

ORDINANCE NO. 2015-40

AN ORDINANCE OF THE TOWN OF CASTLE ROCK, COLORADO, ACTING AS SUCH AND AS THE GOVERNING BOARD OF THE TOWN OF CASTLE ROCK GOLF COURSE ENTERPRISE, AUTHORIZING THE ISSUANCE OF GOLF COURSE ENTERPRISE REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2015 AND PROVIDING FOR ITS EMERGENCY ADOPTION ON SECOND AND FINAL READING.

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

Section 1. Definitions.

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

“Additional Bonds” means one or more series of bonds or other securities or obligations issued pursuant to Section 20 hereof, payable from and having a lien on the Net Revenues and on the Bond Fund on a parity with the lien of the Bonds.

“Average Annual Debt Requirement” means the sum of the Principal Installments of and interest on the Bonds, excluding any Bonds the principal of which is payable within less than one year from the date of computation, but including any Additional Bonds proposed to be issued for purposes of Section 20 hereof, to be paid during each Fiscal Year for the period beginning with the Fiscal Year in which such computation is made and ending with the Fiscal Year in which any Bond last becomes due at maturity or on a redemption date on which any Bond thereafter maturing is called for prior redemption, whichever is later, divided by the number of full Fiscal Years during the period beginning with the Fiscal Year in which such computation is made and ending with the year any Bond last becomes due at maturity or on a redemption date on which a Bond thereafter maturing is called for prior redemption.

“Bond Fund” means the special fund created pursuant to Section 15 hereof.

“Bond Reserve Fund” means the special fund created pursuant to Section 15 hereof, if any.

“Bond Reserve Insurance Policy” means any insurance policy, surety bond, irrevocable letter of credit or similar instrument deposited in or credited to the Bond Reserve Fund, if any, in lieu of or in partial substitution for moneys on deposit therein.

“Bonds” means the Town of Castle Rock, Colorado, Golf Course Enterprise Revenue Refunding and Improvement Bonds, Series 2015 issued to the Purchaser pursuant to this Ordinance.

“Business Day” means a day on which banks located in the city in which the principal office of the Paying Agent and Registrar are located are not required or authorized to be closed and on which the New York Stock Exchange is not closed.

“Charter” means the home rule charter for the Town of Castle Rock, Colorado, as approved by the Town’s voters in September 1987 and as amended from time to time thereafter.

“Construction Account” shall mean the account by that name established by Section 17 hereof.

“Cost of the Improvement Project” shall mean all costs, as designated by the Enterprise, of the Improvement Project, or any interest therein, which cost, at the option of the Enterprise (except as may be otherwise limited by law) may include all, any one or other portion of the incidental costs pertaining to the Improvement Project, including, without limitation:

(1) All preliminary expenses or other costs advanced by the Enterprise or advanced by the Federal Government, the State or by any other Person from any source, with the approval of the Council, or any combination thereof, or otherwise;

(2) The costs of making surveys and tests, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries;

(3) The costs of contingencies;

(4) The costs of premiums on any builders’ risk insurance and performance bonds during the construction, installation and other acquisition of the Improvement Project, or a reasonably allocated share thereof;

(5) The costs of appraising, printing, estimates, advice, inspection, other services of engineers, architects, accountants, financial consultants, attorneys at law, clerical help and other agents and employees;

(6) The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the Improvement Project and the issuance of the Bonds;

(7) All costs and expenses of issuing the Bonds including, without limitation, fees of the Paying Agent, bond counsel, counsel to the Purchaser, counsel to the Enterprise, financial advisor, and the origination/direct purchase fee of the Purchaser;

(8) The costs of the filing or recording of instruments and the cost of any title insurance premiums;

(9) The costs of funding any construction loans and other temporary loans pertaining to the Improvement Project and of the incidental expenses incurred in connection with such loans;

(10) The costs of demolishing, removing, or relocating any buildings, structures, or other facilities on land acquired for the Improvement Project, and of acquiring lands to which such buildings, structures or other facilities may be moved or relocated;

(11) The costs of machinery and equipment;

(12) The costs of any properties, rights, easements or other interests in properties, or any licenses, privileges, agreements and franchises;

(13) The costs of labor, material and obligations incurred to contractors, builders and materialmen in connection with the acquisition and construction of the Improvement Project;

(14) The costs of amending any resolution or other instrument pertaining to the Bonds or otherwise to the Golf Course Facilities; and

(15) All other expenses pertaining to the Improvement Project.

“Council” means the Town Council of the Town. The Council also constitutes the governing board of the Enterprise, and where the context so requires, Council means the Council acting as the governing board of the Enterprise.

“Enterprise” means the Town of Castle Rock Golf Course Enterprise, created by Town Ordinance No. 96-55.

“Escrow Account” means the account created and designated as such pursuant to the Escrow Agreement.

“Escrow Agreement” means the Escrow Agreement dated as of its date between the Town and the Escrow Bank.

“Escrow Bank” means UMB Bank, n.a., Colorado, or its successor, which shall perform the function of escrow bank as set forth in this Ordinance and the Escrow Agreement.

“Excess Revenues Fund” means the fund by that name created in Section 15 hereof.

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

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

“Golf Course Facilities” means the golf course constructed, acquired and equipped with the proceeds of the Refunded Bonds and any other golf course facilities hereafter acquired by the Town and operated by the Enterprise including without limitation, land, improvements, structures, fixtures, equipment and furnishings, and appurtenances incidental thereto, and any other facilities the revenues of which are described in clause (ii) of the definition of “Gross Income.”

“Gross Income” means (i) all gross income and revenue derived by the Town (on behalf of the Enterprise) from the operation of the Golf Course Facilities, or any part thereof, whether resulting from improvements, extensions, enlargements, repairs or betterments to the Golf Course Facilities, or otherwise, and includes all gross income and revenue received by the Town from the Golf Course Facilities owned or operated by the Town as the same may at any time exist to serve customers within or without Town boundaries, (ii) all gross income and revenue derived by the Town from the operation of any other facility or from any other Town revenues hereafter pledged by the Council to the payment of the Bonds provided that prior to such pledge the Town receives a written opinion from nationally recognized bond counsel to the effect that such pledge does not adversely affect the validity of the Bonds or the exclusion of the interest on the Bonds from gross income for federal income tax purposes and (iii) all gross income and revenue derived from the investment of any of the funds established herein, even though such investment gross income and revenue is to be credited to the particular fund from which such investment is made, as further provided in and subject to restrictions imposed by Section 16 hereof.

“Improvement Project” means golf course improvements of the Enterprise.

“Income Fund” means the special fund created pursuant to Section 14 hereof.

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

“Maximum Annual Debt Service” means the maximum amount of all required payments of principal and interest on the Outstanding Bonds and Outstanding Additional Bonds (or any portion thereof, if so provided) which will become due in any Fiscal Year; provided, however, if the Bonds or Additional Bonds have a final debt service payment a portion of which is reasonably expected to be paid from amounts on deposit in the Bond Reserve Fund, Maximum Annual Debt Service shall exclude the amount of the payment reasonably expected to be paid from such Bond Reserve Fund.

“Moral Obligation Commencement Date” means the date after the Moral Obligation Release Date in which the Finance Director certifies to the Town that the Net Revenues are less than 1.25 times the Maximum Annual Debt Service on the Outstanding Bonds as provided in Section 15(C) hereof.

“Moral Obligation Release Date” means the date the Finance Director certifies to the Town that (i) the Net Revenues for the Enterprise’s preceding two Fiscal Years were at least 1.25 times principal and interest due on the Bonds for such years; and (ii) the Bond Fund and the Bond Reserve Fund are fully funded as provided herein.

“Net Revenues” means the Gross Income after deducting Operation and Maintenance Expenses and required rebate payments as provided in Section 15.D. hereof.

“Operation and Maintenance Fund” means the special account created pursuant to Section 15 hereof.

“Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the Enterprise, paid or accrued, of operating, maintaining and repairing the Golf Course Facilities, and shall include, without limiting the generality of the foregoing, legal and overhead expenses of the Town or the Enterprise directly related and reasonably allocable to the administration of the Golf Course Facilities, insurance premiums, the reasonable charges of

depository banks and registrar and paying agents, contractual services, professional services required by this Ordinance, salaries and administrative expenses, labor, and the cost of materials and supplies used for current operation of the Golf Course Facilities, but shall not include any allowance for depreciation, liabilities incurred by the Town or the Enterprise as the result of either of their negligence in the operation of the Golf Course Facilities or other ground of legal liability not based on contract, improvements, extensions, enlargements or betterments of the Golf Course Facilities, lease payments on operating leases relating to equipment for the Golf Course Facilities, or any charges for the accumulation of reserves for capital replacements of the Golf Course Facilities. In addition, upon the happening of an event of default as described in Section 23 hereof, Operation and Maintenance Expenses shall include any fees and/or expenses of the Town and/or any receiver appointed to protect the rights of the Registered Owners, which fees and/or expenses relate to pursuing remedies under this Ordinance.

“Ordinance” or “ordinance” means this Ordinance of the Town, acting as the Town Council and as the governing body of the Enterprise, which provides for the issuance and delivery of the Bonds.

“Outstanding” means, as of any date of calculation, all Bonds or Additional Bonds theretofore executed, issued and delivered by the Town except:

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

(2) Bonds or Additional Bonds in lieu of or in substitution for which other Bonds or Additional Bonds shall have been executed, issued and delivered by the Town and authenticated by the Registrar unless proof satisfactory to the Registrar is presented that any such Bonds are duly held by the lawful Registered Owners thereof or similar provisions of an ordinance authorizing Additional Bonds; or

(3) Bonds or Additional Bonds deemed to have been paid as provided in Section 26 hereof or similar provisions of an ordinance authorizing Additional Bonds.

“Paying Agent” means UMB Bank, n.a., in Denver, Colorado, its successors and assigns, as agent for the Town for the payment of the Bonds.

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

“Principal Operation Office” means the principal operations office of the Registrar and Paying Agent.

“Project” means the Improvement Project and the Refunding Project.

“Purchaser” means the initial purchase of the Bonds as designated in the Sale Certificate.

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

“Redemption Date” means the earliest date on which the Refunded Bonds may be called for prior redemption.

“Refunded Bonds” means all of the Town’s outstanding Golf Course Enterprise Revenue Refunding Bonds, Series 2005, dated as of April 12, 2005, originally issued in the aggregate principal amount of \$6,840,000 and currently outstanding in the aggregate principal amount of \$4,490,000.

“Refunded Bond Requirements” means (i) the principal of and interest due on the Refunded Bonds, both accrued and not accrued, as the same become due on and after the date of delivery of the Bonds and on and before the Redemption Date; and (ii) the principal of the Refunded Bonds upon maturity or prior redemption on the Redemption Date, without a prior redemption premium.

“Refunding Project” means the refunding, paying and discharging of the Refunded Bond Requirements.

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

“Registrar” means UMB Bank, n.a., in Denver, Colorado, its successors and assigns, as agent for the Town for the registration and transfer of the Series 2005 Bonds.

“Registrar Agreement” means the Registrar and Paying Agent Agreement between the Town and the Registrar and Paying Agent.

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

“Reserve Fund Requirement” means, if any, an amount equal to the least of (i) 10% of the original proceeds, as defined in the Tax Code, of the Bonds, (ii) 100% of the Maximum Annual Debt Service on the Bonds, or (iii) 125% of the Average Annual Debt Requirement, if such a Reserve Fund Requirement is stipulated in the Sale Certificate.

“Sale Certificate” means a certificate executed by either the Town Manager or the Finance Director dated on or before the date of delivery of the Bonds, setting forth (i) the rates of interest on the Bonds; (ii) the conditions on which and the prices at which the Bonds may be called for redemption; (iii) the existence and amount of any capitalized interest or reserve fund; (iv) the price at which the Bonds will be sold; (v) the aggregate principal amount of the Bonds; (vi) the amount of principal of the Bonds maturing on each date; and (vii) the dates on which principal and interest will be paid and the first interest payment date; subject to the parameters and restrictions contained in this ordinance.

“State” means the State of Colorado.

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

“Tax Code” means the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2005 Bonds.

“Term Bonds” means Bonds that are payable on or before their specified maturity dates from sinking fund payments as specified in the Sale Certificate.

“Town” means the Town of Castle Rock, Colorado, and in connection with the issuance of the Bonds and the Project, means the Town acting by and through the Enterprise.

In this Ordinance, unless the context otherwise requires,

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

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

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

Section 2. Recitals.

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

C. The Town has heretofore issued the Refunded Bonds.

D. The Refunded Bonds maturing on and after December 1, 2016 are subject to redemption prior to their respective maturities, at the option of the Town, in whole or in part, in integral multiples of \$5,000, from such maturities as are selected by the Town, on December 1, 2015 or on any date thereafter at a redemption price equal to the principal amount so redeemed, accrued interest thereon to the Redemption Date, without a redemption premium.

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

F. Pursuant to Article X, Section 10-4 of the Charter, the Council is authorized to issue revenue bonds without approval of the electors of the Town.

G. The Council has created the Enterprise as a government owned business, authorized to issue its own revenue bonds. The Enterprise was created in 1997 and had no operations, revenue or income prior to 1997. In 2014 the Enterprise did not receive more than 10% of its annual revenue in grants from Colorado state or local governments combined. As a result, the Enterprise constitutes an enterprise for purposes of Article X, Section 20 of the Colorado Constitution. The Town expects that the Enterprise will constitute an enterprise for purposes of Article X, Section 20 of the Colorado Constitution during 2015.

H. An enterprise is not subject to the limitations of Article X, Section 20 of the Colorado Constitution, which means that the Bonds may be issued without approval of the electors of the Town.

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

J. Other than the Refunded Bonds (which will be defeased concurrently with the issuance of the Bonds), there is not now a pledge of the Net Revenues to the payment of any bonds or for any purpose.

K. The Net Revenues may be pledged lawfully and irrevocably for the payment of the Bonds.

L. The Council has determined that it is necessary and for the best interests of the Town and the inhabitants thereof to proceed with the Refunding Project and to issue, on behalf of the Enterprise, and sell the Bonds to defray, in part, the cost of the Refunding Project.

M. Additionally, the Town has determined that it is in the best interest of the Town and the inhabitants thereof to construct the Improvement Project, which Improvement Project will be funded with a portion of the proceeds of the Bonds.

N. The Town anticipates receiving a proposal from the Purchaser for the private placement purchase of the Bonds in order to defray, in whole or in part, the cost of the Project.

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

P. There are on file with the Town Clerk the forms of the following documents: (i) the form of the Registrar Agreement; and (ii) the form of Escrow Agreement.

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

Section 4. Authorization of Bonds. It is hereby declared necessary that the Town issue on behalf of the Enterprise, and there are hereby authorized to be issued the “Town of Castle Rock, Colorado, Golf Course Enterprise Revenue Refunding and Improvement Bonds Series 2015.” The Bonds are payable as to principal, premium, if any, and interest solely out of the Net Revenues, the Bond Fund and the Bond Reserve Fund, and the Town pledges irrevocably, but not exclusively, such Net Revenues and such funds to the payment of the Bonds and the interest and any redemption premium thereon. Pursuant to Article X, Section 20 of the Colorado Constitution, no election is required for the issuance of the Bonds.

Pursuant to Section 11-57-204 of the Supplemental 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 Act. The Council hereby elects to apply all of the provisions of the Supplemental Act to the Bonds. Pursuant to such election to apply Section 11-57-205 of the Supplemental Act to the Bonds, the Council hereby delegates to the Town Manager or the Finance Director the authority to make the determinations with respect to the Bonds, subject to the parameters and restrictions contained in Section 5 below, without any requirement that the Council approve such determinations.

Such determinations shall be evidenced by the Sale Certificate signed by the Town Manager or the Finance Director dated and delivered as of the Closing Date, which shall not be more than 60 days from the date of adoption of this ordinance.

Section 5. Bond Details.

A. The Bonds shall be issued in fully registered form (i.e., registered as to both principal and interest) initially registered in the name of the Purchaser. The Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on any maturity date, and no individual Bond may be issued for more than one maturity and interest rate). The Bonds shall be numbered in such manner as the Registrar may determine. The Bonds shall be dated as of their date of delivery, and shall bear interest from their dated date until maturity, except that any Bond which is reissued upon transfer, exchange or other replacement shall bear interest from the most recent payment date to which interest has been paid, or if no interest has been paid, from the date of the Bonds

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

- (i) the aggregate principal amount of the Bonds shall not exceed \$5,500,000;
- (ii) the first optional redemption date of the Bonds shall not be later than December 1, 2025;
- (iii) the redemption price on the Bonds shall not exceed 100%;
- (iv) the final maturity of the Bonds shall not be later than December 1, 2027;
- (v) the net effective interest rate on the Bonds shall not exceed 3.30%;
- (v) any default rate shall not exceed the net effective interest rate plus 3.00%; and
- (vi) the purchase price of the Bonds shall not be less than 100%.

Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months, payable semiannually on each June 1 and December 1, commencing on the date provided in the Sale Certificate.

C. The principal of and premium, if any, on any 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 or prior redemption thereof and upon presentation and surrender at the Principal Operations Office of the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at maturity or prior redemption, it shall continue to draw interest at the same interest rate borne by said Bond until the principal thereof is paid in full. Payment of interest on any 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 Record Date; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Registered Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Registered Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date and the date fixed for 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 Bonds not less than ten days prior to the Special Record Date by first-class mail to each such Registered Owner as shown on the Registrar's registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Paying Agent. 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. Redemption Provisions.

A. The Bonds designated in the Sale Certificate, if any, will be subject to optional 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 maturity and interest rate, in any order of maturity and by lot within a maturity and interest rate, in such manner as the Town may determine as set forth in the Sale Certificate.

B. 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 December 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 2005 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 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.

So long as the Purchaser is the sole owner of 100% of the Bonds, the Purchaser shall not be required to surrender the Bonds to the Paying Agent to receive payment in connection with a mandatory sinking fund redemption, but shall be required to surrender such Bond on the final maturity date thereof to receive payment of the final principal payment thereof.

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

D. 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, not more than 60 nor less than 30 days prior to the redemption date, to the Purchaser, and to each Registered Owner of any 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 Bond or to the Purchaser or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Series Bonds.

Such notice shall identify the 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 Bond or 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 Bond or 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 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 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 Bonds so called for redemption are on deposit with the Paying Agent in the applicable fund or account.

Section 7. Registration, Transfer and Exchange of Bonds.

A. Except as provided in Section 8, records for the registration and transfer of the Bonds shall be kept by the Registrar, which is hereby appointed by the Town as registrar (i.e., transfer agent) for the Bonds. Upon the surrender for transfer of any 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 Bond or Bonds, of a like aggregate principal amount and of the same maturity and interest rate, bearing a number or numbers not previously assigned. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds and the same maturity and interest rate of other authorized denominations. The Registrar shall authenticate and deliver a Bond or Bonds which the Registered Owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. The Registrar may impose reasonable charges in connection with such exchanges and transfers of 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 8, the Registrar shall not be required to transfer or exchange (1) any 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 Bond or portion thereof after the mailing of notice calling such Bond or any portion thereof for prior redemption, except for the unredeemed portion of the Bonds being redeemed in part.

C. The person in whose name any Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes; 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 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 Bond in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

D. If any 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 Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed, or mutilated Bond shall have matured or is about to become due and payable, the Registrar may direct the Paying Agent to pay such Bond in lieu of replacement.

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

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

Section 8. Registration, Transfer and Exchange; No Book-Entry.

(A) The Bonds shall be registered in the name of the Purchaser or its designee. Upon the surrender for transfer of any 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 Bond or Bonds of the same series, of a like aggregate principal amount and of the same maturity and interest rate, bearing a number or numbers not previously assigned. Bonds may be exchanged at the Registrar

for an equal aggregate principal amount of Bonds of the series and the same maturity and interest rate of other authorized denominations. The Registrar shall authenticate and deliver a Bond or Bonds which the registered owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. The Registrar may impose reasonable charges in connection with such exchanges and transfers of 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) The Registrar shall not be required to transfer or exchange (1) any 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 Bond or portion thereof after the mailing of notice calling such Bond or any portion thereof for prior redemption, except for the unredeemed portion of the Bonds being redeemed in part.

(C) The person in whose name any Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes; 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 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 Bond in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

(D) If any 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 Enterprise may reasonably require, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed, or mutilated Bond shall have matured or is about to become due and payable, the Registrar may direct the Paying Agent to pay such Bond in lieu of replacement.

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

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

(G) The Bonds shall be registered in the name of the Purchaser and shall not be registered in book-entry format.

Section 9. Negotiability; Filing of Signatures--Execution of Bonds. Subject to the registration provisions hereof, the holder or holders of the Bonds shall possess all rights enjoyed by the holders of investment securities under the provisions of the Uniform Commercial Code – Investment Securities.

Prior to the execution of the Bonds, the Mayor and Town Clerk shall each file with the Secretary of State of the State of Colorado his or her manual signature certified by him or her under oath. Said Bonds shall be executed in the name of and on behalf of the Town by the signature of the Mayor and attested by the Town Clerk, and shall be sealed with the seal of the Town, or with a facsimile hereof. Said Bonds bearing the manual or facsimile signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of the Town, notwithstanding that before the delivery thereof and payment therefor any or all of the persons whose manual or facsimile signature appear thereon shall have ceased to fill their respective offices.

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

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

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

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF COLORADO

COUNTY OF DOUGLAS

**TOWN OF CASTLE ROCK, COLORADO
GOLF COURSE ENTERPRISE
REVENUE REFUNDING AND IMPROVEMENT BOND
SERIES 2015**

No. _____

\$ _____

INTEREST RATE

MATURITY DATE

DATED AS OF

CUSIP

_____ %

December 1, _____

_____, 2015

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The Town of Castle Rock, Colorado, acting by and through its Golf Course Enterprise (the "Town"), in the County of Douglas and the State of Colorado, 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 solely from said special funds interest hereon at the Interest Rate per annum specified above, payable semiannually on June 1 and December 1 in each year, beginning on _____, until the Principal Amount is paid or payment has been provided therefor, as described in an ordinance adopted by the Town Council on October 6, 2015 (the "Bond Ordinance"). The Bonds are equitably and ratably secured by a lien on the Net Revenues, and the Bonds constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon said Net Revenues. To the extent not defined herein, terms used in this Bond shall have the same meanings as set forth in the Bond Ordinance. This Bond bears interest, matures, is payable, is subject to redemption and is transferable as provided in the Bond Ordinance and the Sale Certificate.

The Bonds are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof plus accrued interest to the redemption date.

As and for the sinking fund for the Bonds, the Enterprise shall deposit in the Bond Fund on or before December 1, 2015, and on each December 1 thereafter, through and including December 1, 20[___], a sum which together with other moneys available in the Bond Account is sufficient to redeem (after credit as hereinafter provided), on the following dates, the following principal amounts of the Bonds maturing on December 1, 20[___]:

December 1 of the Year	<u>Principal Amount</u>
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
TOTAL	

*Maturity.

So long as the Purchaser is the sole owner of 100% of this Bond, the Purchaser shall not be required to surrender this Bond to the Paying Agent to receive payment in connection with a mandatory sinking fund redemption, but shall be required to surrender this Bond on the final maturity date thereof to receive payment of the final principal payment thereof.

This Bond are issued pursuant to and in full compliance with the Constitution and the laws of the state of Colorado and pursuant to the Charter and the Bond Ordinance. The Bonds are special, limited obligations of the Town and does not constitute a debt or an indebtedness of the Town within the meaning of any constitutional, charter or statutory provision or limitation, shall not be considered or held to be a general obligation of the Town, and is payable and collectible solely out of and secured by an irrevocable (but not necessarily

exclusive) pledge of certain reserve funds and the Net Revenues (as defined in the Bond Ordinance) derived from the operation of the Town's golf course facilities and any other facilities of the Town, the revenues of which have been pledged to the repayment of this Bond as described in the Bond Ordinance (the "Golf Course Facilities"), which Net Revenues are so pledged; and the Registered Owner hereof may not look to any general or other fund for the payment of the principal of and the interest on this obligation except the special funds pledged therefor.

Payment of the Bonds of the series of which this is one and the interest thereon shall be made solely from, and as security for such payment there are irrevocably (but not exclusively) pledged, pursuant to the Bond Ordinance, two special funds identified as the "Town of Castle Rock Golf Course Enterprise Revenue Refunding and Improvement Bonds, Bond Fund" and the "Town of Castle Rock Golf Course Enterprise Revenue Refunding and Improvement Bonds, Bond Reserve Fund" into which funds the Town covenants to pay, respectively, from the Gross Income derived from the operation of the Golf Course Facilities, after provision only for all necessary and reasonable expenses of the operation and maintenance of the Golf Course Facilities, sums sufficient to pay when due the principal of and the interest on the Bonds of the series of which this is one and to maintain a reasonable and specified reserve for such purpose. For a description of the above described funds and of the nature and the extent of the security afforded thereby for the payment of the principal of, premium, if any, and the interest on the Bonds, reference is made to the Bond Ordinance.

The Bonds of the series of which this Bond is one are issued under the authority of the Constitution and laws of the State of Colorado, and in full conformity therewith. It is further 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 and that it is issued pursuant to and in strict conformity with the Constitution and laws of the State of Colorado.

The Bonds of the series of which this is one are issued by the Town for the purposes of defraying wholly or in part the costs of the Project pursuant to and in full conformity with the Constitution of the State of Colorado, the Town's Charter, and all other laws of the State of Colorado thereunto enabling. The issuance of this Bond has been authorized pursuant to the Bond Ordinance duly adopted prior to the issuance of this Bond.

The Council has determined in the Bond Ordinance that each of the provisions and limitations in any applicable law, imposed upon the issuance of the Bonds, has been met; and such determination shall be conclusive in the absence of fraud or arbitrary and gross abuse of discretion.

It is also certified, recited and warranted that the Bonds are issued under the authority of the Bond Ordinance and the Supplemental Act. It is the intention of the Town, as expressed by the Bond Ordinance, that this recital shall conclusively impart full compliance with all of the provisions of the Bond 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 obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Registrar shall have manually signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the Town of Castle Rock, Colorado, acting by and through its Golf Course Enterprise, has caused this Bond to be executed in its name and upon its behalf by the manual or facsimile signature of the Mayor and to be attested by the manual or facsimile signature of the Town Clerk, and has caused a manual or facsimile impression of the seal of the Town to be affixed hereon, all as of date specified above.

TOWN OF CASTLE ROCK, COLORADO

(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 Bond Ordinance, and this Bond has been duly registered on the registration books kept by the undersigned as Registrar for such Bonds.

Date of Authentication
and Registration: _____

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

Authorized Officer or Employee

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

(Form of Assignment)

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

Dated: _____

Signature Guaranteed 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.

TRANSFER FEES MAY BE CHARGED

(End of Form of Assignment)

(Form of Prepayment Panel)

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

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

(End of Form of Prepayment Panel)

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

Section 13. Disposition of Bond Proceeds and Other Moneys. The proceeds of the Bonds and other legally available moneys shall be deposited as follows:

A. For credit to the Escrow Account, there shall be deposited an amount sufficient to effect the Refunding Project.

B. For credit to the Construction Account, there shall be deposited an amount sufficient to effect the Improvement Project.

C. For credit to the Bond Reserve Fund, an amount equal to the Reserve Fund Requirement.

D. The remaining available proceeds of the Bonds shall be immediately applied by the Town solely to pay the incidental costs and expenses of issuing the Bonds. Until the proceeds of the Bonds are applied as herein provided, the Bond proceeds are subject to a lien thereon and pledge thereof for the benefit of the Registered Owners of the Bonds.

Section 14. Income Fund. So long as any of the Bonds or any Additional Bonds shall be Outstanding, either as to principal or interest or both, the entire Gross Income shall be set aside and credited immediately upon receipt to a special account hereby created and designated as the “Town of Castle Rock Golf Course Facilities Gross Income Fund.”

Section 15. Administration of Income Fund. So long as any of the Bonds or any Additional Bonds shall be Outstanding, either as to principal or interest or both, the following payments shall be made from the Income Fund:

A. Operation and Maintenance Fund. First, as a first charge on the Income Fund, there shall be set aside from time to time in a separate account hereby created and designated as the “Town of Castle Rock Golf Course Facilities Operation and Maintenance Fund,” moneys sufficient to pay Operation and Maintenance Expenses as they become due and payable, and thereupon they shall be promptly paid. Any surplus remaining at the end of the Fiscal Year and not needed for Operation and Maintenance Expenses shall be transferred to the Income Fund and shall be used for the purposes thereof, as herein provided.

B. Bond Fund. Second, from any moneys remaining in the Income Fund, there shall be credited to a separate account hereby created, to be known as the “Town of Castle Rock Golf Course Enterprise Revenue Refunding and Improvement Bonds, Series 2015 Bond Fund” (the “Bond Fund”), and any similar fund created in an ordinance authorizing the issuance of Additional Bonds, the following:

(1) Monthly, commencing on the first day of the first month following the date of delivery of the Bonds and any Additional Bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of interest on the Bonds and Additional Bonds then Outstanding; and

(2) Monthly, commencing on the first day of the first month following the date of delivery of the Bonds and any Additional Bonds, or commencing on the first day of the month one year next prior to the first principal payment date of the Bonds and Additional 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 Bonds and Additional Bonds coming due at maturity, or pursuant to mandatory redemption, if any.

If prior to any interest payment date or principal payment date, there has been accumulated in the Bond Fund the entire amount necessary to pay the next maturing installment of interest or principal, or both, the payment required in subparagraph A or B (whichever is applicable) of this paragraph, may be appropriately reduced; but the required semi-annual amounts again shall be so credited to such account commencing on the next May 15 or November 15 (as applicable). The moneys in the Bond Fund shall be used only to pay the principal of and interest on the Bonds and the Additional Bonds as the same become due.

C. Bond Reserve Fund. Third, except as hereinafter provided, from any moneys remaining in the Income Fund there shall be credited within six months of the date of any withdrawal to a separate account hereby created, to be known as the “Town of Castle Rock Golf Course Enterprise Revenue Refunding and Improvement Bonds, Series 2015, Bond Reserve Fund” or such separate reserve fund established pursuant to an ordinance authorizing the issuance of any Additional Bonds, an amount, if any, which is necessary to maintain the Bond Reserve Fund as a continuing reserve for payment of principal of or interest on the Bonds or the

Additional Bonds in an amount not less than the Reserve Fund 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. In determining the amounts required to be deposited as provided above, the Town shall receive credit for any investment earnings on the deposits in the Bond Reserve Fund. No credit need be made to the Bond Reserve Fund so long as the moneys therein equal the Reserve Fund Requirement (regardless of the source of such accumulations).

The Reserve Fund Requirement shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided in subsections H and J of this Section and Section 26 hereof, only to prevent deficiencies in the payment of the principal of and the interest on the Bonds or any Additional Bonds resulting from the failure to credit to the Bond Fund sufficient funds to pay said principal and interest as the same accrue or to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Insurance Policy. The Reserve Fund Requirement shall be calculated upon (i) any principal payment, whether at stated maturity or upon redemption, (ii) the issuance of Additional Bonds, or (iii) the defeasance of all or a portion of the Bonds.

In lieu of all or a portion of the moneys required to be deposited in the Bond Reserve Fund by this Ordinance, the Town may at any time or from time to time deposit a Bond Reserve Insurance Policy in the Bond Reserve Fund in full or partial satisfaction of the Reserve Fund Requirement; provided that any such Bond Reserve Insurance Policy shall be payable on any date on which moneys will be required to be withdrawn from the Bond Reserve Fund as provided herein. Upon deposit of any Bond Reserve Insurance Policy in the Bond Reserve Fund, the Town may transfer moneys equal to the amount payable under the Bond Reserve Insurance Policy from the Bond Reserve Fund and apply such moneys to any lawful purpose.

Not later than 60 days following the end of each Fiscal Year, the Finance Director shall certify to the Town the Net Revenues and the Maximum Annual Debt Service on the Outstanding Bonds.

If the Bond Reserve Fund is not funded at the Reserve Fund Requirement by December 15 of each year, pursuant to the Reserve Replenishment Resolution, the Town has agreed to consider but is not obligated to, replenish the Bond Reserve Fund in an amount equal to the Reserve Fund Requirement prior to January 15 of the next fiscal year. Prior to any request to the Town to replenish the Bond Reserve Fund, Net Revenues shall be deposited into the Bond

Reserve Fund to the extent available. While the Town has agreed to consider funding the Bond Reserve Fund so that it will be funded at the Reserve Fund Requirement, the Town's decision not to so fund the Bond Reserve Fund shall not constitute an event of default hereunder and the fact that the Bond Reserve Fund is not fully funded shall also not constitute an event of default hereunder. In addition, any Town replenishment of the Bond Reserve Fund shall constitute a loan from the Town to the Enterprise, to be repaid in accordance with the loan documents between the Town and the Enterprise. Any amounts remaining in the Bond Reserve Fund after the Moral Obligation Release Date may be transferred to the Town.

If, subsequent to the Moral Obligation Release Date, the Net Revenues as certified by the Finance Director as required above are less than 1.25 times the Maximum Annual Debt Service on the Outstanding Bonds at the time of such certification (the "Moral Obligation Commencement Date"), the Town agrees to replenish the Bond Reserve Fund from excess moneys in the Income Fund as provided above. If, 11 months after the Moral Obligation Commencement Date, there are not sufficient funds in the Bond Reserve Fund to meet the Reserve Fund Requirement, the Town agrees to consider, but is not obligated to, replenish the Bond Reserve Fund as provided above and pursuant to the Reserve Replenishment Resolution in an amount which is sufficient to maintain the Bond Reserve Fund Requirement until a subsequent Moral Obligation Release Date occurs.

D. Rebate Account. Fourth, there shall be deposited in any account created and existing for the purpose of holding money required to be rebated to the United States government in connection with the Bonds or any Additional Bonds the amounts required by law to be held until such time as any required rebate payment is made. Amounts in any 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 a rebate account 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 Income Fund. Funds in any such 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.

E. Operating and Capital Reserve Fund. Fifth, from any moneys remaining in the Income Fund the Town may, at its discretion, credit any or all amounts remaining to the "Town of Castle Rock Golf Course Operating and Capital Reserve Fund," such

amounts as it deems necessary or desirable for the purpose of funding an operating reserve or a capital reserve for the Enterprise.

F. Excess Revenues Fund. Sixth, from any moneys remaining in the Income Fund, there shall be credited to the “Town of Castle Rock Golf Course Excess Revenues Fund” which is hereby created, amounts necessary to repay any Town loan to repay any other existing Town loans; provided, however, no amounts shall be deposited into such fund unless the Town is then current in the foregoing deposits and payments. Amounts in the Excess Revenues Fund shall be paid to the Town in accordance with the loan documents evidencing any Town loan to the Enterprise. When the Enterprise has repaid the Town in accordance with such loan documents, the Excess Revenues Fund shall no longer be funded.

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

H. Defraying Delinquencies in Bond and Bond Reserve Fund. If at any time the Town shall for any reason fail to credit to the Bond Fund the full amount above stipulated from the Net Revenues, then an amount shall be credited to the Bond Fund at such time from the Bond Reserve Fund, equal to the difference between that paid from said Net Revenues and the full amount so stipulated. Any money so used from the Bond Reserve Fund shall be replaced in the Bond Reserve Fund from the first Net Revenues received that are not required to be otherwise applied by this section, but excluding any payments required for any other subordinate obligations; provided, however, that an amount equal to the amount withdrawn from the Bond Reserve Fund shall be deposited by the Town in the Bond Reserve Fund no later

than six months from the date of such withdrawal. If at any time the Town shall for any reason fail to pay into the Bond Reserve Fund the full amount above stipulated from the Net Revenues, the difference between the amount paid and the amount so stipulated shall in a like manner be paid therein from the first Gross Income thereafter received from the operation of the Golf Course Facilities not required to be applied otherwise by this section, but excluding any payments required for any subordinate obligations. The moneys in the Bond Fund and in the Bond Reserve Fund shall be used solely for the purpose of paying the principal and any redemption premium of and the interest on the Bonds and moneys in the Bond Reserve Fund may be used to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy; provided, however, that any moneys at any time in excess of the Reserve Fund Requirement in the Bond Reserve Fund may be withdrawn therefrom and used for any legal purpose; and provided further, that any moneys in the Bond Fund and in the Bond Reserve Fund in excess of accrued and unaccrued principal, any prior redemption premium due, and interest requirements to the due date or prior redemption date (if called for prior redemption) of the Outstanding Bonds may be used as provided in subsection G.

I. Payment for Subordinate Obligations. After the payments required by the foregoing paragraphs of this Section, the Net Revenues shall be used by the Town for the payment of interest on and principal of any obligations secured by Net Revenues subordinate to the lien of the Bonds, hereafter authorized to be issued, including reasonable reserves therefor; provided, however, with the consent of the Town, payments on subordinate obligations may be made before the Town is repaid.

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

Section 16. General Administration of Funds. The funds and accounts designated in Sections 14 and 15 hereof shall be administered as follows:

A. Places and Times of Deposits. The above accounts and funds shall be separately maintained as book accounts and shall be accounted for separate from all other accounts as trust funds for the purposes established. For purposes of investment of moneys,

nothing herein prevents the commingling of moneys accounted for in any two or more such book accounts pertaining to the Gross Income or to such funds and any other funds of the Town, except as otherwise required by Section 22(B) hereof. Each account shall be continuously secured to the extent required by law and shall be irrevocable and shall not be withdrawable by anyone for any other purpose. Payments shall be made into the proper account on the date herein designated (except when any such date shall be a Saturday, Sunday or legal holiday, then payment shall be made the preceding secular day).

B. Investment of Moneys. Moneys in any fund not immediately needed may be invested in legal investments permitted by the laws of the State of Colorado. Such investments shall be deemed to be a part of said fund, and any profit or loss shall be charged thereto; provided, however, that, after giving effect to Section 15(C) hereof, any investment income on moneys in the Bond Reserve Fund shall be treated as Gross Income and shall be transferred to the Income Fund. All such investments shall (i) either be subject to redemption at any time at a fixed value by the holder thereof at the option of such holder, or (ii) mature not later than the estimated date or respective dates on which the proceeds are to be expended as estimated by the Finance Director of the Town at the time of such investment. If necessary to meet any payment, the Town shall sell such investments on the prevailing market from such fund.

Section 17. A. Maintenance of Escrow Account. The Escrow Account 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 Refunded Bond Requirements.

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 Refunded Bond Requirements. Any moneys remaining in the Escrow Account after provision shall have been made for the redemption in full of the Refunded Bonds shall be applied to any lawful purpose 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 all of the outstanding Refunded Bonds on the Redemption Date. The Council is hereby obligated so to

exercise such option, which option shall be deemed to have been exercised when notice is duly given and completed forthwith after the issuance of the Bonds as herein provided in this Section 17.

D. Construction Fund. A special fund is hereby created and established with the Town to be designated as the “Town of Castle Rock Golf Course Revenue Refunding and Improvement Bonds, Series 2015, Construction Account.” Moneys on deposit in the Construction Account shall be disbursed to pay the Costs of the Improvement Project.

Section 18. First Lien Bonds. The Bonds constitute a pledge of, and an irrevocable first lien (but not necessarily an exclusively first lien) on all of the Net Revenues. The Bonds are equitably and ratably secured by a lien on the Net Revenues, on a parity with the Additional Bonds authorized to be issued hereafter from time to time.

Section 19. Equality of Bonds. The Bonds and Additional Bonds shall not be entitled to any priority one over the other in the application of the Net Revenues, regardless of the time or times of their issuance.

Section 20. Additional Bonds.

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

(1) No event of default described in subsections (A) or (B) of Section 23 shall have occurred and be continuing; and

(2) The Net Revenues for the Fiscal Year immediately preceding the date of the issuance of any such Additional Bonds shall have been sufficient to pay an amount representing not less than 125% of the Average Annual Debt Requirement for the Bonds, and Additional Bonds currently Outstanding, and the Additional Bonds proposed to be issued (excluding any reserves therefor).

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

governed the Gross Income received during said entire Fiscal Year. Such estimate shall be made in writing by an Independent Consultant, and if an Independent Consultant's estimate is used in connection with the certificate of the Finance Director hereinafter provided for, such estimate shall be conclusive in determining the right of the Town to authorize, issue, sell and deliver said Additional Bonds on a parity with the Bonds herein authorized, i.e., the Finance Director and the Town may conclusively rely upon such written estimate of the Independent Consultant.

B. Certification or Opinion of Gross Income. A written certificate by the Finance Director that the annual Net Revenue is sufficient to pay the amounts specified in A(2) of this Section shall conclusively determine the right of the Town to issue Additional Bonds. The Finance Director may utilize the results of any annual audit to the extent it covers the applicable period.

C. Bond Reserve Fund Deposit. Simultaneously with the issuance of Additional Bonds there may be deposited to the Bond Reserve Fund for such Additional Bonds, if required by the ordinance authorizing same, an amount equal to the Reserve Fund Requirement for such Additional Bonds or a Bond Reserve Insurance Policy in such amount or a combination thereof.

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

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

Section 21. Refunding Bonds. The provisions of Section 20 hereof are subject to the following exceptions:

A. Privilege of Issuing Refunding Obligations. If at any time the Town shall find it desirable to refund any Outstanding obligations constituting a lien upon the Net Revenues, said Bonds or other obligations may be refunded (but only with the consent of the Registered Owners thereof, unless the obligations at the time of their required surrender for payment shall then mature, or shall then be subject to prior redemption at the Town's option) regardless of whether lien priority is changed thereby (except that superior obligations are prohibited as provided in paragraph E of Section 20 hereof and except as provided in paragraph B of this Section 21).

B. Issuance of Parity Refunding Obligations. The Town may issue any refunding securities payable from Net Revenues to refund any Outstanding Bonds, Additional Bonds or any subordinate securities heretofore or hereafter issued, with such details as the Council may by ordinance provide so long as there is no impairment of any contractual obligation imposed upon the Town by any proceedings authorizing the issuance of any unrefunded portion of such Outstanding securities of any one or more issues; but so long as the Bonds, or any part thereof, are Outstanding, refunding securities payable from Net 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 portion of the Bonds; or

(2) Requirements Not Increased. The combined Maximum Annual Debt Service Requirements for the Bonds and Additional Bonds Outstanding immediately after the issuance of the refunding securities is not greater than the combined Maximum Annual Debt Service Requirements for all Bonds and Additional Bonds Outstanding immediately prior to the issuance of the refunding securities and the lien of any refunding Additional Bonds on the Net Revenues is not raised to a higher priority than the lien thereon of any securities thereby refunded; or

(3) Earnings Test. The refunding securities are issued in compliance with Section 20A hereof.

Section 22. Protective Covenants. The Town covenants and agrees with each and every Registered Owner as follows:

A. Use of Bond Proceeds. The Town, with the proceeds derived from the sale of the Bonds, will, after the sale, issuance, and delivery of the Bonds, proceed without delay to apply the proceeds to the Project, funding of the Bond Reserve Fund and the payment of costs of issuing the Bonds.

B. Tax Covenant. The Town will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the Town or any facilities financed or refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of

the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the 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 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.

C. Use Charges. Rates, fees and charges for use of the Golf Course Facilities shall be reasonable and just, taking into account the cost and value of the Golf Course Facilities, Operation and Maintenance Expenses, proper allowances for depreciation and the amounts necessary to retire all Bonds payable from Net Revenues and the reserves therefor. There shall be charged against all users, including the Town, rates, fees and charges sufficient to produce Gross Income in each Fiscal Year to pay the Operation and Maintenance Expenses in such Fiscal Year, 125% of both the principal of and interest requirements on the Bonds and any Additional Bonds payable from the Net Revenues in such Fiscal Year (excluding reserve requirements and excluding interest requirements to the extent such interest has been capitalized); and any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Gross Income or any securities payable therefrom (including amounts payable to the Town). The Town covenants and agrees that it will cause all rates, fees and service charges appertaining to the Golf Course Facilities to be collected as soon as reasonable, shall prescribe and enforce rules and regulations for the payment thereof, including methods of collection and penalties, to ensure that the Net Revenues shall be adequate to meet the requirements of this Ordinance.

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

D. Levy and Reduction of Charges. The Town will establish and levy the required rates and charges. No reduction in any initial rate schedule may be made unless:

(1) The Town has complied with Section 15 for the Fiscal Year immediately preceding such reduction; and

(2) The Town has received certification by the Finance Director that the estimated Gross Income resulting from the proposed rate schedule will be sufficient to meet the requirements of paragraph C of this Section.

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

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

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

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

H. Audits and Budgets. The Town agrees that it will, within 180 days following the close of each Fiscal Year, cause an audit to be prepared by an independent accountant. Each such audit, in addition to matters thought proper by the accountant, shall include:

(1) A statement for the Fiscal Year just closed, of the Gross Income and expenditures of the Golf Course Facilities, including Gross Income, Net Revenues, the amount of any capital expenditures and profit or loss;

(2) A balance sheet as of the end of such Fiscal Year, including all funds created by proceedings authorizing Bonds payable from Gross Income; and

(3) The accountant's comment regarding the Town's methods of operation and accounting practice.

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

I. Collection of Charges. The Town shall cause all fees, rates and other charges pertaining to the Golf Course Facilities to be collected as soon as reasonable (as permitted by law), shall prescribe and enforce rules and regulations or impose contractual obligations for the payment of such charges, and for the use of the Golf Course Facilities, and shall provide methods of collection and penalties, to the end that the Gross Income of the Golf Course Facilities shall be adequate to meet the requirements of this Ordinance and any other instrument supplemental hereto.

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

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

L. Insurance. The Town in its operation of the Golf Course Facilities will carry fire and extended coverage insurance, public liability insurance and other types of insurance, or will maintain self-insurance funds, in an amount which an independent risk manager determines in writing delivered to the Town Manager to be sufficient for the risks covered by such insurance. The Town will also maintain as provided by law a self-insurance fund to cover workmen's compensation or will carry equivalent insurance. The cost of insurance shall be considered one of the operating costs of the Golf Course Facilities. In the event of property loss or damage, insurance proceeds shall be used first for the purpose of restoring or

replacing the property lost or damaged, and any remainder shall be treated as Net Revenues, and shall be subject to distribution in the manner provided hereinabove in Section 15 hereof, for Net Revenues.

M. Alienating Golf Course Facilities. The Town will not sell, lease, mortgage, pledge, or otherwise alienate the Golf Course Facilities, or any part thereof, unless all Outstanding Bonds have been paid or payment provided within the meaning of Section 26 hereof, except any portion which shall have been replaced by other property of at least equal value or which shall cease to be necessary for the efficient operation of the Golf Course Facilities. In the event of any sale, the proceeds of such sale shall be distributed as Net Revenues.

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

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

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

Q. Town's Existence. The Town will maintain its corporate entity and existence so long as any of the Bonds remain Outstanding, unless another political subdivision by operation of law succeeds to the liabilities and rights of the Town without adversely affecting to a substantial degree the privileges and rights of any Bondholder.

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

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

Section 23. Events of Default. An “event of default” occurs if:

- A. payment of principal of any Bond is not made when due at maturity or upon prior redemption;
- B. payment of interest on any Bond is not made when due;
- C. the Town is not capable of fulfilling its obligations hereunder; or
- D. the Town defaults in the punctual performance of its covenants hereunder (except as otherwise provided herein) for ninety (90) days after written notice shall have been given by the Registered Owners of at least 25 percent of the Outstanding Bonds.

Section 24. Remedies Upon Defaults. Upon the happening of any event of default, the Registered Owner or Owners of not less than 25 percent in principal amount of the Outstanding Bonds, or a trustee therefor, may protect and enforce the rights of any Registered Owner by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenant, the appointment of a receiver (the consent to such appointment being hereby granted), injunctive relief, or requiring the governing body of the Town to act as if it were the trustee of an expressed trust, or any combination of such remedies. In addition, the Town may have a receiver appointed upon the happening of an event of default. Any fees and/or expenses of the Town and/or the receiver incurred following an event of default and relating to pursuing remedies hereunder may be paid from Gross Income as Operation and Maintenance Expenses. All proceedings shall be maintained for the equal benefit of all Registered Owners. Any receiver appointed to protect the rights of Registered Owners may take possession and operate and maintain the Golf Course Facilities in the same manner as the Town itself might do. The failure of any Registered 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 and the exercise of any right by any Registered Owner shall not be deemed a waiver of any other right.

Section 25. Duties upon Default. Upon the happening of any event of default, the Town will perform all proper acts to protect and preserve the security created for the prompt payment of the principal of and interest on the Bonds. The Registered Owner or Owners of not

less than 25 percent in principal amount of the Outstanding Bonds, after written demand, may proceed to protect and enforce the rights provided by this section.

Section 26. Defeasance. If, when the Bonds shall be paid in accordance with their terms (or payment of the Bonds has been provided for in the manner set forth in the following paragraph), together with all other sums payable hereunder, then this Ordinance and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. Also if all Outstanding Bonds shall have been purchased by the Town and delivered to the Paying Agent 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.

Section 27. Payment of any Outstanding 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 Bond is to be redeemed on any date prior to its maturity, the Town shall have given to the Paying Agent in form satisfactory to it irrevocable instructions to give on a date in accordance with the provisions of this Ordinance notice of redemption of such Bond on said redemption date, (b) there shall have been deposited with the Paying Agent or other Trust Bank either moneys in an amount which shall be sufficient, or Federal Securities 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 Paying Agent or other Trust Bank at the same time, shall be sufficient to pay when due the principal of and interest on such Bonds when due and to become due on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bond is not by its terms subject to redemption within the next sixty days, the Town shall have given the Paying Agent 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 this Ordinance, a notice to the Owner of such Bond that the deposit required by (b) above has been made with the Paying Agent or other Trust Bank and that payment of said 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 and interest of said Bond. Neither such

securities nor moneys deposited with the Paying Agent or other Trust Bank pursuant to this Section or principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bond; provided any cash received from such principal or interest payments on such Federal Securities deposited with the Paying Agent 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 and interest to become due on said Bond on or prior to such redemption date or maturity date thereof, as the case may be. At such time as payment of a Bond has been provided for as aforesaid, such 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 Paying Agent or other Trust Bank.

In the event that any Bond is deemed to have been paid and defeased in accordance with (b) of the preceding paragraph, then in connection therewith, the Town shall cause to be delivered a verification report of an independent nationally recognized certified public accountant. If a forward supply contract is employed in connection with the refunding, (1) such verification report shall expressly state that the adequacy of the escrow to accomplish the refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (2) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement (or the authorizing ordinance, if no separate escrow agreement is utilized), the terms of the escrow agreement or authorizing ordinance, if applicable, shall be controlling.

The release of the obligations of the Town under this Section shall be without prejudice to the right of the 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 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 Bonds shall continue; provided that the

Owners thereof shall thereafter be entitled to payment only out of the moneys or Federal Securities deposited with the Paying Agent or other Trust Bank as provided in this Section.

Section 28. Successor Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Town shall determine to replace the Registrar or Paying Agent hereunder, the Town may, upon notice mailed to each Registered Owner of any Bond at his address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. Every such successor Registrar or Paying Agent shall be a bank or trust company located in the State. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the Town shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Section 29. 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 Bonds; the procuring of bond insurance, 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; and the execution of such certificates as may be required by the Purchaser, including, but not necessarily limited to, the absence and existence of factors affecting the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The form, terms and provisions of the Registrar Agreement and the Escrow Agreement, hereby are approved, and the Town shall enter into and perform its obligations under the Registrar Agreement and the Escrow Agreement 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 30. Amendment of Ordinance.

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

(1) To add to the covenants and agreements in this Ordinance other covenants and agreements thereafter to be observed for the protection or benefit of the Registered Owners of the Bond;

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

(3) To subject to this Ordinance additional revenues, properties, or collateral;

(4) In connection with the issuance of Additional Bonds; or

(5) In connection with depositing a Bond Reserve Insurance Policy to the Bond Reserve Fund.

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

(1) An extension of maturity of any Bond; or

(2) A reduction in the principal amount or interest rate of any Bond; or

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

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

(5) The establishment of priorities as between the Bonds issued and Outstanding under the provisions of this Ordinance; or

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

Section 31. Contract with Bondowners. After any of the Bonds herein authorized are issued, this Ordinance shall constitute a contract between the Town and the Registered Owner or Owners of the Bonds, and shall be and remain irrevocable until the Bonds and the interest accruing thereon shall have been fully paid, canceled and discharged.

Section 32. 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 33. 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 34. Pledge of Revenues. The creation, perfection, enforcement, and priority of the pledge of Net Revenues to secure or pay the Bonds as provided herein shall be governed by Section 11-57-208 of the Supplemental Act and this Ordinance. The Net Revenues pledged for the payment of the 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 Net Revenues and on the Bond Fund and the Bond Reserve Fund hereby pledged for payment of the 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. 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 35. 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 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 Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Bond specifically waives any such recourse.

Section 36. Conclusive Recital. Pursuant to Section 11-57-210 of the Supplemental Act, the 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 Bonds after their delivery for value.

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

Section 38. 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 39. Ordinance Irrepealable. After any of the Bonds herein authorized are issued, this Ordinance shall constitute a contract between the Town and the owners of the Bonds, and shall be and remain irrepealable until the Bonds and interest thereon shall be fully paid, cancelled and discharged as herein provided.

Section 40. Emergency Clause; Effective Date. For the reasons stated in the recitals to this Ordinance, it is declared that an emergency exists and it is necessary for the

preservation of the immediate public health and safety for this Ordinance to take effect upon its adoption after second reading.

Section 41. Safety Clause. The Town Council finds and declares that this Ordinance is promulgated and adopted for the public health, safety and welfare and this Ordinance bears a rational relation to the legislative object sought to be obtained.

Section 42. 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.

AFTER PUBLICATION 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 ORDINANCE WAS INTRODUCED, READ BY TITLE, PASSED ON FIRST READING, AND APPROVED THIS 15th DAY OF SEPTEMBER, 2015.

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 6TH DAY OF OCTOBER, 2015.

TOWN OF CASTLE ROCK, COLORADO

Mayor

ATTEST:

Town Clerk

APPROVED AS TO FORM:

Town Attorney

First Publication Date: [_____], 2015

Second Publication Date: [_____], 2015