

ORDINANCE NO. 2016-14

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE TOWN OF CASTLE ROCK, COLORADO, SALES AND USE TAX REVENUE REFUNDING BONDS, SERIES 2016; PLEDGING A PORTION OF THE SALES AND USE TAX REVENUES OF THE TOWN FOR THE PAYMENT OF THE BONDS; AND PROVIDING FOR THE REFUNDING CERTAIN OF THE TOWN'S OUTSTANDING SALES AND USE TAX REVENUE BONDS; AND PROVIDING FOR ITS EMERGENCY ADOPTION ON SECOND AND FINAL READING.

IT IS ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF CASTLE ROCK, COLORADO:

Section 1. Definitions. Terms used in this Ordinance shall have the meanings specified in this section for all purposes of this Ordinance and of any ordinance amendatory hereof, supplemental hereto or relating hereto, and of any instrument or document appertaining hereto, except where the context by clear implication otherwise requires. All definitions include the singular and plural and include all genders. Certain terms are parenthetically defined elsewhere herein.

Additional Bonds: the one or more series of bonds or other securities or obligations authorized to be issued by the Town pursuant to Section 17 hereof and having a lien on the Pledged Revenues on a parity with the lien of the Bonds.

Bond Account: the account by that name described in Section 14 hereof.

Bond Purchase Agreement: the Bond Purchase Agreement between the Town and the Purchaser.

Bond Question: the bond question set out in Section 2.F. hereof, which was approved by the Town's voters at the Election.

Bond Insurance Policy the municipal bond insurance policy, if any, issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Series 2016 Bonds as provided therein.

Bond Insurer: the entity, if any, set forth in the Sale Certificate, or any successor thereto.

Bond Reserve Insurance Policy: any insurance policy, surety bond, irrevocable letter of credit or similar instrument deposited in or credited to the Reserve Account in lieu of or in partial substitution for moneys on deposit therein, if so designated in the Sale Certificate.

Bonds: the Outstanding Series 2016 Bonds, the Outstanding Series 2013 Bonds, the Outstanding Series 2008 Bonds, the Outstanding Series 2004 Bonds and any Outstanding Additional Bonds.

Business Day: a day on which banks located in the cities in which the principal offices of each of the Paying Agent and the Registrar are not required or authorized to be closed and on which the New York Stock Exchange is not closed.

Chapter 3.04: Chapter 3.04 of the Castle Rock Municipal Code, which governs the imposition, collection, and enforcement of the Sales and Use Tax, including without limitation Ordinance No. 9.09, as amended by Ordinance Nos. 86-12, 88-06, and any successor or other ordinance or other enactment pertaining to the Sales and Use Tax.

Charter: the home rule Charter of the Town, including all amendments thereto prior to the date hereof.

Commercial Bank: any depository for public funds permitted by the laws of the State for political subdivisions of the State which has a capital and surplus of \$10,000,000 or more, and which is located within the United States.

Continuing Disclosure Certificate: the Continuing Disclosure Certificate for the Series 2016 Bonds executed by the Town.

Costs of Issuance: the following costs, fees and expenses associated with the issuance of the Series 2016 Bonds: bond counsel and disclosure counsel, bond ratings, posting of preliminary and final official statement, initial paying agent and registrar expenses, reserve fund surety premium, if applicable, underwriter's discount, CUSIP Bureau, Blue Sky survey, and municipal syndication and regulatory management expenses.

Depository: any securities depository as the Town may provide and appoint, in accordance with the guidelines of the Securities and Exchange Commission, which shall act as securities depository for the Series 2016 Bonds.

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

Election: the election held within the Town on April 5, 2005.

Escrow Account: the account created and designated as such pursuant to the Escrow Agreement.

Escrow Agreement: the Escrow Agreement between the Town and the Escrow Bank.

Escrow Bank: UMB Bank, n.a., in its capacity as escrow bank under the Escrow Agreement.

Finance Director: the Finance Director of the Town, or his or her successor in function.

Fiscal Year: the twelve months commencing on the first day of January of any calendar year and ending on the thirty-first day of December of such calendar year or such other twelve month period as may from time to time be designated by the Town Council as the Fiscal Year of the Town.

Governmental Obligations: any of the following which are noncallable and which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein: (1) cash, (2) non-callable direct obligations of the United States of America (“Treasuries”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, or (5) any combination of the foregoing,.

Insurance Agreement: an agreement entered into between the Town and the issuer of any Bond Insurance Policy or Bond Reserve Insurance Policy pursuant to Section 4 of this Ordinance.

Maximum Annual Debt Service Requirement: the maximum amount of all required payments of principal and interest on the Outstanding Bonds which will become due in any Fiscal Year.

Official Statement: the Official Statement delivered in connection with the original issue and sale of the Series 2016 Bonds.

Ordinance: this Ordinance of the Town, which provides for the issuance and delivery of the Series 2016 Bonds.

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

(i) Bonds theretofore cancelled by the Town, Registrar or Paying Agent under this Ordinance or by the registrar or paying agent for any Bonds issued under another ordinance, or surrendered to the Town, Registrar or Paying Agent, or the registrar or paying agent for any Bonds issued under another ordinance, for cancellation;

(ii) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Town and authenticated by the Registrar under this Ordinance or by the registrar for any Bonds issued under another ordinance unless proof satisfactory to the Registrar or the registrar for any Bonds issued under another ordinance is presented that any such Bonds are duly held by the lawful owners thereof; or

(iii) Bonds deemed to have been paid as provided in Section 20 hereof or any similar section of an ordinance authorizing any other Bonds.

Owner or registered owner: the registered owner of any Series 2016 Bond as shown on the registration books kept by the Registrar.

Paying Agent: UMB Bank, n.a., Denver, Colorado, being the agent for the Town for the payment of the Series 2016 Bonds and interest thereon, or its successors.

Permitted Investment: any investment or deposit permitted by the Charter and ordinances of the Town.

Person: any individual, firm, partnership, corporation, company, association, joint-stock association or body politic; and the term includes any trustee, receiver, assignee or other similar representative thereof.

Pledged Revenues:

- (i) the revenues derived from the Pledged Sales and Use Tax;
- (ii) any additional taxes (other than a general ad valorem tax), funds or revenues which the Town hereafter pledges to the payment of the Bonds;

(iii) proceeds of the Series 2016 Bonds or other legally available moneys deposited into and held in the Bond Account and the Reserve Account; all to the extent that such moneys are at any time required by Section 14 hereof to be deposited into and held in the Bond Account and the Reserve Account.

Pledged Sales and Use Tax: Sales and Use Tax at a rate of 1.35% (which is a portion of the Town's total Sales and Use Tax rate of 4.00%). Pledged Sales and Use Tax also includes the proceeds derived by the Town from any legally available tax or taxes or fees (other than a general ad valorem tax) which replace or supersede the Pledged Sales and Use Tax and which the Town hereafter pledges, regardless of whether such tax or taxes or fees are imposed by the Town or the State or other political subdivision thereof.

Pledged Sales and Use Tax does not include:

- (i) the 2.65% of the Town's Sales and Use Tax which is not pledged to the payment of the Bonds;
- (ii) amounts paid to the Town by the County as shareback sales and use tax revenues;
- (iii) incremental Sales and Use Taxes which are or may be required to be paid into a special fund, or pledged to the payment of obligations pursuant to an urban renewal plan as defined in Section 31-25-103(9), C.R.S., or a plan of development as defined in Section 31-25-802(6.6), C.R.S. or a value capture plan as defined in Section 43-4-508, C.R.S.;
- (iv) amounts withheld by retailers and vendors to cover their expenses in collecting and remitting the Pledged Sales and Use Tax, and amounts collected by the Town and subsequently determined, pursuant to Chapter 3.04, to be subject to valid claims for refunds;
- (v) the proceeds of any increase in the Sales and Use Tax which may be approved in the future, unless such increase is expressly pledged by the Town.

Principal Operations Office: the principal operations office of the Registrar and Paying Agent, currently located at UMB Bank, n.a., Kansas City, Missouri.

Project: means the transportation project described in the Bond Question and approved by the voters at the Election.

Purchaser: Stifel, Nicolaus & Company, Incorporated, Denver, Colorado, the original purchaser of the Series 2016 Bonds.

Rebate Account: the account by that name described in Section 14 hereof.

Redemption Date: the earliest date after the delivery of the Series 2016 Bonds on which the Refunded Bonds may be called for prior redemption as specified in the Sale Certificate.

Refunded Bond Ordinance: Town Ordinance No. 08-35, adopted and approved on October 28, 2008 authorizing the issuance of the Refunded Bonds.

Refunded Bond Requirements: the payment of (i) the interest due on the Refunded Bonds, both accrued and not accrued, as the same become due on and after the date of delivery of the Series 2016 Bonds and on and before the Redemption Date or maturity; and (ii) the principal of the Refunded Bonds due upon maturity on or before the Redemption Date or upon prior redemption on the Redemption Date.

Refunded Bonds: all or any portion, as designated in the Sale Certificate, of the Town's Sales and Use Tax Revenue Bonds, Series 2008, issued pursuant to the Refunded Bond Ordinance.

Refunding Project: the refunding, paying and discharging of the Refunded Bond Requirements.

Registrar: UMB Bank, n.a., Denver, Colorado, being the agent for the Town for the registration, transfer and exchange of the Series 2016 Bonds, or its successors.

Registrar Agreement: the Registrar Agreement between the Town and the Registrar with respect to the Series 2016 Bonds.

Regular Record Date: the fifteenth day of the calendar month next preceding each interest payment date for the Series 2016 Bonds (other than a special interest payment date hereafter fixed for the payment of defaulted interest).

Reserve Account: the account by that name described in Section 14 hereof.

Reserve Account Requirement: the amount set forth in the Sale Certificate.

Sale Certificate: the certificate executed by the Mayor, Town Manager or the Finance Director dated on or before the date of delivery of the Series 2016 Bonds, setting forth (i) the rates of interest on the Series 2016 Bonds; (ii) the conditions on which and the prices at which the Series 2016 Bonds may be called for redemption; (iii) the price at which the Series 2016 Bonds will be sold; (iv) the principal amount of the Series 2016 Bonds; (v) the amount of principal of the

Series 2016 Bonds maturing on each date; (vi) the dates on which interest will be paid and the first interest payment date; (vii) whether the Series 2016 Bonds will be secured by a Bond Insurance Policy or a Bond Reserve Insurance Policy; and (viii) any other matters which may be determined by the Mayor, Town Manager or the Finance Director pursuant to Section 11-57-205 of the Supplemental Act.

Sales and Use Tax: the tax upon the sale and use of goods and services which is currently being levied by the Town pursuant to Chapter 3.04 and any future or amended tax levied by the Town as a Sales and Use Tax.

Series 2004 Bonds: the Town's Sales and Use Tax Revenue Refunding Bonds, Series 2004, originally issued in the aggregate principal amount of \$6,130,000, and currently outstanding in the aggregate principal amount of \$675,000, and which mature on June 1, 2016.

Series 2008 Bonds: the Town's Sales and Use Tax Revenue Bonds, Series 2008, originally issued in the aggregate principal amount of \$10,000,000, and currently outstanding in the aggregate principal amount of \$8,345,000.

Series 2013 Bonds: the Town's Sales and Use Tax Revenue Bonds, Series 2013, originally issued and currently outstanding in the aggregate principal amount of \$20,000,000.

Series 2016 Bonds: the Town's Sales and Use Tax Revenue Refunding Bonds, Series 2016, issued pursuant to this Ordinance.

Special Record Date: a special date fixed to determine the names and addresses of registered owners for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in Section 5 hereof.

State: the State of Colorado.

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

Tax Code: the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2016 Bonds, and any regulations promulgated thereunder.

Term Bonds: any Series 2016 Bonds that are payable on or before their specified maturity dates from sinking fund payments pursuant to Section 6B hereof.

Town: the Town of Castle Rock, Colorado.

Town Council or Council: the Town Council of the Town or any successor in functions thereto.

Town Manager: the Town Manager of the Town, or his or her successor in function.

Trust Bank: a Commercial Bank which is authorized to exercise and is exercising trust powers.

Section 2. Recitals.

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

B. Pursuant to the Town's home rule powers and Chapter 3.04 of the Municipal Code, the Town has heretofore imposed and is collecting a four percent (4.00%) sales tax upon the sale of tangible personal property and certain services and a four percent (4.00%) use tax for the privilege of storing, using, or consuming any article of tangible personal property purchased at retail.

C. Section 10-4 of the Charter permits the Town to issue securities made payable out of the proceeds of any sales and/or use taxes.

D. The Town has heretofore issued its Series 2004 Bonds, Series 2008 Bonds and Series 2013 Bonds payable solely from the Pledged Revenues.

E. Article X, Section 20 of the Colorado Constitution requires voter approval in advance for the creation of any multiple-fiscal year direct or indirect debt or other financial obligation.

F. Pursuant to Article X, Section 20 of the Colorado Constitution, the Town Council submitted to the Town's electors at the election held on April 5, 2005, the following Bond Question:

SHALL TOWN OF CASTLE ROCK DEBT BE INCREASED \$30 MILLION, WITH A REPAYMENT COST OF \$52.5 MILLION, WITHOUT INCREASING ANY EXISTING TAX OR IMPOSING ANY NEW TAX, BY THE ISSUANCE OF BONDS TO FINANCE TRANSPORTATION IMPROVEMENTS WHICH MAY INCLUDE THE ELIGIBLE PROJECTS DESCRIBED BELOW, SUCH BONDS TO BE SOLD IN ONE SERIES OR MORE, ON TERMS AND CONDITIONS, AND WITH SUCH MATURITIES AS THE TOWN MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE BONDS PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF THE PREMIUM OF NOT MORE THAN 3%, AND SHALL THE EARNINGS FROM THE INVESTMENT OF SUCH BOND PROCEEDS BE COLLECTED AND SPENT AS A VOTER APPROVED REVENUE CHANGE UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, AS PROVIDED IN ORDINANCE NO. 2005-02?

ELIGIBLE PROJECTS:

- NORTH MEADOWS DRIVE EXTENSION TO HIGHWAY 85
- I-25/PLUM CREEK PARKWAY INTERCHANGE RECONSTRUCTION
- SOUTHEAST ARTERIAL CONNECTION, PLUM CREEK PARKWAY TO RIDGE ROAD

G. The Refunded Bonds and the 2013 Bonds were each issued pursuant to the Election.

H. The Refunded Bonds maturing on June 1, 2019 and thereafter are subject to redemption at the option of the Town from any legally available funds on June 1, 2018, or on any date thereafter, in whole, or in part from any maturity, in any order of maturity and by lot within maturity, in such manner as the Town may determine (giving proportionate weight to 2008 bonds in denominations larger than \$5,000), at a price equal to 100% of the principal amount of each 2008 Bond, or portion thereof, so redeemed and accrued interest thereon to the redemption date.

I. The Town is not delinquent in the payment of the principal of, premium, if any, or interest on any of the Refunded Bonds.

J. Pursuant to Article X, Section 20 of the Colorado Constitution, refunding bonds may be issued without an election if they are issued at a lower interest rate than the bonds which are being refunded.

K. Other than the Series 2004 Bonds, the Series 2008 Bonds and the Series 2013 Bonds, there is not now a pledge of the Pledged Sales and Use Tax to the payment of any bonds or for any purposes.

L. The Pledged Sales and Use Tax may now be pledged lawfully and irrevocably for the payment of the Series 2016 Bonds.

M. The Town intends to negotiate a proposal with the Purchaser for the purchase of the Series 2016 Bonds for the purpose of defraying in whole or in part the costs of the Refunding Project.

N. Pursuant to Section 11-57-203, Colorado Revised Statutes, as amended, the Town desires to delegate to the Town Manager or the Town Finance Director the power to accept the proposal to purchase the Series 2016 Bonds and to determine the rate of interest on the Series 2016 Bonds, the redemption provisions of the Series 2016 Bonds, the price at which the Series 2016 Bonds will be sold, the aggregate principal amount of the Series 2016 Bonds to be issued and the amount of principal maturing, or subject to mandatory redemption, in any particular year.

O. There are on file with the Town Clerk the proposed forms of the Bond Purchase Agreement, the Escrow Agreement, the Registrar Agreement, the Continuing Disclosure Certificate and the Preliminary Official Statement.

P. The Town Council desires to cause the Series 2016 Bonds to be issued, to authorize and direct the application of the proceeds thereof as set forth herein, and to provide security for the payment thereof, all in the manner hereinafter set forth.

Q. In order to complete the issuance and sale of the Series 2016 Bonds while favorable market conditions exist to effect the Refunding Project, it is hereby declared that an emergency exists and that this Ordinance is necessary for the immediate preservation of the public peace, health, and safety.

Section 3. Ratification. All actions heretofore taken (not inconsistent with the provisions of this Ordinance) by the Town Council and other officers of the Town with respect to the imposition and collection of the Sales and Use Tax, the Refunding Project, and selling and issuing the Series 2016 Bonds for those purposes are ratified, approved and confirmed.

Section 4. Authorization of Project; Sale of Series 2016 Bonds. The Refunding Project hereby is authorized at a cost of not exceeding \$9,000,000 (excluding costs to be paid from sources other than the proceeds of the Bonds). There hereby are authorized to be issued fully registered sales and use tax revenue securities of the Town, to be designated “Town of Castle Rock, Colorado, Sales and Use Tax Revenue Refunding Bonds, Series 2016” in the aggregate principal amount approved in the Sale Certificate, to be payable and collectible, both as to principal and interest, from the Pledged Revenues. The Series 2016 Bonds shall be sold by negotiated sale to the Purchaser as authorized by Section 10-6 of the Charter. Pursuant to the Supplemental Public Securities Act, the Council hereby delegates to the Mayor, Town Manager or the Finance Director the authority to execute the Bond Purchase Agreement.

Pursuant to Section 11-57-204 of the Supplemental Public Securities Act, a public entity, including the Town, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Public Securities Act. The Council hereby elects to apply all of the provisions of the Supplemental Public Securities Act to the Series 2016 Bonds.

Any of the Mayor, Town Manager or the Finance Director is hereby independently authorized and directed to execute and deliver the Sale Certificate and to make and approve the final determinations contained therein, subject to the parameters and restrictions of this Ordinance. Any of the Mayor, the Town Manager or the Finance Director is hereby authorized to determine if obtaining a Bond Insurance Policy and/or a Bond Reserve Insurance Policy is in the best interests of the Town and, if so, to select an issuer therefor, execute any Insurance Agreement relating to

the same and execute any related documents or agreements required by such commitment. If no Insurance Agreement is required by the issuer of a Bond Insurance Policy or Bond Reserve Insurance Policy, all references herein to Insurance Agreement are of no force and effect.

Section 5. Series 2016 Bond Details. The Series 2016 Bonds shall be issued in fully registered form (i.e., registered as to both principal and interest) initially registered in the name of Cede & Co. as nominee for The Depository Trust Company, shall be dated as of the date of delivery of the Series 2016 Bonds, shall be issued in the denomination of \$5,000 or any integral multiple thereof (provided that no Series 2016 Bond may be in a denomination which exceeds the principal coming due on any maturity date, and no individual Series 2016 Bond will be issued for more than one maturity and interest rate) and shall be numbered in such manner as the Registrar may determine.

The Series 2016 Bonds shall be dated as of the date of their delivery to the Purchaser. The Series 2016 Bonds shall mature, shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months), and be sold, all as provided in the Sale Certificate; provided that:

- (i) the aggregate principal amount of the Series 2016 Bonds shall not exceed \$9,000,000;
- (ii) the maximum annual repayment cost of the Series 2016 Bonds shall not exceed \$911,000;
- (iii) the total repayment cost of the Series 2016 Bonds shall not exceed \$10,800,000;
- (iv) the Series 2016 Bonds shall mature no later than June 1, 2028;
- (v) the purchase price of the Series 2016 Bonds shall not be less than 98% of the principal amount of the Series 2016 Bonds;
- (vi) the first optional redemption date on the Series 2016 Bonds shall not be later than June 1, 2026; and
- (vii) the optional redemption price shall not exceed 100% of the principal amount of the Series 2016 Bonds so redeemed.

Such determinations shall be evidenced by the Sale Certificate signed by the President, the Manager or the Treasurer dated and delivered as of the Closing Date, which shall not be more than one year from the date of adoption of this Ordinance.

The Series 2016 Bonds shall mature on June 1 in the years set forth in the Sale Certificate, and interest on the Series 2016 Bonds shall be payable semiannually on June 1 and December 1, commencing on the date provided in the Sale Certificate. The Series 2016 Bonds shall bear interest from the most recent interest payment date to which interest has been paid, or if no interest has been paid, from their date until their respective maturities (or prior redemption date) at the rates set forth in the Sale Certificate.

The principal of and premium, if any, on any Series 2016 Bond shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar at the Principal Operations Office, upon maturity thereof or prior redemption, and upon presentation and surrender at the Principal Operations Office of the Paying Agent. If any Series 2016 Bond shall not be paid upon such presentation and surrender at or after maturity or prior redemption, it shall continue to draw interest at the same interest rate borne by said Series 2016 Bond until the principal thereof is paid in full. Payment of interest on any Series 2016 Bond shall be made by check or draft mailed by the Paying Agent from the Principal Operations Office, on or before each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the registered owner thereof at the address shown on the registration records kept by the Registrar at the close of business on the Regular Record Date for such interest payment date; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date and the date fixed for payment of the defaulted interest shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest. Notice of the Special Record Date and the date fixed for payment of the defaulted interest shall be given to the registered owners of the Series 2016 Bonds not less than ten days prior to the Special Record Date by first-class mail to each such registered owner as shown on the Registrar's registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Series 2016 Bond by such alternative means as may be mutually agreed to between the owner of such Series 2016 Bond and the Paying Agent (provided, however, that the Town shall not be required to make funds available to the Paying Agent prior to the payment dates stated in the

Registrar Agreement). All such payments shall be made in lawful money of the United States of America without deduction for the services of the Paying Agent or Registrar.

Section 6. Prior Redemption.

A. Optional Prior Redemption. The Series 2016 Bonds designated in the Sale Certificate, if any, will be subject to redemption prior to maturity at the option of the Town from any legally available funds on the dates set forth in the Sale Certificate in whole, or in part from any maturities, in any order of maturity and by lot within a maturity from Series 2016 Bonds of the same maturity and interest rate, in such manner as the Town may determine (giving proportionate weight to Series 2016 Bonds in denominations larger than \$5,000), at the price set forth in the Sale Certificate, subject to the parameters and restrictions of this Ordinance.

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

On or before the thirtieth day prior to each such sinking fund payment date, the Registrar shall proceed to call the Term Bonds for redemption from such sinking fund on the next June 1, and give notice of such call without further instruction or notice from the Town.

At its option, to be exercised on or before the sixtieth day next preceding any such sinking fund redemption date, the Town may (a) deliver to the Registrar for cancellation Term Bonds in an aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Term Bonds, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Series 2016 Bond so delivered or previously redeemed will be credited by the Registrar at the principal amount thereof on the obligation of the Town on such sinking fund redemption date and the principal amount of Series 2016 Bonds to be redeemed by operation of such sinking fund on such date will be accordingly reduced. The Town will on or before the sixtieth day next preceding each sinking fund redemption date furnish the Registrar with its certificate indicating whether or not and to what extent the provisions of (a) and (b) of the preceding sentence are to be availed with respect to such sinking fund payment. Failure of the Town to deliver such certificate shall not affect the Registrar's duty to give notice of sinking fund redemption as provided in this paragraph B.

C. Partial Redemption. In the case of Series 2016 Bonds of a denomination larger than \$5,000, a portion of such Series 2016 Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Registrar shall, without charge to the owner of such Series 2016 Bond, authenticate and issue a replacement Series 2016 Bond or Series 2016 Bonds for the unredeemed portion thereof.

D. Notice. Notice of redemption shall be given by the Registrar in the name of the Town, by sending a copy of such notice by certified, first-class postage prepaid mail or electronic means if to DTC or its successor, not more than 60 nor less than 30 days prior to the redemption date, to the Purchaser, and to each registered owner of any 2016 Bond, all or a portion of which is called for prior redemption, at his address as it last appears on the registration records kept by the Registrar. Failure to give such notice by mailing to the registered owner of any Series 2016 Bond or to the Purchaser or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Series 2016 Bonds.

Such notice shall identify the Series 2016 Bonds or portions thereof to be redeemed (if less than all are to be redeemed) and the date fixed for redemption, and shall further state that on such redemption date the principal amount thereof and the designated premium thereon, if any, will become due and payable at the Paying Agent, and that from and after such date interest will cease to accrue. Accrued interest to the redemption date will be paid by check or draft mailed to the registered owner (or by alternative means if so agreed to by the Paying Agent and the registered owner). Notice having been given in the manner hereinabove provided, the Series 2016 Bond or Series 2016 Bonds so called for redemption shall become due and payable on the redemption date so designated; and upon presentation and surrender thereof at the Paying Agent, the Town will pay the principal of and premium, if any, on the Series 2016 Bond or Series 2016 Bonds so called for redemption.

Notwithstanding the provisions of this Section, any notice of redemption shall either (a) contain a statement that the redemption is conditioned upon the receipt by the Paying Agent on or before the redemption date of funds sufficient to pay the redemption price of the Series 2016 Bonds so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to the Owners of the Series 2016 Bonds called for redemption in the same manner as the original redemption notice was mailed, or (b) be given only if funds

sufficient to pay the redemption price of the Series 2016 Bonds so called for redemption are on deposit with the Paying Agent in the applicable fund or account.

Section 7. Special Obligations. All of the Series 2016 Bonds, together with the interest accruing thereon shall be payable and collectible solely out of the Pledged Revenues, which are hereby irrevocably so pledged; the owner or owners of the Series 2016 Bonds may not look to any general or other fund for the payment of principal and interest on the Series 2016 Bonds, except the designated special funds pledged therefor; and the Series 2016 Bonds shall not constitute an indebtedness nor a debt within the meaning of any applicable charter, constitutional or statutory provision or limitation; nor shall they be considered or held to be general obligations of the Town.

Section 8. Form of Series 2016 Bonds and Registration Panel. The Series 2016 Bonds and the registration panel shall be substantially as follows (provided that any portion of the Series 2016 Bond text may, with appropriate references, be printed on the back of the Series 2016 Bonds), 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, or be consistent with this Ordinance and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Bond)

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Town 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 DOUGLAS

TOWN OF CASTLE ROCK, COLORADO
SALES AND USE TAX REVENUE REFUNDING BOND
SERIES 2016

R-_____ \$_____

INTEREST RATE

MATURITY DATE

DATED DATE

CUSIP

_____%

June 1, 20__

_____, 2016

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

DOLLARS

The Town of Castle Rock, in the County of Douglas and State of Colorado (the "Town"), for value received, promises to pay to the registered owner specified above, or registered assigns, solely from the special funds provided therefor, the principal amount specified above, on the maturity date specified above (unless called for earlier redemption), and to pay from said sources interest thereon on June 1 and December 1 of each year, commencing on _____ 1, 20__, at the interest rate per annum specified above, until the principal sum is paid or payment has been provided therefor, as described in an ordinance adopted by the Town Council of the Town on June 7, 2016 (the "Ordinance"). This is one of an authorized series of bonds issued under the Ordinance (the "Bonds"). The Bonds are all issued under and equally and ratably secured by and

entitled to the security of the Ordinance. To the extent not defined herein, terms used in this Bond shall have the same meanings as set forth in the Ordinance. This Bond bears interest, matures, is payable, is subject to redemption and is transferable as provided in the Ordinance and Sale Certificate.

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

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

It is certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the Town 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 Town, 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 the Ordinance and the Supplemental Public Securities Act. It is the intention of the Town, 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.

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

IN TESTIMONY WHEREOF, the Town Council of the Town of Castle Rock has caused this bond to be signed and executed in its name with a manual or facsimile signature of the Mayor of the Town, and to be signed, executed and attested with a manual or facsimile signature of the Town Clerk, with a manual or facsimile impression of the seal of the Town affixed hereto, all as of the date specified above.

(Manual or Facsimile Signature)
Mayor

(MANUAL OR FACSIMILE SEAL)

Attest:

(Manual or Facsimile Signature)
Town Clerk

(End of Form of Bond)

(Form of Registrar's Certificate of Authentication)

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

UMB BANK, N.A.
as Registrar

Date of Authentication
and Registration:

By: _____
Authorized Officer or Employee

(End of Form of Registrar's Certificate of Authentication)

(Form of Prepayment Panel)

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

<u>Date of Prepayment</u>	<u>Principal Prepaid</u>	<u>Signature of Authorized Representative of the Depository</u>

(End of Form of Prepayment Panel)

(Form of Assignment)

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

Dated: _____

Signature Guaranteed by a member
of the Medallion Signature Program:

Address of transferee:

Social Security or other tax
identification number of transferee:

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

EXCHANGE OR TRANSFER FEES MAY BE CHARGED

(End of Form of Assignment)

Section 9. Uniform Commercial Code. Subject to the registration provisions hereof, the Series 2016 Bonds shall be fully negotiable and shall have all the qualities of negotiable paper, and the owner or owners thereof shall possess all rights enjoyed by the holders or owners of negotiable instruments under the provisions of the Uniform Commercial Code-Investment Securities. The principal of and interest on the Series 2016 Bonds shall be paid, and the Series 2016 Bonds shall be transferable, free from and without regard to any equities between the Town and the original or any intermediate owner of any Series 2016 Bonds or any setoffs or cross-claims.

Section 10. Execution. The Series 2016 Bonds shall be executed in the name and on behalf of the Town by the signature of the Mayor, shall be sealed with a manual or facsimile impression of the seal of the Town and attested by the signature of the Town Clerk. Each Series 2016 Bond shall be authenticated by the manual signature of an authorized officer or employee of the Registrar as hereinafter provided. The signatures of the Mayor and the Town Clerk may be by manual or facsimile signature. The Series 2016 Bonds bearing the manual or facsimile signatures of the officers in office at the time of the authorization thereof shall be the valid and binding obligations of the Town (subject to the requirement of authentication by the Registrar as hereinafter provided), notwithstanding that before the delivery thereof and payment therefor or before the issuance of the Series 2016 Bonds upon transfer or exchange, any or all of the persons whose manual or facsimile signatures appear thereon shall have ceased to fill their respective offices. The Mayor and the Town Clerk shall, by the execution of a signature certificate pertaining to the Series 2016 Bonds, adopt as and for their respective signatures any facsimiles thereof appearing on the Series 2016 Bonds. At the time of the execution of the signature certificate, the Mayor and the Town Clerk may each adopt as and for his or her facsimile signature the facsimile signature of his or her predecessor in office in the event that such facsimile signature appears upon any of the Series 2016 Bonds.

No Series 2016 Bond shall be valid or obligatory for any purpose unless the certificate of authentication, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by the Registrar if manually signed by an authorized officer or employee of the Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Series 2016 Bonds issued hereunder. By authenticating any of the

Series 2016 Bonds initially delivered pursuant to this Ordinance, the Registrar shall be deemed to have assented to the provisions of this Ordinance.

Section 11. Registration, Transfer and Exchange.

A. Except as provided in Section 12, records for the registration and transfer of the Series 2016 Bonds shall be kept by the Registrar, which is hereby appointed by the Town as registrar (i.e., transfer agent) for the Series 2016 Bonds. Upon the surrender for transfer of any Series 2016 Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Registrar shall enter such transfer on the registration records and shall authenticate and deliver in the name of the transferee or transferees a new Series 2016 Bond or Series 2016 Bonds of the same series, of a like aggregate principal amount and of the same maturity and interest rate. Series 2016 Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Series 2016 Bonds of the series and the same maturity and interest rate of other authorized denominations. The Registrar shall authenticate and deliver a Series 2016 Bond or Series 2016 Bonds which the registered owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. The Registrar may impose reasonable charges in connection with such exchanges and transfers of Series 2016 Bonds, which charges (as well as any tax or other governmental charge required to be paid with respect to such exchange or transfer) shall be paid by the registered owner requesting such exchange or transfer.

B. Except as provided in Section 12, the Registrar shall not be required to transfer or exchange (1) any Series 2016 Bond or portion thereof during a period beginning at the opening of business 15 days before the day of the mailing of notice of prior redemption as herein provided and ending at the close of business on the day of such mailing, or (2) any Series 2016 Bond or portion thereof after the mailing of notice calling such Series 2016 Bond or any portion thereof for prior redemption, except for the unredeemed portion of the Series 2016 Bonds being redeemed in part.

C. The person in whose name any Series 2016 Bond shall be registered, on the registration records kept by the Registrar, shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes; except as may be otherwise provided in Section 5 hereof with respect to payment of interest; and, subject to such exception, payment of or on account of either principal or interest on any Series 2016 Bond shall

be made only to or upon the written order of the registered owner thereof or his legal representative, but such registration may be changed upon transfer of such Series 2016 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 Series 2016 Bond to the extent of the sum or sums so paid.

D. If any Series 2016 Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it and the Town may reasonably require, authenticate and deliver a replacement Series 2016 Bond or Series 2016 Bonds of a like aggregate principal amount and of the same maturity and interest rate bearing a number or numbers not previously assigned. If such lost, stolen, destroyed, or mutilated Series 2016 Bond shall have matured, is about to become due and payable, the Registrar may direct the Paying Agent to pay such Series 2016 Bond in lieu of replacement.

E. The officers of the Town are authorized to deliver to the Registrar fully executed but unauthenticated Series 2016 Bonds in such quantities as may be convenient to be held in custody by the Registrar pending use as herein provided.

F. Whenever any Series 2016 Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such Series 2016 Bond shall be promptly cancelled by the Paying Agent or Registrar in accordance with the customary practices of the Paying Agent and applicable retention laws.

Section 12. Book Entry.

A. Notwithstanding any contrary provision of this Ordinance, the Series 2016 Bonds shall initially be evidenced by one Series 2016 Bond for each maturity and interest rate in denominations equal to the aggregate principal amount of the Series 2016 Bonds maturing for that maturity and interest rate. Such initially delivered Series 2016 Bonds shall be registered in the name of “Cede & Co.” as nominee for The Depository Trust Company, the securities depository for the Series 2016 Bonds. The Series 2016 Bonds may not thereafter be transferred or exchanged except:

(i) 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), C.R.S. and a qualified and registered “clearing agency” under Section 17A of the Securities Exchange Act of 1934, as amended; or

(ii) upon the resignation of DTC or a successor or new Depository under clause (1) or this clause (2) of this paragraph A, or a determination by the Council that DTC or such successor or a new Depository is no longer able to carry out its functions, and the designation by the Council of another Depository acceptable to the Council and to the Depository then holding the Series 2016 Bonds, which new Depository must be both a “clearing corporation” as defined in Section 4-8-102(a)(5), C.R.S. and a qualified and registered “clearing agency” under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of DTC or such successor new Depository; or

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

B. In the case of a transfer to a successor of DTC or its nominee as referred to in clause (1) or (2) of paragraph A hereof, upon receipt of the Outstanding Series 2016 Bonds by the Registrar together with written instructions for transfer satisfactory to the Registrar, a new Series 2016 Bond for each maturity and interest rate of the Series 2016 Bonds then Outstanding shall be issued to such successor or new Depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (3) of paragraph A hereof and the failure after reasonable investigation to locate another qualified Depository for the Series 2016 Bonds as provided in clause (3) of paragraph A hereof, and upon receipt of the Outstanding Series 2016 Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, new Series 2016 Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof, shall be issued in authorized amounts, registered in the names of such Persons, and in such authorized denominations as are requested in such written transfer instructions; however, the Registrar shall not be required to deliver such new Series 2016 Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

C. The Council, the Registrar and the Paying Agent shall be entitled to treat the registered owner of any Series 2016 Bond as the absolute owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them

and the Council, the Registrar and the Paying Agent shall have no responsibility for transmitting payments or notices to the Beneficial Owners of the Series 2016 Bonds held by DTC or any successor or new Depository named pursuant to paragraph A hereof.

D. The Council, the Registrar and the Paying Agent shall endeavor to cooperate with DTC or any successor or new Depository named pursuant to clause (1) or (2) of paragraph A hereof in effectuating payment of the principal amount of the Series 2016 Bonds upon maturity or prior redemption by arranging for payment in such a manner that funds representing such payments are available to the Depository on the date they are due.

E. Upon any partial redemption of any of the Series 2016 Bonds, Cede & Co. (or its successor) in its discretion may request the Town to issue and authenticate a new Series 2016 Bond or shall make an appropriate notation on the Series 2016 Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case the Series 2016 Bond must be presented to the Registrar prior to payment. The records of the Paying Agent shall govern in the case of any dispute as to the amount of any partial prepayment made to Cede & Co. (or its successor).

Section 13. Delivery of Series 2016 Bonds and Disposition of Proceeds.

When the Series 2016 Bonds have been duly executed by appropriate Town officers and authenticated by the Registrar, the Town shall cause the Series 2016 Bonds to be delivered to the Purchaser upon receipt of the agreed purchase price. The Series 2016 Bonds shall be delivered in such denominations as the Purchaser shall direct (but subject to the provisions of Sections 11 and 12 hereof); and the Registrar shall initially register the Series 2016 Bonds in such name or names as the Purchaser shall direct.

The proceeds of the Series 2016 Bonds (net of underwriter's discount and the premiums to be paid for the Bond Insurance Policy and/or Bond Reserve Insurance Policy, if any) shall be deposited promptly by the Town and shall be accounted for in the following manner and are hereby pledged therefor, but the Purchaser of the Series 2016 Bonds or any subsequent Owner in no manner shall be responsible for the application or disposal by the Town or any of its officers of any of the funds derived from the sale:

First, there shall be credited to the "Town of Castle Rock, Colorado, Sales and Use Tax Revenue Refunding Bonds, Series 2016, Escrow Account" (the "Escrow Account"), which is hereby created, an amount which shall be sufficient, together with other City funds available for

such purpose, to establish any initial cash balance remaining uninvested and to buy Federal Securities to sufficient effect the Refunding Project.

Second, the balance of the proceeds shall be deposited with the Paying Agent to be applied for the purpose of paying, together with any other money available therefor, costs of issuance of the Bonds.

Section 14. Lien on Pledged Revenues; Use of Pledged Revenues. The Series 2016 Bonds constitute a pledge of, and an irrevocable lien (but not necessarily an exclusive such lien) on all of the Pledged Revenues. The Bonds are equally and ratably secured by a lien on the Pledged Revenues. So long as any Series 2016 Bonds shall be Outstanding, either as to principal or interest, the Pledged Revenues shall, upon receipt by the Town, be applied as follows:

A. Bond Account. First, there shall be credited from the Pledged Revenues, concurrently with amounts required to meet the principal of and interest on other Outstanding Bonds, to a special account hereby created and held by the Town, known as the “Town of Castle Rock, Sales and Use Tax Revenue Refunding Bond Account, 2016,” the following amounts:

(1) Interest Payments. Monthly, commencing on the first day of the month immediately succeeding the delivery of the Series 2016 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 interest due and payable on the Series 2016 Bonds on the next succeeding interest payment date.

(2) Principal Payments. Monthly, commencing on the first day of the month immediately succeeding the delivery of the Series 2016 Bonds, or commencing on the first day of the month one year next prior to the first principal payment date of the Series 2016 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 installment of principal of the Series 2016 Bonds coming due at maturity, or pursuant to Section 5 hereof, if any.

If prior to any interest payment date or principal payment date there has been accumulated in the Bond Account the entire amount necessary to pay the next maturing installment of interest or principal, or both, the payment required in subparagraph (1) or (2) (whichever is applicable) of this paragraph, may be appropriately reduced; but the required monthly amounts again shall be so credited to such account commencing on such interest payment date or principal

payment date. The moneys in the Bond Account shall be used only to pay the principal of, prior redemption premium if any, and interest on the Series 2016 Bonds as the same becomes due.

B. Reserve Account. Second, except as hereinafter provided, from any remaining Pledged Revenues there shall be credited, concurrently with amounts required to be credited to reserve funds or accounts for other Outstanding Bonds, monthly to a special account hereby created and held by the Town, known as the “Town of Castle Rock Sales and Use Tax Revenue Refunding Bonds Reserve Account, 2016” an amount, if any, which is necessary to maintain the Reserve Account as a continuing reserve in an amount not less than the Reserve Account Requirement or to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy. Upon issuance of the Series 2016 Bonds, all or any portion of the Reserve Account Requirement may be met by the deposit into the Reserve Account of a Bond Reserve Insurance Policy. In determining the amounts required to be deposited as provided above, the Town shall receive credit for any investment earnings on the deposit in the Reserve Account. Investment earnings on deposits in the Reserve Account shall remain in the Reserve Account if the amount on deposit in the Reserve Account does not equal the Reserve Account Requirement. No credit need be made to the Reserve Account so long as the moneys and/or a Bond Reserve Insurance Policy therein equal the Reserve Account Requirement (regardless of the source of such accumulations). The Reserve Account Requirement shall be accumulated and maintained as a continuing reserve to be used, except as provided in paragraphs C and E of this Section and Section 20 hereof, only to prevent deficiencies in the payment of the principal of and the interest on the Series 2016 Bonds resulting from the failure to credit to the Bond Account sufficient funds to pay said principal and interest as the same accrue or to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy.

In lieu of all or a portion of the moneys required to be deposited in the Reserve Account by this Ordinance, the Town may at any time or from time to time deposit a Bond Reserve Insurance Policy in the Reserve Account in full or partial satisfaction of the Reserve Account Requirement. Any such Bond Reserve Insurance Policy shall be payable (or available to be drawn upon) on any date on which moneys will be required to be withdrawn from the Reserve Account as provided herein. Upon deposit of any Bond Reserve Insurance Policy in the Reserve Account,

the Town may transfer moneys equal to the amount payable under the Bond Reserve Insurance Policy from the Reserve Account and apply such moneys to any lawful purpose.

C. Termination Upon Deposits to Maturity or Redemption Date. No payment need be made into the Bond Account, the Reserve Account, or both, if the amount in the Bond Account and the amount in the Reserve Account total a sum at least equal to the entire amount of the Outstanding Series 2016 Bonds, both as to principal and interest to their respective maturities, or to any redemption date on which the Town shall have exercised its option to redeem the Series 2016 Bonds then Outstanding and thereafter maturing, including any prior redemption premiums then due, and both accrued and not accrued, in which case moneys in the Bond Account and Reserve Account in an amount at least equal to such principal and interest requirements shall be used solely to pay such as the same accrue, and any moneys in excess thereof in the two Accounts may be withdrawn and used for any lawful purpose.

D. Defraying Delinquencies in Bond and Reserve Accounts. If on any required monthly payment date the Town shall for any reason fail to pay into the Bond Account the full amount above stipulated, then an amount shall be paid into the Bond Account on such date from the Reserve Account equal to the difference between the amount paid and the full amount so stipulated. Any cash on deposit in the Reserve Account shall be transferred to the Bond Account to cover such a deficiency prior to the transfer of funds drawn under the Bond Reserve Insurance Policy. After such a draw any available Pledged Revenues, after the payments required by paragraph A of this Section, shall be used first to repay the issuer of the Bond Reserve Insurance Policy to reinstate the Bond Reserve Insurance Policy and then to replenish cash in the Reserve Account. The cash so used shall be replaced in the Reserve Account from the first Pledged Revenues received that are not required to be otherwise applied by this Section, but excluding any payments required for any subordinate obligations; provided, however, that an amount equal to the amount withdrawn from the Reserve Account shall be deposited by the Town in the Reserve Account no later than twelve months from the date of such withdrawal. If at any time the Town shall for any reason fail to pay into the Reserve Account the full amount above stipulated from the Pledged Revenues, the difference between the amount paid and the amount so stipulated shall in a like manner be paid therein from the first Pledged Revenues thereafter received not required to be applied otherwise by this Section, but excluding any payments required for any subordinate obligations. The moneys in the Bond Account and in the Reserve Account shall be used solely for

the purpose of paying the principal and any redemption premium of and the interest on the Series 2016 Bonds, except that moneys in the Reserve Account shall be used to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy; provided, however, that any moneys at any time in excess of the Reserve Account Requirement in the Reserve Account may be withdrawn therefrom and used for any lawful purpose; and provided, further, that any moneys in the Bond Account and in the Reserve Account in excess of accrued and unaccrued principal and interest requirements to the respective maturities of the Outstanding Series 2016 Bonds may be used as provided in paragraphs G and H of this Section.

E. Rebate Account. Third, there shall be credited, concurrently with amounts required to be credited to rebate funds or accounts for other Outstanding Bonds, in a special account hereby created, known as the “Town of Castle Rock Sales and Use Tax Revenue Refunding Bonds Rebate Account, 2016” amounts required by Section 148(f) of the Tax Code to be held until such time as any required rebate payment is made. Amounts in the Rebate Account shall be used for the purpose of making the payments to the United States required by Section 148(f) of the Tax Code. Any amounts in excess of those required to be on deposit therein by Section 148(f) of the Tax Code shall be withdrawn therefrom and deposited into the Bond Account. Funds in the Rebate Account shall not be subject to the lien created by this Ordinance to the extent such amounts are required to be paid to the United States Treasury.

F. Interest on Bond Reserve Insurance Policy Draws. After the payments required by A, B and E of this Section, the Pledged Revenues shall be used to pay interest on amounts advanced under any Bond Reserve Insurance Policy.

G. Payment for Subordinate Obligations. After the payments required by paragraphs A, B, E, and F of this Section, the Pledged Revenues shall be used by the Town for the payment of interest on and principal of any obligations secured by Pledged Revenues subordinate to the lien of the Bonds, hereafter authorized to be issued, including reasonable reserves therefor.

H. Use of Remaining Revenues. After making the payments required to be made by this Section, any remaining Pledged Revenues may be used for any lawful purpose.

Nothing in this Ordinance shall prevent the Town from making refunds of amounts collected by the Town and subsequently determined, pursuant to Chapter 3.04, to be subject to valid claims for refunds.

Section 15. General Administration of Accounts. The accounts designated in Sections 13 and 14 hereof shall be administered as follows subject to the limitations stated in Section 19.J. hereof:

A. Budget and Appropriation of Accounts. The sums provided to make the payments specified in Section 14 hereof are hereby appropriated for said purposes, and said amounts for each year shall be included in the annual budget and the appropriation ordinance or measures to be adopted or passed by the Town Council in each year respectively while any of the Series 2016 Bonds, either as to principal or interest, are Outstanding and unpaid. No provision of any constitution, statute, charter, ordinance, resolution, or other order or measure enacted after the issuance of the Series 2016 Bonds shall in any manner be construed as limiting or impairing the obligation of the Town to keep and perform the covenants contained in this Ordinance so long as any of the Series 2016 Bonds remain Outstanding and unpaid. Nothing herein shall prohibit the Town Council, at its sole option, from appropriating and applying other funds of the Town legally available for such purpose to the Bond Account or Reserve Account for the purpose of providing for the payment of the principal of, interest on or any premiums due with respect to the Series 2016 Bonds.

B. Places and Times of Deposits. Each of the special accounts described in Section 14 hereof shall be maintained as a book account kept separate and apart from all other accounts or funds of the Town as trust accounts solely for the purposes herein designated therefor. For purposes of investment of moneys, nothing herein prevents the commingling of moneys accounted for in any two or more such book accounts pertaining to the Pledged Revenues or to such accounts and any other funds of the Town to be continued under this Ordinance. Moneys in any such book account shall be continuously secured to the fullest extent required by the laws of the State for the securing of public accounts. 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 be a Saturday, a Sunday or a legal holiday, then such payment shall be made on or before the next preceding business day.

C. Investment of Accounts. Any moneys in any account described in Section 14 of this Ordinance may be invested or reinvested in any Permitted Investment. Securities or obligations purchased as such an investment shall either be subject to redemption at any time at face value by the holder thereof at the option of such holder, or shall mature at such

time or times as shall most nearly coincide with the expected need for moneys from the account in question. Securities or obligations so purchased as an investment of moneys in any such account shall be deemed at all times to be a part of the applicable account. The Town shall present for redemption or sale on the prevailing market any securities or obligations so purchased as an investment of moneys in a given account whenever it shall be necessary to do so in order to provide moneys to meet any required payment or transfer from such account.

D. No Liability for Losses Incurred in Performing Terms of Ordinance.

Neither the Town nor any officer of the Town shall be liable or responsible for any loss resulting from any investment or reinvestment made in accordance with this Ordinance.

E. Character of Funds. The moneys in any fund or account herein authorized shall consist of lawful money of the United States or investments permitted by Section 15.C. hereof or both such money and such investments. Moneys deposited in a demand or time deposit account in or evidenced by a certificate of deposit of a Commercial Bank pursuant to Section 15.C. hereof, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States.

Section 16. Escrow Account.

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

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

C. Exercise of Option. The Council has elected and does hereby declare its intent to exercise on the behalf and in the name of the Town its option to redeem the Refunded

Bonds on the Redemption Date. Upon the issuance of the Series 2016 Bonds, the Council shall be obligated to exercise such option, which option shall be deemed to have been exercised when notice is duly given and completed as herein provided.

Section 17. Additional Bonds.

A. Limitations Upon Issuance of Additional Bonds. Nothing in this Ordinance shall be construed in such a manner as to prevent the issuance by the Town of Additional Bonds payable from and constituting a lien upon the Pledged Revenues on a parity with the lien of the Bonds. Such Additional Bonds may be payable solely from Pledged Revenues or they may be payable from Pledged Revenues and another revenue or fund of the Town (“Additional Pledged Revenues”). Regardless of whether payable solely from Pledged Revenues or from Pledged Revenues and Additional Pledged Revenues, such bonds or other obligations may be issued only if for the Fiscal Year immediately preceding the issuance of any Additional Bonds, the amount of Pledged Sales and Use Tax in such Fiscal Year equaled or exceeded 125% of the Maximum Annual Debt Service Requirement on the Bonds (including the Additional Bonds proposed to be issued). In addition, if the Town has drawn on the Bond Reserve Insurance Policy or any similar policy for any other Bonds, the policy costs due and owing to the issuer of the Bond Reserve Insurance Policy or the issuer of any similar policy for any other Bonds shall be added to Maximum Annual Debt Service Requirement for purposes of determining if the test in the preceding sentence has been met. For the purpose of satisfying the aforementioned 125% test, any tax, now existing or hereafter imposed, which legally becomes a part of the Pledged Sales and Use Tax during the Fiscal Year preceding the issuance of Additional Bonds, or any tax which is to legally become a part of the Pledged Sales and Use Tax immediately prior to the issuance of Additional Bonds, or any increase in the rate of any tax which is a part of the Pledged Sales and Use Tax which increase is imposed during the Fiscal Year preceding the issuance of Additional Bonds or any such increase which is to be imposed immediately prior to or concurrently with the issuance of Additional Bonds can be considered for its estimated effect on the amount of the Pledged Sales and Use Tax as if such tax or increase had been in effect for the Fiscal Year immediately preceding the issuance of such Additional Bonds. Any tax which is no longer in effect at the time of issuance of the Additional Bonds shall not be considered for purposes of satisfying such tests.

B. Certificate of Revenues. A written certification by an officer or employee of the Town that the requirements of paragraph A of this Section have been met shall be

conclusively presumed to be accurate in determining the right of the Town to authorize, issue, sell and deliver said Additional Bonds on a parity with the Series 2004 Bonds, the Series 2008 Bonds, the Series 2013 Bonds and the Series 2016 Bonds herein authorized.

C. Subordinate Obligations Permitted. Nothing in this Ordinance shall be construed in such a manner as to prevent the issuance by the Town of additional obligations payable from and constituting a lien upon the Pledged Revenues subordinate or junior to the lien of the Series 2016 Bonds.

D. Superior Obligations Prohibited. Nothing in this Ordinance shall be construed so as to permit the Town to hereafter issue obligations payable from the Pledged Revenues having a lien thereon prior or superior to the Series 2016 Bonds.

Section 18. Refunding Obligations.

A. Generally. If at any time after the Series 2016 Bonds, or any part thereof, shall have been issued and remain Outstanding, the Town shall find it desirable to refund any Outstanding obligations payable from the Pledged Revenues, said obligations, or any part thereof, may be refunded, subject to the provisions of paragraph B of this Section, if (1) the obligations to be refunded, at the time of their required surrender for payment, shall then mature or shall then be callable for prior redemption at the Town's option upon proper call, or (2) the owners of the obligations to be refunded consent to such surrender and payment.

B. Protection of Obligations Not Refunded. Any refunding obligations payable from the Pledged Revenues shall be issued with such details as the Town Council may provide, so long as there is no impairment of any contractual obligation imposed upon the Town by any proceedings authorizing the issuance of any unrefunded portion of obligations payable from the Pledged Revenues; but so long as any Series 2016 Bonds are Outstanding, refunding obligations payable from the Pledged Revenues may be issued on a parity with the unrefunded Bonds only if:

1. Prior Consent. The Town first receives the consent of the owner or owners of the unrefunded Bonds; or

2. Requirements Not Increased. The refunding obligations do not increase by more than \$25,000, for any Fiscal Year prior to and including the last maturity date of any unrefunded Bonds, the aggregate principal and interest requirements evidenced by such refunding obligations and by any Outstanding Bonds not refunded, and the lien of any refunding

parity obligations on the Pledged Revenues is not raised to a higher priority than the lien thereon of any obligations thereby refunded; or

3. Earnings Test. The refunding obligations are issued in compliance with paragraphs A and B of Section 17 hereof.

Section 19. Protective Covenants. The Town hereby additionally covenants and agrees with each and every owner of the Series 2016 Bonds that:

A. Payment of Series 2016 Bonds. The Town will promptly pay the principal of and interest on every Series 2016 Bond issued hereunder and secured hereby on the dates and in the manner specified herein and in said Series 2016 Bonds according to the true intent and meaning hereof. Such principal and interest is payable solely from the Pledged Revenues.

B. Amendment of Certain Ordinances; Duty to Impose Sales and Use Tax; Impairment of Contract. Chapter 3.04 is in full force and effect and has not been repealed. The Town will not repeal or amend said Chapter 3.04 in any manner which would diminish the proceeds of the Pledged Sales and Use Tax by an amount which would materially adversely affect the security for the Series 2016 Bonds. The Town agrees that any law, ordinance or resolution of the Town in any manner affecting the Pledged Revenues or the Series 2016 Bonds, or otherwise appertaining thereto, shall not be repealed or otherwise directly or indirectly modified in such manner as to materially adversely affect any Series 2016 Bonds Outstanding, unless the required consent is obtained, all as provided in Section 28 of this Ordinance.

Notwithstanding any other provision of this Section or this Ordinance, the Town shall retain the right to make changes, without any consent of Series 2016 Bond owners, in Chapter 3.04, or any ordinance supplemental thereto or in substitution therefor, concerning the use of proceeds of the Pledged Sales and Use Tax remaining after the current requirements of all ordinances authorizing bonds or other securities payable from the Pledged Sales and Use Tax, or any portion thereof, have been met; or concerning changes in applicability, exemptions, administration, collection, or enforcement of the Sales and Use Tax, if such changes do not materially adversely affect the security for the Series 2016 Bonds; but the Town shall not reduce the current rate of the Pledged Sales and Use Tax without the consent of the owners of at least 66 percent in aggregate principal amount of the then Outstanding Series 2016 Bonds, as provided in Section 28 of this Ordinance.

The foregoing covenants are subject to compliance by the Town with orders of courts of competent jurisdiction concerning the validity, constitutionality or collection of such tax revenues, any legislation of the United States or the State or any regulation or other action taken by the federal government, any State agency or any political subdivision of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation or action applies to the Town as a Colorado home rule town and limits or otherwise inhibits the amount of such tax revenues due to the Town. All of the Pledged Revenues resulting from the imposition and collection of the Sales and Use Tax shall be subject to the payment of the principal of, interest on, and redemption premium, if any, of all securities payable from the Pledged Revenues, including reserves therefor, as provided herein or in any instrument supplemental or amendatory hereof.

C. Defense of Legality of Pledged Revenues. There is not pending or threatened any suit, action or proceeding against or affecting the Town before or by any court, arbitrator, administrative agency or other governmental authority which affects the validity or legality of this Ordinance, or Chapter 3.04 or the imposition and collection of the Sales and Use Tax, any of the Town's obligations under this Ordinance or any of the transactions contemplated by this Ordinance or Chapter 3.04.

The Town shall, to the extent permitted by law, defend the validity and legality of this Ordinance, the Sales and Use Tax and Chapter 3.04 against all claims, suits and proceedings which would diminish or impair the Pledged Revenues. Furthermore, the Town shall amend from time to time the provisions of any ordinance or resolution of the Town, as necessary to prevent impairment of the Pledged Revenues as required to meet the principal of, interest on, and prior redemption premium, if any, of the Series 2016 Bonds when due.

D. Further Assurances. At any and all times the Town 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 Pledged Revenues and other funds and accounts hereby pledged or assigned, or intended so to be, or which the Town may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Ordinance. The Town, acting by and through its officers, or otherwise, shall at

all times, to the extent permitted by law, defend, preserve and protect the pledge of said Pledged Revenues and other funds and accounts pledged hereunder and all the rights of every owner of any of the Series 2016 Bonds against all claims and demands of all Persons whomsoever.

E. Conditions Precedent. Upon the issuance of any of the Series 2016 Bonds, all conditions, acts and things required by the Constitution or laws of the United States, the Constitution or laws of the State, the Charter or this Ordinance, to exist, to have happened, and to have been performed precedent to or in the issuance of the Series 2016 Bonds shall exist, have happened and have been performed, and the Series 2016 Bonds, together with all other obligations of the Town, shall not contravene any debt or other limitation prescribed by the Constitution or laws of the United States, the Constitution or laws of the State or the Charter.

F. Records. So long as any of the Series 2016 Bonds remain Outstanding, proper books of record and account will be kept by the Town, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Pledged Revenues and the accounts created or continued by this Ordinance.

G. Audits. The Town further agrees that it will, within 210 days following the close of each fiscal year, cause an audit of such books and accounts to be made by a certified public accountant, who is not an employee of the Town, showing the Pledged Revenues. The Town agrees to allow the owner of any of the Series 2016 Bonds to review and copy such audits and reports, at the Town's offices, at his request. Copies of such audits and reports will be furnished to the Purchaser.

H. Performing Duties. The Town will faithfully and punctually perform all duties with respect to the Pledged Revenues required by the Charter and the Constitution and laws of the State and the ordinances and resolutions of the Town, including but not limited to the proper collection and enforcement of the Sales and Use Taxes and the segregation of the Pledged Revenues and their application to the respective accounts herein designated.

I. Other Liens. As of the date of issuance of the Series 2016 Bonds, there are no liens or encumbrances of any nature whatsoever on or against any of the Pledged Revenues except the liens created by the Series 2004 Bonds, the Series 2008 Bonds and the Series 2013 Bonds.

J. Tax Covenant. The Town covenants for the benefit of the registered owners of the Series 2016 Bonds that it will not take any action or omit to take any action with respect to

the Series 2016 Bonds, the proceeds thereof, any other funds of the Town or any facilities financed or refinanced with the proceeds of the Series 2016 Bonds if such action or omission:

- (i) would cause the interest on the Series 2016 Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code;
- (ii) would cause interest on the Series 2016 Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum tax; or
- (iii) would cause interest on the Series 2016 Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present Colorado law. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Series 2016 Bonds until the date on which all obligations of the Town in fulfilling the above covenant under the Tax Code and Colorado law have been met.

K. Town's Existence. The Town will maintain its corporate identity and existence so long as any of the Series 2016 Bonds remain Outstanding, unless another political subdivision by operation of law succeeds to the duties, privileges, powers, liabilities, disabilities, immunities and rights of the Town and is obligated by law to receive and distribute the Pledged Revenues in place of the Town, without materially adversely affecting the privileges and rights of any owner of any Outstanding Series 2016 Bonds.

L. Performance of Duties. The Town will faithfully and punctually perform or cause to be performed all duties with respect to the Pledged Revenues required by the laws of the State and the resolutions of the Town, including without limitation the proper segregation of the Pledged Revenues as set forth in Section 15 hereof and their application to the respective accounts as herein provided.

M. Prompt Collections. The Town will cause the Pledged Revenues to be collected promptly and accounted for in the accounts as herein provided.

N. Surety Bonds. Each official of the Town having custody of the Pledged Revenues, or responsible for their handling, shall be fully bonded at all times, which bond shall be conditioned upon the proper application of such money.

O. Prejudicial Contracts and Action Prohibited. No contract will be entered into, nor will any action be taken, by the Town by which the rights and privileges of any Owner are impaired or diminished.

P. Continuing Disclosure. The Town shall comply with the provisions of the Continuing Disclosure Certificate. Any failure by the Town to perform in accordance with this paragraph shall not constitute an event of default under this Ordinance, and the rights and remedies provided by this Ordinance upon the occurrence of an event of default shall not apply to any such failure. The Paying Agent shall not have any power or duty to enforce this paragraph. No Owner of a Series 2016 Bond shall be entitled to damages for the Town's non-compliance with its obligations under this paragraph; however, the Owners of the Series 2016 Bonds may enforce specific performance of the obligations contained in this paragraph by any judicial proceeding available.

Section 20. Defeasance. If, when the Series 2016 Bonds shall be paid in accordance with their terms (or payment of the Series 2016 Bonds has been provided for in the manner set forth in the following paragraph), together with all other sums payable hereunder, including all amounts due and owing to any issuer of a Bond Reserve Insurance Policy, then this Ordinance and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. Also if all Outstanding Series 2016 Bonds shall have been purchased by the Town and delivered to the Registrar for cancellation, and all other sums payable hereunder have been paid, or provision shall have been made for the payment of the same, then this Ordinance and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied.

Payment of any Outstanding Series 2016 Bond shall prior to the maturity or redemption date thereof be deemed to have been provided for within the meaning and with the effect expressed in this Section if (a) in case said Series 2016 Bond is to be redeemed on any date prior to its maturity, the Town shall have given to the Registrar in form satisfactory to it irrevocable instructions to give on a date in accordance with the provisions of Section 6 hereof notice of redemption of such Series 2016 Bond on said redemption date, such notice to be given in

accordance with the provisions of Section 6 hereof, (b) there shall have been deposited with the Registrar or other Trust Bank either moneys in an amount which shall be sufficient, or Government Obligations which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Registrar or other Trust Bank at the same time, shall be sufficient to pay when due the principal of, interest on, and redemption premium, if any, due and to become due on said Series 2016 Bond on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Series 2016 Bond is not by its terms subject to redemption within the next sixty days, the Town shall have given the Registrar in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 6 hereof, a notice to the Owner of such Series 2016 Bond that the deposit required by (b) above has been made with the Registrar or other Trust Bank and that payment of said Series 2016 Bond has been provided for in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, interest on, and redemption premium, if any, of said Series 2016 Bond. Neither such Governmental Obligations nor moneys deposited with the Registrar or other Trust Bank pursuant to this Section or principal or interest payments on any such Governmental Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, interest on, and redemption premium, if any of said Series 2016 Bond; provided any cash received from such principal or interest payments on such Governmental Obligations deposited with the Registrar or other Trust Bank, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities of the type described in (b) of this paragraph maturing at times and in amounts sufficient to pay when due the principal of, interest on, and redemption premium, if any to become due on said Series 2016 Bond on or prior to such redemption date or maturity date thereof, as the case may be. At such time as payment of a Series 2016 Bond has been provided for as aforesaid, such Series 2016 Bond shall no longer be secured by or entitled to the benefits of this Ordinance, except for the purpose of any payment from such moneys or securities deposited with the Registrar or other Trust Bank.

The release of the obligations of the Town under this Section shall be without prejudice to the right of the Registrar or Paying Agent to be paid reasonable compensation for all

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

Upon compliance with the foregoing provisions of this Section with respect to all Series 2016 Bonds then Outstanding, this Ordinance may be discharged in accordance with the provisions of this Section but the liability of the Town in respect of the Series 2016 Bonds shall continue; provided that the Owners thereof shall thereafter be entitled to payment only out of the moneys or Governmental Obligations deposited with the Registrar or other Trust Bank as provided in this Section.

In the event that there is a defeasance of only part of the Series 2016 Bonds of any maturity, the Registrar shall, if requested by the Town, institute a system to preserve the identity of the individual Series 2016 Bonds or portions thereof so defeased, regardless of changes in bond numbers attributable to transfers and exchanges of Series 2016 Bonds; and the Registrar shall be entitled to reasonable compensation and reimbursement of expenses from the Town in connection with such system.

Section 21. Delegated Powers. The officers of the Town are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limiting the generality of the foregoing; the printing of the Series 2016 Bonds; the procuring of a Bond Insurance Policy, if in the best interests of the Town; entering into and executing appropriate agreements with the Registrar and Paying Agent as to its services hereunder; entering into and executing appropriate agreements with DTC as to its services hereunder; the printing, distribution and execution of the Official Statement for the Series 2016 Bonds in substantially the form of the Preliminary Official Statement now before the Council, but with such amendments, additions and deletions as are in accordance with facts and not inconsistent herewith; and the execution of such certificates as may be required by the Purchaser, including, but not necessarily limited to, the absence and existence of factors affecting the exclusion of interest on the Series 2016 Bonds from gross income for federal income tax purposes.

The form, terms and provisions of the Registrar Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate and the Letter of Representations hereby are approved, and the Town shall enter into and perform its obligations under the Registrar Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate and the Letter of Representations in substantially the forms of such documents on file with the Town Clerk with

only such changes therein as are required by the circumstances and are not inconsistent herewith; and the Mayor and Town Clerk are hereby authorized and directed to execute and deliver such documents as required hereby.

Section 22. Events of Default. Each of the following events is hereby declared an “event of default:”

A. Nonpayment of Principal. If payment of the principal of any of the Bonds shall not be made when the same shall become due and payable at maturity or by proceedings for prior redemption;

B. Nonpayment of Interest. If payment of any installment of interest on the Bonds shall not be made when the same becomes due and payable;

C. Incapable to Perform. If the Town shall for any reason be rendered incapable of fulfilling its obligations hereunder;

D. Default of any Provision. If the Town shall default in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the Series 2016 Bonds or in this Ordinance on its part to be performed, other than those delineated in paragraphs A and B of this Section and those in Section 19.P. hereof, and if such default shall continue for 60 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Town by the owners of not less than 25% in aggregate principal amount of the Series 2016 Bonds then Outstanding; or

E. Bankruptcy or Insolvency. A petition in bankruptcy or similar proceedings shall, pursuant to the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law, be filed against the Town and not dismissed within 60 days, or shall be filed by the Town.

F. Default Under Insurance Agreement. If an event of default shall have occurred and be continuing under the provisions of the Insurance Agreement.

Section 23. Remedies. Upon the happening and continuance of any event of default as provided in Section 22 hereof, the owner or owners of not less than 25% in aggregate principal amount of the Outstanding Bonds, or a trustee therefor, may protect and enforce their rights hereunder by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenants, the appointment of a receiver (the consent of such appointment being hereby granted), injunctive relief, or requiring the Town 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 of all owners. The failure of any owner to proceed does not relieve the Town or any person of any liability for failure to perform any duty hereunder. The foregoing rights are in addition to any other right available to the owners of Bonds and the exercise of any right by any owner shall not be deemed a waiver of any other right.

Section 24. Duties Upon Default. Upon the happening of any of the events of default as provided in Section 22 of this Ordinance, the Town, in addition, will do and perform all proper acts on behalf of and for the owners of the Bonds to protect and preserve the security created for the payment of the Bonds, and to insure the payment of the principal of and interest on said Bonds promptly as the same become due. Proceeds derived from the Pledged Revenues, so long as any of the Bonds herein authorized, either as to principal or interest, are Outstanding and unpaid, shall be paid into the Bond Account and the Reserve Account, pursuant to the terms hereof and to the extent provided herein, and used for the purposes herein provided. In the event the Town 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 enforce the rights of such owners as hereinabove provided.

Section 25. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Town shall determine that it wishes to replace said Registrar or Paying Agent, the Town may, upon notice mailed to each owner of any Series 2016 Bond at his address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. If a successor is not appointed within 60 days the Paying Agent may petition a court of competent jurisdiction to appoint a successor. Every such successor Registrar or Paying Agent shall be a bank or trust company having a shareowner's equity (e.g., capital, surplus, and undivided profits), however denominated, of not less than \$10,000,000 or be the Town. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the Town shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Section 26. Severability. If any one or more sections, sentences, clauses or parts of this Ordinance shall for any reason be held invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this Ordinance, but shall be confined in its operation to

the specific sections, sentences, clauses or parts of this Ordinance so held unconstitutional or invalid, and the inapplicability and invalidity of any section, sentence, clause or part of this Ordinance in any one or more instances shall not affect or prejudice in any way the applicability and validity of this Ordinance in any other instances.

Section 27. 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 revise any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 28. Amendment.

A. The Town may, without the consent of, or notice to the owners of the Series 2016 Bonds, adopt such ordinances supplemental hereto (which supplemental amendments shall thereafter form a part hereof) for any one or more or all of the following purposes:

(1) to cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in this Ordinance, or to make any provisions with respect to matters arising under this Ordinance or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the owners of the Series 2016 Bonds;

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

(3) to grant or confer upon the Registrar for the benefit of the registered owners of the Series 2016 Bonds any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the registered owners of the Series 2016 Bonds ; or

(4) to qualify this Ordinance under the Trust Indenture Act of 1939.

B. Exclusive of the amendatory ordinances permitted by paragraph A of this Section, this Ordinance may be amended or supplemented by ordinance adopted by the Town Council in accordance with the law, without receipt by the Town of any additional consideration but with the written consent of the owners of at least 66% in aggregate principal amount of the Series 2016 Bonds Outstanding at the time of the adoption of such amendatory or supplemental ordinance; provided, however, that, without the written consent of the owners of all of the Series 2016 Bonds adversely affected thereby, no such ordinance shall have the effect of permitting:

- (1) An extension of the maturity of any Series 2016 Bond authorized by this Ordinance; or
- (2) A reduction in the principal amount of any Series 2016 Bond, the rate of interest thereon, or the prior redemption premium thereon; or
- (3) The creation of a lien upon or pledge of Pledged Revenues ranking prior to the lien or pledge created by this Ordinance; or
- (4) A reduction of the principal amount of Series 2016 Bonds required for consent to such amendatory or supplemental ordinance; or
- (5) The establishment of priorities as between Series 2016 Bonds issued and Outstanding under the provisions of this Ordinance; or
- (6) The modification of or otherwise affecting the rights of the owners of less than all of the Series 2016 Bonds then Outstanding.

Copies of any waiver, modification or amendment to this Ordinance shall be delivered to any entity then maintaining a rating on the Series 2016 Bonds.

Section 29. Pledge of Revenues. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Series 2016 Bonds as provided herein shall be governed by Section 11-57-208 of the Supplemental Act and this Ordinance. The revenues pledged for the payment of the Series 2016 Bonds, as received by or otherwise credited to the Town, shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge on the revenues pledged for payment of the Series 2016 Bonds and the obligation to perform the contractual provisions made herein shall have priority over any or all other obligations and liabilities of the Town, except for the Series 2004 Bonds, the Series 2008 Bonds, the Series 2013 Bonds and any Additional Bonds. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the Town irrespective of whether such persons have notice of such liens.

Section 30. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Council, or any officer or agent of the Town acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the Series 2016 Bonds. Such recourse shall not be available either directly or indirectly through the Council or the

Town, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Series 2016 Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Series 2016 Bond specifically waives any such recourse.

Section 31. Conclusive Recital. Pursuant to Section 11-57-210 of the Supplemental Act, the Series 2016 Bonds shall contain a recital that they are issued pursuant to certain provisions of the Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Series 2016 Bonds after their delivery for value.

Section 32. Limitation of Actions. Pursuant to Section 11-57-212 of the Supplemental Act, no legal or equitable action brought with respect to any legislative acts or proceedings of the Town in connection with the authorization or issuance of the Series 2016 Bonds, including but not limited to the adoption of this Ordinance, shall be commenced more than thirty days after authorization of the Series 2016 Bonds.

Section 33. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Ordinance, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Registrar and Paying Agent are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date.

Section 34. Ordinance Irrepealable. After any of the Series 2016 Bonds herein authorized are issued, this Ordinance shall constitute a contract between the Town and the owners of the Series 2016 Bonds, and shall be and remain irrepealable until the Series 2016 Bonds and interest thereon shall be fully paid, cancelled and discharged as herein provided.

Section 35. Effective Date; Emergency Declaration. In order to take advantage of the currently favorable conditions in the municipal bond market, the continuation of which cannot be predicted, the Council hereby determines that this Ordinance is necessary for the immediate preservation of the public peace, health or safety. As an emergency ordinance, this Ordinance shall take effect upon adoption, shall be authenticated and shall be numbered and recorded in the official records of the Town as required by the Charter.

Section 36. Safety Clause. The Town Council finds and declares that this Ordinance is promulgated and adopted for the public peace, health or safety and this Ordinance bears a rational relation to the legislative object sought to be obtained.

Section 37. Disposition of Ordinance. This Ordinance, as adopted by the Council, shall be numbered and recorded by the Town Clerk in the official records of the Town. The adoption and publication shall be authenticated by the signatures of the Mayor or Mayor Pro Tem, and Town Clerk, and by the certificate of publication.

INTRODUCED, READ BY TITLE, PASSED ON FIRST READING, AND APPROVED
THIS 17th DAY OF MAY, 2016.

TOWN OF CASTLE ROCK, COLORADO

Mayor

ATTEST:

Town Clerk

FINALLY ADOPTED AND APPROVED AS AN EMERGENCY MEASURE,
TO BECOME EFFECTIVE UPON ADOPTION, AND ORDERED PUBLISHED ONCE BY
TITLE AND SUMMARY (WITH NOTICE THAT THE ENTIRE TEXT OF THE PROPOSED
ORDINANCE IS AVAILABLE FOR PUBLIC INSPECTION AT THE OFFICE OF THE TOWN
CLERK) THIS 14th DAY OF JUNE, 2016.

TOWN OF CASTLE ROCK, COLORADO

Mayor

ATTEST:

Town Clerk

APPROVED AS TO FORM:

Town Attorney

STATE OF COLORADO)
)
COUNTY OF DOUGLAS) SS.
)
TOWN OF CASTLE ROCK)

I, Sally Misare, the duly elected, qualified and acting Town Clerk of the Town of Castle Rock, Colorado (the “Town”) do hereby certify:

1. That the foregoing pages are a true, correct, and complete copy of an emergency ordinance (the “Ordinance”) concerning the Town’s Sales and Use Tax Revenue Refunding Bonds, Series 2016, adopted by the Town Council (the “Council”) of the Town, at regular meetings of the Council held at the Town Hall on May 17, 2016 and June 14, 2016.

2. The Ordinance was adopted on first reading at an open, regular meeting of the Council on Tuesday, May 17, 2016 by an affirmative vote of the members of the Council as follows:

Name	“Yes”	“No”	Absent	Abstain
Paul Donahue, Mayor	✓			
Jennifer Green, Mayor Pro Tem	✓			
Mark P. Heath	✓			
Chip Wilson	✓			
Renee Valentine	✓			
George Teal	✓			
Brett J. Ford	✓			

3. The Ordinance was passed on second and final reading on Tuesday, June 14, 2016, by an affirmative vote of the members of the Council as follows:

Name	“Yes”	“No”	Absent	Abstain
Paul Donahue, Mayor				
Jennifer Green, Mayor Pro Tem				
Mark P. Heath				
Chip Wilson				
Renee Valentine				
George Teal				
Brett J. Ford				

4. The Ordinance has been signed by the Mayor, sealed with the corporate seal of the Town, attested by me as Town Clerk, and duly recorded in the books of the Town; and that the same remains of record in the book of records of the Town.

5. That notice of the regular meetings of May 17, 2016 and June 14, 2016 in the forms attached hereto as **Exhibit A**, was posted and published prior to first reading pursuant to Section 2.02.100.C of the Municipal Code.

6. That the Ordinance was published by title and summary (with notice that a copy of the entire text of the ordinance is available at the office of the Town Clerk) after second reading and final adoption on the Town's website on _____ 2016, which date is not later than five (5) business days after adoption, and such ordinance shall remain posted for thirty (30) days post adoption.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Town this _____ day of _____, 2016.

(SEAL)

Town Clerk

EXHIBIT A

(Attach Notices of Meetings)