

**RESOLUTION NO. 2005-038**

AUTHORIZING THE ISSUANCE OF SPECIAL ASSESSMENT BONDS IN THE PRINCIPAL AMOUNT OF \$1,080,000 OF OURAY COUNTY, COLORADO, FOR LOGHILL VILLAGE LOCAL IMPROVEMENT DISTRICT; PRESCRIBING THE FORM OF THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS AND THE INTEREST THEREON; AND SETTING FORTH OTHER DETAILS IN CONNECTION THEREWITH.

WHEREAS, the Board of County Commissioners (the "Board of County Commissioners") of Ouray County, Colorado (the "County"), has, by Resolution No. 2004-022, adopted on May 17, 2004, created Loghill Village Local Improvement District (the "District") within the County, for the purpose of constructing road improvements, including all necessary or convenient facilities, properties and equipment incident thereto (the "Project"); and

WHEREAS, notice to contractors to submit bids for the construction of the improvements in the District has been advertised and bids for such construction have been received; and

WHEREAS, the Board of County Commissioners has, by Resolution No. 2004-034, adopted on August 23, 2004, approved the whole costs of the improvements made within the District, approved and confirmed the apportionment of the cost to each lot or tract of land in the District, and assessed a share of the cost against each lot or tract of land; and

WHEREAS, at an election duly held and conducted in accordance with law on November 2, 2004, a majority of the eligible, registered electors of the District voting thereon approved the issuance of special assessment bonds payable from special assessments imposed against benefited properties located within the District, the question relating thereto being as follows:

SHALL OURAY COUNTY DEBT (FOR LOGHILL VILLAGE LOCAL IMPROVEMENT DISTRICT) BE INCREASED UP TO \$1,340,000, WITH A MAXIMUM REPAYMENT COST OF UP TO \$3,082,000, FOR THE PURPOSE OF FINANCING THE COSTS OF PAVING AND CONSTRUCTING IMPROVEMENTS TO ROADS SERVING LOGHILL VILLAGE, INCLUDING COSTS NECESSARY OR INCIDENTAL THERETO, BY THE ISSUANCE OF SPECIAL ASSESSMENT BONDS PAYABLE FROM SPECIAL ASSESSMENTS IMPOSED AGAINST BENEFITED PROPERTIES LOCATED WITHIN THE DISTRICT AND FROM OTHER FUNDS WHICH MAY BE LAWFULLY PLEDGED TO THE PAYMENT OF SUCH BONDS, WHICH BONDS SHALL BE SUBJECT TO REDEMPTION NOT LESS THAN ANNUALLY, SHALL BE ISSUED, DATED AND SOLD AT SUCH TIME OR TIMES AND IN SUCH MANNER AND SHALL CONTAIN SUCH TERMS, NOT INCONSISTENT HEREWITH, AS THE BOARD OF COUNTY COMMISSIONERS MAY DETERMINE; AND SHALL THE REVENUES FROM SUCH SPECIAL ASSESSMENTS AND ANY EARNINGS THEREON

AND FROM THE INVESTMENT OF THE PROCEEDS OF SUCH BONDS  
CONSTITUTE A VOTER-APPROVED REVENUE CHANGE?

WHEREAS, the results of said election were duly canvassed and the result thereof duly declared; and

WHEREAS, the Board has determined that special assessment bonds of the County for the District should be issued in the amount of \$1,080,000 for the payment of the costs of the Project; and

WHEREAS, the Board of County Commissioners has been presented with a proposal from George K. Baum & Company, of Denver, Colorado (the "Underwriter") to purchase the bonds upon the term and conditions set forth in the Bond Purchase Agreement and this Resolution; and

WHEREAS, the Board desires to authorize the issuance and sale of the bonds;

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF OURAY COUNTY, COLORADO:

**Section 1. Authorization and Bond Details.** In accordance with the Constitution of the State of Colorado; Title 30, Article 20, Part 6, C.R.S., and all other laws of the State of Colorado thereunto enabling, Special Assessment Bonds of the County for Loghill Village Local Improvement District (the "Bonds") shall be issued for the purpose of paying part of the costs of the Project. The Bonds shall be issued in the principal amount of \$1,080,000.

(a) **Registered Form, Denominations, Dated Date and Numbering.** The Bonds shall be issued in fully registered book-entry form, shall be dated as of June 29, 2005 (the "Dated Date"), and shall be registered in the names of the persons identified in the registration books maintained by the Paying Agent (as defined below) pursuant hereto. The Bonds shall be issued in denominations of \$5,000 in principal amount or any integral multiple thereof. The Bonds shall be numbered, beginning with the number one, preceded by the letter "R."

(b) **Maturity Date, Principal Amount and Interest Rate.** The Bonds shall mature on December 1 of the year and in the principal amount, and shall bear interest payable semiannually at the rate per annum (calculated based on a 360-day year of twelve 30-day months) as set forth below, subject to prior redemption in accordance with Section 3 hereof.

<b><u>Maturity Date</u></b> <b><u>(December 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>
2025	\$1,080,000	5.625%

The maximum net effective interest rate authorized for this issue of Bonds shall be 5.625% per annum and the actual net effective interest rate of the Bonds is 5.625%. Accordingly, the net effective interest rate on unpaid assessments shall be 6.125%. In

accordance with the voter approved ballot issue set forth in the preamble to this Resolution, the debt represented by the Bonds does not exceed \$1,340,000 and the estimated repayment cost of the Bonds does not exceed \$3,082,000.

(c) ***Accrual and Dates of Payment of Interest.*** Interest on the Bonds shall be payable on June 1 and December 1 (each an “Interest Payment Date”) of each year, commencing December 1, 2005, and shall accrue at the rates set forth above from the later of the Dated Date or the latest Interest Payment Date (or in the case of defaulted interest, the latest date) to which interest has been paid in full and shall be payable on each Interest Payment Date.

## **Section 2. Payment Provisions.**

(a) ***Manner and Form of Payment.*** The principal of and interest on the Bonds is payable in lawful money of the United States of America. The principal of the Bonds shall be payable to the registered owner thereof (the “Owner”) upon maturity or prior redemption and presentation at the office of American National Bank, in the City of Denver, Colorado, or its successor, as paying agent (the “Paying Agent”). Notwithstanding anything contained in this Resolution to the contrary, redemption payments and interest on any Bond is payable to the person in whose name such Bond is registered, at his/her address as it appears on the registration books maintained by or on behalf of the County by American National Bank, in the City of Denver, Colorado (the “Bond Registrar”), at the close of business on the fifteenth (15th) day of the calendar month next preceding each interest payment date (the “Record Date”), irrespective of any transfer of such Bond subsequent to such Record Date and prior to such interest payment date. Interest payments shall be paid by check or draft of the Paying Agent mailed on or before the interest payment date to the registered Owner; provided however, on any interest payment date on which all or a portion of a Bond is called for prior redemption, interest shall be paid with the principal amount so redeemed upon presentation of such Bond.

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

(b) ***Book-Entry Registration.*** Notwithstanding any other provision hereof, the Bonds shall be delivered only in book-entry form registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”), acting as securities depository of the Bonds and principal of and interest on the Bonds shall be paid by wire transfer to DTC; provided, however, if at any time the Paying Agent determines, and notifies the County of its determination, that DTC is no longer able to act as, or is no longer satisfactorily performing its duties as, securities depository for the Bonds, the Paying Agent may, at its discretion, either (i) designate a substitute securities depository for DTC and reregister the Bonds as directed by such substitute securities depository or (ii) terminate the book-entry registration system and reregister the Bonds in

the names of the beneficial owners thereof provided to it by DTC. Neither the County nor the Paying Agent shall have any liability to DTC, Cede & Co., any substitute securities depository, any Person in whose name the Bonds are reregistered at the direction of any substitute securities depository, any beneficial owner of the Bonds or any other Person for (A) any determination made by the Paying Agent pursuant to the proviso at the end of the immediately preceding sentence or (B) any action taken to implement such determination and the procedures related thereto that is taken pursuant to any direction of or in reliance on any information provided by DTC, Cede & Co., any substitute securities depository or any Person in whose name the Bonds are reregistered.

The principal of and interest on the Bonds shall be paid in accordance with the terms of a paying agent and registrar agreement to be entered into between the County and the Paying Agent/Bond Registrar (the "Paying Agent Agreement").

**Section 3. Prior Redemption of the Bonds.** All of the Bonds are subject to redemption prior to maturity, as a whole or in part, and if in part the Bonds to be redeemed are to be selected by lot in such manner as the Registrar shall have determined, on December 1, 2005, and on any interest payment date thereafter, upon payment of par and accrued interest, without redemption premium. Whenever the County Treasurer has funds derived from assessment payments and other amounts in the Bond Account exceeding the unpaid principal (i) for any June 1 interest payment date in an amount that, on April 15th of the calendar year, exceeds the interest on the unpaid principal of the Bonds issued and outstanding for the next succeeding December 1 interest payment date, and (ii) for any December 1 interest payment date in an amount that, on October 15 of the calendar year, exceeds the interest on the unpaid principal of the Bonds issued and outstanding for the next succeeding June 1 interest payment date, the County Treasurer shall call in or direct the Registrar to call in a suitable number of Bonds for payment on the next succeeding interest payment date

The Bonds are to be redeemed only in integral multiples of \$5,000. In the event that a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in the principal amount of \$5,000, or any multiple integral thereof. Such Bond is to be treated for the purpose of redemption as that number of Bonds which results from dividing the principal amount of such Bond by \$5,000. In the event a Bond is partially redeemed by the County and the unredeemed portion is less than \$5,000, such unredeemed portion of such Bond may be issued in the largest possible denomination of less than \$5,000, in integral multiples of \$1,000, except as may be otherwise permitted by the Bond Resolution. In the event a portion of a Bond is redeemed, the Registrar, without charge to the Owner of such Bond, is to authenticate and deliver a replacement Bond for the unredeemed portion thereof.

In the event that the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed is to be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid), not less than 30 days prior to the date fixed for redemption, to the owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the County by the Registrar. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice. Failure to give such notice by mailing to any owner, or any defect therein, will not affect the validity of any proceeding for the redemption of other Bonds as to which no such failure or

defect exists. All Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

So long as a book-entry-only system is used for determining beneficial ownership of the Bonds, the Bond Registrar is to send such redemption notice to DTC or to Cede & Co., as nominee for DTC. Such notice to DTC is to be by certified mail, registered mail, or by overnight delivery service, return receipt requested. DTC was organized to hold securities of its Participants. Any failure of DTC to advise any of its Participants, or of any Participant or indirect participant to notify the Beneficial Owner of a Bond, of any such notice and its content or effect does not affect the validity of the redemption of the Bonds called for redemption or any other action premised on that notice. In the event of a call for redemption, the Registrar's, on behalf of the County, notification to DTC initiates DTC's standard call; and if a partial call, DTC's practice is to determine by lot the amount of interest of each Participant in the Bonds to be redeemed, and each such Participant then selects by lot the ownership interest in such Bonds to be redeemed. When DTC and Participants allocate the call, the Beneficial Owners of the book-entry-only interest called are to be notified by the broker or other organization responsible for maintaining the records of those interest and subsequently credited by that organization with the proceeds once the Bonds are redeemed.

**Section 4. Form and Execution of the Bond.** The Bond shall be subscribed by the manual signature of the Chairman, countersigned by the manual signature of the County Treasurer, sealed with a facsimile or manual impression of the seal of the County, and attested with the manual signature of the County Clerk and Recorder. Should any officer whose signature appears on the Bond cease to be such officer before delivery of the Bond to the purchaser, such signature shall nevertheless be valid and sufficient for all purposes.

The Bonds may contain a reproduction of the opinion of nationally recognized municipal bond counsel as to the Bonds and a certification of such opinion by the County Clerk and Recorder.

The Bond shall be in substantially the following form:

[Form of Bond]

No. R-1

\$1,080,000

**UNITED STATES OF AMERICA  
STATE OF COLORADO  
COUNTY OF OURAY**

**LOGHILL VILLAGE LOCAL IMPROVEMENT DISTRICT  
SPECIAL ASSESSMENT BONDS, SERIES 2005**

<b>INTEREST RATE</b>	<b>MATURITY DATE</b>	<b>ORIGINAL ISSUE DATE</b>	<b>CUSIP</b>
5.625%	December 1, 2025	June 29, 2005	68988N AA0

REGISTERED OWNER: Cede & Co.  
Tax Identification No.: 13-2555119

PRINCIPAL AMOUNT: **\*\*ONE MILLION EIGHTY THOUSAND DOLLARS\*\***

Ouray County, Colorado (the "County"), a duly organized and validly existing political subdivision and body corporate of the State of Colorado (the "State"), for value received, hereby promises to pay to the order of the registered owner named above, or registered assigns, the principal sum stated above on the maturity date stated above, with interest on such principal sum from the original dated date stated above at the interest rate per annum stated above (calculated based on a 360-day year of twelve 30-day months), payable on June 1 and December 1 of each year, commencing December 1, 2005. The principal of this bond is payable to the registered owner hereof upon presentation and surrender of this bond at the principal operations office of American National Bank, as Paying Agent (the "Paying Agent"), in Denver, Colorado, or at such other office of the Paying Agent designated by the Paying Agent for such purpose. Interest on this bond is payable by check or draft of the Paying Agent mailed on the Interest Payment Date to the registered owner hereof as of the fifteenth day of the month immediately preceding the month (whether or not such day is a Business Day) in which the Interest Payment Date occurs; provided that, interest payable to the registered owner of this bond may be paid by any other means agreed to by such registered owner and the Paying Agent that does not require the County to make moneys available to the Paying Agent earlier than otherwise required under the Resolution or increase the costs borne by the County under the Resolution; provided further, that, so long as Cede & Co. is the registered owner of this bond, the principal of and interest on this bond shall be paid by wire transfer to Cede & Co.

Any payment of principal of or interest on this bond that is due on a day that is not a Business Day (as defined in the below-mentioned Resolution) shall be made on the next succeeding day that is a Business Day with the same effect as if made on the day on which it was originally scheduled to be made. All payments of principal of and interest on this bond shall be made in lawful money of the United States of America.

This Bond is subject to redemption prior to maturity, as a whole or in part, and if in part the portion of the Bonds to be redeemed are to be selected by lot in such manner as the Registrar shall have determined, on December 1, 2005, and on any interest payment date thereafter, upon payment of par and accrued interest, without redemption premium. Whenever the County Treasurer has funds derived from assessment payments and other amounts in the Bond Account exceeding the unpaid principal (i) for any June 1 interest payment date in an amount that, on April 15th of the calendar year, exceeds the interest on the unpaid principal of the Bonds issued and outstanding for the next succeeding December 1 interest payment date, and (ii) for any December 1 interest payment date in an amount that, on October 15 of the calendar year, exceeds the interest on the unpaid principal of the Bonds issued and outstanding for the next succeeding June 1 interest payment date, the County Treasurer shall call in or direct the Registrar to call in a suitable number of Bonds for payment on the next succeeding interest payment date.

The Bonds are to be redeemed only in integral multiples of \$5,000. In the event that a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in the principal amount of \$5,000, or any multiple integral thereof. Such Bond is to be treated for the purpose of redemption as that number of Bonds which results from dividing the principal amount of such Bond by \$5,000. In the event a Bond is partially redeemed by the County and the unredeemed portion is less than \$5,000, such unredeemed portion of such Bond may be issued in the largest possible denomination of less than \$5,000, in integral multiples of \$1,000, except as may be otherwise permitted by the Bond Resolution. In the event a portion of a Bond is redeemed, the Registrar, without charge to the Owner of such Bond, is to authenticate and deliver a replacement Bond for the unredeemed portion thereof.

In the event that the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed is to be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid), not less than 30 days prior to the date fixed for redemption, to the owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the County by the Registrar. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice. Failure to give such notice by mailing to any owner, or any defect therein, will not affect the validity of any proceeding for the redemption of other Bonds as to which no such failure or defect exists. All Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

The Paying Agent shall maintain registration books in which the ownership, transfer and exchange of Bonds shall be recorded. The person in whose name this bond shall be registered on such registration books shall be deemed to be the absolute owner hereof for all purposes, whether or not payment on this bond shall be overdue, and neither the District nor the Paying Agent shall be affected by any notice or other information to the contrary. This bond may be transferred or exchanged at the principal operations office of the Paying Agent in Denver, Colorado, or at such other office of the Paying Agent designated by the Paying Agent for such purpose for a like aggregate principal amount of Bonds of other authorized denominations (\$5,000 or integral multiples thereof) of the same maturity and interest rate, upon payment by the transferee of a reasonable transfer fee established by the Paying Agent, together with any tax or governmental charge required to be paid with respect to such transfer or exchange and any cost of printing

bonds in connection therewith. Notwithstanding any other provision of the Resolution, the Paying Agent shall not be required to transfer any Bond between the Record Date for any Interest Payment Date and such Interest Payment Date.

This Bond is issued by Ouray County, Colorado for the purpose of financing road improvements for Loghill Village Local Improvement District (the "District"), in Ouray County, Colorado, by virtue of and in full conformity with the Constitution of the State of Colorado; Title 30, Article 30, Part 6 of the Colorado Revised Statutes; and all other laws of the State of Colorado thereunto enabling, and pursuant to a duly adopted Bond Resolution.

It is hereby certified and recited that this Bond of the County for the District does not exceed the amount authorized by law; that every requirement of law relating to the creation of the District, the construction, installation, removal, and replacement of said local improvements, and the issuance of this Bond has been fully complied with by the proper officers of the County; that at an election lawfully held within that portion of the County comprising the District on November 2, 2004, the issuance of this Bond was duly authorized by a majority of the electors qualified to vote and voting at said election; and that all conditions required to exist and things required to be done precedent to and in the issuance of this Bond to render the same lawful and valid, have happened, been properly done and performed, and did exist in regular and due time, form, and manner, as required by law. It is hereby further recited, certified, and warranted that all of the requirements of law have been fully complied with by the proper officers in issuing this Bond.

Payment of this Bond and the interest thereon shall be made from, and as security for such payment there is pledged, a special fund designated as "Loghill Village Local Improvement District Bond Account" (the "Bond Account"). The Bond Account shall contain (a) the net proceeds from special assessments levied against the property included in the District, which remain subject to the lien imposed by such special assessments not previously pre-paid to the County prior to the issuance of the Bonds, (b) the Bond proceeds set aside as capitalized interest, (c) any moneys in the Loghill Village Local Improvement District Construction Account remaining after the costs of the improvements and related costs have been paid in full, and (d) any other legally available moneys, including without limitation the net proceeds of any bonds or other obligations issued to refund the Bonds. Additionally, a special account designated as "Loghill Village Local Improvement District Assessment Reserve Account" (the "Reserve Account") has been established for the purpose of securing the payment of interest on the Bonds when due, if necessary, and to redeem the then outstanding principal of the Bonds upon the final maturity or redemption thereof.

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



**CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds of the issue described in the within-mentioned Resolution.

Dated: \_\_\_\_\_ AMERICAN NATIONAL BANK, as Paying Agent

By \_\_\_\_\_  
Authorized Signatory

{Form of Transfer}

**ASSIGNMENT**

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

\_\_\_\_\_  
SOCIAL SECURITY OR FEDERAL EMPLOYER  
IDENTIFICATION NUMBER OF ASSIGNEE

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Name and Address of Assignee)

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

Dated: \_\_\_\_\_

Signature of Registered Owner:

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

Signature guaranteed:

\_\_\_\_\_  
(Bank, Trust Company, or Firm)



**Section 5. Authentication.** The Bonds shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Bond substantially in the form hereinabove set forth shall have been duly executed by the Bond Registrar, and such executed certificate of the Bond Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Resolution. The Bond Registrar's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Bond Registrar, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

**Section 6. Delivery of the Bonds.** Upon the adoption of this Resolution, the County shall execute the Bonds and deliver them to the Bond Registrar and the Bond Registrar shall authenticate the Bonds and deliver them to the purchaser thereof as directed by the County.

**Section 7. Registration and Transfer of the Bonds; Persons Treated as Registered Owners.** The Bonds may be transferred or exchanged at the principal office of the Paying Agent in the city identified in the definition of Paying Agent in the Section hereof entitled "Payment Provisions" or at such other office of the Paying Agent designated by the Paying Agent for such purpose for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate, upon payment by the transferee of a reasonable transfer fee established by the Paying Agent, together with any tax or governmental charge required to be paid with respect to such transfer or exchange and any cost of printing bonds in connection therewith. Upon surrender for transfer of any Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his or her attorney duly authorized in writing, the County shall execute and the Paying Agent shall authenticate and deliver in the name of the transferee a new Bond. Notwithstanding any other provision hereof, the Paying Agent shall not be required to transfer any Bond (i) which is scheduled to be redeemed in whole or in part between the Business Day immediately preceding the mailing of the notice of redemption and the redemption date or (ii) between the Record Date for any Interest Payment Date and such Interest Payment Date. The Bond Registrar shall not be required to transfer any Bonds selected or called for redemption.

New Bonds delivered upon any transfer shall be valid special obligations of the County, evidencing the same obligation as the Bonds surrendered, shall be secured by this Resolution, and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The County, the Paying Agent and the Bond Registrar may deem and treat the Registered Owner of any Bond as the absolute owner thereof for all purposes (whether or not such Bond shall be overdue), and any notice to the contrary shall not be binding upon the County, the Paying Agent or the Registrar.

**Section 8. Destruction of Bonds.** Whenever any outstanding Bond shall be delivered to the Bond Registrar for cancellation pursuant to this Resolution and upon payment of the principal amount and interest represented thereby, or whenever any outstanding Bond shall be delivered to the Bond Registrar for transfer pursuant to the provisions hereof, such Bond shall be

canceled and destroyed by the Bond Registrar and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Bond Registrar to the County.

**Section 9. Lost Bonds.** Any Bond that is lost, stolen, destroyed, or mutilated may be replaced or paid by the Bond Registrar in accordance with and subject to the limitations of applicable law. The applicant for a replacement Bond shall post such security, pay such costs, and present such proof of ownership and loss as may be required by applicable law, or in the absence of specific requirements, as may be required by the Bond Registrar.

**Section 10. Disposition and Investment of Proceeds; Tax Covenants.** The proceeds of the Bonds shall be applied only in accordance with the terms and provisions of this Resolution. Neither the original purchaser nor any subsequent owner shall be responsible for the application or disposal by the County or any of its officers of the funds derived from the sale thereof.

The County shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall, for the purposes of federal income taxation, be excluded from the gross income of the recipients thereof and exempt from such taxation. It is hereby covenanted and agreed by the County that it will not make, or permit to be made, any use of the original proceeds of the Bonds, or of any moneys treated as proceeds of the Bonds within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations, rulings, and decisions, or take, permit to be taken, or fail to take any action, which would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code and applicable regulations, rulings, and decisions.

The Bonds are hereby designated by the County as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code.

**Section 11. Creation of Accounts and Credit of Funds.** There are hereby created and established the following accounts, which may be established within one or more funds of the County and maintained as book accounts in accordance with the terms of this Resolution:

(a) the "Loghill Village Local Improvement District Bond Account" (the "Bond Account");

(b) the "Loghill Village Local Improvement District Construction Account" (the "Construction Account"); and

(c) the "Loghill Village Local Improvement District Assessment Reserve Account" (the "Reserve Account").

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

Upon receipt of the proceeds from the sale of the Bond, the County shall make the following credits:

(a) to the Bond Account, \$25,650.00, representing the capitalized interest on the Bonds necessary to make the December 1, 2005 interest payment on the Bonds;

(b) to the Construction Account, the remaining proceeds from the sale of the Bonds.

Moneys credited to the foregoing accounts may be invested or reinvested in accordance with State law; however, the investment of such moneys shall be subject to the limitations of the Section hereof entitled "Disposition and Investment of Proceeds; Tax Covenants." Except as otherwise provided herein, interest income from any such investments shall be retained in the fund which the moneys so invested are credited.

**Section 12. Bond Account.** The Bonds and the interest thereon shall be payable solely from, and as security for such payment there is pledged, the Bond Account. The Bond Account shall contain: (i) the capitalized interest on the Bonds; (ii) net proceeds from special assessments levied against the assessable property in the District and collected as provided by law for the benefit of the Registered Owners of the Bonds pursuant to the assessment resolution; (iii) any monies transferred from the Reserve Account to the Bond Account pursuant to Section 14 hereof; and (iv) other funds legally available therefore, including without limitation the net proceeds of any bonds or other obligations issued to refund the Bonds.

Whenever the County Treasurer has funds derived from assessment payments and other amounts in the Bond Account (i) for any June 1 interest payment date in an amount that, on April 15th of the calendar year, exceeds the interest on the unpaid principal of the Bonds issued and outstanding for the next succeeding June 1 and December 1 interest payment dates, and (ii) for any December 1 interest payment date in an amount that, on October 15 of the calendar year, exceeds the interest on the unpaid principal of the Bonds issued and outstanding for the next succeeding December 1 interest payment date, the County Treasurer shall call in or direct the Registrar to call in a suitable number of Bonds for payment.

**Section 13. Use of Assessments After Payment of Bonds.** Any funds remaining in the Bond Account after all, but not less than all, of the Bonds have been paid and cancelled shall be released to the County for the reimbursement of any costs and expenses incurred by the County related to the issuance and payment of the Bonds. Additionally, after reimbursement to the County of such amounts, if any, any remaining funds in the Bond Account shall be used by the County for the maintenance and repair of the Project.

**Section 14. Construction Account.** Moneys credited to the Construction Account shall be used solely to pay the costs and expenses of the Project, including without limitation, all costs of the issuance of the Bonds; costs of financial, professional, and other services in connection with the Project; contingencies; and all other expenses as may be necessary and incident to the construction and installation, and removal and replacement, of the Project. When the Board determines that all costs and expenses of the Project have been paid, any remaining moneys credited to the Construction Account (less any amounts to be retained therein to pay costs and expenses not then due and owing) shall be transferred to the Bond Account and used for the purposes thereof.

**Section 15. Reserve Account.** Moneys in the Reserve Account shall be used only for the payment of interest on the Bonds, if necessary, and to pay and redeem the then outstanding principal of the Bonds upon the final maturity or redemption thereof. The Reserve Account is exclusively pledged to the payment and redemption of the Bonds.

Monies received from the payment of assessments deposited in the Bond Account, which exceed the amount then due for the payment of interest on the Bonds, shall be deposited in the Reserve Account upon their receipt until the Reserve Account is funded in the amount of \$25,000 (the "Required Reserve").

In the event the amounts credited to the Bond Account are insufficient to pay the interest accruing on the Bonds when due there shall be transferred from the Reserve Account to the Bond Account an amount which, when combined with moneys in the Bond Account, will be sufficient to make such interest payment when due. In the event that monies in the Reserve Account shall have been used to pay the interest then due on the Bonds, monies deposited in the Bond Account from the payment of assessments in excess of the amounts then due for the payment of interest on the Bonds shall be transferred to the Reserve Account until such account is funded in the amount of the Required Reserve.

Moneys deposited to the Reserve Account may be invested or deposited in any securities or obligations which are lawful investments. All interest income from the investment or reinvestment of moneys credited to the Reserve Account shall be utilized to pay costs associated with the Paying Agent or credited to the Bond Account to pay the interest accruing on the Bonds when due.

In the event that moneys in the Reserve Account are sufficient to pay the principal of and accrued interest on all, but not less than all, of the Bonds which have not been paid when due or defeased, moneys remaining in the Reserve Account shall be used for the purpose of paying the interest of the Bonds on the next succeeding interest payment date and for the redemption of all Bonds then outstanding.

**Section 16. Covenants of the County.** The Board has previously caused the assessments to be levied, which levies are currently calculated to be sufficient to pay the principal of and interest on the Bonds, and will collect the assessments as provided by law for the benefit of the Registered Owners of the Bonds. The County covenants to promptly credit or cause to be deposited to the Bond Account the net proceeds from special assessments levied against the property included in the District, which remain subject to the lien imposed by such special assessments not previously pre-paid to the County prior to the issuance of the Bonds , and to take such action as may be reasonably necessary and practicable to enforce the collection of such assessments in the manner provided by law.

The County hereby further covenants and agrees with each and every owner that so long as the Bonds remain outstanding that it will keep or cause to be kept books and records showing full, true and complete entries covering the collection and disposition of the assessments and any delinquencies in the collection thereof, covering deposits and disbursements in each of the accounts herein described, and covering the payment of the Bonds. The Registered Owners of the Bonds shall have the right at all reasonable times to inspect such books and records.

**Section 17. Events of Default.** The occurrence or existence of any one or more of the following events shall constitute an event of default (“Event of Default”) hereunder:

- (a) payment of the principal of any Bond is not made when due;
- (b) payment of the interest on any Bond is not made when due; or
- (c) the County defaults in the performance of any other of its covenants in this Resolution, and such default continues for sixty (60) days after written notice specifying such default and requiring the same to be remedied is given to the County by the Registered Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds outstanding.

**Section 18. Remedies For Events of Default.** Upon the occurrence and continuance of an Event of Default, the Registered Owner of any Bond, or a trustee therefor, may protect and enforce the rights of any Registered Owner of the Bonds by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenants, injunctive relief, or requiring the Board of County Commissioners to act as if it were the trustee of an express trust, or any combination of such remedies. All proceedings shall be maintained for the equal benefit and protection of the Registered Owners. The failure of any Registered Owner of the Bonds to proceed does not relieve the County 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 of the Bonds shall not be deemed a waiver of any other right.

**Section 19. Defeasance.** When all principal and interest in connection with a Bond has been duly paid, the pledge and lien and all obligations of the County hereunder shall thereby be discharged with respect to said Bond and said Bond shall no longer be deemed to be outstanding within the meaning of this Resolution. There shall be deemed to be such due payment when the County has placed in escrow and in trust with a commercial bank located within the State of Colorado, and exercising trust powers, an amount sufficient (including the known minimum yield from federal securities in which such amount may be initially invested) to meet all requirements of principal, interest, and premiums, if any, as the same become due to their final maturities or upon designated prior redemption dates. The federal securities shall become due at or prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the County and such bank at the time of the creation of the escrow, or the federal securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. For purposes of this Section, federal securities means direct obligations of (including obligations issued or held in book entry form on the books of), or obligations the principal of and interest on which are guaranteed by, the United States of America.

**Section 20. Permitted Amendments to the Bond Resolution.** The County may, without the consent of or notice to the Registered Owners of the Bonds, adopt amendments or supplements to this Resolution, which shall thereafter form a part hereof, for any one or more of the following purposes:

(a) to cure any ambiguity, to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in this Resolution, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under this Resolution, or to make any provisions 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;

(b) to subject to this Resolution or pledge to the payment of the Bonds additional revenues, properties, or collateral; and

(c) to grant or confer upon the Registered Owners of the Bonds any additional rights, remedies, powers, or authority that may be lawfully granted to or conferred upon the Registered Owners of the Bonds.

**Section 21. Amendments Requiring Consent of the Registered Owners.** Except for amendatory or supplemental resolutions adopted pursuant to the Section hereof entitled "Permitted Amendments to the Bond Resolution," the Registered Owners of not less than two-thirds (2/3) in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, to consent to and approve the adoption by the County of such resolutions amendatory or supplemental hereto as shall be deemed necessary or desirable by the County for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided however, that with the consent of the Registered Owners of all of the Bonds affected thereby, nothing herein shall permit, or be construed as permitting:

(a) a change in the terms of the maturity of any Bond or the interest thereon, or in the terms of prior redemption of any Bond;

(b) an impairment of the right of the Registered Owners to institute suit for the enforcement of any payment of the principal of or interest on the Bonds when due; or

(c) a reduction in the percentage of the principal amount of the Bonds the consent of whose Registered Owners is required for any such amendatory or supplemental resolution.

If at any time the County shall desire to adopt an amendatory or supplemental resolution for any of the purposes of this Section, the County shall cause notice of the proposed adoption of such resolution to be given by mailing such notice by certified or registered first-class mail to the Underwriter and to each Registered Owner of a Bond at the address shown on the registration books of the Bond Registrar, at least thirty (30) days prior to the proposed date of adoption of any such amendatory or supplemental resolution. Such notice shall briefly set forth the nature of the proposed amendatory or supplemental resolution and shall state that copies thereof are on file at the offices of the County or some other suitable location for inspection by a Registered Owner of any Bond. If, within sixty (60) days following the giving of such notice, the Registered Owners of not less than the required percentage in aggregate principal amount of the Bonds then outstanding at the time of the execution of any such amendatory or supplemental resolution shall have consented to and approved the execution thereof as herein provided, no future Registered

Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the adoption and effectiveness thereof, or to enjoin or restrain the County from taking any action pursuant to the provisions thereof.

**Section 22. Effect of Amendment.** Upon the execution of any amendatory or supplemental resolution pursuant to this Resolution, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Resolution of the County, the Paying Agent and the Bond Registrar, and all Registered Owners of the Bonds then outstanding shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such modifications and amendments.

**Section 23. Authorization to Execute Documents.** The Chairman, the County Treasurer, the County Clerk and Recorder of the County, shall, and they are hereby authorized and directed to, take all actions necessary or appropriate to effectuate the provisions of this Resolution, including, but not limited to the execution of the Paying Agent Agreement in substantially the form presented to this meeting of the Board, a Continuing Disclosure Undertaking to facilitate compliance by the Underwriter with Rule 15c2-12 of the United States Securities and Exchange Commission, the DTC Blanket Letter of Representations to facilitate the use of DTC's book-entry-only system, and such certificates and affidavits as may be reasonably required by the Underwriter or by Bond Counsel. The execution by the Chairman of the Board of County Commissioners of any document authorized herein shall be conclusive proof of the approval by the County of the terms thereof.

**Section 24. Costs and Expenses.** All costs and expenses incurred in connection with the issuance and payment of the Bonds shall be paid either from the proceeds of the Bonds or from legally available moneys of the County, or from a combination thereof, and such moneys are hereby appropriated for that purpose.

**Section 25. Acceptance of Bond Purchase Agreement.** The Board does hereby affirm its determination to accept the Bond Purchase Agreement as submitted by the Underwriter, and to sell the Bonds to the Underwriter upon the terms, conditions, and provisions set forth in the Bond Purchase Agreement. The Board hereby delegates to the Chairman of the Board of County Commissioners, the County Treasurer and the County Administrator, respectively, the authority to execute and deliver, on behalf of the County, the Bond Purchase Agreement.

**Section 26. Election to Apply Supplemental Securities Act.** In accordance with Section 11-57-204, Colorado Revised Statutes, as amended, the County hereby elects to apply all of the provisions of the provisions of the Supplemental Public Securities Act to the issuance of the Bonds.

**Section 27. Official Statement.** The Preliminary Official Statement is hereby authorized and approved. The Preliminary Official Statement is hereby deemed by the Board to be final as of its date within the meaning of Rule 15c2-12(b)(1) of the United States Securities and Exchange Commission. The Board hereby authorizes the preparation and distribution of a final Official Statement in conjunction with an offer of the Bonds to the public. The Official Statement shall contain such corrections and additional or updated information so that it will not

contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein in light of the circumstances under which they were made, not misleading. The Chairman of the Board of County Commissioners is hereby authorized to execute copies of the Preliminary Official Statement and the Official Statement on behalf of the County.

**Section 28. Ratification and Approval of Prior Actions.** All actions heretofore taken by the officers of the County and the members of the Board of County Commissioners, not inconsistent with the provisions of this Resolution, relating to the authorization, sale, issuance, and delivery of the Bonds, are hereby ratified, approved, and confirmed.

**Section 29. Limitation of Action.** In accordance with Section 30-20-625(2), Colorado Revised Statutes, any action brought with respect to the issuance of the Bonds must be commenced within 30 days after the effective date of this Resolution or else be thereafter perpetually barred.

**Section 30. Resolution Irrepealable.** After any of the Bonds have been issued, this Resolution shall constitute a contract between the Registered Owners and the County, and shall be and remain irrepealable until the Bonds and the interest accruing thereon shall have been fully paid, satisfied, and discharged, as herein provided.

**Section 31. Repealer.** All orders, bylaws, and resolutions of the County, or parts thereof, inconsistent or in conflict with this Resolution, are hereby repealed to the extent only of such inconsistency or conflict.

**Section 32. Severability.** If any section, paragraph, clause, or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution, the intent being that the same are severable.

**Section 33. Effective Date.** This Resolution shall take effect immediately upon its adoption and approval.

ADOPTED AND APPROVED this 20th day of June, 2005.

(SEAL)

By \_\_\_\_\_  
Don Batchelder, Chairman  
Board of County Commissioners

ATTESTED:

By \_\_\_\_\_  
Michelle Nauer  
County Clerk and Recorder  
By: Linda Munson-Haley  
Deputy Clerk of the Board