

ORDINANCE NO. 11

SERIES 2000

April 18, 2000: Introduced as Council Bill No. 10 Series of 2000 by Doug Tisdale, seconded by Viola Lahana, and considered by title only on first reading. Passed unanimously.

May 30, 2000: Considered in full text on second reading. Passed unanimously. Designated as Ordinance No. 11, Series 2000.

AN ORDINANCE OF THE CITY OF CHERRY HILLS VILLAGE, COLORADO, AUTHORIZING THE ISSUANCE OF SPECIAL ASSESSMENT BONDS, TAXABLE SERIES 2000A IN THE AGGREGATE PRINCIPAL AMOUNT OF \$595,000 AND TAX-EXEMPT SERIES 2000B IN THE AGGREGATE PRINCIPAL AMOUNT OF \$930,000; PRESCRIBING THE FORM OF THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS FROM SPECIAL ASSESSMENTS IMPOSED UPON PROPERTY WITHIN THE CITY OF CHERRY HILLS VILLAGE SPECIAL IMPROVEMENT DISTRICT NO. 7 AND MAKING CERTAIN COVENANTS IN CONNECTION THEREWITH; PROVIDING OTHER DETAILS AND APPROVING VARIOUS DOCUMENTS IN CONNECTION WITH THE BONDS; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Cherry Hills Village, Arapahoe County, Colorado (the "City"), is a home rule municipality and political subdivision of the State of Colorado (the "State"), duly organized and operating under the Charter of the City (the "City Charter") and the constitution and laws of the State; and

WHEREAS, pursuant to Ordinance No. 6, Series of 1998 of the City, the City has created the Cherry Hills Village Special Improvement District No. 7 (the "District") for the purpose of constructing, installing and acquiring water system improvements consisting of water mains and service lines, control valves, fire hydrants and other infrastructure necessary to provide a permanent water supply to the property located within the District boundary (the "Project") and assessing the costs thereof against the real property included in the District; and

WHEREAS, in accordance with the requirements of Section 20 of Article X of the State Constitution, at an election duly held on April 4, 2000, a majority of the votes cast by the registered electors who were owners of property within or residents of the District approved the following ballot question:

SHALL THE CITY OF CHERRY HILLS VILLAGE DEBT (FOR THE CITY OF CHERRY HILLS VILLAGE SPECIAL IMPROVEMENT DISTRICT NO. 7) BE INCREASED BY UP TO \$1,800,000, WITH A MAXIMUM REPAYMENT COST OF \$3,800,000, FOR THE PURPOSE OF FINANCING WATER SYSTEM IMPROVEMENTS CONSISTING OF WATER MAINS AND SERVICE LINES, CONTROL VALVES, FIRE HYDRANTS AND OTHER INFRASTRUCTURE NECESSARY TO PROVIDE A PERMANENT WATER SUPPLY TO THE CHARLOU PARK ADDITION AND THE CHARLOU PARK SECOND ADDITION, INCLUDING FEES AND COSTS ANCILLARY THERETO, BY THE ISSUANCE OF SPECIAL ASSESSMENT BONDS PAYABLE FROM SPECIAL ASSESSMENTS IMPOSED AGAINST BENEFITED PROPERTIES LOCATED WITHIN THE DISTRICT AND FROM OTHER FUNDS WHICH MAY BE LAWFULLY PLEDGED TO THE PAYMENT OF SUCH BONDS, WHICH BONDS SHALL BE ISSUED, DATED, AND SOLD AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HEREWITH, AS THE CITY COUNCIL MAY DETERMINE; SHALL THE AUTHORIZATION ESTABLISHED PURSUANT TO THIS BALLOT ISSUE, IF APPROVED BY ELECTORS WITHIN THE DISTRICT, SUPERSEDE AND REPLACE THE BALLOT ISSUE APPROVED BY ELECTORS WITHIN THE DISTRICT AT THE ELECTION HELD ON NOVEMBER 3, 1998 (PROVIDED, HOWEVER, THIS BALLOT ISSUE, IF NOT APPROVED BY ELECTORS WITHIN THE DISTRICT, SHALL NOT RESCIND THE NOVEMBER 3, 1998 BORROWING AUTHORITY); AND SHALL THE REVENUES FROM SUCH SPECIAL ASSESSMENTS AND ANY EARNINGS THEREON AND FROM THE INVESTMENT OF THE PROCEEDS OF SUCH BONDS CONSTITUTE A VOTER-APPROVED REVENUE CHANGE?

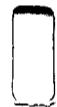
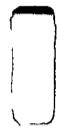
WHEREAS, pursuant to Section 10.4 of the City Charter, bonds of the City must be sold to the highest and best bidder for cash at public sale and, in accordance with such requirement, a public sale for the bonds was held on May 23, 2000;

WHEREAS, after all bids were received and tabulated for the best bid in conformity with the resolution of the City authorizing the same, and after consultation with the City Mayor and the City Manager, the City Director of Finance awarded the sale of the bonds to the Original Purchasers as defined herein; and

WHEREAS, none of the members of the City Council have any potential conflicting interests in connection with the authorization, issuance, or sale of the bonds, or the use of the proceeds thereof; and

WHEREAS, the City Council desires to authorize the execution of the necessary and appropriate documents.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CHERRY HILLS VILLAGE, COLORADO, ORDAINS:



Section 1. Definitions. The following terms shall have the following meanings as used in this Ordinance:

“*Bonds*” means the 2000A Bonds and the 2000B Bonds.

“*Bond Account*” means the “Special Improvement District No. 7 Bond Account” created in the section hereof entitled “Creation of Accounts.”

“*Bond Counsel*” means (a) as of the date of issuance of the Bonds, Kutak Rock LLP, of Denver, Colorado, and (b) as of any other date, Kutak Rock LLP or such other attorneys selected by the City with nationally recognized expertise in the issuance of municipal bonds.

“*Business Day*” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State are authorized or obligated by law or executive order to be closed for business.

“*City*” means the City of Cherry Hills Village, Colorado.

“*City Charter*” means the Charter of the City of Cherry Hills Village, Colorado.

“*City Council*” means the City Council of the City.

“*Code*” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations proposed or in effect thereunder and applicable to the Bonds or the use of proceeds thereof, unless the context clearly requires otherwise.

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

“*District*” means “The City of Cherry Hills Village Special Improvement District No. 7” created pursuant to Ordinance No. 6, Series of 1998 of the City.

“*Event of Default*” means any of the events specified in the section hereof entitled “Events of Default.”

“*Federal Securities*” means bills, certificates of indebtedness, notes, bonds or similar securities which are direct non-callable obligations of the United States of America or which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America.

“*2000A Bonds*” means the Special Improvement District No. 7 Taxable Special Assessment Bonds, Taxable Series 2000A, dated June 1, 2000, authorized herein.

“*2000B Bonds*” means the Special Improvement District No. 7 Special Assessment Bonds, Tax-Exempt Series 2000B, dated June 1, 2000, authorized herein.

“*Notice of Bond Sale*” means the Notice of Bond Sale approved as to form in a Resolution of the City approved on April 18, 2000.

“*Official Statement*” means the final version of the Preliminary Official Statement.

“*Ordinance*” means this ordinance which authorizes the issuance of the Bonds, including any amendments properly made hereto.

“*Original Purchasers*” means Kirkpatrick Pettis, the original purchaser of the 2000A Bonds and Dain Rauscher, Inc., the original purchaser of the 2000B Bonds.

“*Outstanding*” means as of any date all Bonds except the following:

(a) any Bond cancelled by the City or the Paying Agent, or otherwise on the City’s behalf, at or before such date;

(b) any Bond for the payment or the redemption of which moneys or Federal Securities sufficient to meet all of the payment requirements of the principal of and interest on such Bond to the date of maturity or any redemption date thereof, shall have theretofore been deposited in trust for such purpose; and

(c) any lost, apparently destroyed, or wrongfully taken Bond in lieu of or in substitution for which another bond or other security shall have been executed and delivered.

“*Owner*” or “*Owners*” means the Person or Persons in whose name or names a Bond is registered on the registration books maintained by the Paying Agent pursuant hereto.

“*Paying Agent*” means The Bank of Cherry Creek, N.A., in Denver, Colorado, and its successors in interest or assigns approved by the City, which shall act as paying agent, bond registrar, and authenticating agent for the Bonds.

“*Paying Agent Agreement*” means the agreement between the City and the Paying Agent regarding the establishment of the duties and responsibilities of the Paying Agent.



“Permitted Investments” means any investment lawfully permitted by applicable State law and the City’s investment policy.

“Person” means a corporation, firm, other body corporate, partnership, association or individual and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

“Preliminary Official Statement” means the Preliminary Official Statement dated May 5, 2000, concerning the Bonds, the District and the City.

“Project” means the construction, installation and acquisition of the water system improvements consisting of water mains and service lines, control valves, fire hydrants and other infrastructure necessary to provide a permanent water supply to the property located within the District boundary, all as more specifically set forth in the plans and specifications approved pursuant to Ordinance No. 6, Series of 1998 of the City.

“Project Account” means the “Special Improvement District No. 7 Project Account” created in the section hereof entitled “Creation of Accounts.”

“Project Costs” means the City’s costs properly attributable to the Project, or any parts thereof, including without limitation: all engineering, inspection, fiscal and legal expenses; the costs of reimbursing funds advanced by the City in anticipation of reimbursement from Bond proceeds, including any intrafund or interfund loan; the costs of issuing the Bonds; all expenses as may be necessary or incident to the financing, construction, installation, acquisition and completion of the Project; and all other lawful costs as determined by the City Council.

“Record Date” means the last day of the calendar month next preceding each interest payment date.

“Special Assessment Net Proceeds” means the proceeds of the District special assessments imposed and collected pursuant to an assessment ordinance adopted by the City Council on or about the date of adoption of this Ordinance, less any collection fees of the County Treasurer or the City Treasurer permitted to be retained in accordance with the City Charter and State law.

“State” means the State of Colorado.

Section 2. Authorization and Purpose of the Bonds. Pursuant to and in accordance with the City Charter and the Constitution of the State of Colorado, and all other laws of the State of Colorado thereunto enabling, there shall be issued by the City the “Special Improvement District No. 7 Taxable Special Assessment Bonds, Taxable Series 2000A”, in the aggregate principal amount of \$595,000, and the “Special Improvement District No. 7 Special Assessment Bonds, Tax-Exempt Series 2000B”, in the aggregate principal amount of \$930,000. The Bonds shall be issued for the purpose of paying the Project Costs.

Section 3. Bond Details.

(a) *Registered Form, Denominations, Original Dated Date and Numbering.* The Bonds shall be issued as fully registered bonds in denominations of \$1,000 or any integral multiple thereof, shall be dated as of an original dated date of June 1, 2000, shall be consecutively numbered, with numbers commencing with the 2000A Bonds and continuing with the 2000B Bonds, in the manner determined by the Paying Agent and shall be registered in the names of the Persons identified in the registration books of the City maintained by the Paying Agent.

(b) *Maturity Dates, Principal Amounts and Interest Rates.* The 2000A Bonds shall all mature on December 15, 2011. The 2000A Bonds shall bear interest at the rates per annum (calculated based on a 360-day year of twelve 30-day months), as set forth in the following estimated redemption schedule:

Estimated Redemption Year	Principal Amount	Bond Numbers	Interest Rate
2001	\$54,000	1 through 54	8.75%
2002	38,000	55 through 92	8.75
2003	41,000	93 through 133	8.75
2004	44,000	134 through 177	8.75
2005	47,000	178 through 224	8.75
2006	51,000	225 through 275	8.75
2007	55,000	276 through 330	8.75
2008	59,000	331 through 389	8.75
2009	64,000	390 through 453	8.75
2010	69,000	454 through 522	8.75
2011	73,000	523 through 595	8.75

The 2000B Bonds shall all mature on December 15, 2020. The 2000B Bonds shall bear interest at the rates per annum (calculated based on a 360-day year of twelve 30-day months), as set forth in the following estimated redemption schedule:



Estimated Redemption Year	Principal Amount	Bond Numbers	Interest Rate
2011	\$ 3,000	596 through 598	5.80%
2012	81,000	599 through 679	5.80
2013	85,000	680 through 764	5.80
2014	90,000	765 through 854	5.90
2015	96,000	855 through 950	5.90
2016	101,000	951 through 1,051	6.00
2017	108,000	1,052 through 1,159	6.00
2018	115,000	1,160 through 1,274	6.00
2019	122,000	1,275 through 1,396	6.00
2020	129,000	1,397 through 1,525	6.00

The maximum net effective interest rate authorized on the Bonds is hereby specified to be 7.50% per annum and the actual net effective interest rate on the Bonds does not exceed said amount. The debt represented by the Bonds does not exceed \$1,800,000, and the estimated repayment cost of the Bonds does not exceed \$3,800,000.

(c) *Accrual and Dates of Payment of Interest.* Interest on the Bonds shall accrue at the rates set forth above from the later of the original dated date or the latest interest payment date (or in the case of defaulted interest, the latest date) to which interest has been paid in full and shall be payable on June 15 and December 15 of each year, commencing December 15, 2000.

(d) *Manner and Form of Payment.* Principal of and the final installment of interest on each Bond shall be payable to the Owner thereof upon presentation and surrender of such bond at the principal operations office of the Paying Agent or at such other location as identified by the Paying Agent. Interest (other than the final installment of interest) on each Bond shall be payable by check or draft of the Paying Agent mailed on the interest payment date to the Owner thereof as of the Record Date. All payments of the principal of and interest on the Bonds shall be made in lawful money of the United States of America.

Section 4. Form of the Bonds. The Bonds shall be in substantially the form set forth in Appendix A hereto, with such changes thereto, not inconsistent herewith, as may be necessary or desirable and approved by the officials of the City executing the same (whose manual or facsimile signatures thereon shall constitute conclusive evidence of such approval). Although attached as an appendix for the convenience of the reader, Appendix A is an integral part of this Ordinance and is incorporated herein as if set forth in full in the body of this Ordinance.

Section 5. Execution, Authentication and Delivery of the Bonds.

(a) *Execution.* The Bonds shall be executed in the name and on behalf of the City with the manual or facsimile signature of the Mayor, shall be countersigned with the manual or facsimile signature of the City Treasurer, shall bear a manual or facsimile of the seal of the City and shall be attested by the manual or facsimile signature of the City Clerk, all of whom are hereby authorized and directed to prepare and execute the Bonds in accordance with the requirements hereof. Should any officer whose manual or facsimile signature appears on the Bonds cease to be such officer before delivery of any Bond, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes.

(b) *Authentication.* When the Bonds have been duly executed, the officers of the City are authorized to, and shall, deliver the Bonds to the Paying Agent for authentication. No Bond shall be secured by or entitled to the benefit of this Ordinance, or shall be valid or obligatory for any purpose, unless the certificate of authentication of the Paying Agent has been manually executed by an authorized signatory of the Paying Agent. The executed certificate of authentication of the Paying Agent upon any Bond shall be conclusive evidence, and the only competent evidence, that such Bond has been properly authenticated hereunder.

(c) *Delivery.* Upon the authentication of the Bonds, the Paying Agent shall deliver the same at the direction of the City. The Original Purchasers shall provide the Paying Agent with all necessary information for registration of the Owners of the Bonds on the date of delivery of the Bonds. Upon receipt of the agreed purchase price of the Bonds from the Original Purchasers, respectively, in accordance with the Notice of Bond Sale, and issuance of the approving opinion of Bond Counsel, the Paying Agent shall be authorized to release the Bonds to the Owners thereof.

Section 6. Registration, Transfer and Exchange of the Bonds.

(a) *Registration.* The Paying Agent shall maintain registration books in which the ownership, transfer and exchange of Bonds shall be recorded. The person in whose name any Bond shall be registered on such registration books shall be deemed to be the absolute owner thereof for all purposes, whether or not payment on any Bond shall be overdue, and neither the City nor the Paying Agent shall be affected by any notice or other information to the contrary.

(b) *Transfer and Exchange.* The Bonds may be transferred or exchanged, at the principal office of the Paying Agent at the location identified in the definition of Paying Agent in the section hereof entitled "Definitions," upon payment by the transferee of a transfer fee, any tax or governmental charge required to be paid with respect to such transfer or exchange and any cost of printing bonds in connection therewith. Upon surrender for transfer of any Bond, duly endorsed for transfer or accompanied by an



assignment duly executed by the Owner or his or her attorney duly authorized in writing, the City shall execute and the Paying Agent shall authenticate and deliver in the name of the transferee a new Bond.

(c) ***Limitations on Transfer.*** The City and Paying Agent shall not be required to issue or transfer any Bonds: (i) during a period beginning at the close of business on the Record Date and ending at the opening of business on the first Business Day following the ensuing interest payment date, or (ii) during the period beginning at the opening of business on a date 45 days prior to the date of any redemption of Bonds and ending at the opening of business on the first Business Day following the day on which the applicable notice of redemption is mailed. The Paying Agent shall not be required to transfer any Bonds selected or called for redemption.

Section 7. Replacement of Lost, Destroyed or Stolen Bonds. If any Bond shall become lost, apparently destroyed, stolen or wrongfully taken, it may be replaced in the form and tenor of the lost, destroyed, stolen or taken bond and the City shall execute and the Paying Agent shall authenticate and deliver a replacement Bond upon the Owner furnishing, to the satisfaction of the Paying Agent: (a) proof of ownership (which shall be shown by the registration books of the Paying Agent), (b) proof of loss, destruction or theft, (c) an indemnity to the City and the Paying Agent with respect to the Bond lost, destroyed or taken, and (d) payment of the cost of preparing and executing the new bond or bonds.

Section 8. Redemption of Bonds Prior to Maturity.

(a) ***Optional Redemption.*** The Bonds are subject to call and prior payment on any interest payment date, in direct numerical order as indicated by Bond number, upon payment of par and accrued interest.

(b) ***Redemption Procedures.*** Notice of any redemption of Bonds shall be given by the Paying Agent in the name of the City by sending a copy of such notice by first-class, postage prepaid mail, not less than 30 days prior to the redemption date, to the Owner of each Bond being redeemed. Such notice shall specify the number or numbers of the Bonds so to be redeemed (if redemption shall be in part) and the redemption date. If any Bond shall have been duly called for redemption and if, on or before the redemption date, there shall have been deposited with the Paying Agent in accordance with this Ordinance funds sufficient to pay the redemption price of such Bond on the redemption date, then such Bond shall become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Failure to deliver any redemption notice or any defect in any redemption notice shall not affect the validity of the proceeding for the redemption of Bonds with respect to which such failure or defect did not occur. Any Bond redeemed prior to its maturity by prior redemption or otherwise shall not be reissued and shall be cancelled.

Section 9. Reaffirmation of Fund; Creation of Accounts.

(a) ***Reaffirmation of Existing Fund.*** There is reaffirmed the "Special Improvement District No. 7 Fund", as established pursuant to City Ordinance No. 3, Series 1998.

(b) ***Creation of Accounts.*** There are hereby created and established the Bond Account and the Project Account within the Special Improvement District No. 7 Fund. In accordance with generally accepted accounting principles, for the purpose of accounting for the moneys provided for in this Ordinance the City Treasurer may create offsetting revenue and expense accounts not inconsistent with the provisions hereof, all as may be determined by the City Treasurer.

Section 10. Application of Proceeds of the Bonds.

(a) ***Application of Bond Proceeds.*** Upon payment to the City of the purchase price of the Bonds in accordance with the Notice of Bond Sale, the proceeds received by the City from the sale of the Bonds shall be applied as a supplemental appropriation of the City as follows:

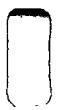
(i) accrued interest on the Bonds from the dated date thereof to the date of issuance and capitalized interest shall be deposited into the Bond Account; and

(ii) all remaining proceeds shall be deposited into the Project Account.

Section 11. Bond Account.

(a) ***Pledge of Bond Account.*** The Bonds and the interest thereon shall be payable solely from, and as security for such payment there is pledged, the Bond Account. The Bond Account shall contain: (i) the accrued interest and capitalized interest on the Bonds; (ii) the Special Assessment Net Proceeds; and (iii) other funds legally available therefore, including without limitation the net proceeds of any bonds or other obligations issued to refund the Bonds.

(b) ***Use of Moneys in the Bond Account.*** Whenever the balance of funds in the Bond Account exceeds (i) on May 10th of the calendar year, the interest on the unpaid principal of the Outstanding Bonds for the next succeeding June 15 and December 15 interest payment dates, or (ii) on November 10th of the calendar year, the interest on the unpaid principal of the Outstanding Bonds for the next succeeding December 15 interest payment date, the City Treasurer shall call in or direct the Paying



Agent to call in a suitable number of Bonds for payment, in direct numerical order, on the next succeeding interest payment date.

(c) ***Investments.*** Moneys deposited in the Bond Account may be invested or deposited in securities or obligations which are Permitted Investments. The investment of moneys deposited in the Bond Account shall, however, be subject to the covenants and provisions of the section hereof entitled "Covenants Regarding Exclusion of Interest on 2000B Bonds from Gross Income for Federal Income Tax Purposes."

Section 12. Project Account.

(a) ***Use of Moneys in Project Account.*** All moneys deposited in the Project Account shall be applied solely to the payment of the Project Costs. Upon the determination of the City Council that all Project Costs have been paid or are determinable, any balance remaining in the Project Account (less any amounts necessary to pay Project Costs not then due and owing) shall be transferred to the Bond Account.

(b) ***Investments.*** Moneys deposited in the Project Account may be invested or deposited in securities or obligations which are Permitted Investments. The investment of moneys deposited in the Project Account shall, however, be subject to the covenants and provisions of the section hereof entitled "Covenants Regarding Exclusion of Interest on 2000B Bonds from Gross Income for Federal Income Tax Purposes." Except to the extent otherwise required by such section, interest income from the investment or reinvestment of moneys deposited in the Project Account shall remain in said account.

Section 13. General Covenants. In addition to the other covenants of the City contained herein, the City hereby further covenants for the benefit of Owners of the Bonds that:

(a) ***Levy of Assessments.*** The City Council will cause the assessments to be levied in amounts calculated to be sufficient to pay the principal of and interest on the Bonds for the benefit of the Owners of the Bonds. The City covenants to credit promptly or cause to be deposited to the Bond Account the Special Assessment Net Proceeds, and take such action as may be reasonably necessary and practicable to enforce the collection for such assessments in the manner provided by law.

(b) ***Collection and Disposition of Assessments.*** So long as any of the Bonds remain outstanding, the City will keep or cause to be kept books and records showing full, true and complete entries covering the collection and disposition of the assessments and any delinquencies in the collection thereof, covering deposits and disbursements in each of the accounts herein described, and covering the payment of the Bonds. Any Owner shall have the right at all reasonable times to inspect such books and records.

(c) ***Audits.*** At least once a year in the time and manner provided by law, the City will cause an audit to be performed of the records relating to the Bond Account and the Project Account. Such audit may be made part of and included within the general audit of the City, and made at the same time as the general audit. In addition, at least once a year in the time and manner provided by law, the City will cause a budget to be prepared and adopted. Copies of the budget and the audit will be filed and recorded in the places, time, and manner provided by law.

Section 14. Covenants Regarding Exclusion of Interest on 2000B Bonds from Gross Income for Federal Income Tax Purposes. For purposes of ensuring that the interest on the 2000B Bonds is and remains excluded from gross income for federal income tax purposes, the City hereby covenants that:

(a) ***Prohibited Actions.*** The City will not use or permit the use of any proceeds of the 2000B Bonds or any other funds of the City from whatever source derived, directly or indirectly, to acquire any securities or obligations and shall not take or permit to be taken any other action or actions, which would cause any 2000B Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code, or would otherwise cause the interest on any 2000B Bond to be includable in gross income for federal income tax purposes.

(b) ***Affirmative Actions.*** The City will at all times do and perform all acts permitted by law that are necessary in order to assure that interest paid by the City on the 2000B Bonds shall not be includable in gross income for federal income tax purposes under the Code or any other valid provision of law. In particular, but without limitation, the City represents, warrants and covenants to comply with the following rules unless it receives an opinion of Bond Counsel stating that such compliance is not necessary: (i) gross proceeds of the 2000B Bonds will not be used in a manner that will cause the 2000B Bonds to be considered "private activity bonds" within the meaning of the Code; (ii) the 2000B Bonds are not and will not become directly or indirectly "federally guaranteed"; and (iii) the City will file timely Internal Revenue Form 8038-G which shall contain the information required to be filed pursuant to Section 149(e) of the Code.

(c) ***Bank Qualified.*** The City hereby designates the 2000B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Section 15. Defeasance. Any Bond shall not be deemed to be Outstanding hereunder if it shall have been paid and cancelled or if cash or Federal Securities shall have been deposited in trust for the payment thereof (whether upon or prior to the maturity of such Bond, but if such Bond is to be paid prior to maturity, the City shall



have given the Paying Agent irrevocable directions to give notice of redemption as required by this Ordinance, or such notice shall have been given in accordance with this Ordinance). In computing the amount of the deposit described above, the City may include interest to be earned on the Federal Securities.

Section 16. Events of Default.

(a) *Event of Default.* With respect to the Bonds, each of the following events constitutes an Event of Default:

- (i) failure to make any payment of principal of or interest on the Bonds when due hereunder;
- (ii) breach by the City of any material covenant set forth herein relating to the Bonds or failure by the City to perform any material duty imposed on it hereunder and continuation of such breach or failure for a period of 60 days after receipt by the City Attorney of the City of written notice thereof from the Paying Agent or from the Owners of at least 10% in principal amount of the Outstanding Bonds; or
- (iii) an order or decree is entered by a court of competent jurisdiction appointing a receiver for all or any portion of the revenues; and, moneys pledged for the payment of the Bonds pursuant hereto is entered with the consent or acquiescence of the City or is entered without the consent or acquiescence of the City but is not vacated, discharged or stayed within 30 days after it is entered.

Section 17. Remedies for Events of Default. Upon the occurrence and continuance of an Event of Default, the Owner of any Bond, or a trustee therefor, may protect and enforce the rights of any Owner by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenants, injunctive relief, or requiring the Council to act as if it were the trustee of an express trust, or any combination of such remedies. All proceedings shall be maintained for the equal benefit and protection of all Owners. The failure of any Owner to proceed does not relieve the City or any person of any liability for failure to perform any duty hereunder. The foregoing rights are in addition to any other right, and the exercise of any right by any Owner shall not be deemed a waiver of any other right.

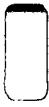
Section 18. Amendment of Ordinance.

(a) *Amendments Permitted without Notice to or Consent of Owners.* The City may, without the consent of or notice to the Owners of the Bonds, adopt one or more ordinances amending or supplementing this Ordinance (which ordinances shall thereafter become a part hereof) for any one or more or all of the following purposes:

- (i) to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision of this Ordinance;
- (ii) to subject to this Ordinance additional revenues, properties or collateral;
- (iii) to facilitate the designation of a substitute securities depository or to terminate the book-entry registration system for the Bonds in accordance with the section hereof entitled "Bond Details;" or
- (iv) to make any other change that does not materially adversely affect the Owners of the Bonds.

(b) *Amendments Requiring Notice to and Consent of Owners.* Except for amendments permitted by paragraph (a) of this section, this Ordinance may only be amended (i) by an ordinance of the City amending or supplementing this Ordinance (which, after the consents required therefor, shall become a part hereof) and (ii) with the written consent of the Owners of at least 66 2/3% in aggregate principal amount of the Bonds then Outstanding; provided that any amendment that makes any of the following changes with respect to any Bond shall not be effective without the written consent of the Owner of such bond: (A) a change in the maturity of such bond; (B) a reduction of the interest rate on such bond; (C) a change in the terms of redemption of such bond; (D) a delay in the payment of principal of or interest on such bond; (E) the creation of any pledge of or lien upon any revenues or moneys pledged for the payment of such bond hereunder that is superior to the pledge and lien for the payment of such bond hereunder; (F) a reduction of the principal amount or percentage of Bonds whose consent is required for an amendment to this Ordinance; or (G) the establishment of a priority or preference for the payment of any amount due with respect to any other Bond over such bond.

(c) *Procedure for Notifying and Obtaining Consent of Owners.* Whenever the consent of an Owner or Owners of Bonds is required under paragraph (b) of this section, the City shall mail a notice to such Owner or Owners at their addresses as set forth in the registration books maintained by the Paying Agent and to the Original Purchasers, which notice shall describe briefly the proposed amendment and state that a copy of the amendment is on file in the office of the City Clerk for inspection. Any consent of any Owner of any Bond obtained with respect to an amendment shall be in writing and shall be final and not subject to withdrawal, rescission or modification for a period of 60 days after it is delivered to the City unless another time period is stated for such purpose in the notice mailed pursuant to this paragraph.



Section 19. Findings and Determinations. The City Council hereby finds, determines and declares that it is in the best interest of the City, and the residents of and owners of property within the District, that the Bonds be authorized, sold, issued and delivered at the time, in the manner and for the purposes provided herein.

Section 20. Appointment and Duties of Paying Agent. The Paying Agent is hereby appointed as paying agent, registrar and authenticating agent for the Bonds unless and until the City removes it as such and appoints a successor Paying Agent, in which event such successor shall automatically succeed to the duties of the Paying Agent hereunder and its predecessor shall immediately turn over all its records regarding the Bonds to such successor. The Paying Agent, by accepting its duties as such, agrees to perform all duties and to take all actions assigned to it hereunder in accordance with the terms hereof.

Section 21. Approval of Official Statement and Miscellaneous Documents. The City Council hereby ratifies and approves the distribution and use of the Preliminary Official Statement; authorizes and directs the City staff to prepare a final Official Statement for use in connection with the sale of the Bonds in substantially the form thereof presented to the City Council at the meeting at which this Ordinance is adopted, with such changes therein, if any, not inconsistent herewith, as are approved by the City. The City Council authorizes and approves an undertaking to facilitate compliance with Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12); the Paying Agent Agreement, a "Tax Compliance Certificate" describing the City's expectations regarding the use and investment of proceeds of the 2000B Bonds and other moneys and the use of the Project, an Internal Revenue Service Form 8038-G with respect to the 2000B Bonds and all other documents and certificates necessary or desirable to effectuate the issuance or administration of the Bonds, the investment of proceeds of the Bonds and the transactions contemplated hereby and by the Notice of Bond Sale. The Mayor is hereby authorized and directed to execute the final Official Statement and the Mayor, the City Treasurer, the City Clerk and all other officers, agents and employees of the City are hereby authorized and directed to execute all documents and certificates necessary or desirable to effectuate the issuance of the Bonds and the transactions contemplated hereby.

Section 22. Ratification of Prior Actions. The City Council hereby ratifies and affirms the award of the Bonds to the Original Purchasers by the City Finance Director and all other actions taken by the City relating to the public sale of the Bonds. Further, all actions heretofore taken (not inconsistent with the provisions of this Ordinance) by the City Council or by the officers and employees of the City directed toward the creation of the District and the issuance of the Bonds for the purposes herein set forth are hereby ratified, approved and confirmed.

Section 23. Events Occurring on Days That Are Not Business Days. Except as otherwise specifically provided herein with respect to a particular payment, event or action, if any payment to be made hereunder or any event or action to occur hereunder which, but for this section, is to be made or is to occur on a day that is not a Business Day shall instead be made or occur on the next succeeding day that is a Business Day.

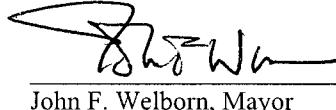
Section 24. Headings. The headings to the various sections and paragraphs to this Ordinance have been inserted solely for the convenience of the reader, are not a part of this Ordinance, and shall not be used in any manner to interpret this Ordinance.

Section 25. Ordinance Irrepealable. After any of the Bonds have been issued, this Ordinance shall constitute a contract between the Owners and the City, and shall be and remain irrepealable until the Bonds and the interest accruing thereon shall have been fully paid, satisfied, and discharged, as herein provided.

Section 26. Repealer. All orders, bylaws, ordinances, and resolutions of the City, or parts thereof, inconsistent or in conflict with this Ordinance, are hereby repealed to the extent only of such inconsistency or conflict.

Section 27. Declaration of Emergency. This Ordinance is necessary for the immediate preservation of public peace, health and safety for the reason that the City desires to fix the current market interest rates offered by the Original Purchasers and commence construction of the Project to begin necessary improvements.

Introduced, passed and adopted at the regular meeting of City Council this 30th day of May 2000, by a vote of 4 Yes and 0 No.



John F. Welborn, Mayor

ATTEST:



Darlene French, City Clerk

APPROVED AS TO FORM:



Erin M. Smith, City Attorney

APPENDIX A

FORM OF THE BOND

[Front of Bond]

R-_____

\$_____

UNITED STATES OF AMERICA

CITY OF CHERRY HILLS VILLAGE, COLORADO
CITY OF CHERRY HILLS VILLAGE SPECIAL IMPROVEMENT DISTRICT NO. 7SPECIAL ASSESSMENT BOND
[TAXABLE/TAX-EXEMPT] SERIES 2000[A][B]

Interest Rate:

%

Maturity Date:

December 15, _____

Original Dated Date:

June 1, 2000

REGISTERED OWNER:

PRINCIPAL SUM:

DOLLARS

CITY OF CHERRY HILLS VILLAGE, COLORADO, in the State of Colorado, a duly organized and validly existing City and political subdivision of the State of Colorado, (the "City"), for value received, hereby promises to pay to the order of the registered owner named above or registered assigns, solely from the special funds as hereinafter set forth, on the maturity date stated above, the principal sum stated above, in lawful money of the United States of America, with interest thereon from the original dated date stated above, at the interest rate per annum stated above, payable on June 15th and December 15th of each year, commencing December 15, 2000, the principal of and the final installment of interest on this bond being payable to the registered owner hereof upon presentation and surrender of this bond at the principal operations office of The Bank of Cherry Creek, N.A., as Paying Agent (the "Paying Agent"), in Denver, Colorado, or at such other location as identified by the Paying Agent, and the interest hereon (other than the final installment of interest hereon) to be paid by check or draft of the Paying Agent mailed on the interest payment date to the registered owner hereof as of the close of business on the last day of the month (whether or not such day is a Business Day) preceding the interest payment date.

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

Bonds of this issue, of which this Bond is one, are subject to call and prior payment on any interest payment date, in direct numerical order, upon payment of par and accrued interest. Notice of prior redemption shall be given by mailing a copy of the redemption notice, not less than thirty (30) days prior to the date fixed for redemption, to the registered owner of this Bond at the address shown on the registration books maintained by the Bond Registrar, in the manner set forth in the authorizing Bond resolution (the "Bond Resolution"). All Bonds called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

REFERENCE IS HEREBY MADE TO FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF FULLY SET FORTH IN THIS PLACE.

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

IN WITNESS WHEREOF, City of Cherry Hills Village, Colorado, has caused this Bond to be signed in the name and on behalf of the City with the manual or facsimile signature of the Mayor, to be countersigned with the manual or facsimile signature of the City Treasurer, to be sealed with the seal of the City or a facsimile thereof and to be attested by the manual or facsimile signature of the City Clerk.

[MANUAL OR FACSIMILE SEAL]

CHERRY HILLS VILLAGE, COLORADO

Countersigned:

By _____
MayorBy _____
City Treasurer



Attest:

By _____
City Clerk

CERTIFICATE OF AUTHENTICATION

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

THE BANK OF CHERRY CREEK, N.A., as Paying
Agent

By _____
Authorized Representative

Date of Authentication: _____

[Back of Bond]

ADDITIONAL PROVISIONS

This bond is one of an issue of bonds of the City designated [Special Improvement District No. 7 Special Assessment Bonds, Taxable Series 2000A issued in the principal amount of \$595,000] [Special Improvement District No. 7 Special Assessment Bonds, Tax-Exempt Series 2000B issued in the principal amount of \$930,000] (the "Bonds"). The Bonds are being issued by the City for the purpose of financing certain water improvements for The City of Cherry Hills Village Special Improvement District No. 7 (the "District"), pursuant to and in full conformity with the City Charter and the Constitution and laws of the State of Colorado and an ordinance (the "Ordinance") duly adopted by the City prior to the issuance hereof.

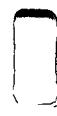
It is hereby certified and recited that the total issue of Bonds of the City for the District, including this Bond, does not exceed the amount authorized by law; that every requirement of law relating to the creation of the District, the construction, acquisition and installation of the water improvements, and the issuance of this Bond has been fully complied with by the proper officers of the City; that at an election lawfully held within that portion of the City comprising the District on April 4, 2000, the issuance of this Bond was duly authorized by a majority of the electors qualified to vote and voting at said election; and that all conditions required to exist and things required to be done precedent to and in the issuance of this Bond to render the same lawful and valid, have happened, been properly done and performed, and did exist in regular and due time, form, and manner, as required by law. It is hereby further recited, certified, and warranted that all of the requirements of law have been fully complied with by the proper officers in issuing this Bond.

Payment of this Bond and the interest thereon shall be made from, and as security for such payment there is pledged, a special fund designated as "Special Improvement District No. 7 Bond Account" (the "Bond Account"). The Bond Account shall contain (a) the Special Assessment Net Proceeds (as defined in the Ordinance), (b) the Bond proceeds set aside as capitalized interest and accrued interest, (c) any moneys in the Special Improvement District No. 7 Project Account remaining after the costs of the improvements and related costs have been paid in full, and (d) any other legally available moneys, including without limitation, the net proceeds of any bonds or other obligations issued to refund the Bonds.

The assessments levied against the property within the District constitute a lien on and against each lot or tract of land in the respective amounts apportioned by an ordinance of the City. For the payment of this Bond and the interest thereon, the City pledges to exercise all of its lawful corporate powers to collect the assessments against the real property included within the District and specially benefited by the construction, acquisition and installation of the water improvements, and take all necessary action to collect any assessments that are in default.

The Paying Agent shall maintain registration books in which the ownership, transfer and exchange of the Bonds shall be recorded. The person in whose name this Bond shall be registered on such registration books shall be deemed to be the absolute owner hereof for all purposes, whether or not payment on this Bond shall be overdue, and neither the City nor the Paying Agent shall be affected by any notice or other information to the contrary. This Bond may be transferred or exchanged, at the principal operations office of the Paying Agent in Denver, Colorado, or at such other location as identified by the Paying Agent, upon payment by the transferee of a transfer fee, any tax or governmental charge required to be paid with respect to such transfer or exchange and any cost of printing bonds in connection therewith.

THIS BOND DOES NOT CONSTITUTE A DEBT OR AN INDEBTEDNESS OF THE CITY OF CHERRY HILLS VILLAGE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION, AND SHALL NOT BE CONSIDERED OR HELD TO BE A GENERAL OBLIGATION OF THE CITY. THE PAYMENT OF THIS BOND AND THE INTEREST THEREON IS NOT SECURED BY AN ENCUMBRANCE, MORTGAGE, OR OTHER PLEDGE OF PROPERTY OF THE CITY EXCEPT FOR SUCH SPECIAL ASSESSMENTS AND OTHER MONEYS PLEDGED FOR THE PAYMENT OF BONDS AS SET FORTH ABOVE. NO PROPERTY OF THE CITY, SUBJECT TO SUCH EXCEPTION, SHALL BE LIABLE TO BE FORFEITED OR TAKEN IN PAYMENT OF THE BONDS.



THE ORDINANCE CONSTITUTES THE CONTRACT BETWEEN THE REGISTERED OWNER OF THIS BOND AND THE CITY. THIS BOND IS ONLY EVIDENCE OF SUCH CONTRACT AND, AS SUCH, IS SUBJECT IN ALL RESPECTS TO THE TERMS OF THE ORDINANCE, WHICH SUPERSEDES ANY INCONSISTENT STATEMENT IN THIS BOND.

The City agrees with the Owner of this Bond and with each and every person who may become the Owner hereof, that it will keep and perform all the covenants and agreements contained in the Ordinance.

The Ordinance may be amended or supplemented from time to time with or without the consent of the registered owners of the Bonds as provided in the Ordinance.

LEGAL OPINION

[Form of legal opinion of Kutak Rock LLP to appear in this place.]

I, the undersigned City Clerk of the City of Cherry Hills Village, Colorado, do hereby certify that the foregoing approving opinion of Kutak Rock LLP is a true and complete copy of a manually executed and dated copy thereof on file in the official records of the City.

By _____
City Clerk

CERTIFICATE OF TRANSFER

FOR VALUE RECEIVED, _____, the undersigned, hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for 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 upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

TRANSFER FEE MAY BE REQUIRED

