finance Director shall present for redemption or sale on the prevailing market at the best price obtainable any Investment Securities so purchased as an investment or reinvestment of moneys in the account whenever it shall be necessary in order to provide moneys to meet any withdrawal, payment or transfer from such account. Neither the Finance Director or any other officer or employee of the City shall be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with this ordinance. The Finance Director shall promptly notify the Director of any gain or loss in any account and the Council of any substantial loss in any account.

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

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

ARTICLE VII

SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 701. Lien. The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues.

Section 702. Equality of Bonds. The Bonds and any Parity Bonds heretofore issued or hereafter authorized to be issued and from time to time Outstanding, any Parity Credit Facility Obligations relating thereto and any Parity Financial Products Agreements heretofore or hereafter entered into are equitably and ratably secured by a lien on the Net Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Net Pledged Revenues regardless of the time or times of the issuance of the Bonds and any such Parity Bonds or Parity Credit Facility Obligations or of the entering into of the Parity Financial Products Agreements, it being the intention of the Council that there shall be no priority among the Bonds, any such Parity Bonds, any Parity Credit Facility Obligations and any Parity Financial Products Agreements relating thereto regardless of the fact that they may be actually issued, delivered or entered into at different times, except that (a) moneys in the Bond Fund and the Reserve Fund shall secure only the Bonds and the moneys in any acquisition, bond, reserve or similar funds established for other Parity Bonds shall secure only such Parity Bonds and Parity Credit Facility Obligations relating thereto, and (b) other Parity Bonds may have a lien on Net Pledged Revenues on a parity with lien thereon of the Bonds whether or not a reserve fund is established for such Parity Bonds or a reserve fund is established but with a different requirement as to the amount of moneys (or the value of a Reserve Fund Insurance Policy with respect to such Parity Bonds) required to be on deposit therein or the manner in which such reserve fund is funded or the period of time over which such reserve fund is funded.

Section 703. Issuance of Parity Bonds.

I. Prior to Effective Date. Prior to the Effective Date, the following provisions shall be in full force and effect:

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

A. Absence of Default. At the time of the adoption of the ordinance authorizing the issuance of the additional securities, the City shall not be in default in making any payments required by Article V hereof, including any payments to any Surety Provider under a Surety Agreement.

B. Capital Improvements - Historic Earnings Test. If the additional Parity Bonds are to be issued to finance Capital Improvements, the Net Pledged Revenues derived in the Fiscal Year immediately preceding the date of issuance of the additional Parity Bonds shall be not less than 130% of the Average Annual Principal and Interest Requirements of the Outstanding Bonds, any Outstanding Parity Bonds and the Parity Bonds proposed to be issued, except as hereinafter otherwise expressly provided.

C. Capital Additions - Engineering Report.

(i) Initial Issue. If the additional Parity Bonds are to be issued to finance a Capital Addition, the City shall have complied with the conditions set forth in subsections A and B above and, in addition, the City shall have obtained:

(a) from an Independent Engineer a comprehensive engineering report for the Capital Addition to be financed ("Engineering Report"), which report shall (i) contain (1) detailed estimates of the cost of acquiring and constructing the Capital Addition, (2) the estimated date the acquisition and construction of the Capital Addition will be completed and commercially operative, and (3) a detailed analysis of the impact of the Capital Addition on the financial operations of the System during the construction thereof and for at least three Fiscal Years after the date the Capital Addition is estimated to become commercially operative, and (ii) conclude that (1) the Capital Addition is necessary and will substantially increase the capacity, or is needed to replace existing facilities, or constitutes new transmission facilities to meet current and projected demands for the service or product to be provided thereby, and (2) the estimated cost of providing the service or product from the Capital Addition will be reasonable in comparison with projected costs for furnishing such service or product from other reasonably available sources; and

(b) a certificate of an Independent Engineer to the effect that, based on the Engineering Report prepared for the Capital Addition, the projected Net Pledged Revenues for each of the three Fiscal Years subsequent to the date the Capital Addition is estimated to become commercially operative (as estimated in the Engineering Report) will be not less than 130% of the Average Annual Principal and Interest Requirements of the Outstanding Bonds, any Outstanding Parity Bonds and the Parity Bonds proposed to be issued, and all Parity Bonds estimated to be issued, if any, during the period from the date the first series of Parity Bonds for the Capital Addition is to be delivered through the third Fiscal Year subsequent to the date the Capital Addition is estimated to become commercially operative, for all Capital Improvements and for all Capital Additions then in progress or then being initiated.

(ii) Completion Issues. Once a Capital Addition has been initiated by meeting the conditions precedent of this subsection C and the initial Parity Bonds delivered therefor, the City reserves the right to issue additional Parity Bonds to finance the costs of such Capital Addition in such amounts as may be necessary to complete the acquisition and construction thereof and make the same commercially operative upon compliance with the condition set forth in subsection A above but without satisfaction of any other conditions precedent of this subsection C except as hereafter provided but subject to satisfaction of the following conditions precedent:

(a) the City shall make a forecast (the "Forecast") of the operations of the System demonstrating the System's ability to pay all obligations payable from the Net Pledged Revenues to be Outstanding after the issuance of the additional Parity Bonds then being issued for the period (the "Forecast Period") of each ensuing Fiscal Year through the third Fiscal Year subsequent to the latest estimated date the Capital Addition then being financed is expected to be commercially operative, and

(b) an Independent Engineer shall review such Forecast and execute a certificate to the effect that such Forecast is reasonable, that the conclusions set forth in the Engineering Report with respect to the requirements of subparagraph (i)(a)(ii) of this subsection C continue to exist and, based on the Forecast (and such other factors deemed to be relevant), the Net Pledged Revenues will be adequate to pay all the obligations payable from the Net Pledged Revenues

to be Outstanding after the issuance of the additional Parity Bonds then being issued for the Forecast Period.

With reference to the securities anticipated and estimated to be issued or incurred, the annual principal and interest requirements therefor shall be those estimated and computed by the Finance Director. In the preparation of the Engineering Report required in subparagraph (i)(a) above of this subsection C, the Independent Engineer may rely on other experts or professionals, including those in the employment of the City, provided such Engineering Report discloses the extent of such reliance. In connection with the issuance of additional Parity Bonds for Capital Additions, the certificate of the Finance Director and Independent Engineer, together with the Engineering Report and the certificates evidencing compliance with subsections A and B above for the initial issue and the Forecast, the certificate evidencing compliance with subsection A and the certificate of the Independent Engineer for a subsequent issue, shall be conclusive evidence and the only evidence required to show compliance with the provisions and requirements of this subsection C.

D. Adjustment of Gross Pledged Revenues. In any computation under subsections B or C of this Section, the amount of the Gross Pledged Revenues for the applicable period shall be decreased and may be increased by the amount of loss or gain conservatively estimated by an Independent Accountant, Independent Engineer or the City, as the case may be, which results from any changes which became effective not less than 60 days prior to the last day of the period for which Gross Pledged Revenues are determined in any schedule of fees, rates and other charges constituting Gross Pledged Revenues based on the number of users during the applicable period as if such modified schedule of fees, rates and other charges shall have been in effect during such entire time period. However, the Gross Pledged Revenues need not be decreased by the amount of any such estimated loss to the extent the Independent Accountant, the Independent Engineer or the Director estimates the loss is temporary in nature or will be offset within a reasonable temporary period by an increase in revenues or a reduction in Operation and Maintenance Expenses not otherwise included in the calculations under this Section, and estimates any loss under this sentence will not at any time materially and adversely affect the City's apparent ability to comply with the rate maintenance covenant stated in Section 821 hereof without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

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

F. Consideration of Additional Expenses. In determining whether or not additional Parity Bonds may be issued as aforesaid, consideration shall be given to any probable increase (but not reduction) in the Operation and Maintenance Expenses of the System as estimated by the Director that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional securities; but the Director may reduce any such increase in Operation and Maintenance Expenses by the amount of any increase in revenues or any reduction in Operation and Maintenance Expenses resulting from the Capital Improvements or Capital Additions to which such expenditure relates and not otherwise included in the calculations under this Section, if the Director also opines that any such reduction in any such increase in Operation and Maintenance Expenses will not materially and adversely affect the City's apparent ability to comply with the rate maintenance

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

II. On and After the Effective Date. On and after the Effective Date, the following provisions shall be in full force and effect in lieu of the provisions in paragraph I of this Section:

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

A. Absence of Default. At the time of the adoption of the ordinance authorizing the issuance of the additional securities, the City shall not be in default in making any payments required by Article V hereof, including any payments to any Surety Provider under a Surety Agreement.

B. Historic Earnings Test. If the additional Parity Bonds are to be issued to finance Capital Improvements, the Net Pledged Revenues derived in the Fiscal Year immediately preceding the date of issuance of the additional Parity Bonds shall be not less than 130% of the Average Annual Principal and Interest Requirements of the Outstanding Bonds, any Outstanding Parity Bonds and the Parity Bonds proposed to be issued, except as hereinafter otherwise expressly provided.

C. [Intentionally omitted].

D. Adjustment of Gross Pledged Revenues. In any computation under subsection B of this Section, the amount of the Gross Pledged Revenues for the applicable period shall be decreased and may be increased by the amount of loss or gain conservatively estimated by the City which results from any changes which became effective not less than 60 days prior to the last day of the period for which Gross Pledged Revenues are determined in any schedule of fees, rates and other charges constituting Gross Pledged Revenues based on the number of users during the applicable period as if such modified schedule of fees, rates and other charges shall have been in effect during such entire time period. However, the Gross Pledged Revenues need not be decreased by the amount of any such estimated loss to the extent the Director estimates the loss is temporary in nature or will be offset within a reasonable temporary period by an increase in revenues or a reduction in Operation and Maintenance Expenses not otherwise included in the calculations under this Section, and estimates any loss under this sentence will not at any time materially and adversely affect the City's apparent ability to comply with the rate maintenance covenant stated in Section 821 hereof without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

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

F. Consideration of Additional Expenses. In determining whether or not additional Parity Bonds may be issued as aforesaid, consideration shall be given to any probable

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

Section 704. Certification of Revenues.

I. Prior to Effective Date. Prior to the Effective Date, the following provisions shall be in full force and effect:

A written certificate or written opinion by an Independent Accountant under Section 703B and Section 703(C)(i) hereof, an Independent Engineer under Section 703(C)(i) hereof and the City and the Independent Engineer under Section 703(C)(ii) hereof that such annual revenues, when adjusted as hereinabove provided in subsections D, E and F of Section 703 hereof, are sufficient to pay such amounts, as provided in subsection B or C of Section 703 hereof, shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver additional securities on a parity with the Bonds.

II. On and After the Effective Date. On and after the Effective Date, the following provisions shall be in full force and effect in lieu of the provisions in paragraph I of this Section:

A written certificate of the Finance Director that such annual revenues, when adjusted as hereinabove provided in subsections D, E and F of Section 703 hereof, are sufficient to pay such amounts, as provided in subsection B of Section 703 hereof, shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver additional securities on a parity with the Bonds.

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

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

Section 707. Use of Proceeds.

I. Prior to Effective Date. Prior to the Effective Date, the following provisions shall be in full force and effect:

The proceeds of any additional parity securities payable from any Net Pledged Revenues shall be used only to finance Capital Improvements or Capital Additions or to refund other securities or Credit Facility Obligations payable from Net Pledged Revenues, regardless of the priority of the lien of such securities or Credit Facility Obligations on Net Pledged Revenues.

II. On and After the Effective Date. On and after the Effective Date, the following provisions shall be in full force and effect in lieu of the provisions in paragraph I of this Section:

The proceeds of any additional parity securities payable from any Net Pledged Revenues shall be used only to finance Capital Improvements or to refund other securities or Credit Facility Obligations payable from Net Pledged Revenues, regardless of the priority of the lien of such securities or Credit Facility Obligations on Net Pledged Revenues

Section 708. Issuance of Refunding Securities.

I. Prior to Effective Date. Prior to the Effective Date, the following provisions shall be in full force and effect:

The City may issue any refunding securities payable from Net Pledged Revenues to refund any Outstanding Bonds, Parity Bonds or any Subordinate Securities heretofore or hereafter issued, with such details as the Council may by ordinance 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 Outstanding securities of any one or more issues; but so long as the Bonds, or any part thereof, are Outstanding, refunding securities payable from Net Pledged Revenues may be issued on a parity with the unrefunded Bonds only if:

A. Prior Consent. The City first receives the consent of the Owner or Owners of the unrefunded portion of the Bonds; or

B. Requirements Not Increased. The Combined Maximum Annual Principal and Interest Requirements for the Bonds and Parity Bonds Outstanding immediately after the issuance of the refunding securities is not greater than the Combined Maximum Annual Principal and Interest Requirements for all Bonds and Parity Bonds Outstanding immediately prior to the issuance of the refunding securities and the lien of any refunding Parity Bonds on the Net Pledged Revenues is not raised to a higher priority than the lien thereon of any securities thereby refunded; or

C. Earnings Test. The refunding securities are issued in compliance with Section 703B hereof; provided that any refunding securities issued to refund securities which were issued to finance a Capital Addition, or to refund refunding securities which were issued to refund securities which were issued to finance a Capital Addition, may be issued prior to the commercial operation date of such Capital Addition upon compliance with the test stated in Section 703C(ii) hereof.

II. On and After the Effective Date. On and after the Effective Date, the following provisions shall be in full force and effect in lieu of the provisions in paragraph I of this Section:

The City may issue any refunding securities payable from Net Pledged Revenues to refund any Outstanding Bonds, Parity Bonds or any Subordinate Securities heretofore or hereafter issued, with such details as the Council may by ordinance 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 Outstanding securities of any one or more issues; but so long as the Bonds, or any part thereof, are Outstanding, refunding securities payable from Net Pledged Revenues may be issued on a parity with the unrefunded Bonds only if:

A. Prior Consent. The City first receives the consent of the Owner or Owners of the unrefunded portion of the Bonds; or

B. Requirements Not Increased. The Combined Maximum Annual Principal and Interest Requirements for the Bonds and Parity Bonds Outstanding immediately after the issuance of the refunding securities is not greater than the Combined Maximum Annual Principal and Interest Requirements for all Bonds and Parity Bonds Outstanding immediately prior to the issuance of the refunding securities and the lien of any refunding Parity Bonds on the Net Pledged Revenues is not raised to a higher priority than the lien thereon of any securities thereby refunded; or

C. Earnings Test. The refunding securities are issued in compliance with Section 703B hereof.

ARTICLE VIII

PROTECTIVE COVENANTS

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

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

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

Section 804. Further Assurances. At any and all times the City shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Gross Pledged Revenues and other moneys and accounts hereby pledged or assigned, or intended so to be, or which the City may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this ordinance and to comply with any instrument of the City amendatory thereof, or supplemental thereto and the Charter. The City, acting by and through the Council, or otherwise, shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Gross Pledged Revenues and other moneys and accounts pledged hereunder and all the rights of every Owner of any Bond hereunder against all claims and demands of all Persons whomsoever.

Section 805. Conditions Precedent. Upon the date of issuance of the Bonds, all conditions, acts and things required by the federal or State Constitution, the Charter, the Supplemental Public Securities Act or by this ordinance to exist, to have happened and to have been performed precedent to or in the issuance of the Bonds shall exist, have happened, and have been performed; and the Bonds, together with all other obligations of the City, shall not contravene any debt or other limitation prescribed by the State Constitution or the Charter.

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

Section 807. Rules, Regulations and Other Details. The City, acting by and through the Council, shall establish and enforce reasonable rules and regulations governing the operation, use and services of the System. The City shall observe and perform all of the terms and conditions contained in this ordinance and the Charter, and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System or to the City.

Section 808. Payment of Governmental Charges. The City shall pay or cause to be paid all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the System, or upon any part thereof, or upon any portion of the Gross Pledged Revenues, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to the System or any part thereof, except for any period during which the same are being contested in good faith by proper legal proceedings. The City shall not create or suffer to be created any lien upon the System, or any part thereof, or upon the Gross Pledged Revenues, except the pledge and lien created by this ordinance for the payment of the Bond Requirements of the Bonds and except as herein otherwise permitted. The City shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System, or any part thereof, or the Gross Pledged Revenues; but nothing herein requires the City to pay or cause to be discharged or to make provision for any such tax, assessment, lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

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

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

Section 811. Use of Bond and Reserve Funds. The Bond Fund and the Reserve Fund shall be used solely and only and the moneys credited to such accounts are hereby pledged for the purpose of paying the Bond Requirements of the Bonds to their respective maturities or any Redemption Date or Dates, subject to the provisions of Sections 506, 507, 508 and 1101 hereof.

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

Section 813. Corporate Existence. The City shall maintain its corporate identity and existence so long as any of the Bonds remain Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the City and is obligated by law to operate and maintain the System and to fix and collect

the Gross Pledged Revenues as herein provided without adversely and materially affecting at any time the privileges and rights of any Owner of any Outstanding Bond.

Section 814. Disposal of System Prohibited.

I. Prior to Effective Date. Prior to the Effective Date, the following covenant shall be in full force and effect:

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

II. On and After the Effective Date. On and after the Effective Date, the following covenant shall be in full force and effect in lieu of the covenant in paragraph I of this Section:

Except for the use of the System and services pertaining thereto in the normal course of business, neither all nor substantially all of the System shall be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of, so long as any Bonds are Outstanding.

Section 815. Disposal of Unnecessary Property.

I. Prior to Effective Date. Prior to the Effective Date, the following covenant shall be in full force and effect:

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

II. On and After the Effective Date. On and after the Effective Date, the following covenant shall be in full force and effect in lieu of the covenant in paragraph I of this Section:

Except as otherwise provided by the Charter and in Section 814 hereof, the City may sell, exchange or otherwise dispose of property, facilities and assets of the System at any time and from time to time and may lease, contract or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights to the properties, facilities and assets of the System. Any proceeds of any such sale, exchange or other disposition received and not used to replace such property so sold or so exchanged or otherwise so disposed of, shall be deposited by the City in the Income Fund or into a special book account for the betterment, enlargement, extension, other improvement and

equipment of the System, or any combination thereof, as the Council may determine, and any proceeds of any such lease received shall be deposited by the City as Gross Pledged Revenues in the Income Fund.

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

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

Section 818. Employment of Management Engineers. If the City defaults in paying the Bond Requirements of the Bonds and any other securities or Credit Facility Obligations relating thereto or any Financial Products Agreements payable from the Gross Pledged Revenues promptly as the same fall due, or in the keeping of any covenants herein contained, and if such default continues for a period of 60 days, or if the Net Pledged Revenues in any Fiscal Year fail to equal at least the amount of the Bond Requirements of the Outstanding Bonds and any other securities (including all reserves therefor specified in the authorizing proceedings, including, without limitation, this ordinance) or Credit Facility Obligations relating thereto or any Financial Products Agreements payable from the Net Pledged Revenues in that Fiscal Year, the City shall retain a firm of competent management engineers skilled in the operation of such facilities to assist the management of the System so long as such default continues or so long as the Net Pledged Revenues are less than the amount hereinabove designated in this Section.

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

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

Section 821. Adequacy and Applicability of Charges. There shall be charged against users of service pertaining to and users of the System, including the City, except as provided by Section 822 hereof, such fees, rates and other charges so that the Gross Pledged Revenues shall be adequate to meet the requirements of this and the preceding Sections hereof. Such charges pertaining to the System shall be at least sufficient so that the Gross Pledged Revenues annually are sufficient to pay in each Fiscal Year:

A. Operation and Maintenance Expenses. An amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year,

B. Principal and Interest. An amount equal to 130% of both the principal and interest on the Bonds and any Parity Bonds then Outstanding payable from the Net Pledged Revenues in that Fiscal Year (excluding the reserves therefor); provided however that if any parity Variable Rate Bonds, parity Balloon Bonds, Commercial Paper Notes or Parity Credit Facility Obligations are Outstanding, the amount of principal and interest or similar payments with respect to such parity Variable Rate Bonds, parity Balloon Bonds, Commercial Paper Notes or Parity Credit Facility Obligations due in such Fiscal Year shall be the amount specified in the ordinance pursuant to which such parity Variable Rate Bonds or parity Balloon Bonds or Commercial Paper Notes or Parity Credit Facility Obligations are authorized, and for the purposes of this paragraph, parity Tender Bonds shall be assumed to mature on the stated maturity or mandatory Redemption Date or Dates thereof and Commercial Paper Notes shall be assumed to mature 25 years after the earlier of (i) the expiration date of the program established for them as set forth in the ordinance of the City authorizing the issuance of the Commercial Paper Notes, or (ii) 5 years from the initial date of issuance of any Commercial Paper Notes under such program, and

C. Deficiencies. Any amounts required to pay all sums, if any, due and owing to any Surety Provider under a Surety Agreement and to meet then existing deficiencies pertaining to any fund or account relating to the Gross Pledged Revenues or any securities payable therefrom and any amounts necessary to satisfy its covenants under any Financial Products Agreements (other than Financial Products Payments and other than any termination, settlement or similar payments required to be paid upon an early termination of the Financial Products Agreement or as a result of any event of default thereunder).

For the purpose of subsection B above, if a Parity Financial Products Agreement has been entered into by the City with respect to the Bonds or any Parity Bonds, interest on the Bonds or such Parity Bonds shall be included in the calculation of such interest by including for that Fiscal Year an amount equal to the amount of interest payable on the Bonds or such Parity Bonds in that Fiscal Year determined as hereinabove provided plus any Financial Products Payments payable in that Fiscal Year minus any Financial Products Receipts receivable in that Fiscal Year; provided that in no event shall any calculation made pursuant to this sentence result in a number less than zero being included in the calculation of such interest.

In determining the amount of any Financial Products Payments or Financial Products Receipts on any interest rate swaps or other similar Financial Products Agreement which Payments or Receipts are based on interest rates which are not fixed in percentage for such Fiscal Year, such amount shall be calculated by assuming such variable interest rate is a fixed interest rate equal to (a) if the Parity Financial Products Agreement relates to Variable Rate Bonds, the fixed rate of interest estimated for such Variable Rate Bonds as hereinabove provided, or (b) if the Parity Financial Products Agreement relates to the Bonds or Parity Bonds which bear interest at a fixed interest rate, the average daily interest rate for such Payments or Receipts under such Financial Products Agreement during the immediately preceding Fiscal Year or during the time the Financial Products Agreement has been in effect if less than all of such immediately preceding Fiscal Year.

In determining the amount of any Financial Products Payments or Financial Products Receipts on any interest rate cap, floor, collar or other similar Financial Products Agreement with respect to Parity Bonds which are Variable Rate Bonds, such amount shall be calculated by

assuming the interest rate on the related Parity Bonds is the rate determined as provided in subsection B above. In determining the amount of any Financial Products Payments or Financial Products Receipts on any interest rate cap, floor, collar or other similar Financial Products Agreement with respect to Parity Bonds bearing interest at a fixed rate, such amount shall be the amount payable or receivable annually determined as of the date of issuance of the Parity Bonds.

Section 822. Limitations Upon Free Service. No free service or facilities shall be furnished by the System, except as hereinafter provided. If the City elects to use for municipal purposes any water, water facilities, electricity, gas, sanitary sewer, or other services and facilities provided by the System or otherwise to use the System or any part thereof, any such use will be paid for from the City's general fund or from other available revenues other than Gross Pledged Revenues at the reasonable value of the use so made; provided that (a) the City need not pay for any such use by the City of any facilities of the water system for fire protection purposes, and (b) on and after the Park Watering Effective Date, the City need not pay for any such use by the City of any facilities of the water system for the purpose of watering City owned parks. All the income so derived from the City shall be deemed to be income derived from the operation of the System, to be used and to be accounted for in the same manner as any other income derived from the operation of the System.

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

A. Proper Application. Unless the City has fully complied with the provisions of Article V of this ordinance for at least the full Fiscal Year immediately preceding such reduction of the initial or any other existing rate schedule; and

B. Sufficient Revenues. Unless the audit required by the Independent Accountant by Section 827 hereof for the full Fiscal Year immediately preceding such reduction discloses that the estimated revenues resulting from the proposed rate schedule for the System, after the schedule's proposed reduction, shall be at least sufficient to produce the amounts required by Section 821 hereof.

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

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

Section 826. Maintenance of Records. So long as any of the Bonds and any other Parity Bonds or Credit Facility Obligations relating thereto or any Financial Products Agreement payable from the Gross Pledged Revenues remain Outstanding or in effect, proper books of record and account shall be kept by the City, separate and apart from all other records and accounts.

Section 827. Audits Required. The City, within 60 days following the close of each Fiscal Year, shall order an audit for the Fiscal Year of such books and accounts to be made forthwith by an Independent Accountant, and order an audit report showing the receipts and disbursements for each account pertaining to the System and the Gross Pledged Revenues.

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

Section 829. Insurance and Reconstruction. Except to the extent of any self-insurance, the City shall at all times maintain with responsible insurers fire and extended coverage insurance, worker's compensation insurance, public liability insurance and all such other insurance as is customarily maintained with respect to utilities of like character against loss of or damage to the System and against loss of revenues and against public and other liability to the extent reasonably necessary to protect the interests of the City and of each Owner of a Bond. If any useful part of the System shall be damaged or destroyed, the City shall, as expeditiously as may be possible, commence and diligently prosecute the repair or replacement of the damaged property so as to restore the same to use. The proceeds of any such insurance shall be payable to the City and (except for proceeds of any use and occupancy insurance) shall be applied to the necessary costs involved in such repair and replacement and to the extent not so applied shall (together with the proceeds of any such use and occupancy insurance) be deposited in the Income Fund by the City as revenues derived from the operation of the System. If the costs of such repair and replacement of the damaged property exceed the proceeds of such insurance available for the payment of the same, moneys in the Income Fund shall be used to the extent necessary for such purposes, as permitted by Section 512 hereof.

Section 830. Federal Income Tax Exemption. The City covenants for the benefit of the Owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the City or any facilities financed or refinanced with the proceeds of the Bonds if such action or omission (a) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, (b) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code, or (c) would cause interest on the Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present State law. In furtherance of this covenant, the City agrees to comply with the procedures set forth in the Tax Compliance Certificate. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the City in fulfilling the above covenant under the Code and Colorado law have been met.

Section 831. Continuing Disclosure. The City shall comply with its obligations under the Continuing Disclosure Undertaking.

Section 832. Financial Products Agreements. No payments under a Financial Products Agreement shall be secured by a lien on Net Pledged Revenues prior and superior to the lien thereon of the Bonds. Notwithstanding any other provision of this ordinance, prior to the Effective Date no termination, settlement or similar payments required to be paid upon an early termination of a Financial Products Agreement or as a result of any event of default thereunder shall be secured by a lien on Net Pledged Revenues on a parity with the Bonds.

Section 833. Surety Agreement.

A. Pursuant to Section 512 hereof, and to the extent specifically authorized by law, the City will pay or reimburse Build America Mutual any and all fees and expenses which Build America Mutual may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any amendment, waiver or other action with respect to, or related to this ordinance or the Surety Bond, or (ii) any action taken by Build America Mutual to cure a default or termination or similar event (or to mitigate the effect thereof) under this ordinance; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of Build America Mutual spent in connection with the actions described in clauses (i) through (ii) above. Build America Mutual reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this ordinance. Amounts payable by the City hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by Build America Mutual until the date Build America Mutual is paid in full.

B. The obligation of the City to pay all amounts due to Build America Mutual shall be an absolute and unconditional obligation of the City and will be paid or performed strictly in accordance with the provisions of this ordinance, irrespective of (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Bonds or this ordinance, or (ii) any amendment or other modification of, or waiver with respect to the Surety Bond; (iii) any exchange, release or non-perfection of any security interest in property securing the Bonds or this ordinance; (iv) whether or not such Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the Surety Bond or this ordinance; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the City may have at any time against the Paying Agent or any other person or entity other than Build America Mutual, whether in connection with the transactions contemplated herein or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Surety Bond proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by Build America Mutual under the Surety Bond against presentation of a certificate or other document which does not strictly comply with the terms of the Surety Bond.

C. Upon a failure to repay draws or payment of expenses and accrued interest thereon at the Late Payment Rate when due, Build America Mutual shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Bond Ordinance, other than (i) acceleration of the maturity of the Bonds, or (ii) remedies which would adversely affect owners of the Bonds.

D. The City covenants to provide to Build America Mutual, promptly upon request, any information regarding the Bonds or the financial condition and operations of the Utilities as reasonably requested by Build America Mutual. The City will permit Build America Mutual to discuss the affairs, finances and accounts of the Utilities or any information Build America Mutual may reasonably request regarding the security for the Bonds with appropriate officers of the City and will use commercially reasonable efforts to enable Build America Mutual to have access to the facilities, books and records of the City on any business day upon reasonable prior notice.

E. Build America Mutual is recognized as and shall be deemed to be a third party beneficiary of this Ordinance and may enforce the provisions of this Ordinance in the same manner provided herein for Owners of the Bonds.

F. Notices and other information to Build America Mutual shall be sent to the following address (or such other address as Build America Mutual may designate in writing): Build America Mutual Assurance Company 200 Liberty Street, 27th Floor New York, NY 10281 11 Attention: Surveillance, Re: Policy No. _____ Telephone: (212) 235-2500 Telecopier: (212) 235-1542 Email: notices@buildamerica.com.

ARTICLE IX

PRIVILEGES, RIGHTS AND REMEDIES

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

Section 902. Right to Enforce Payment. Nothing in this Article affects or impairs the right of any Owner of any Bond to enforce the payment of the Bond Requirements due in connection with his or her Bond or the obligation of the City to pay the Bond Requirements of each Bond to the Owner thereof at the time and the place expressed in the Bond.

Section 903. Events of Default. Each of the following events is hereby declared an "Event of Default":

A. Nonpayment of Principal. Payment of the principal of any of the Bonds is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption, or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest on any of the Bonds is not made when the same becomes due and payable or within 30 days thereafter;

C. Cross Defaults. The occurrence and continuance of an "event of default," as defined in any Parity Bond Ordinance;

D. Failure to Reconstruct. The City unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the System which is destroyed or damaged and is not promptly repaired or replaced (whether such failure promptly to repair the same is due to impracticability of such repair or replacement or is due to a lack of moneys therefor or for any other reason), but it shall not be an Event of Default if such reconstruction is not essential to the efficient operation of the System;

E. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the City appointing a receiver or receivers for the System or for the Gross Pledged Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or if an order or decree having been entered without the consent or acquiescence of the City is not vacated or discharged or stayed on appeal within 60 days after entry; and

F. Default of Any Provision. The City defaults in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds or in this ordinance on its part to be performed (other than Section 831 hereof), and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the City by the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding.

Section 904. Remedies for Defaults. Upon the happening and continuance of any Event of Default, the Owner or Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the City and its agents, officers and employees to protect and to enforce the rights of any Owner of Bonds under this ordinance by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper legal or equitable remedy as such Owner or Owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any Owner of any Bond, or to require the City to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of the Bonds and any other Parity Bonds and any Parity Credit Facility Obligation relating thereto and the Providers of any Parity Financial Products Agreements.

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

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

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

ARTICLE X

AMENDMENT OF ORDINANCE

Section 1001. Privilege of Amendments.

I. Prior to Effective Date. Prior to the Effective Date, the following provisions shall be in full force and effect:

Except as hereafter provided, this ordinance may be amended or supplemented by ordinances adopted by the Council in accordance with law, including the Charter, without receipt by the City of any additional consideration, but with the written consent of the Surety Provider and the Owners of not less than 66% in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory or supplemental ordinance excluding, pursuant to Section 102B hereof, any Bonds which may then be held or owned for the account of the City. Notwithstanding the foregoing, no such ordinance shall permit:

A. Changing Payment. A change in the maturity, terms of redemption or interest payment of any Outstanding Bond; or

B. Reducing Return. A reduction in the principal amount of any Bond or the rate of interest thereon, without the consent of the Owner of the Bond; or

C. Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by this ordinance; or

D. Modifying Any Bond. A reduction of the principal amount or percentages or otherwise affecting the description of Bonds the consent of the Surety Provider and the Owners of which is required for any such modification or amendment; or

E. Priorities Between Bonds. The establishment of priorities as between Bonds issued and Outstanding.

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

(i) to add to the covenants and agreements of the City in this ordinance contained other covenants and agreements thereafter to be observed; or

(ii) in connection with the provision of a Reserve Fund Insurance Policy subsequent to the issuance of the Bonds (provided, however, Build America Mutual shall have the right to consent as set forth in Section 506D hereof); or

(iii) to make such provisions for the purpose of curing any ambiguity or of curing or correcting any formal defect or omission in this ordinance, or in regard to questions arising under this ordinance, as the City may deem necessary or desirable, and which shall not adversely affect the interests of the Owners of the Bonds or the Surety Provider.

II. On and After the Effective Date. On and after the Effective Date, the following provisions shall be in full force and effect in lieu of the provisions in paragraph I of this Section:

Except as hereafter provided, this ordinance may be amended or supplemented by ordinances adopted by the Council in accordance with law, including the Charter, without receipt by the City of any additional consideration, but with the written consent of the Surety Provider and Owners of not less than a majority in aggregate principal amount of all Parity Bonds Outstanding at the time of the adoption of such amendatory or supplemental ordinance excluding, pursuant to Section 102B hereof, any Bonds which may then be held or owned for the account of the City. Notwithstanding the foregoing, no such ordinance shall permit:

A. Changing Payment. A change in the maturity, terms of redemption or interest payment of any Outstanding Parity Bond without the consent of the Owner of such Parity Bond; or

B. Reducing Return. A reduction in the principal amount of any Parity Bond or the rate of interest thereon, without the consent of the Owner of such Parity Bond; or

C. Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by this ordinance; or

D. Modifying Any Parity Bond. A reduction of the principal amount or percentages or otherwise affecting the description of Parity Bonds the consent of the Owners of which is required for any such modification or amendment; or

E. Priorities Between Bonds. The establishment of priorities as between Parity Bonds issued and Outstanding.

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

(i) to add to the covenants and agreements of the City in this ordinance contained other covenants and agreements thereafter to be observed; or

(ii) in connection with the provision of a Reserve Fund Insurance Policy subsequent to the issuance of the Bonds (provided, however, Build America Mutual shall have the right to consent as set forth in Section 506D hereof); or

(iii) to make such provisions for the purpose of curing any ambiguity or of curing or correcting any formal defect or omission in this ordinance, or in regard to questions arising under this ordinance, as the City may deem necessary or desirable, and which shall not adversely affect the interests of the Owners of the Parity Bonds or the Surety Provider.

Section 1002. Notice of Amendment.

I. Prior to Effective Date. Prior to the Effective Date, the following provisions shall be in full force and effect:

Whenever the Council proposes to amend or modify this ordinance under the provisions of this Article, it shall cause notice of the proposed amendment to be mailed to Owners of all Outstanding Bonds at their addresses as the same last appear on the registration records maintained by the Paying Agent and the Surety Provider. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory ordinance is on file in the office of the Clerk for public inspection.

II. On and After the Effective Date. On and after the Effective Date, the following provisions shall be in full force and effect in lieu of the provisions in paragraph I of this Section:

Whenever the Council proposes to amend or modify this ordinance under the provisions of this Article, it shall cause notice of the proposed amendment to be mailed to Owners of all Outstanding Parity Bonds at their addresses as the same last appear on the registration records maintained by the Paying Agent, and to any paying agent for any other Parity Bonds and the Surety Provider. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory ordinance is on file in the office of the Clerk for public inspection.

Section 1003. Time for Amendment.

I. Prior to Effective Date. Prior to the Effective Date, the following provisions shall be in full force and effect:

If the ordinance is required to be consented to by the Surety Provider and the Owners of the Bonds, whenever at any time within one year from the date of the giving of such notice there shall be filed in the office of the Clerk an instrument or instruments executed by the Surety Provider and the Owners of at least 66% in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory ordinance described in such notice and shall specifically consent to and approve the adoption of such ordinance, the Council may adopt such amendatory ordinance and such ordinance shall become effective. If the ordinance is not required to be consented to by the Owners of the Bonds, the amendatory ordinance may be adopted by the Council at any time.

II. On and After the Effective Date. On and after the Effective Date, the following provisions shall be in full force and effect in lieu of the provisions in paragraph I of this Section:

If the ordinance is required to be consented to by the Surety Provider and the Owners of the Parity Bonds, whenever at any time within one year from the date of the giving of such notice there shall be filed in the office of the Clerk an instrument or instruments executed by the Surety Provider and the Owners of at least a majority in aggregate principal amount of all Parity Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory ordinance described in such notice and shall specifically consent to and approve the adoption of such ordinance, the Council may adopt such amendatory ordinance and such ordinance shall become effective. If the ordinance is not required to be consented to by the Owners of the Parity Bonds and the Surety Provider, the amendatory ordinance may be adopted by the Council at any time.

Section 1004. Binding Consent to Amendment.

I. Prior to Effective Date. Prior to the Effective Date, the following provisions shall be in full force and effect:

If the Owners of not less than 66% in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory ordinance requiring consent of the Owners of the Bonds, or the predecessors in title of such Owners, shall have consented to and approved the adoption thereof as herein provided, no Owner of any Bond, whether or not such Owner shall have consented to or shall have revoked any consent as in this Article provided, shall have any right or interest to object to the adoption of such amendatory ordinance or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions thereof.

Section 1005. On and After the Effective Date. On and after the Effective Date, the following provisions shall be in full force and effect in lieu of the provisions in paragraph I of this Section:

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

Section 1006. Time Consent Binding.

I. Prior to Effective Date. Prior to the Effective Date, the following provisions shall be in full force and effect:

Any consent given by the Owner of a Bond pursuant to the provisions of this Article shall be irrevocable for a period of 6 months from the date of the giving of the notice above provided for and shall be conclusive and binding upon all future Owners of the same Bond during such period. Such consent may be revoked at any time after 6 months from the date of such giving of such notice by the Owner who gave such consent or by a successor in title by filing notice of such revocation with the Clerk, but such revocation shall not be effective if the Owners of not less than 66% in aggregate principal amount of the Bonds Outstanding as in this Article provided, prior to the attempted revocation, consented to and approved the amendatory ordinance referred to in such revocation.

II. On and After the Effective Date. On and after the Effective Date, the following provisions shall be in full force and effect in lieu of the provisions in paragraph I of this Section:

Any consent given by the Owner of a Bond pursuant to the provisions of this Article shall be irrevocable for a period of 6 months from the date of the giving of the notice above provided for and shall be conclusive and binding upon all future Owners of the same Bond during such period. Such consent may be revoked at any time after 6 months from the date of such giving of such notice by the Owner who gave such consent or by a successor in title by filing notice of such revocation with the Clerk, but such revocation shall not be effective if the Owners of not less than a majority in

aggregate principal amount of the Parity Bonds Outstanding as in this Article provided, prior to the attempted revocation, consented to and approved the amendatory ordinance referred to in such revocation.

Section 1007. Unanimous Consent. Notwithstanding anything in the foregoing provisions of this Article, the terms and provisions of this ordinance or of any ordinance amendatory thereof or supplemental thereto and the rights and the obligations of the City and of the Owners of the Bonds thereunder may be modified or amended in any respect upon the adoption by the City and upon the filing with the Clerk of an ordinance to that effect and with the consent of the Owners of all the then Outstanding Bonds, such consent to be given as provided in Section 1103 hereof and with the consent of the Surety Provider, and no notice to Owners of Bonds shall be required as provided in Section 1002 hereof, nor shall the time of consent be limited except as may be provided in such consent.

Section 1008. Exclusion of City's Bonds. At the time of any consent or of other action taken under this Article, the City shall furnish to the Clerk a certificate of the Treasurer, upon which the City may rely, describing all Bonds to be excluded for the purpose of consent or of other action or of any calculation of Outstanding Bonds provided for in this Article, and the City shall not be entitled with respect to such Bonds to give any consent or to take any other action provided for in this Article, as provided in Section 102B hereof.

Section 1009. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this Article provided may bear a notation by endorsement or otherwise in form approved by the Council as to such action; and after the approval of such notation, then upon demand of the Owner of any Bond Outstanding and upon presentation of his or her Bond for that purpose at the Principal Corporate Trust Office of the Paying Agent, suitable notation shall be made on such Bond by the Paying Agent as to any such action. If the Council so determines, new Bonds, so modified as in the opinion of the Council conform to such action, shall be prepared, executed, authenticated and delivered; and upon demand of the Owner of any Bond then Outstanding, shall be exchanged without cost to such Owner for Bonds then Outstanding upon surrender of such Bonds.

Section 1010. Proof of Instruments and Bonds. The fact and date of execution of any instrument under the provisions of this Article, the amount and number of the Bonds held by any Person executing such instrument, and the date of his or her holding the same may be proved as provided by Section 1103 hereof.

ARTICLE XI

MISCELLANEOUS

Section 1101. Defeasance. When all Bond Requirements of the Bonds have been duly paid, the Bonds shall no longer be deemed to be Outstanding within the meaning of this ordinance and, if all amounts due and owing to any Surety Provider under a Surety Agreement have been paid, the pledge and lien and all obligations hereunder shall thereby be discharged. There shall be deemed to be such due payment of any Bond when the City has placed in escrow or in trust with a Trust Bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of such Bond, as the same become due to the maturity of such Bond or upon any Redemption Date. The Federal Securities shall become due prior to the respective times on 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 trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule.

Section 1102. Delegated Powers. The officers and employees of the City be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this ordinance, including, without limitation, the execution of such certificates as may be reasonably required by the Purchasers.

Section 1103. Evidence of Bond Owners. Any request, consent or other instrument which this ordinance may require or may permit to be signed and to be executed by the Owners of any Bonds may be in one or more instruments of similar tenor and shall be signed or shall be executed by each such Owner in person or by his or her attorney appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this ordinance (except as otherwise herein expressly provided) if made in the following manner:

A. Proof of Execution. The fact and the date of the execution by any Owner of any Bonds or his or her attorney of such instrument may be established by a certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Clerk or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he or she purports to act, that the individual signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer; the authority of the individual or individuals executing any such instrument on behalf of a corporate Owner of any securities may be established without further proof if such instrument is signed by an individual purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by an individual purporting to be its secretary or an assistant secretary; and the authority of any Person or Persons executing any such instrument in any fiduciary or representative capacity may be established without further proof if such instrument is signed by a Person or Persons purporting to act in such fiduciary or representative capacity; and

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

Section 1104. Paying Agent. If the Paying Agent then in office shall resign, or if the City shall remove such Paying Agent, the City may, upon notice mailed to each Owner, at the address last shown on the registration records, appoint a successor Paying Agent. Every such successor Paying Agent shall be a bank or trust company duly organized under the laws of the United States or any state or territory thereof having a shareholders' equity (*e.g.*, combined capital stock, surplus and undivided profits), however denominated, of not less than \$10,000,000.

INTRODUCED, READ, PASSED ON FIRST READING, APPROVED AND ORDERED
PUBLISHED BY TITLE AND SUMMARY this 10th day of September, 2019.

Finally Passed: September 24th, 2019.



Council President

ATTEST:



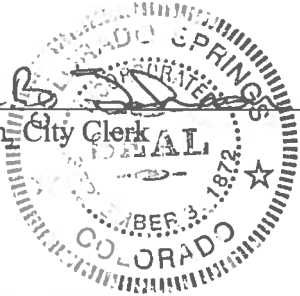
Sarah B. Johnson, City Clerk

EXHIBIT A

(FORM OF BOND)

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

UNITED STATES OF AMERICA

STATE OF COLORADO

COUNTY OF EL PASO

CITY OF COLORADO SPRINGS, COLORADO
UTILITIES SYSTEM REFUNDING REVENUE BOND
SERIES 2019A

No. R- _____ \$ _____

<u>Interest Rate</u> <u>(Per Annum)</u>	<u>Maturity Date</u>	<u>Dated</u>	<u>CUSIP</u>
_____ %	November 15, _____	_____, 2019	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

The City of Colorado Springs (the "City"), in the County of El Paso and State of Colorado (the "State"), for value received, hereby promises to pay to the registered owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, the principal amount set forth above on the maturity date specified above (unless this Bond shall have been called for prior redemption, in which case on the redemption date) and to pay solely from such special funds interest thereon at the interest rate per annum specified above until the payment of the principal hereof has been made or provided for, payable on May 15 and November 15 in each year, commencing May 15, 2020. 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. The principal of this Bond is payable upon the presentation and surrender hereof at the Principal Corporate Trust Office of Wells Fargo Bank, National Association, Minneapolis, Minnesota, as Paying Agent, or at the Principal Corporate Trust Office of its successor (the "Paying Agent"). Interest on this Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check mailed on each payment date to the person in whose name this

Bond is registered (the "Owner") on the registration records of the City maintained by the Paying Agent at the address appearing thereon at the close of business on the first day of the calendar month in which such interest payment date occurs (the "Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Owner hereof at the close of business on the Record Date and shall be payable to the person who is the Owner hereof at the close of business on a Special Record Date (as defined in the hereinafter referred to Ordinance) for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owner of this Bond not less than ten days prior thereto. Alternative means of payment of interest may be used if mutually agreed to in writing between the Owner of this Bond and the Paying Agent. If this Bond is not paid upon presentation and surrender at or after its maturity or prior redemption, interest shall continue at the above stated rate per annum until the principal hereof is paid in full. Interest on this Bond shall be calculated based on a 360-day year, consisting of twelve 30-day months. All such payments shall be made in lawful money of the United States of America.

This Bond is one of a series of bonds issued pursuant to the 2019A Utilities Bond Ordinance (the "Ordinance") designated as the "City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2019A" in the aggregate principal amount of \$ _____ (the "Bonds"). The Bonds have been duly authorized for the purpose of providing moneys to defray a portion of the cost of refunding certain outstanding utilities system revenue bonds of the City.

The Bonds maturing on and after November 15, ____ are subject to redemption prior to maturity, at the option of the City, on November 15, ____ or any date thereafter in whole or in part at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date.

[The Bonds maturing on November 15, ____ and November 15, ____ are subject to redemption by lot in such manner as the Paying Agent may determine pursuant to the terms of the mandatory sinking funds provided in the Ordinance at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.]

****Upon any partial prior redemption of the Bonds, Cede & Co., in its discretion, may request the Paying Agent to authenticate a new Bond or shall make an appropriate notation on this Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case this Bond must be presented to the Paying Agent prior to payment.****

In the case of a Bond of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Paying Agent shall, without charge to the Owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. Notice of the call for any redemption shall be given by the Paying Agent by mailing a copy of the redemption notice by first-class postage prepaid mail not more than thirty nor less than twenty days prior to the redemption date to the Owner of each Bond to be redeemed at his or her address as shown on the registration records kept by the Paying Agent, as provided in the Ordinance. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their payment are on deposit at the place of payment at that time.

With respect to any notice of optional redemption of the Bonds, unless, upon the giving of such notice, such Bonds shall be deemed to have been paid within the meaning of the Ordinance, such notice shall state that such redemption shall be conditional upon the receipt by the Paying Agent on or prior

to the date fixed for such redemption of moneys sufficient to pay the principal of and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the City shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Paying Agent shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

The Bonds are issuable as fully registered bonds in denominations of \$5,000 and any integral multiple thereof and are exchangeable for an equal aggregate principal amount of fully registered Bonds of the same maturity and interest rate of other authorized denominations at the aforesaid office of the Paying Agent but only in the manner and subject to the limitations and on payment of the charges provided in the Ordinance.

This Bond is fully transferable by the Owner hereof in person or by his or her duly authorized attorney on the registration records kept by the Paying Agent upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Paying Agent. Upon such transfer a new fully registered Bond or Bonds of authorized denomination or denominations of the same maturity, interest rate and aggregate principal amount will be issued to the transferee in exchange therefor, subject to the terms and conditions set forth in the Ordinance, including, without limitation, the payment by the person requesting the transfer of the cost of preparing each new Bond and any other expenses of the City or the Paying Agent incurred in connection therewith.

The City and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Ordinance with respect to Record Dates and Special Record Dates for the payment of interest) and for all other purposes, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

The Paying Agent will not be required to transfer or exchange (i) any Bond subject to redemption during a period beginning at the opening of business 15 days before the day of the mailing by the Paying Agent of a notice of redemption of Bonds and ending at the close of business on the day such notice is mailed, or (ii) any Bond so selected for redemption in whole or in part after the mailing of notice calling such Bond or any portion thereof for prior redemption except the unredeemed portion of any Bond redeemed in part.

The Bonds shall not be transferable or exchangeable except as set forth in the Ordinance.

The Bonds do not constitute a debt or an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation and shall not be considered or held to be general obligations of the City. The Bonds are special obligations of the City payable and collectible solely out of and secured by an irrevocable pledge of net revenues derived from the operation and use of the municipal water system, electric light and power system, gas system, wastewater system and certain other systems designated by the City Council of the City, collectively comprising the City's utilities system (the "System"), which revenues are so pledged; the System does not include any Special Facilities, as defined in the Ordinance, and will not include any Special Facilities unless hereafter they shall have been expressly made a part of the System by the City; and the Owner hereof may not look to any general or other fund for payment of the principal of or interest on this Bond (the "Bond Requirements") except the special funds

pledged therefor. The full faith and credit of the City is not pledged for the payment of the amounts due on the Bonds or under the Ordinance.

Payment of the Bond Requirements of the Bonds shall be made solely from and as security for such payment there are irrevocably (but not exclusively) pledged, pursuant to the Ordinance, revenues derived from the operation and use of and otherwise pertaining to the System (the "Gross Pledged Revenues"), after provision is made only for the payment of all necessary and reasonable expenses of the operation and maintenance of the System (such remaining revenues the "Net Pledged Revenues"), sums sufficient to pay when due the Bond Requirements of the Bonds and any other parity securities, parity credit facility obligations or parity financial products agreements heretofore or hereafter issued or entered into and to maintain a specified reserve for such purpose.

The Bonds are equitably and ratably secured by a lien on the Gross Pledged Revenues, and the Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues on a parity with the lien thereon of certain other outstanding utilities system revenue bonds of the City, certain parity credit facility obligations and certain parity financial products agreements. Securities, in addition to the Bonds, subject to expressed conditions, may be issued and made payable from the Net Pledged Revenues having a lien thereon subordinated and junior to the lien, or, subject to additional expressed conditions, having a lien thereon on a parity with the lien, of the Bonds in accordance with the provisions of the Ordinance.

The City covenants and agrees with the Owner of this Bond and with each and every person who may become the Owner hereof that it will keep and will perform all of the covenants of the Ordinance, including, without limitation, its covenant against the sale or mortgage of all or substantially all of the System unless provision shall be made for the payment of the Bond Requirements of the Bonds and its covenant that it will fix, maintain and collect charges for services rendered by and use of the System at least sufficient to produce Gross Pledged Revenues annually to pay the annual operation and maintenance expenses of the System and one hundred thirty percent (130%) of both the principal of and the interest on the Bonds and any other parity securities and certain other obligations payable annually from the Net Pledged Revenues (excluding reserves therefor).

Reference is made to the Ordinance and any and all modifications and amendments thereof for an additional description of the nature and extent of the security for the Bonds, the accounts, funds or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the Owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued, and a statement of the rights, duties, immunities and obligations of the City, and other rights and remedies of the Owners of the Bonds. A copy of the Ordinance is on file in the office of the City Clerk.

To the extent and in the respects permitted by the Ordinance, the provisions of the Ordinance or any ordinance amendatory thereof or supplemental thereto may be modified or amended by action of the City taken in the manner and subject to the conditions and exceptions prescribed in the Ordinance. The pledge of revenues and other security under the Ordinance may be discharged at or prior to the maturity or the prior redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Ordinance.

This Bond shall not be valid or obligatory for any purpose until an authorized signatory of the Paying Agent shall have manually signed the certificate of authentication hereon.

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

It is also certified, recited, and warranted that the Bonds are issued under the authority of Article XX of the Constitution of the State, the Ordinance and the Supplemental Public Securities Act (as defined in the Ordinance). It is the intention of the City, as expressed in the Ordinance, that this recital shall conclusively impart full compliance with all of the provisions of the Ordinance and shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value and that all of the Bonds issued are incontestable for any cause whatsoever after their delivery for value.

IN WITNESS WHEREOF, the City has caused this Bond to be signed and executed in its name and upon its behalf with the facsimile signatures of the Chief Executive Officer of Colorado Springs Utilities and the Chief Planning and Finance Officer of Colorado Springs Utilities, all as of the date specified above.

CITY OF COLORADO SPRINGS, COLORADO

By _____ (For Facsimile Signature)
Chief Executive Officer of
Colorado Springs Utilities

By _____ (For Facsimile Signature)
Chief Planning and Finance Officer
of Colorado Springs Utilities

(END OF FORM OF BOND)

* Insert only if the Bonds are delivered pursuant to paragraph C of Section 310 of this ordinance.

** Insert only if the Bonds are initially delivered to The Depository Trust Company pursuant to the first paragraph of Section 310 of this ordinance.

Note: Insert or delete bracketed language as applicable to appropriately designate sinking fund redemption determinations made at pricing of Bonds subsequent to adoption of this ordinance.

(FORM OF CERTIFICATE OF AUTHENTICATION)

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Paying Agent

By _____
Authorized Signatory

Date of Authentication and Registration: _____

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

(FORM OF ASSIGNMENT)

ASSIGNMENT

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

Dated: _____

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

Signature Guaranteed:

Address of Transferee:

Social Security or other tax
identification number of
transferee:

(END OF FORM OF ASSIGNMENT)

**** (FORM OF PREPAYMENT PANEL)**

PREPAYMENT PANEL

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

<u>Date of Prepayment</u>	<u>Principal Prepaid</u>	<u>Signature of Authorized Representative of DTC</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(END OF FORM OF PREPAYMENT PANEL) **

(Attach Affidavit of Publication, by Title and Summary,
of Ordinance No. 19-6 upon First Reading)

Proof of Publication

THE TRANSCRIPT
Colorado Springs, Colorado

STATE OF COLORADO, } ss.
COUNTY OF EL PASO }

I, Amy Sweet, Publisher and Executive Editor, or the undersigned Authorized Agent of the Publisher and Executive Editor, do solemnly swear that I am the Publisher and Executive Editor, or Authorized Agent of the Publisher and Executive Editor of The Transcript; that the same is a tri-weekly newspaper and published in the County of El Paso, State of Colorado, and has a general circulation therein; that said newspaper has been published continuously and uninterruptedly in said County of El Paso for a period of more than fifty-two consecutive weeks prior to the first publication of the annexed legal notice or advertisement; that said newspaper has been admitted to the United States mails as second-class matter under the provisions of the Act of March 3, 1879, or any amendments thereof, and that said newspaper is a tri-weekly newspaper duly qualified for publishing legal notices and advertisements within the meaning of the laws of the State of Colorado.

That the annexed legal notice or advertisement was published in the regular and entire issue of every number of said tri-weekly newspapers for the period of 1 consecutive insertion(s), and/or once each week and on the same days of each week; and that the first publication of said notice was in the issue of said newspaper dated:

14/1/00

ORDINANCE NO. 19-61

AN ORDINANCE OF THE CITY OF COLORADO SPRINGS, COLORADO PROVIDING FOR THE REFUNDING OF CERTAIN OUTSTANDING UTILITIES SYSTEM REVENUE BONDS OF THE CITY; PROVIDING FOR THE EXTENSION, BETTERMENT, OTHER IMPROVEMENT AND EQUIPMENT OF THE CITY OF COLORADO SPRINGS UTILITIES SYSTEM; PROVIDING FOR THE ISSUANCE AND SALE OF THE CITY OF COLORADO SPRINGS, COLORADO, UTILITIES SYSTEM REFUNDING REVENUE BONDS, SERIES 2019A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$110,000,000, PAYABLE SOLELY OUT OF THE NET REVENUES TO BE DERIVED FROM THE OPERATION OF THE CITY OF COLORADO SPRINGS UTILITIES SYSTEM; AUTHORIZING THE EXECUTION BY THE CITY OF A PAYING AGENT AGREEMENT, A BOND PURCHASE AGREEMENT AND AN OFFICIAL STATEMENT RELATED THERETO; AND PROVIDING OTHER MATTERS RELATING THERETO

The above entitled ordinance ("Ordinance") was introduced and passed on first reading at the regular meeting of the City Council (the "Council") held on September 10, 2019 and is scheduled to be considered for final passage on second reading at the regular meeting of the Council to be held on September 24, 2019. The Ordinance is available for public inspection and acquisition in the office of the City Clerk in the City Administration Building. The following is a summary of the Ordinance:

PREAMBLES

The preambles recite the legal organization and existence of the City, its ownership and operation of a municipal water system, electric light and power system, gas system, wastewater system and certain other systems designated by the Council (collectively the "System"), the outstanding Series 2009E Bond (the "Series 2010 CWRPDA Bond") issued by the City to the Colorado Water Resources and Power Development Authority and the outstanding Series 2000A, 2000B, 2005A, 2006B, 2007A, 2008A, 2008D, 2009A, 2009B-1, 2009B-2, 2009C, 2009D-2, 2010A-1, 2010A-2, 2010B-2, 2010C, 2010D-2, 2010D-3, 2010D-4, 2011A, 2012A, 2012B, 2012C-1, 2012C-2, 2013A, 2013B-1, 2013B-2, 2014A-1, 2014A-2, 2015A, 2017A-1, 2017A-2, 2017A-3, 2018A-1, 2018A-2, 2018A-3, and 2018A-4 Bonds of the City (collectively with the Series 2010 CWRPDA Bond, the "Outstanding Parity Bonds"), payable from the gross revenues derived from the operation of the System ("Gross Pledged Revenues"), after provision is made for the payment of the operation and maintenance expenses of the System ("Net Pledged Revenues"), the proposal to current refund all of the 2000A Bonds (the "2000A Bonds") to be set forth in a supplemental certificate and issuing therefor its City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2019A (the "Bonds") and the compliance with the conditions in the ordinances authorizing the Outstanding Parity Bonds for issuance of additional parity securities.

ARTICLE I

This article sets forth definitions of terms used in the Ordinance, ratifies action theretofore taken, repeals inconsistent action theretofore taken, if any, provides for the severability and irrepealability of the Ordinance, provides that the Ordinance shall be published twice, with the first publication to be at least ten days before final passage by Council, and the second publication to be any time after the final adoption of the Ordinance, provides that the Ordinance shall be in full force and effective five days after its final publication, and provides

(Attach Affidavit of Publication, by Title and Summary,
of Ordinance No. 19-~~6~~ upon Second Reading)

Proof of Publication

THE TRANSCRIPT
Colorado Springs, Colorado

THE STATE OF COLORADO } ss.
COUNTY OF EL PASO }

I, my Sweet, Publisher and Executive Editor, or the
Authorized Agent of the Publisher and
Executive Editor, do solemnly swear that I am the
Publisher and Executive Editor, or Authorized Agent of
The Transcript; that said newspaper has
been published continuously and uninterrupted in said
County of El Paso for a period of more than fifty-two
consecutive weeks prior to the first publication of the
advertisements within the term of the laws of the
State of Colorado.

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ORDINANCE NO. 19-61

AN ORDINANCE OF THE CITY OF COLORADO SPRINGS, COLORADO
PROVIDING FOR THE REFUNDING OF CERTAIN OUTSTANDING
UTILITIES SYSTEM REVENUE BONDS OF THE CITY; PROVIDING FOR THE
EXTENSION, BETTERMENT, OTHER IMPROVEMENT AND EQUIPMENT
OF THE CITY OF COLORADO SPRINGS UTILITIES SYSTEM; PROVIDING
FOR THE ISSUANCE AND SALE OF THE CITY OF COLORADO SPRINGS,
COLORADO, UTILITIES SYSTEM REFUNDING REVENUE BONDS,
SERIES 2019A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
\$110,000,000, PAYABLE SOLELY OUT OF THE NET REVENUES TO BE
DERIVED FROM THE OPERATION OF THE CITY OF COLORADO SPRINGS
UTILITIES SYSTEM, AUTHORIZING THE EXECUTION BY THE CITY OF A
PAYING AGENT AGREEMENT, A BOND PURCHASE AGREEMENT AND AN
OFFICIAL STATEMENT RELATED THERETO, AND PROVIDING OTHER
MATTERS RELATING THERETO

The above entitled ordinance ("Ordinance") was introduced and passed on
first reading at the regular meeting of the City Council (the "Council") held on
September 10, 2019 and is scheduled to be considered for final passage on
second reading at the regular meeting of the Council to be held on September
24, 2019. The Ordinance is available for public inspection and acquisition in
the office of the City Clerk in the City Administration Building. The following is
a summary of the Ordinance.

PREAMBLES

The preambles recite the legal organization and existence of the City, its
ownership and operation of a municipal water system, electric light and power
system, gas system, wastewater system and certain other systems designated
by the Council (collectively the "System"), the outstanding Series 2009E Bond
(the "Series 2010 CWRPDA Bond") issued by the City to the Colorado Water
Resources and Power Development Authority and the outstanding Series
2000A, 2000B, 2005A, 2006B, 2007A, 2008A, 2008D, 2009A, 2009B-1,
2009B-2, 2009C, 2009D-2, 2010A-1, 2010A-2, 2010B-2, 2010C, 2010D-2,
2010D-3, 2010D-4, 2011A, 2012A, 2012B, 2012C-1, 2012C-2, 2013A, 2013B-
1, 2013B-2, 2014A-1, 2014A-2, 2015A, 2017A-1, 2017A-2, 2017A-3, 2018A-
1, 2018A-2, 2018A-3, and 2018A-4 Bonds of the City (collectively with the
Series 2010 CWRPDA Bond, the "Outstanding Parity Bonds"), payable from
the gross revenues derived from the operation of the System ("Gross Pledged
Revenues"), after provision is made for the payment of the operation and
maintenance expenses of the System ("Net Pledged Revenues"), the proposal
to current refund all of the 2000A Bonds (the "2000A Bonds") to be set forth
in a supplemental certificate and issuing therefor its City of Colorado Springs,
Colorado, Utilities System Refunding Revenue Bonds, Series 2019A (the
"Bonds") and the compliance with the conditions in the ordinances authorizing
the Outstanding Parity Bonds for issuance of additional parity securities.

ARTICLE I

This article sets forth definitions of terms used in the Ordinance, ratifies
action theretofore taken, repeals inconsistent action theretofore taken, if any,
provides for the severability and irrepealability of the Ordinance, provides that
the Ordinance shall be published twice, with the first publication to be at least
ten days before final passage by Council, and the second publication to be any
time after the final adoption of the Ordinance, provides that the Ordinance shall
be in full force and effective five days after its final publication, and provides
for the publication of the Ordinance by title with the summary written by me
pursuant to the Charter.

ARTICLE II

This article states the authority for the Ordinance, that the Bonds are equally
secured and constitute special obligations of the City payable solely out of
the Net Pledged Revenues and shall not constitute an indebtedness or
debt of the City within the meaning of any constitutional or statutory provision
or limitation, that the Bonds shall not give rise to recourse against officers,
employees or other agents of the City, that the refunding of the 2000A Bonds
is authorized, confirms the enterprise status of the Utilities, authorizes
sale of the Bonds to BofA Securities, Inc. and J.P. Morgan Securities LLC
pursuant to a bond purchase agreement, approves the terms of a continuing
disclosure undertaking and a paying agent agreement relating to the Bonds,
authorizes the preparation of a final official statement with respect to the
Bonds and delegates to the Chief Executive Officer, the Chief Planning
Finance Officer and the General Manager of Financial Services of the City
the power to approve the rates of interest, purchase price, principal amount,
maturity schedule and mandatory sinking fund schedule for the Bonds and
certain specified parameters.


ARTICLE III

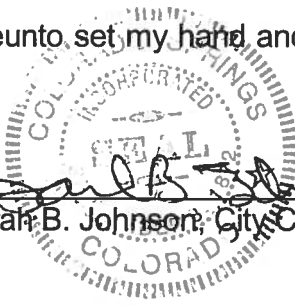
This article authorizes the Bonds, provides that they will be payable
registered owners thereof, are dated as of the date of their delivery, cc
Bonds in the denominations of \$5,000 and any integral multiple thereof
that interest is payable on May 15 and November 15 of each year, commencing
May 15, 2020.

This article provides the Bonds mature on November 15 in the year
in the amounts and bear interest at the rates per annum to be set forth in
supplemental certificate and that the Bonds maturing in the years, 1999-2000
in such supplemental certificate are subject to mandatory sinking fund
redemption in the amounts set forth in such supplemental certificate. The
Bonds are subject to redemption at the option of the City on November 15
of the years set forth in a supplemental certificate at a redemption price
of 100% of the principal amount thereof plus accrued interest thereon.

I HEREBY CERTIFY, that the foregoing ordinance entitled “AN ORDINANCE OF THE CITY OF COLORADO SPRINGS, COLORADO PROVIDING FOR THE REFUNDING OF CERTAIN OUTSTANDING UTILITIES SYSTEM REVENUE BONDS OF THE CITY; PROVIDING FOR THE EXTENSION, BETTERMENT, OTHER IMPROVEMENT AND EQUIPMENT OF THE CITY OF COLORADO SPRINGS UTILITIES SYSTEM; PROVIDING FOR THE ISSUANCE AND SALE OF THE CITY OF COLORADO SPRINGS, COLORADO, UTILITIES SYSTEM REFUNDING REVENUE BONDS, SERIES 2019A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$110,000,000, PAYABLE SOLELY OUT OF THE NET REVENUES TO BE DERIVED FROM THE OPERATION OF THE CITY OF COLORADO SPRINGS UTILITIES SYSTEM; AUTHORIZING THE EXECUTION BY THE CITY OF A PAYING AGENT AGREEMENT, A BOND PURCHASE AGREEMENT AND AN OFFICIAL STATEMENT RELATED THERETO; AND PROVIDING OTHER MATTERS RELATING THERETO” was introduced and read at a regular meeting of the City Council of the City of Colorado Springs, held on September 10th, 2019; that said ordinance was finally passed at a regular meeting of the City Council of said City, held on the 24th day of September, 2019, and that the same was published by title and summary, in accordance with Section 3-80 of Article III of the Charter, in the Transcript, a newspaper published and in general circulation in said City, at least ten days before its passage.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City, this 24th day of September, 2019.


Sarah B. Johnson, City Clerk



1st Publication Date: September 13th, 2019
2nd Publication Date: September 27th, 2019

Effective Date: October 2nd, 2019

Initial: SBS
City Clerk