



## Lone Tree City Council Agenda November 15, 2016

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**Meeting Location:** City Council Meeting Room, Lone Tree Civic Center, 8527 Lone Tree Parkway.  
**Meeting Procedures:** The Lone Tree City Council and staff will meet in a public Study Session at 6:00pm. **(NOTE: change of time)** At 6:30pm and following the meeting, if necessary, the Council Meeting will adjourn and convene in Executive Session. If an Executive Session is not necessary, Council will recess for dinner. The Regular Session will be convened at 7:00pm. Study Sessions and Regular Sessions are open to the public, Executive Sessions are not. Study Sessions are informational sessions and no action is taken. Comments from the public are welcome during the Regular Session at these occasions: 1. Public Comment (brief comments on items not on the agenda or scheduled for public hearing or public input) 2. Public Hearings. To arrange accommodations in accordance with the Americans with Disabilities Act at public meetings, please contact the City Clerk at least 48 hours prior to the meeting.

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### 6:00pm Study Session Agenda

**(NOTE: 6:00pm start time)**

1. **Resolution 16-XX, ADOPTING THE AMENDED CITY OF LONE TREE ADMINISTRATIVE FEE SCHEDULE**
  2. Update on Rows at RidgeGate by Thrive Builders
  3. Naming of City Facilities
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### 6:30pm Executive Session Agenda

1. Roll Call
  2. Executive Session
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### 7:00pm Regular Session Agenda

3. Opening of Regular Meeting/Pledge of Allegiance
  4. Amendments to the Agenda and Adoption of the Agenda
  5. Conflict of Interest Inquiry
  6. Public Comment
  7. Announcements
  8. Consent Agenda
    - a. Minutes of the November 1, 2016 Regular Meeting
    - b. Claims for the Period of October 24-November 7, 2016
    - c. Treasurer's Report for September 2016
  9. Administrative Matters
    - a. **Ordinance 16-05, AN ORDINANCE FOR THE CITY OF LONE TREE, COLORADO, SALES AND USE TAX REVENUE REFUNDING BONDS (Recreation Projects), Series 2017A** First Reading
    - b. **Ordinance 16-06, AN ORDINANCE FOR THE CITY OF LONE TREE, COLORADO, SALES AND USE TAX REVENUE REFUNDING BONDS (Cultural Facilities), Series 2017B** First Reading
    - c. **Public Hearing: City of Lone Tree 2017 Budget**
    - d. Approval of 2<sup>nd</sup> Amendment to IGA with OmniPark Metropolitan District to Support Lone Tree Link Operations
  10. Council Comments
  11. Adjournment
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### City of Lone Tree Upcoming Events

more info available at [www.cityoflonetree.com](http://www.cityoflonetree.com) & [www.lonetreeartscenter.org](http://www.lonetreeartscenter.org)

- Art Expo: Best of Show, November 14 – January 5, 2017, LTAC Lobby
- City Offices will be closed November 24-25, 2016 in observance of Thanksgiving
- Rhythmic Circus: Red and Green, November 27<sup>th</sup>, 7:00 p.m., LTAC Main Stage
- Lone Tree Arts Center Guild Holiday Kickoff, December 2<sup>nd</sup>, 6:50 p.m., LTAC Lobby
- Lone Tree Symphony Orchestra: Nutcracker and More, December 2<sup>nd</sup>, 7:30 p.m. and December 3<sup>rd</sup>, 2:00 p.m., LTAC Main Stage

**MINUTES OF A REGULAR MEETING  
OF THE COUNCIL OF THE  
CITY OF LONE TREE  
HELD  
November 1, 2016**

A regular meeting of the Council of the City of Lone Tree was held on Tuesday, November 1, 2016, at 7:00 p.m., at the Lone Tree City Council Chambers located at 8527 Lone Tree Parkway, Lone Tree, Colorado 80124.

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Attendance

In attendance were:

Jacqueline Millet, Mayor  
Susan Squyer, Mayor Pro Tem  
Cathie Brunnick, Council Member  
Jay Carpenter, Council Member  
Wynne Shaw, Council Member

Also in attendance were:

Seth Hoffman, City Manager  
Steve Hebert, Deputy City Manager  
Tobi Basile, Deputy City Clerk  
Torie Brazitis, Assistant to the City Manager  
Jeff Holwell, Economic Development Director  
Interim Chief Ron Pinson, Lone Tree Police Department  
Kristin Baumgartner, Finance Director  
Kelly First, Community Development Director  
Lisa Rigsby Peterson, Lone Tree Arts Center Director  
Gary White, City Attorney, White, Bear and Ankele, P.C.  
Neil Rutledge, Assistant City Attorney, White, Bear and Ankele, P.C.  
John Cotten, Public Works Director, TTG Corp.

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Call to Order

Mayor Millet called the meeting to order at 5:35 p.m., and observed that a quorum was present.

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Executive Session

Mayor Millet announced City Council intends to convene in Executive Session. Neil Rutledge, City Attorney, stated the Executive Session is for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and/or instructing negotiators, under C.R.S.

Section 24-6-402(4)(e) relating to a franchise agreement.

Council Member Carpenter moved, Council Member Brunnick seconded, for City Council to recess and convene in Executive Session for the reasons stated. The motion passed with a 5 to 0 vote.

Council adjourned to an Executive Session at 5:35 p.m.

The Executive Session was adjourned at 6:03 p.m.

Mayor Millet reconvened the meeting in Regular Session at 7:02 p.m., following a short recess.

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Pledge of Allegiance

Mayor Millet led those assembled in reciting the Pledge of Allegiance.

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Amendments to the Agenda

There were no amendments to the agenda.

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Conflict of Interest

There was no conflict of interest.

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Public Comment

There was no public comment.

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Announcements

Mayor Millet announced upcoming events.

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Consent Agenda

Mayor Millet noted the following items on the Consent Agenda, which consisted of:

- *Minutes of the October 18, 2016 Regular Meeting*
- *Claims for the period of October 10-24, 2016*

Mayor Pro Tem Squyer moved, Council Member Shaw seconded, to approve the Claims for the period of October 10-24, 2016. The motion passed with a 5 to 0 vote.

Council Member Carpenter requested the removal of the Minutes of the October 18, 2016 Regular Meeting to be replaced by the revised Minutes of the October 18, 2016 Regular Meeting. Council Member Shaw moved, Mayor Pro

Tem Squyer seconded, to approve the Revised Minutes of the October 18, 2016 Regular Meeting. The motion passed with a 5 to 0 vote.

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### Community Development

***Public Hearing: Ordinance 16-04, AN ORDINANCE AMENDING THE 2012 INTERNATIONAL RESIDENTIAL CODE TO PROVIDE FOR A MANDATORY SPRINKLER OPTION*** (Second Reading)

Mayor Millet opened the public hearing at 7:06 p.m.

Matt Archer, Building Official, introduced the item.

Mayor Millet opened the public hearing for comment at 7:09 p.m.

Anthony Valdez, South Metro Fire Marshall, supported the Mandatory Sprinkler Option for homeowner safety.

The public hearing was closed at 7:11 p.m.

Council Member Carpenter moved, Council Member Brunnick seconded, to approve **Ordinance 16-04, AN ORDINANCE AMENDING THE 2012 INTERNATIONAL RESIDENTIAL CODE TO PROVIDE FOR A MANDATORY SPRINKLER OPTION** on Second Reading. The motion passed with a 5 to 0 vote.

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### Public Works

*Approval of Addenda 2, 3, and 4 to the Master IGA with Park Meadows Metro District*

John Cotten, Public Works Director, introduced the item.

Council Member Shaw moved, Mayor Pro Tem Squyer seconded, to approve Addenda 2, 3, and the revised Addendum 4 to the Master Intergovernmental Agreement between Park Meadows Metropolitan District and the City of Lone Tree regarding Public Improvements and authorize the City Manager to execute the addenda documents. The motion passed with a 5 to 0 vote.

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### Administrative Matters

***Public Hearing: Ordinance 16-03, PROVIDING FOR THE COLLECTION OF MUNICIPAL COURT FINES, COSTS, AND OTHER ASSESMENTS*** (Second Reading)

Mayor Millet opened the public hearing at 7:14 p.m.

Steve Hebert, Deputy City Manager, introduced the item.

Mayor Millet opened the public hearing for comment at 7:17 p.m.

There was no public comment.

The public hearing was closed at 7:17 p.m.

Mayor Pro Tem Squyer moved, Council Member Shaw seconded, to approve **Ordinance 16-03, PROVIDING FOR THE COLLECTION OF MUNICIPAL COURT FINES, COSTS, AND OTHER ASSESMENTS** on Second Reading. The motion passed with a 5 to 0 vote.

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***RESOLUTION 16-25, ENACTING THE MUNICIPAL COURT FINE SCHEDULE***

Steve Hebert, Deputy City Manager, introduced the item.

Council Member Carpenter moved, Council Member Brunnick seconded, to approve **Resolution 16-25, ENACTING THE MUNICIPAL COURT FINE SCHEDULE**. The motion passed with a 5 to 0 vote.

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Adjournment

There being no further business, Mayor Millet adjourned the meeting at 7:32 p.m.

Respectfully submitted,

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Tobi Basile, Deputy City Clerk



## CITY OF LONE TREE

### STAFF REPORT

**TO:** Mayor Millet and City Council

**FROM:** Kristin Baumgartner, Finance Director

**FOR:** November 15, 2016, Council Meeting

**DATE:** November 8, 2016

**SUBJECT:** Ordinance 16-05 – City of Lone Tree, Colorado, Sales Tax and Use Tax Revenue Refunding Bonds (Recreation Projects), Series 2017A

Ordinance 16-06 – City of Lone Tree, Colorado, Sales Tax and Use Tax Revenue Refunding Bonds (Cultural Facilities), Series 2017B

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#### Summary

The City is looking to refund its existing two bond issuances, the Series 2008A Recreation Projects Bonds and the Series 2009 Cultural Facilities Projects Bonds. It is advantageous at this time to refund these two bond issuances as it is anticipated that the City will see savings of over \$600,000 in interest costs over the next 7 years. The original pay-off date of December 2023 will be maintained and the savings can be used to fund additional capital improvements for park and recreation and arts and cultural projects in the future.

City staff, bond counsel and the bond underwriter will be present at the meeting to make a presentation on the attached ordinances and be available for questions from Council.

#### Cost

Cost of issuance related to the refunding is approximately \$108,000 which will be paid through the refunding transaction. The City anticipates interest savings in excess of \$600,000 after the cost of issuance.

### Suggested Motion or Recommended Action

I move to approve Ordinance 16-05, City of Lone Tree, Colorado, Sales Tax and Use Tax Revenue Refunding Bonds (Recreation Projects), Series 2017A on first reading and I move to approve Ordinance 16-06, City of Lone Tree, Colorado, Sales Tax and Use Tax Revenue Refunding Bonds (Cultural Facilities), Series 2017B on first reading.

### Background

In 2008, City voters approved two sales tax increases to fund bond issuances including a .125% sales and use tax increase for Park and Recreation and a .1875% sales and use tax increase for Arts and Cultural. These sales tax increases became effective July 1, 2008 and expire on December 31, 2023 or when the bonds are paid off, whichever comes first.

In 2008, the City issued Park and Recreation Bonds, Series 2008A, in the principal amount of \$11,000,000 which proceeds were used to fund various projects including Cook Creek Pool, the Tennis Courts at the Golf Course and Prairie Sky Park.

In 2009, the City issued Arts and Cultural Bonds, Series 2009, in the principal amount of \$16,880,000 which proceeds were used to fund the construction of the Lone Tree Arts Center.

**ORDINANCE OF THE  
CITY OF LONE TREE**

**SERIES OF 2016**

**ORDINANCE 16-05**

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY OF LONE TREE, COLORADO, SALES AND USE TAX REVENUE REFUNDING BONDS (RECREATION PROJECTS), SERIES 2017A, FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING SALES AND USE TAX REVENUE BONDS; PLEDGING CERTAIN SALES AND USE TAX REVENUES OF THE CITY FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; AND PROVIDING OTHER COVENANTS AND DETAILS IN CONNECTION THEREWITH.

**THE COUNCIL OF THE CITY OF LONE TREE, COLORADO,  
ORDAINS:**

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

Additional Obligations: any series of bonds, notes, certificates, contracts, or other similar obligations hereafter issued in accordance with Section 19 hereof.

Bond Account: the “City of Lone Tree, Colorado, Sales and Use Tax Revenue Refunding Bonds (Recreation Projects), Series 2017A Bond Account,” which hereby created for the purpose of paying the principal of, prior redemption premium, if any, and interest on the Bonds.

Bond Insurance Policy: the financial guaranty insurance policy or municipal bond insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Bonds, if set forth in the Sale Certificate.

Bond Insurer: the provider of any financial guaranty insurance policy or municipal bond insurance policy, or any successor thereto, if set forth in the Sale Certificate.

Bond Registrar or Registrar: UMB Bank, n.a., Denver, Colorado, or its successor, which shall perform the registration and transfer functions as set forth in this Ordinance.

Bond Reserve Insurance Policy: any unconditional and irrevocable insurance policy, surety bond, letter of credit or similar instrument deposited in or credited to the Reserve

Account in lieu of or in partial substitution for moneys on deposit therein. If the Bonds are secured by a Bond Insurance Policy, the issuer providing any such Bond Reserve Insurance Policy shall be the Bond Insurer or an issuer approved by the Bond Insurer.

Bonds: the City's Sales and Use Tax Revenue Refunding Bonds (Recreation Projects), Series 2017A.

Business Day: any day other than a Saturday, Sunday or other day on which banks in Denver, Colorado or New York, New York are required or authorized to be closed.

Charter: the home rule charter of the City, as it may be amended from time to time.

City: the City of Lone Tree, Colorado.

City Manager: the City Manager of the City.

Code: the municipal code of the City, as it may be amended from time to time.

Continuing Disclosure Certificate: the Continuing Disclosure Certificate for the Bonds executed by the City.

Council: the City Council of the City.

C.R.S.: the Colorado Revised Statutes, as amended.

Cultural Facilities Sales and Use Tax Revenues: the proceeds of the City's presently existing 0.1875% cultural facilities sales and use tax imposed pursuant to Ordinance No. 08-10 and Sections 4-3-110 and 4-3-120 of the Code and any future or amended cultural facilities sales and use tax levied by the City.

Escrow Account means a special fund and separate trust account to be established and maintained pursuant to the Escrow Agreement and this Authorizing Ordinance for the purpose of paying the principal of and interest on the Refunded Bonds.

Escrow Agent means UMB Bank, n.a., Denver, Colorado, and any successor and assign thereof, being a Commercial Bank, a member of the Federal Deposit Insurance Corporation and having full and complete trust powers, where the Escrow Account is established and maintained.

Escrow Agreement means the "Escrow Agreement," entered into by and between the City and the Escrow Agent concerning the establishment and maintenance of the Escrow Account.

Event of Default: one or more of the events set forth in Section 22 of this Ordinance.

Federal Securities: direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee.

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

General Sales and Use Tax Revenues: the proceeds the City's presently existing 1.50% general sales and use tax as imposed by Sections 4-3-110 and 4-3-120 of the Code. General Sales and Use Tax Revenues also includes the proceeds derived by the City from any legally available tax or taxes or fees (other than a general ad valorem tax) which replace or supersede the City's presently existing general sales and use tax in the amount of 1.50%, regardless of whether such tax or taxes or fees are imposed by the City or the State or another political subdivision thereof.

General Sales and Use Tax Revenues do not include:

(i) incremental sales taxes which are or may be required to be paid into a special fund, or pledged to the payment of obligations pursuant to an urban renewal plan as defined in Section 31-25-103(9), C.R.S., or a plan of development as defined in Section 31-25-802(6.4), C.R.S. or a value capture plan as defined in Section 43-4-508, C.R.S.; or

(ii) amounts withheld by retailers and vendors to cover their expenses in collecting and remitting the General Sales and Use Tax Revenues, and amounts collected by the City and subsequently determined, pursuant to Sections 4-3-370 through 4-3-400 of the Code and other applicable law, to be subject to valid claims for refunds;

(iii) the proceeds of any increase in the City's sales or use tax which may be approved in the future, unless such increase is expressly pledged by the City for the payment of the Bonds;

(iv) the Recreation Sales and Use Tax Revenues;

(v) the Cultural Facilities Sales and Use Tax Revenues; or

(vi) amounts payable by the City under the Sales Tax Sharing Agreements.

Insurance Agreement: an agreement entered into between the City and the Bond Insurer pursuant to Section 3 hereof.

Maximum Annual Combined Debt Service Requirement: the maximum amount of all required payments of principal and interest on the Bonds, the 2008A Bonds, the 2009 Bonds, the 2017B Bonds, and any Parity Lien Bonds, and any Parity Lien Recreation Bonds which will become due in any Fiscal Year.

Maximum Annual Debt Service Requirement: the maximum amount of all required payments of principal and interest on the Bonds, the 2008A Bonds, the 2009 Bonds, the 2017B Bonds, and any Parity Lien Bonds, and any Parity Lien Recreation Bonds which will become due in any Fiscal Year.

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

Mayor: the Mayor of the City.

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

Ordinance: this Ordinance, which authorizes the issuance of the Bonds.

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

(a) Bonds theretofore canceled by the City, Registrar or Paying Agent, or surrendered to the City, Registrar or Paying Agent for cancellation;

(b) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the City 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

(c) Bonds deemed to have been paid as provided in Section 19 hereof.

Owner or Registered Owner: when used with respect to a Bond or Bonds, means the registered owner of any Outstanding Bond.

Parity Lien Bonds: bonds, notes, certificates, contracts, or other similar obligations hereafter issued in accordance with Section 19(a) hereof, payable in whole or in part from the General Sales and Use Tax Revenues and having a lien thereon on a parity with the lien of the Bonds and the 2008A Bonds.

Parity Lien Recreation Bonds: bonds, notes, certificates, contracts, or other similar obligations hereafter issued in accordance with Section 19(b) hereof, payable in whole or in part from the Recreation Sales and Use Tax Revenues and having a lien thereon on a parity with the lien of the Bonds and the 2008A Bonds.

Paying Agent: UMB Bank, n.a., Denver, Colorado, or its successor, which shall perform the function of paying agent as set forth in this Ordinance.

Paying Agent Agreement: the Registrar and Paying Agent Agreement between the City and the Registrar and Paying Agent.

Permitted Investments: any investments or deposits which are at the time permitted by the Charter and applicable ordinances or other provisions of the City.

Pledged Revenues: the Recreation Sales and Use Tax Revenues and the General Sales and Use Tax Revenues, including investment income as provided in Section 17(h) hereof. The term “Pledged Revenues” does not include the Cultural Facilities Sales and Use Tax Revenues or amounts in or required to be paid into the Rebate Account.

Principal Operations Office: the principal operations office of the Registrar or the Paying Agent, as designated in writing to the City from time to time.

Purchase Contract: the Bond Purchase Agreement between the Purchaser and the City with respect to the sale and delivery of the Bonds.

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

Rebate Account: the account created and designated as such pursuant to Section 17(e) hereof.

Record Date: the fifteenth (15th) day of the calendar month next preceding each interest payment date.

Recreation Sales and Use Tax Revenues: the proceeds of the City’s presently existing 0.125% park and recreation sales and use tax imposed pursuant to Ordinance No. 08-10 and Sections 4-3-110 and 4-3-120 of the Code and any future or amended park and recreation sales and use tax levied by the City and specifically pledged by the Council to the payment of the Bonds. Recreation Sales and Use Tax Revenues also includes the proceeds derived by the City from any legally available tax or taxes or fees (other than a general ad valorem tax) which replace or supersede the City’s presently existing park and recreation sales and use tax or any future or amended park and recreation sales and use tax, regardless of whether such tax or taxes or fees are imposed by the City or the State or another political subdivision thereof.

Recreation Sales and Use Tax Revenues do not include:

(i) incremental sales taxes which are or may be required to be paid into a special fund, or pledged to the payment of obligations pursuant to an urban renewal plan as defined in Section 31-25-103(9), C.R.S., or a plan of development as defined in Section 31-25-802(6.4), C.R.S. or a value capture plan as defined in Section 43-4-508, C.R.S.;

(ii) amounts withheld by retailers and vendors to cover their expenses in collecting and remitting the Recreation Sales and Use Tax Revenues, and amounts collected by the City and subsequently determined, pursuant to Sections 4-3-370 through 4-3-400 of the Code and other applicable law, to be subject to valid claims for refunds;

(iii) the proceeds of any increase in the City’s park and recreation sales or use tax which may be approved in the future, unless such increase is expressly pledged by the City for the payment of the Bonds; or

(iv) amounts payable by the City under the Sales Tax Sharing Agreements.

Redemption Date means earliest date on which the Refunded Bonds may be called for redemption as specified in the Sale Certificate.

Refunded Bonds means any of the currently outstanding 2008A Bonds as specified in the Sale Certificate.

Refunded Bond Requirements means the payment of (i) the interest due on the Refunded Bonds on and before the Redemption Date and (ii) the principal of the Refunded Bonds due on or before the Redemption Date.

Refunding Project means (a) the payment of the Refunded Bond Requirements and (b) the payment of the costs of issuing the Bonds.

Reserve Account: the “City of Lone Tree, Colorado, Sales and Use Tax Revenue Refunding Bonds (Recreation Projects), Series 2017A Reserve Account,” which is hereby created for the purpose of providing additional security for paying the principal of, prior redemption premium, if any, and interest on the Bonds.

Reserve Account Requirement: zero dollars until such time as the City is required to fund the Reserve Account pursuant to Section 17(b) hereof. Thereafter, “Reserve Account Requirement” shall mean 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 amount of all required payments of principal and interest on the Bonds which will become due in any Fiscal Year, or (iii) 125% of the average amount of all required payments of principal and interest on the Bonds which will become due in any Fiscal Year, to be maintained in the Reserve Account, except to the extent of any Bond Reserve Insurance Policy therein.

Sale Certificate: the certificate executed by the Mayor or the City Manager dated on or before the date of delivery of the Bonds, setting forth (i) the specific maturities of the Refunded Bonds to be refunded; (ii) the rates of interest on the Bonds, (iii) the conditions on which and the prices at which the Bonds may be called for redemption; (iv) the existence and amount of any capitalized interest or reserve fund; (v) the price at which the Bonds will be sold; (vi) the principal amount of the Bonds; (vii) the amount of principal of the Bonds maturing on each date; (viii) the dates on which principal and interest will be paid and the first interest payment date; (ix) whether the Bonds will be secured by a municipal bond insurance policy or financial guaranty insurance policy; and (ix) any other matters which may be determined by the Mayor or the City Manager pursuant to Section 11-57-205 of the Supplemental Act.

Sales Tax Sharing Agreements: the Sales Tax Sharing Agreement between the City and Colony Investments, Inc. made and entered into as of September 18, 2001, as amended January 1, 2015, and the Intergovernmental Agreement between the City and Park Meadows Business Improvement District, dated as of December 15, 2006, as amended by the First Amendment to Intergovernmental Agreement, made and entered into as of December 19, 2006.

Special Record Date: a special date fixed to determine the names and addresses of Owners of Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest.

Subordinate Lien Bonds: bonds, notes, certificates, contracts, or other similar obligations issued in accordance with Section 17 and Section 19(a) hereof, payable in whole or in part from the General Sales and Use Tax Revenues and having a lien thereon which is subordinate to the lien of the Bonds, the 2008A Bonds, the 2009 Bonds, the 2017B Bonds, and any Parity Lien Bonds, including, without limitation, certain obligations of the City under various contracts as may be in effect from time to time pursuant to which the City agrees to rebate portions of its sales and use tax revenues to other parties to such contracts which contracts are expressly subordinate to the lien of the Bonds, 2008A Bonds, the 2009 Bonds, the 2017B Bonds, and any Parity Lien Bonds on the General Sales and Use Tax Revenues.

Subordinate Lien Recreation Bonds: bonds, notes, certificates, contracts, or other similar obligations issued in accordance with Section 17 and Section 19(b) hereof, payable in whole or in part from the Recreation Sales and Use Tax Revenues and having a lien thereon which is subordinate to the lien of the Bonds, the 2008B Bonds and any Parity Lien Recreation Bonds, including, without limitation, certain obligations of the City under various contracts as may be in effect from time to time pursuant to which the City agrees to rebate portions of its sales and use tax revenues to other parties to such contracts which contracts are expressly subordinate to the lien of the Bonds, the 2008A Bonds and any Parity Lien Recreation Bonds on the Recreation Sales and Use Tax Revenues.

Supplemental Act: the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, C.R.S.

Tax Code: the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds, and applicable regulations and rulings thereunder or under any predecessor thereto.

Term Bonds: Bonds that are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

2008 Election means the election held within the City on May 6, 2008, pursuant to which the 2008A Bonds and 2009 Bonds were issued.

2008A Bonds; the City's Sales and Use Tax Revenue Bonds (Recreation Projects), Series 2008A, originally issued in the aggregate principal amount of \$11,000,000.

2008A Ordinance: Ordinance No. 08-11 of the City adopted on August 19, 2008, authorizing the issuance of the 2008A Bonds.

2009 Bonds: the City's Sales and Use Tax Revenue Bonds (Cultural Facilities Projects), Series 2009, originally issued in the aggregate principal amount of \$16,880,000.

2009 Ordinance: Ordinance No. 08-12, as amended by Ordinance No. 09-03, adopted by the City on August 19, 2008, and as amended on July 7, 2009, authorizing the issuance of the 2009 Bonds.

2017B Bonds: the City's Sales and Use Tax Revenue Refunding Bonds (Cultural Facilities Projects), Series 2017B expected to be issued concurrently with the Bonds. In the event that the 2017B Bonds are not issued, any reference herein to the 2017B Bonds shall be of no force or effect.

2017B Ordinance: the ordinance of the City adopted concurrently herewith authorizing the issuance of the 2017B Bonds.

**Section 2. Recitals.**

A. The City is a legally and regularly created, established, organized and existing municipal corporation under the provisions of Article XX of the Constitution of the State of Colorado and the Charter.

B. Section 13.4 of the Charter provides that the City may issue securities payable solely from revenues derived from the proceeds of any sales tax or use tax by action of Council and without an election.

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

D. At the 2008 Election, a majority of the qualified electors of the City voting thereon approved the issuance of revenue bonds and an increase in the City's sales and use tax pursuant to the following question (the "Recreation Question"):

SHALL CITY OF LONE TREE DEBT BE INCREASED \$12.5 MILLION WITH A MAXIMUM REPAYMENT COST OF \$21.1 MILLION AND SHALL CITY SALES AND USE TAXES BE INCREASED UP TO \$1.75 MILLION ANNUALLY IN THE FIRST FULL FISCAL YEAR AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER, BY INCREASING THE RATE OF SALES AND USE TAX LEVIED BY THE CITY BY .125 PERCENT (12.5 CENTS ON A \$100 PURCHASE) SUBJECT TO THE FOLLOWING LIMITATIONS:

- ◆ THE PROCEEDS OF THE DEBT AND THE TAXES SHALL BE USED TO FINANCE, WITHIN THE BOUNDARIES OF THE CITY, FOR THE BENEFIT OF CITY RESIDENTS, PARK AND RECREATION FACILITIES, INCLUDING, BUT NOT LIMITED TO, COMMUNITY PARKS, BIKE PATHS AND PEDESTRIAN WAYS, TRAILS, FIELDS, TOT LOTS,

PLAYGROUNDS FOR CHILDREN, OPEN SPACE, COMMON AREAS, COMMUNITY RECREATION CENTERS, TENNIS COURTS, AND SWIMMING POOLS, AND TO PAY THE COST OF ISSUANCE OF THE DEBT, INCLUDING ANY NECESSARY RESERVES;

- ◆ THE INCREASE IN THE SALES AND USE TAX RATE SHALL BEGIN ON JULY 1, 2008 AND END ON DECEMBER 31, 2023 OR AFTER THE FULL PAYMENT OF SUCH DEBT, WHICHEVER COMES FIRST;
- ◆ THE CITY MAY PLEDGE TO THE PAYMENT OF THE DEBT SUCH SALES AND USE TAX REVENUES, INVESTMENT INCOME, AND OTHER CITY REVENUES AS THE CITY COUNCIL MAY DETERMINE;
- ◆ THE SPECIFIC TERMS OF THE DEBT SHALL BE DETERMINED BY THE CITY COUNCIL AS NECESSARY AND PRUDENT AND MAY INCLUDE A PROVISION FOR EARLY REPAYMENT WITH OR WITHOUT A PREMIUM OF NOT MORE THAN 3%;

AND SHALL THE CITY BE AUTHORIZED TO ISSUE DEBT TO REFUND THE DEBT AUTHORIZED IN THIS QUESTION, PROVIDED THAT AFTER THE ISSUANCE OF SUCH REFUNDING DEBT THE TOTAL OUTSTANDING PRINCIPAL AMOUNT OF ALL DEBT ISSUED PURSUANT TO THIS QUESTION DOES NOT EXCEED THE MAXIMUM PRINCIPAL AMOUNT SET FORTH ABOVE, AND PROVIDED FURTHER THAT ALL DEBT ISSUED BY THE CITY PURSUANT TO THIS QUESTION IS ISSUED ON TERMS THAT DO NOT EXCEED THE REPAYMENT COSTS AUTHORIZED IN THIS QUESTION; AND SHALL THE CITY BE AUTHORIZED TO USE THE PROCEEDS OF SUCH TAXES TO HONOR SALES AND USE TAX REVENUE SHARING CONTRACTUAL COMMITMENTS; AND SHALL THE REVENUES RAISED BY SUCH SALES AND USE TAX RATE INCREASE AND PROCEEDS OF SUCH DEBT, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT BY THE CITY AS A VOTER-APPROVED REVENUE CHANGE PURSUANT TO ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?

E. Pursuant to the 2008 Election, the City has previously issued the 2008A Bonds, in the original aggregate principal amount of \$11,000,000, which are outstanding as of January 1, 2017, in the aggregate principal amount of \$6,610,000.

F. The 2008A Bonds maturing on and after December 1, 2019, are subject to redemption prior to maturity at the option of the City on December 1, 2018, and on any date thereafter, at the redemption price equal to the principal amount so redeemed, plus accrued interest to the redemption date without a redemption premium.

G. The City now desires to use a portion of the proceeds of the Bonds to refund, pay and discharge any of the 2008A Bonds designated in the Sale Certificate, and to place such funds in escrow, in order to pay, discharge and redeem the Refunded Bonds and to pay the Refunded Bond Requirements.

H. The City is not delinquent in the payment of the principal of or interest on any of the 2008A Bonds.

I. Pursuant to Article X, Section 20(4) of the Colorado Constitution, the Bonds may be issued without voter approval to refinance debt at a lower interest rate.

J. Pursuant to Section 13.5 of the Charter, the City may issue refunding securities for the purpose of refunding and providing for the payment of outstanding securities or other obligations of the City as the same mature, or in advance of maturity by means of an escrow or otherwise.

K. The Council hereby determines to authorize and issue the Bonds for the purpose of defraying the costs of the Refunding Project.

L. The City desires to pledge the Pledged Revenues to secure the payment of the principal of, interest on and prior redemption premium, if any, due in connection with the Bonds on a parity with the Parity Lien Bonds and the Parity Lien Recreation Bonds.

M. The Bonds shall be secured and payable from the available proceeds of the City's Recreation Sales and Use Tax Revenue imposed and collected pursuant to the Recreation Question.

N. The Bonds additionally shall be secured and payable from the available proceeds of the General Sales and Use Tax Revenue on a parity with the lien thereon of the 2008A, the 2009 Bonds, the 2017B Bonds and any Parity Lien Bonds hereafter issued.

O. The Bonds shall not be secured by or payable from the proceeds of the Cultural Facilities Sales and Use Tax Revenue, which is imposed and collected specifically for cultural facilities that will not be financed with the proceeds of the Bonds.

P. Other than the Sales Tax Sharing Agreements, the 2008A Bonds, the 2009 Bonds, and the 2017B Bonds, there are no outstanding liens on any of the City's sales and use

tax, such tax has not been pledged to the payment of any bonds or for any purpose, and a portion of such tax may now be pledged lawfully and irrevocably for the payment of the Bonds as set forth herein.

Q. The Bonds shall constitute a special revenue obligation of the City payable from and secured by the Pledged Revenues, subject to the limitations set forth herein, and the Bonds shall not constitute a debt or an indebtedness of the City payable from ad valorem taxes or to which the full faith and credit of the City are pledged, or held to be a general obligation of the City.

R. After consideration, the City Council has determined that delivery of the Bonds and implementing the Refunding Project is in the best interests of the City and the residents thereof.

S. Pursuant to the Escrow Agreement there shall be placed in escrow and in trust with the Escrow Agent, a portion of the proceeds of the Bonds, together with such other legally available moneys of the City as may be necessary, in an amount sufficient to meet all requirements of principal and interest on the Refunded Bonds as the same shall become due upon maturity or prior redemption on the Redemption Date.

T. There are on file with the City Clerk the following:

- (i) the form of Purchase Contract;
- (ii) the form of the Escrow Agreement;
- (iii) the form of Registrar and Paying Agent Agreement;
- (iv) the form of a Preliminary Official Statement;
- (v) the form of a Continuing Disclosure Certificate.

U. None of the members of the Council have any potential conflicting interests in connection with the authorization, issuance, or execution of the Bonds, or the use of the proceeds of the Bonds.

V. Section 11-57-204 of the Supplemental Act provides that a public entity, including the City, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act.

W. It is necessary to provide for the form and details of the Bonds, the payment of the Bonds, and other provisions relating to the authorization and issuance of the Bonds.

**Section 3. Authorization and Election to Apply the Supplemental Public Securities Act to the Bonds.** In accordance with the Charter, the constitution and laws of the State of Colorado, and the provisions of this Ordinance, for the purpose of financing the costs of the Refunding Project, there are hereby authorized to be issued fully registered sales and use tax revenue bonds of the City, each to be designated “City of Lone Tree, Colorado, Sales and Use Tax Revenue Refunding Bonds (Recreation Projects), Series 2017A,” in an aggregate principal amount not to exceed \$5,600,000, to be payable and collectible, as to principal, prior redemption premium, if any, and interest, from the Pledged Revenues. Section 11-57-204 of the Supplemental Act provides that a public entity, including the City, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act to the Bonds. The Council hereby elects to apply all of the Supplemental Act to the Bonds. The Bonds are issued under the authority of the Supplemental Act and shall so recite as provided in Section 8 hereof. Pursuant to Section 11-57-210, C.R.S., such recital conclusively imparts full compliance with all the provisions of said sections, and the Bonds issued containing such recital shall be incontestable for any cause whatsoever after their delivery for value.

Either the Mayor or the City Manager is hereby independently authorized and directed to execute and deliver the Sale Certificate and to make and approve the final determinations contained therein, subject to the parameters and restrictions of this Ordinance. Either the Mayor or the City Manager is hereby authorized to determine if obtaining municipal bond insurance or financial guaranty insurance is in the best interest of the City, and if so, to select a Bond Insurer to issue the Bond Insurance Policy, execute a commitment relating to the same, and execute any Insurance Agreement and any other documents or instruments required by such commitment. If it is determined that the Bonds will be sold without a municipal bond insurance policy or financial guaranty insurance policy, all references herein to Bond Insurer, Bond Insurance Policy and Insurance Agreement are of no force or effect.

**Section 4. Special Obligations; Pledge; Negotiability.**

(a) Special Obligations. All of the Bonds, together with the interest thereon and any prior redemption premium, shall be payable and collectible only out of the Pledged Revenues and any moneys and securities paid or to be paid to or held or to be held in the Bond Account and the Reserve Account, which are hereby so pledged and are to be deposited and maintained as required by Section 17 hereof. The Owner or Owners of the Bonds may not look to any ad valorem property taxes levied or collected by the City for the payment of the principal of, prior redemption premium, if any, and interest on the Bonds. The Bonds shall constitute special limited obligations of the City and shall not constitute a debt or an indebtedness of the City 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 City. None of the covenants, agreements, representations and warranties contained herein or in the Bonds shall ever impose or be construed as imposing any liability, obligation or charge against the City (except to the extent of the Pledged Revenues and any moneys and securities paid or to be paid to or held or to be held in the Bond Account and the Reserve Account) or its general credit, payable out of its general funds or out of any funds derived from ad valorem property taxation.

The Cultural Facilities Sales and Use Tax Revenues shall not constitute Pledged Revenues and shall not be pledged for the payment of the Bonds.

(b) Pledge Securing the Bonds. The Bonds constitute a pledge of, and an irrevocable lien (but not necessarily an exclusive such lien) on the Pledged Revenues and any moneys and securities paid or to be paid to or held or to be held in the Bond Account and the Reserve Account. The Bonds are equitably and ratably secured by a lien on the Pledged Revenues. The pledge of the General Sales and Use Tax Revenues (as part of the Pledged Revenues) to secure the payment of the principal of, prior redemption premiums, if any, and interest on the Bonds is on a parity with the pledge of the General Sales and Use Tax Revenues for and lien thereon of the 2008A Bonds, the 2009 Bonds, the 2017B Bonds, and any Parity Lien Bonds hereafter issued, as provided herein. The pledge of the Recreation Sales and Use Tax Revenues (as part of the Pledged Revenues) to secure the payment of the principal of, prior redemption premiums, if any, and interest on the Bonds is on a parity with the pledge of the Recreation Sales and Use Tax Revenues for and lien thereon of the 2008A Bonds and any Parity Lien Recreation Bonds hereafter issued, as provided herein. The amounts required to be paid by the City under the Sales Tax Sharing Agreements are excluded from the pledge which secures the payment of the 2008A Bonds, the 2009 Bonds, the 2017B Bonds and the Bonds. This pledge of the Pledged Revenues shall be valid and binding from and after the date of the delivery of the Bonds, and the Pledged Revenues received by the City and hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act. The lien of this pledge of the Pledged Revenues shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City irrespective of whether such parties have notice thereof. The lien of this pledge on the Pledged Revenues and the obligation to perform the contractual provisions made herein shall have priority over any or all other obligations and liabilities of the City, except with respect to the parity lien on the General Sales and Use Tax Revenues of the 2008A Bonds, 2009 Bonds, 2017B Bonds, and any Parity Lien Bonds hereafter issued, as provided herein, and except with respect to the 2008A Bonds and any parity lien on the Recreation Sales and Use Tax Revenues which may be pledged to any Parity Lien Recreation Bonds hereafter issued, as provided herein.

(c) No Pledge of Property. The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the City, except the Pledged Revenues and any moneys and securities paid or to be paid to or held or to be held in the Bond Account and the Reserve Account as provided herein. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

(d) Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the City shall be for the equal benefit, protection and security of the Owners of any and all of the Outstanding Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of such securities over any other thereof, except as otherwise expressly provided in or pursuant to this Ordinance.

(e) Negotiability. The issuance of the Bonds by the City shall constitute a warranty by and on behalf of the City for the benefit of each and every Owner of any of the Bonds that the Bonds have been issued for valuable consideration in full conformity with

law. Subject to the registration provisions hereof and Section 11 hereof, the Bonds shall be fully negotiable and shall have all the qualities of negotiable paper, and the Owners thereof shall possess all rights enjoyed by the holders of negotiable instruments under the provisions of the Colorado Uniform Commercial Code. The principal of, prior redemption premium, if any, and interest on the Bonds shall be paid, and the Bonds shall be transferable, free from and without regard to any equities between the City and the original or any intermediate Owner of any Bonds or any setoffs or cross-claims.

**Section 5. Bond Details.**

(a) The Bonds shall be issued in fully registered form (i.e., registered as to payment of both principal and interest), initially registered in the name of Cede and Co. as nominee for The Depository Trust Company, New York, New York, as securities depository for the Bonds. The Bonds shall be issued in denominations of \$5,000 or integral multiples thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on its maturity date and no individual Bond will be issued for more than one maturity and interest rate). The Bonds shall be numbered in such manner as the Registrar shall determine.

(b) The Bonds shall be dated as of the date of their delivery to the Purchaser. 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 \$5,600,000;
- (ii) the Bonds shall mature no later than December 1, 2023;
- (iii) the purchase price of the Bonds, shall not be less than 98% of the principal amount thereof;
- (iv) the Bonds shall not be subject to redemption prior to maturity at the option of the City;
- (v) the maximum total repayment cost of the Bonds shall not exceed \$6,200,000 and the maximum annual repayment cost shall not exceed \$1,200,000.

Interest on the Bonds shall be calculated on the basis of a 360 day year of twelve 30 day months, payable on the dates set forth in the Sale Certificate and commencing on the date provided in the Sale Certificate.

**Section 6. Payment of Bonds - Paying Agent and Bond Registrar.**

(a) The principal of and prior redemption premium, if any, on any Bond shall be payable to the Owner thereof as shown on the registration records kept by the Registrar, upon maturity 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 or after maturity, 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, 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 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 Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner of the applicable Bond at the close of business on a Special Record Date for the payment of such defaulted interest. Such Special Record Date and the date fixed for payment of the defaulted interest shall be fixed by the Registrar whenever monies 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 Owners of the Bonds not less than ten days prior to the Special Record Date by first-class mail to each such 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; provided, however, that the City shall not be required to make funds available to the Paying Agent prior to the payment dates stated in this Section. 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.

(b) The Registrar or Paying Agent may resign on thirty days prior written notice to the City and the Bond Insurer, provided that no such resignation shall be effective until a successor Registrar and Paying Agent, acceptable to the Bond Insurer, is appointed. The City, with consent of the Bond Insurer, or the Bond Insurer, at any time may reasonably determine that the Registrar or Paying Agent is incapable of fulfilling its duties hereunder and may remove it, upon thirty days prior written notice. If the Registrar or Paying Agent initially appointed hereunder shall resign, or shall be removed, the City may, upon notice mailed to the Bond Insurer and to each Owner at his or her address last shown on the registration records, appoint a successor, acceptable to the Bond Insurer, to such Registrar or Paying Agent. Every such successor Registrar or Paying Agent shall be a bank or trust company located in and in good standing in the United States and having shareholders' equity (e.g., capital stock, surplus and profits), however denominated, not less than \$10,000,000. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the City shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

## **Section 7. Prior Redemption.**

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

The Registrar shall not be required to give notice of any such optional redemption unless it has received written instructions from the City in regard thereto at least sixty days prior to such redemption date.

(b) Mandatory Redemption. The Term Bonds, if any, are subject to mandatory sinking fund redemption, at the times, in the amounts and at the prices provided in the Sale Certificate.

On or before thirty (30) days prior to each sinking fund installment date, the Registrar shall, without any notice or instruction from the City, proceed to call the Term Bonds (or any Term Bond or Term Bonds issued to replace such Term Bonds) for redemption from the sinking fund on the next mandatory sinking fund redemption date, and give notice of such call without other instruction or notice from the City.

At its option, to be exercised on or before the sixtieth (60th) day next preceding each such sinking fund redemption date, the City may (a) deliver to the Registrar for cancellation Term Bonds subject to mandatory sinking fund redemption on such date in an aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Term Bonds of the same maturity subject to mandatory sinking fund redemption on such date, 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 Term Bond so delivered or previously redeemed will be credited by the Registrar at the principal amount thereof on the obligation of the City on such sinking fund redemption date and the principal amount of Term Bonds to be redeemed by operation of such sinking fund on such date will be accordingly reduced. The City 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 City to deliver such certificate shall not affect the Registrar's duty to give notice of sinking fund redemption as provided in this paragraph.

(c) Notice. Notice of redemption shall be given by the Registrar in the name of the City by sending a copy of such official notice by first-class, postage prepaid mail, not more than sixty nor less than thirty days prior to the redemption date to the Bond Insurer and each Registered Owner at his address as it last appears on the registration books kept by the Registrar, provided that so long as the Bonds are held by DTC or any other Depository, such notice may be given by electronic means in lieu of mailed notice; but neither failure to give such notice nor any defect therein shall affect the redemption of any Bond. Such notice shall identify the Bonds to be so redeemed (if less than all are to be redeemed) and the redemption date, and shall further state that on such redemption date there will become and be due and payable upon each Bond so to be redeemed, at the Paying Agent, the principal amount thereof, any redemption premium, and accrued interest to the redemption date and that from and after such date interest will cease to accrue. Prior to any redemption date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City

shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be promptly canceled by the Paying Agent and such canceled Bonds shall be delivered by the Paying Agent or Registrar to the City if requested by the City, and shall not be reissued.

(d) Partial Redemption. 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 of the same maturity in the amount of the unpaid principal.

(e) Conditional Call Provision. Notwithstanding the provisions of this Section, any notice of optional redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption 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 canceled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed.

**Section 8. Form and Execution of Bonds.** The Bonds shall be signed with the facsimile or manual signature of the Mayor or Mayor-Pro Tem of the City, sealed with a facsimile or manual impression of the seal of the City, and attested by the facsimile or manual signature of the City Clerk. Should any officer whose facsimile or manual signature appears on the Bonds cease to be such officer before delivery of the Bonds to the Purchaser, such facsimile or manual signature shall nevertheless be valid and sufficient for all purposes.

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

The Bonds shall be in substantially the following form (provided that any of the text of the Bonds may, with appropriate reference, be printed on the back of the Bonds):

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

No. R-\_\_\_\_\_

\$\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF COLORADO  
COUNTY OF DOUGLAS

CITY OF LONE TREE

SALES AND USE TAX REVENUE REFUNDING BOND  
(RECREATION PROJECTS), SERIES 2017A

INTEREST RATE      MATURITY DATE      DATED AS OF      CUSIP

REGISTERED OWNER:      CEDE & CO.

PRINCIPAL AMOUNT:      DOLLARS

The City of Lone Tree, in the County of Douglas and State of Colorado, a municipal corporation duly organized and operating under the home rule Charter of the City and the constitution and laws of the State of Colorado, for value received, hereby promises to pay from the special funds and accounts hereafter designated, but not otherwise, to the Registered Owner named above, or registered assigns, on the maturity date specified above, the principal amount specified above, and in like manner to pay interest on such principal amount at the interest rate per annum specified above, payable semiannually on \_\_\_\_\_ and \_\_\_\_\_ each year, commencing on \_\_\_\_\_, 20\_\_, until such principal amount is paid. This Bond will bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the date of this Bond. This Bond is one of an authorized series of bonds (the “Bonds”) issued pursuant to an ordinance of the City Council adopted on December 6, 2016 (the “Bond Ordinance”). The Bonds are all issued under and equally and ratably secured by and entitled to the security of the Bond Ordinance. This Bond bears interest, matures, is payable and is transferable as provided in the Bond Ordinance. To the extent not defined herein, terms used in this Bond shall have the same meanings as set forth in the Bond Ordinance.

The principal of and prior redemption premium, if any, on this Bond is payable upon presentation and surrender hereof at the Principal Operations Office of the Paying Agent. Interest on this Bond will be paid 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), by check or draft mailed to the person in whose name this Bond is registered in the registration records of the City maintained by the Registrar at its Principal Operations Office and at the address appearing thereon at the close of business on the Record Date.

The Bonds are all of like date, tenor, and effect except as to number, principal amount, interest rate, and date of maturity and are issued by the City Council of the City for the purpose of refinancing park and recreation facilities under the authority of and in full conformity with the City's home rule Charter, the constitution and laws of the State of Colorado, and pursuant to the duly adopted Bond Ordinance.

The principal of, redemption premium, if any, and interest on this Bond are payable only from the proceeds of the Pledged Revenues, all as more particularly set forth in the Bond Ordinance. This Bond constitutes a special limited obligation of the City, secured only by a lien, but not necessarily an exclusive lien, on the Pledged Revenues. This Bond does not constitute a debt of the City within the meaning of any constitutional, home rule charter, or statutory limitation, and shall not be considered or held to be a general obligation of the City. Neither the members of the City Council nor any persons executing this Bond shall be personally liable for this Bond.

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

It is also certified, recited, and warranted that the Bonds are issued under the authority of the Bond Ordinance and the Supplemental Public Securities Act. It is the intention of the City, as expressed in 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.

Reference is made to the Bond Ordinance for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the receipt and disposition of the Pledged Revenues, the nature and extent of the security, the terms and conditions under which additional bonds payable from the Pledged Revenues may be issued, the rights, duties and obligations of the City, the rights of the Owners of the Bonds, the events of default and remedies, the circumstances under which any Bond is no longer Outstanding, the ability to amend the Bond Ordinance; and by the acceptance of this Bond the Owner hereof assents to all provisions of the Bond Ordinance. The principal of, prior redemption premium, if any, and the interest on this Bond shall be paid, and this Bond is transferable, free from and without regard to any equities between the City and the original or any intermediate owner hereof or any setoffs or cross-claims.

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

IN TESTIMONY WHEREOF, the City Council of the City of Lone Tree, Colorado, has caused this Bond to be signed by the manual or facsimile signature of the Mayor of the City, sealed with a manual or facsimile impression of the seal of the City, and attested by the manual or facsimile signature of the City Clerk, all as of \_\_\_\_\_, 2017.

CITY OF LONE TREE, COLORADO

(SEAL OR FACSIMILE)

(Manual or Facsimile Signature)

Mayor

ATTESTED:

(Manual or Facsimile Signature)

City Clerk

[Form of Bond Registrar's Certificate of Authentication]

CERTIFICATE OF AUTHENTICATION

Date of Registration  
and Authentication:

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

UMB BANK, N.A., as Registrar

By \_\_\_\_\_  
Authorized Officer

(Form of Prepayment Panel)

PREPAYMENT PANEL

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

---

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

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(End of Form of Prepayment Panel)

[Form of Assignment]

ASSIGNMENT

FEES AND TAXES MAY BE CHARGED FOR  
TRANSFER OR EXCHANGE OF THIS BOND

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto \_\_\_\_\_ the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer said Bond on the records kept for registration thereof with full power of substitution in the premises.

Signature of Owner:

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

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

Signature guaranteed:

\_\_\_\_\_  
(Bank, Trust Company, or Firm)  
Signature must be guaranteed by a member of the Medallion Signature Program

Address or transferee:

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

Social Security or other tax identification number of transferee:

\_\_\_\_\_

[End of Form of Assignment]

[Form of Statement of Insurance]

[To be added if a Bond Insurance Policy is acquired by the City]

[End Form of Statement of Insurance]

**Section 9. Authentication.** No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until a certificate of authentication on such Bond substantially in the form hereinabove set forth shall have been duly manually 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 Ordinance. 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. By authenticating any of the Bonds initially delivered pursuant to this Ordinance, the Bond Registrar and Paying Agent shall be deemed to have assented to the provisions of, and to have agreed to abide by and to perform the duties provided for them in, this Ordinance.

**Section 10. Delivery of Bonds.** After the adoption of this Ordinance, the City 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, as directed by the City.

**Section 11. Registration, Transfer and Exchange.**

(a) Records for the registration and transfer of the Bonds shall be kept by the Bond Registrar, which is hereby appointed by the City as registrar (i.e., transfer agent) for the Bonds. Upon the surrender for transfer of any Bond at the Principal Operations Office of the Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his or her attorney duly authorized in writing, the Bond 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, bearing a number or numbers not previously assigned. Bonds may be exchanged at the Principal Operations Office of the Bond Registrar for an equal aggregate principal amount of Bonds of the same maturity of other authorized denominations. The Bond Registrar shall authenticate and deliver a Bond or Bonds which the Owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. The Bond 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 Owner requesting such exchange or transfer.

(b) Except as may otherwise be provided with respect to payment of interest pursuant to Section 6 hereof, the person in whose name any Bond shall be registered on the registration records kept by the Bond Registrar shall be deemed and regarded as the absolute Owner thereof for the purpose of making payment thereof and for all other purposes and payment of or on account of principal of, prior redemption premium, if any, and interest on any Bond shall be made only to or upon the written order of the Owner thereof or his or her legal representative, but such registration may be changed upon transfer of such Bond in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

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

**Section 12. Book Entry.**

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

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

(ii) upon the resignation of The Depository Trust Company or a successor or new depository under clause (i) or this clause (ii) of this paragraph (a), or a determination by the Council that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the designation by the Council of another depository institution acceptable to the Council and to the depository then holding the Bonds, which new depository institution must be both a “clearing corporation” as defined in Section 4-8-102(a)(5), Colorado Revised Statutes and a qualified and registered “clearing agency” under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor new depository; or

(iii) upon the resignation of The Depository Trust Company or a successor or new depository under clause (i) or clause (ii) of this paragraph (a), or a determination of the Council that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the failure by the Council, after reasonable investigation, to locate another qualified depository institution under clause (ii) to carry out such depository functions.

(b) In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (i) of paragraph (a) hereof or designation of a new depository pursuant to clause (ii) of paragraph (a) hereof, upon receipt of the Outstanding Bonds by the Bond Registrar, together with written instructions for transfer satisfactory to the Bond Registrar, a new Bond for each maturity date and interest rate of the Bonds then Outstanding shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (iii) of paragraph (a) hereof and the failure after reasonable investigation to locate another qualified depository institution for the Bonds as provided in clause (iii) of paragraph (a) hereof, and upon receipt of the Outstanding Bonds by the Bond Registrar, together with written instructions for transfer satisfactory to the Bond Registrar, new

Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof, as provided in and subject to the limitations of Section 10 hereof, registered in the names of such persons, and in such authorized denominations as are requested in such written transfer instructions; however, the Bond Registrar shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

(c) The Council, the Bond Registrar and the Paying Agent shall be entitled to treat the Owner of any Bond as the absolute Owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the Council, the Bond Registrar and the Paying Agent shall have no responsibility for transmitting payments to the beneficial owners of the Bonds held by The Depository Trust Company or any successor or new depository named pursuant to paragraph (a) hereof.

(d) The Council, the Bond Registrar and the Paying Agent shall endeavor to cooperate with The Depository Trust Company or any successor or new depository named pursuant to clause (i) or (ii) of paragraph (a) hereof in effectuating payment of the principal amount of the Bonds upon maturity by arranging for payment in such a manner that funds representing such payments are available to the depository on the date they are due.

**Section 13. Cancellation and Destruction of Bonds.** Whenever any Outstanding Bond shall be delivered to the Bond Registrar for payment pursuant to this Ordinance and upon payment of the principal amount and interest represented thereby, such Bond shall be canceled in accordance with the customary practices of the Bond Registrar and applicable retention laws. Whenever any Outstanding Bond shall be delivered to the Bond Registrar for transfer pursuant to the provisions hereof, such Bond shall be canceled in accordance with the customary practices of the Bond Registrar and applicable retention laws.

**Section 14. Lost Bonds.** If any Bond shall be lost, stolen, destroyed or mutilated, the Bond Registrar may, upon receipt of such evidence, information and indemnity relating thereto as it or the City 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, the Bond Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement. The Bond Registrar and the City may require that the Owner of any such Bond pay their reasonable fees, charges and expenses relating to their activities pursuant to this Section.

**Section 15. Disposition of Bond Proceeds and Additional Deposits.** The Bonds, when executed and registered as provided by law, shall be delivered to the Purchaser as directed by the City, and proceeds derived therefrom shall be used exclusively for the purposes of paying the costs of the Refunding Project, including the costs of issuing the Bonds. After the payment of such costs of the Refunding Project, any unexpended balance of Bond proceeds may be deposited into the Bond Account for the payment of the principal of, prior redemption premium, if any, and interest on the Bonds as the same become due or applied to other lawful uses, subject to the provisions of Section 16 hereof. Neither the Purchaser nor any subsequent Owners of the Bonds shall be responsible for the application or disposal by the City or any of its officers of the funds derived from the sale thereof.

**Section 16. Tax Covenant and Rebate Account.**

(a) The City covenants that it will not take any action or omit to take any action with respect to the Bonds, the proceeds of the Bonds, any other funds of the City or the 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 the 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 covenants shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the City in fulfilling the above covenants under the Tax Code and State law have been met.

(b) All of the amounts on deposit in any fund or account created under this Ordinance, and all amounts pledged to the payment of the Bonds, shall be invested in compliance with the requirements of Subsection (a) of this Section 16. Amounts on deposit in the Rebate Account shall not be subject to the lien and pledge of this Ordinance, to the extent that such amounts are required to be paid to the United States Treasury. The City shall deposit Pledged Revenues into the Rebate Account as provided in Section 17(e) hereof. Upon receipt of an opinion of nationally recognized bond counsel that the balance in the Rebate Account is in excess of the amount required by Subsection (a) of this Section 16 to be included therein, such excess shall be withdrawn from the Rebate Account and applied as set forth in Section 16 hereof.

**Section 17. Payment of Principal and Interest.** The Pledged Revenues shall be used in the following manner and order, provided that all payments of principal and interest on the Bonds and any Parity Lien Recreation Bonds required to be made pursuant to this Section 17 shall first be paid from the Recreation Sales and Use Tax Revenues. Anything in this Ordinance to the contrary notwithstanding, the Recreation Sales and Use Tax Revenues shall not be used to pay the 2009 Bonds, the 2017B Bonds, or any other Parity Lien Bonds that are not Parity Lien Recreation Bonds. So long as any Bonds shall be Outstanding, either as to principal or interest, the Pledged Revenues shall, upon receipt by the City, be applied as follows:

(a) Bond Account. First, there shall be credited from the Pledged Revenues to a special account hereby created, known as the “City of Lone Tree, Colorado, Sales and Use Tax Revenue Refunding Bonds (Recreation Projects), Series 2017A Bond Account,” from the Recreation Sales and Use Tax Revenues, and, if such revenues are insufficient, from General Sales and Use Tax Revenues, the following amounts:

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

(ii) Principal Payments. Monthly, commencing on the first day of the first month following the date of delivery of any of the Bonds, or commencing on the first day of the month one year next prior to the first principal payment date of any of the Bonds, whichever commencement date is later, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next installment of principal of the Bonds coming due at maturity or mandatory sinking fund redemption, if any.

If prior to any interest payment date or principal payment date there has been accumulated in the Bond Account the entire amount necessary to pay the next maturing installment of interest or principal, or both, the payment required in paragraph (i) or (ii) (whichever is applicable) of this Section 17(a), may be appropriately reduced; but the required monthly amounts again shall be so credited to such account commencing on such interest payment date or principal payment date. The moneys in the Bond Account shall be used only to pay the principal of, prior redemption premium if any, and interest on the Bonds as the same becomes due.

Payments from the Recreation Sales and Use Tax Revenues with respect to the 2008A Bonds and any Parity Lien Recreation Bonds hereafter issued may be made to the similar bond account for such 2008A Bonds and any Parity Lien Recreation Bonds on a parity with the payments to the Bond Account set forth in paragraph (i) or (ii) of this Section 17(a) concurrently (but not necessarily simultaneously) with the payment for the Bonds.

Payments from the General Sales and Use Tax Revenues may be made to the similar bond account for the 2008B Bonds, the 2009 Bonds, the 2017B Bonds, and any Parity Lien Bonds on a parity with the payments to the Bond Account set forth in paragraph (i) or (ii) of this Section 17(a) concurrently (but not necessarily simultaneously) with the payment for the Bonds.

(b) Reserve Account. Second, except as hereinafter provided, from any remaining Pledged Revenues there shall be credited monthly to a special account hereby created and known as the “City of Lone Tree, Colorado, Sales and Use Tax Revenue Refunding Bonds (Recreation Projects), Series 2017A Reserve Account” an amount, if any, which is necessary to maintain the Reserve Account as a continuing reserve in an amount not less than the Reserve Account Requirement or to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy. At the time of issuance of the Bonds, no funds shall be required to be on deposit in the Reserve Account. No later than the last day of February in each year, the City Manager shall calculate the coverage of the Pledged Revenues received during the preceding Fiscal Year over the Maximum Annual Combined Debt Service Requirement. Such calculations shall be filed with the City Clerk promptly upon completion. In the event that, according to such calculation, the Pledged Revenues received in any Fiscal Year are less than three times the Maximum Annual Combined Debt Service Requirement, the City shall, immediately upon the filing thereof, commence funding the Reserve Account monthly so that no later than twenty-four (24) months after the date of such filing, the amount accumulated in the Reserve Account is equal to the Reserve Account Requirement. The City may cease funding the Reserve Account and will be entitled to withdraw any moneys deposited therein if the calculation performed in any future Fiscal Year shows three

or more times coverage was in fact attained. In determining the amounts required to be deposited as provided in this Section 17(b), the City shall receive credit for any investment earnings on the deposit in the Reserve Account. No credit need be made to the Reserve Account so long as the moneys and/or a Bond Reserve Insurance Policy therein equal the Reserve Account Requirement (regardless of the source of such accumulations). The Reserve Account Requirement shall be accumulated and maintained as a continuing reserve to be used, except as provided in subsections (c) and (e) of this Section 17 and Section 20 hereof, only to prevent deficiencies in the payment of the principal of and the interest on the Bonds resulting from the failure to credit to the Bond Account sufficient funds to pay said principal and interest as the same accrue or to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy. The Reserve Account Requirement shall be calculated upon (i) any principal payment, whether at stated maturity or upon redemption, (ii) the issuance of Additional Obligations, (iii) the defeasance of all or a portion of the Bonds, or (iv) whenever the City is required to fund the Reserve Account pursuant to this Section 17(b).

In lieu of all or a portion of the moneys required to be deposited in the Reserve Account by this Ordinance, the City may at any time or from time to time deposit a Bond Reserve Insurance Policy in the Reserve Account in full or partial satisfaction of the Reserve Account Requirement. Any such Bond Reserve Insurance Policy shall be payable (or available to be drawn upon) on any date on which moneys will be required to be withdrawn from the Reserve Account as provided herein. Upon deposit of any Bond Reserve Insurance Policy in the Reserve Account, the City may transfer moneys equal to the amount payable under the Bond Reserve Insurance Policy from the Reserve Account and apply such moneys to any lawful purpose, subject to the provisions of Section 16 hereof.

(c) Termination of Deposits to Maturity or Redemption Date. No payment of Pledged Revenues need be made into the Bond Account or the Reserve Account if the amount in the Bond Account and the Reserve Account totals a sum at least equal to the entire amount of the Outstanding Bonds both as to principal and interest to their respective maturities, or to any redemption date on which the City shall have exercised its option to redeem the 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 accounts in an amount at least equal to such principal and interest requirements shall be used solely to pay such as the same accrue, and any moneys in excess thereof in said accounts may be withdrawn and used for any lawful purpose, subject to Section 16 hereof.

(d) Defraying Delinquencies in Bond and Reserve Accounts. If, five days before any interest payment date or principal payment date for the Bonds, there are insufficient funds on deposit in the Bond Account to pay the principal of and redemption premium, if any, and interest on the Bonds due on such date, then, to the extent of any amounts then in the Reserve Account, a sufficient amount shall be paid into the Bond Account on such date from the Reserve Account exclusively to make such payments on the Bonds. The money, if any, so used shall be replaced in the Reserve Account from the first Recreation Sales and Use Tax Revenues received that are not required to be otherwise applied by this Section 17, but excluding any payments required for any Subordinate Lien Recreation Bonds, on a parity basis with any similar deposits required for any Parity Lien Recreation Bonds; provided, however, that

an amount equal to the amount withdrawn from the Reserve Account shall be deposited by the City into the Reserve Account no later than twelve months from the date of such withdrawal. If the Recreation Sales and Use Tax Revenues received are insufficient to make the deposits set forth in the preceding sentence, the City shall make such deposits into the Reserve Account as are required to remedy such insufficiency from the first General Sales and Use Tax Revenues received that are not required to be otherwise applied by this Section 17, but excluding any payments required for any Subordinate Lien Bonds, on a parity basis with any similar deposits required for the 2008A Bonds, the 2009 Bonds, the 2017B Bonds, and any Parity Lien Bonds.

The moneys in the Bond Account and the Reserve Account shall be used solely for the purpose of paying the principal of, any redemption premium, and the interest on the Bonds and to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy; provided, however, that any moneys at any time in excess of the Reserve Account Requirement in the Reserve Account may be withdrawn therefrom and used for any lawful purpose, subject to the provisions of Section 16 hereof; and provided, further, that any moneys in the Bond Account and in the Reserve Account in excess of accrued and unaccrued principal and interest requirements to the respective maturities of the Outstanding Bonds may be used as provided in Subsection (c) of this Section 17.

(e) Rebate Account Payments. After making the payments set forth in Subsections (a), (b) and (d) of this Section 17, the City shall deposit any remaining Recreation Sales and Use Tax Revenues to the account created hereunder and designated the “City of Lone Tree, Colorado, Sales and Use Tax Revenue Refunding Bonds (Recreation Projects), Series 2017A, Rebate Account” (the “Rebate Account”) to the extent required under Section 148 of the Tax Code and the regulations promulgated thereunder and shall apply such funds to the extent necessary to comply with the City’s covenants under Section 16 hereof to make payments to the United States. Payments of Recreation Sales and Use Tax Revenues into similar rebate accounts for any Parity Lien Recreation Bonds shall be made concurrently (but not necessarily simultaneously) with payments of Recreation Sales and Use Tax Revenues into the Rebate Account. To the extent that the remaining Recreation Sales and Use Tax Revenues are insufficient to comply with the preceding sentence, General Sales and Use Tax Revenues shall be deposited, after making the payments required by Subsections (a), (b) and (d) of this Section 17, into the Rebate Account in the amount of such insufficiency. Payments of General Sales and Use Tax Revenues into similar rebate accounts for the 2008A Bonds, the 2009 Bonds, the 2017B Bonds, and any Parity Lien Bonds shall be made concurrently (but not necessarily simultaneously) with payments of General Sales and Use Tax Revenues into the Rebate Account.

(f) Subordinate Lien Recreation Bonds and Subordinate Lien Bonds. After making the payments required by Subsections (a), (b), (d) and (e) of this Section 17, any remaining Recreation Sales and Use Tax Revenues shall be used for the payment of the principal of, premium, if any, and interest on any Subordinate Lien Recreation Bonds, and for any reserve fund which may be established as additional security for the payment of such Subordinate Lien Recreation Bonds. Nothing in this Ordinance shall prevent the establishment of priorities or parity relationships among Subordinate Lien Recreation Bonds, whether now existing or hereafter issued (including, without limitation, any subordination of existing Subordinate Lien Recreation Bonds to other Subordinate Lien Recreation Bonds hereafter issued).

After making the payments required by Subsections (a), (b), (d) and (e) of this Section 17, any remaining General Sales and Use Tax Revenues shall be used for the payment of the principal of, premium, if any, and interest on any Subordinate Lien Bonds, and for any reserve fund which may be established as additional security for the payment of such Subordinate Lien Bonds. Nothing in this Ordinance shall prevent the establishment of priorities or parity relationships among Subordinate Lien Bonds, whether now existing or hereafter issued (including, without limitation, any subordination of existing Subordinate Lien Bonds to other Subordinate Lien Bonds hereafter issued).

(g) Any Lawful Purpose. After compliance with Subsections (a) through (f), inclusive, of this Section 17, the remaining Pledged Revenues may be used for any lawful purpose, as the Council may direct, subject to the provisions of Section 16 hereof.

(h) General Administration of Funds and Accounts. The Bond Account, the Reserve Account and the Rebate Account shall be held in the custody of the City. Each periodic payment shall be credited to the proper fund or account not later than the date designated therefor, except that when any such date shall be a day which is not a Business Day, then such payment shall be made on or before the next succeeding Business Day. Monies in the Bond Account, the Reserve Account and the Rebate Account not immediately needed may be deposited or invested and reinvested by the City in deposits or investments which are at the time Permitted Investments, subject to Section 16 hereof. Securities or obligations purchased as an investment of monies in any such fund or account shall be deemed at all times to be a part of such fund or account, except to the extent otherwise provided herein. Interest and any profit realized from investments in the Bond Account shall be retained therein. Interest and any profit realized from investments in the Reserve Account shall be retained therein, unless the balance therein is equal to or greater than the Reserve Account Requirement, in which case such interest and profit may be withdrawn and used for any lawful purpose, subject to Section 16 hereof. Any loss resulting from investments in the Bond Account, or the Reserve Account shall be charged to each such fund or account, respectively. Interest and profit realized and any loss resulting from investments in the Rebate Account shall be credited or charged to such account. The monies in any fund or account herein provided for shall consist of lawful money of the United States or Permitted Investments or both such money and such Permitted Investments. Monies deposited in a demand or time deposit account in or evidenced by a certificate of deposit of a commercial bank, appropriately secured according to the laws of the State of Colorado, shall be deemed lawful money of the United States. Neither the City nor any officer or employee of the City shall be liable or responsible for any loss resulting from any investment or reinvestment made in accordance with this Ordinance.

Investments in the Reserve Account shall be valued annually, at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in Reserve Account resulting from a decline in market value shall be restored no later than the succeeding valuation date. Investments purchased with funds on deposit in the Reserve Account shall have a term to maturity not greater than five years.

**Section 18. Covenants of the City.** The City hereby irrevocably covenants and agrees with each and every Owner of the Bonds that so long as any of the Bonds remain Outstanding:

(a) It will not amend or repeal any provision of the Code in any way that would materially adversely affect the amount of Pledged Revenues which would otherwise be collected. However, nothing herein shall prevent the City from amending the Code to permit sales or use tax credits to retailers or vendors in association with the collection by such retailers or vendors of a public improvement fee or similar fee or charge imposed by a covenant on the land on which the retailer or vendor conducts business in an amount equal to or greater than the amount of such sales or use tax credits to fund public improvements benefiting new retail development, the construction of which shall commence after the date hereof.

(b) It will administer, enforce, and collect, or cause to be administered, enforced, and collected, the sales and use tax authorized by the Code, and shall take such necessary action to collect delinquent payments as shall be authorized by the Code and in accordance with law.

(c) It will keep books and records showing the Pledged Revenues received, in which complete entries shall be made in accordance with standard principles of accounting, and any Owner of any of the Bonds shall have the right at all reasonable times to inspect the records and accounts relating to the collection and receipt of such Pledged Revenues.

(d) It will, at least once a year, cause an audit to be performed of the records relating to the collection and receipt of the Pledged Revenues (which may be performed as a part of the City's general annual audit), and upon request, make available at cost the report of the auditor or accountant to any Owner of any of the Bonds, and shall mail a copy of such audit report to the Bond Insurer and the Purchaser. Such audit may be made part of and included within the general audit of the City, and made at the same time as the general audit.

(e) It will comply with the terms of the Continuing Disclosure Certificate.

(f) It will not amend the Sales Tax Sharing Agreements to increase the amount which the City is obligated to pay under the Sales Tax Sharing Agreements.

**Section 19. Additional Obligations.**

(a) Additional Obligations Payable solely from General Sales and Use Tax Revenues:

(i) No bonds, notes, certificates, contracts, or other similar obligations shall be issued payable from the General Sales and Use Tax Revenues and having a lien thereon which is prior or superior to the lien of the Bonds.

(ii) Nothing in this Ordinance shall be construed in such manner as to prevent the issuance of Parity Lien Bonds by the City; provided that: (1) the City is current in the payment of principal and interest on the Bonds, the 2008A Bonds, the 2009 Bonds,

the 2017B Bonds, and any Parity Lien Bonds and in the accumulation of any required amounts in the Reserve Account and the similar reserve accounts for the Bonds, the 2008A Bonds, the 2009 Bonds, the 2017B Bonds and any Parity Lien Bonds; (2) no Event of Default has occurred and is continuing; and (3) the General Sales and Use Tax Revenues collected or received by the City in the last preceding Fiscal Year are sufficient to cover two times the Maximum Annual Debt Service Requirement. In determining the Maximum Annual Debt Service Requirement as described above, there shall be included the maximum amount of all required payments of principal and interest on the proposed Parity Lien Bonds which will become due in any Fiscal Year, and mandatory sinking fund redemption installments shall be treated as serial principal maturities. In the event that the municipal sales and use tax has been increased during the preceding or current Fiscal Year and if such increase is pledged to pay the proposed Parity Lien Bonds, then the General Sales and Use Tax Revenues for the last preceding Fiscal Year may be adjusted by applying the new percentage to the amount of sales and use taxes actually collected during such prior Fiscal Year, for the purpose of determining compliance with clause (3) of this Subsection.

(iii) If at any time after the Bonds, or any part thereof, shall have been issued and remain Outstanding, the City shall find it desirable to refund any Outstanding obligations payable from the General Sales and Use Tax Revenues, said obligations, or any part thereof, may be refunded, subject to the following provisions. Any refunding obligations payable in whole or in part from the General Sales and Use Tax Revenues shall be issued with such details as the Council may provide, so long as there is no impairment of any contractual obligations imposed upon the City; but if only a part of the Outstanding obligations payable from the General Sales and Use Tax Revenues is refunded, then such securities may not be refunded without the consent of the Owner or Owners of the unrefunded portion of such obligations unless:

(1) the refunding obligations do not increase, for any Fiscal Year in which any Bonds will be Outstanding, the aggregate principal and interest requirements evidenced by such refunding obligations and by the Outstanding obligations payable from the General Sales and Use Tax Revenues and not refunded, and the lien of the refunding obligations on the General Sales and Use Tax Revenues is not raised to a higher priority than the lien thereon of the obligations thereby refunded; or

(2) the lien on the General Sales and Use Tax Revenues for the payment of the refunding obligations is subordinate to each such lien for the payment of any Bonds not refunded; or

(3) the refunding obligations are issued in compliance with paragraph (iii) of this Section 19(a).

(iv) Nothing herein shall prevent the City from issuing Subordinate Lien Bonds.

(b) Additional Obligations Payable solely from Recreation Sales and Use Tax Revenues but not General Sales and Use Tax Revenues:

(i) No bonds, notes, certificates, contracts, or other similar obligations shall be issued payable in whole or in part from Recreation Sales and Use Tax Revenues but not General Sales and Use Tax Revenues and having a lien thereon which is prior or superior to the lien of the Bonds.

(ii) Nothing in this Ordinance shall be construed in such manner as to prevent the issuance of Parity Lien Recreation Bonds by the City payable in whole or in part from Recreation Sales and Use Tax Revenues but not General Sales and Use Tax Revenues; provided that: (1) the City is current in the payment of principal and interest on the Bonds, the 2008A Bonds, and any Parity Lien Recreation Bonds and in the accumulation of any required amounts in the Reserve Account and the similar reserve accounts for the Bonds, the 2008A Bonds, or any Parity Lien Recreation Bonds; (2) no Event of Default has occurred and is continuing; and (3) the Recreation Sales and Use Tax Revenues collected or received by the City in the last preceding Fiscal Year are sufficient to cover two times the Maximum Annual Recreation Debt Service Requirement. In determining the Maximum Annual Recreation Debt Service Requirement as described above, there shall be included the maximum amount of all required payments of principal and interest on the proposed Parity Lien Recreation Bonds which will become due in any Fiscal Year, and mandatory sinking fund redemption installments shall be treated as serial principal maturities. In the event that the City's park and recreation sales and use tax has been increased during the preceding or current Fiscal Year and if such increase is pledged to pay the proposed Parity Lien Recreation Bonds, then the Recreation Sales and Use Tax Revenues for the last preceding Fiscal Year may be adjusted by applying the new percentage to the amount of park and recreation sales and use taxes actually collected during such prior Fiscal Year, for the purpose of determining compliance with clause (3) of this Subsection.

(iii) If at any time after the Bonds, or any part thereof, shall have been issued and remain Outstanding, the City shall find it desirable to refund any Outstanding obligations payable in whole or in part from Recreation Sales and Use Tax Revenues but not General Sales and Use Tax Revenues, said obligations, or any part thereof, may be refunded, subject to the following provisions. Any refunding obligations payable in whole or in part from Recreation Sales and Use Tax Revenues but not General Sales and Use Tax Revenues shall be issued with such details as the Council may provide, so long as there is no impairment of any contractual obligations imposed upon the City; but if only a part of the Outstanding obligations payable in whole or in part from Recreation Sales and Use Tax Revenues but not General Sales and Use Tax Revenues is refunded, then such securities may not be refunded without the consent of the Owner or Owners of the unrefunded portion of such obligations unless:

(1) the refunding obligations do not increase, for any Fiscal Year in which any Bonds will be Outstanding, the aggregate principal and interest requirements evidenced by such refunding obligations and by the Outstanding obligations payable in whole or in part from Recreation Sales and Use Tax Revenues but not General Sales and Use Tax Revenues and not refunded, and the lien of the refunding obligations on the Recreation Sales and Use Tax Revenues is not raised to a higher priority than the lien thereon of the obligations thereby refunded; or

(2) the lien on the Recreation Sales and Use Tax Revenues for the payment of the refunding obligations is subordinate to each such lien for the payment of any Bonds not refunded; or

(3) the refunding obligations are issued in compliance with paragraph (ii) of this Section 19(b).

(iv) Nothing herein shall prevent the City from issuing Subordinate Lien Recreation Bonds.

(c) Additional Obligations Payable from Pledged Revenues:

(i) No bonds, notes, certificates, contracts, or other similar obligations shall be issued payable from the Pledged Revenues and having a lien thereon which is prior or superior to the lien of the Bonds.

(ii) Nothing in this Ordinance shall be construed in such manner as to prevent the issuance by the City of obligation that constitute both Parity Lien Recreation Bonds and Parity Lien Bonds and are payable from Pledged Revenues; provided that: (1) the City is current in the payment of principal and interest on the Bonds, the 2008A Bonds, the 2009 Bonds, the 2017B Bonds, any Parity Lien Bonds, and any Parity Lien Recreation Bonds, and in the accumulation of any required amounts in the Reserve Account and the similar reserve accounts for the 2008A Bonds, the 2009 Bonds, the 2017B Bonds, any Parity Lien Bonds, and any Parity Lien Recreation Bonds; (2) no Event of Default has occurred and is continuing; and (3) the Pledged Revenues collected or received by the City in the last preceding Fiscal Year are sufficient to cover two times the Maximum Annual Combined Debt Service Requirement. As used in the preceding sentence, "Pledged Revenues" shall include any adjustments to the General Sales and Use Tax Revenues authorized by Section 19(a)(iii) and any adjustments to the Recreation Sales and Use Tax Revenues authorized by Section 19(b)(ii). In determining the Maximum Annual Combined Debt Service Requirement as described above, there shall be included therein the maximum amount of all required payments of principal and interest on the proposed obligations which will become due in any Fiscal Year, and mandatory sinking fund redemption installments shall be treated as serial principal maturities.

(iii) If at any time after the Bonds, or any part thereof, shall have been issued and remain Outstanding, the City shall find it desirable to refund any Outstanding obligations payable from the Pledged Revenues, said obligations, or any part thereof, may be refunded, subject to the following provisions. Any refunding obligations payable in whole or in part from the Pledged Revenues shall be issued with such details as the Council may provide, so long as there is no impairment of any contractual obligations imposed upon the City; but if only a part of the Outstanding obligations payable from the Pledged Revenues is refunded, then such securities may not be refunded without the consent of the Owner or Owners of the unrefunded portion of such obligations unless:

(1) the refunding obligations do not increase, for any Fiscal Year in which any Bonds will be Outstanding, the aggregate principal and interest requirements evidenced by such refunding obligations and by the Outstanding obligations

payable from the Pledged Revenues and not refunded, and the lien of the refunding obligations on the Pledged Revenues is not raised to a higher priority than the lien thereon of the obligations thereby refunded; or

(2) the lien on the Pledged Revenues for the payment of the refunding obligations is subordinate to each such lien for the payment of any Bonds not refunded; or

(3) the refunding obligations are issued in compliance with paragraph (ii) of this Section 19(c).

(iv) Nothing herein shall prevent the City from issuing Subordinate Lien Bonds or Subordinate Lien Recreation Bonds.

(d) For purposes of this Section 19, variable rate Additional Obligations issued pursuant hereto shall be assumed to bear interest at the highest of: (i) the actual rate on the date of calculation, or if the indebtedness is not yet Outstanding, the initial rate (if established and binding); (ii) if the indebtedness has been Outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation; and (iii) (1) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Tax Code, the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if no longer published) plus fifty (50) basis points, or (2) if interest is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities plus fifty (50) basis points. Notwithstanding the foregoing, for purposes of any rate covenant measuring actual debt service coverage during a test period, variable rate indebtedness shall be deemed to bear interest at the actual rate per annum applicable during the test period.

**Section 20. Defeasance.** When all principal of, prior redemption premium, if any, and interest on the Bonds have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged and the Bonds shall no longer be deemed to be Outstanding within the meaning of this Ordinance. Such due payment of any Bond shall be deemed made when the City has placed in escrow and in trust with a commercial bank located within or without 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, prior redemption premium, if any, and interest on such Bond as the same become due to their final maturity or designated prior redemption date, and if any Bond is to be redeemed prior to maturity pursuant to Section 6(a) hereof, when the City has given to the Registrar irrevocable written instructions to give notice of prior redemption in accordance with Section 6(c) hereof. 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 City and such bank at the time of the creation of the escrow and shall not be callable prior to their scheduled maturities by the issuer thereof. The investment of the amounts deposited in the escrow shall comply with Section 16 hereof.

In the event that there is a defeasance of only part of the Bonds of any maturity, the Bond Registrar shall, if requested by the City, institute a system to preserve the identity of

the individual Bonds or portions thereof so defeased, regardless of changes in Bond numbers attributable to transfers and exchanges of Bonds; and the Bond Registrar shall be entitled to reasonable compensation and reimbursement of expenses from the City in connection with such system.

**Section 21. Amendment.**

(a) The City may, without the consent of, or notice to the Owners of the Bonds, but with the prior written consent of the Bond Insurer, so long as the Bond Insurer is not in default of its payment obligations under the Bond Insurance Policy, adopt such ordinances supplemental hereto (which supplemental amendments shall thereafter form a part hereof) for any one or more or all of the following purposes:

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

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

(iii) to grant or confer upon the Paying Agent or Registrar for the benefit of the Owners of the Bonds any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Owners of the Bonds; or

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

(b) Exclusive of the amendatory ordinances permitted by paragraph (a) of this Section, this Ordinance may be amended or supplemented by ordinance adopted by the Council in accordance with the law, without receipt by the City of any additional consideration but with the prior written consent of the Owners of at least 66% in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory or supplemental ordinance.

(c) Notwithstanding Subsections (a) and (b) above, written consent of the Owners of all of the Bonds adversely affected thereby is required for any Ordinance that shall have the effect of permitting:

(i) An extension of the maturity of any of the Bonds authorized by this Ordinance; or

(ii) A reduction in the principal amount of any of the Bonds, the rate of interest thereon, or the prior redemption premium thereon; or

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

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

(v) The establishment of priorities as between outstanding Bonds, 2008B Bonds, and any Parity Lien Bonds with respect to the General Sales and Use Tax Revenues, the establishment of priorities as between outstanding Bonds and any Parity Lien Recreation Bonds with respect to the Recreation Sales and Use Tax Revenues or the establishment of priorities as between Bonds issued and Outstanding under the provisions of this Ordinance; or

(vi) The modification of or otherwise affecting the rights of the Owners of less than all of the Bonds then outstanding.

Copies of any waiver, modification or amendment to this Ordinance shall be delivered to any entity then maintaining a rating on the Bonds at least 15 days prior to its execution or adoption.

**Section 22. Events of Default.** It is an Event of Default if:

(a) Payment of the principal of or premium due on any Bond is not made by the City when due at maturity or upon prior redemption;

(b) Payment of the interest on any Bond is not made by the City when due; or

(c) The City defaults in the punctual performance of its covenants hereunder for sixty (60) days after written notice shall have been given by the Owners of not less than 25% of the outstanding principal amount of the Bonds; provided that failure by the City to comply with the covenant set forth in Section 18(e) of this Ordinance shall not constitute an Event of Default hereunder.

(d) An event of default shall have occurred and be continuing under the provisions of the Insurance Agreement.

**Section 23. Remedies.** Upon the happening of any Event of Default, any Owner, or a trustee therefor, may protect and enforce the rights of such Owner by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenants, the appointment of a receiver (the consent to such appointment being hereby granted), injunctive relief, or requiring the Council to act as if it were the trust of an express trust, or any combination of such remedies. All proceedings shall be maintained for the benefit of the Owners; provided however, that any action brought pursuant to an Event of Default under Section 22(c) hereof may be brought only upon the written consent of the Owner or Owners of not less than 25% of the outstanding principal amount of the Bonds. All proceedings shall be maintained for the equal benefit and protection of all Owners. The failure of any Owner to proceed does not relieve the City or any person of any liability for failure to perform any duty hereunder. The foregoing rights are in addition to any other right which may exist under applicable law, and the exercise of any right by any Owner shall not be deemed a waiver of any

other right. If any remedial action is discontinued, the Owners shall be restored to their positions prior to taking such action.

**Section 24. Insurer To Be Deemed Owner, Rights of the Insurer, Payments by the Insurer.**

(a) Notwithstanding any provision of this ordinance to the contrary, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, the Bond Insurer shall at all times be deemed the sole and exclusive Owner of the Outstanding Bonds for the purposes of all approvals, consents, waivers, institution of any action, and the direction of all remedies pursuant to this ordinance, including but not limited to approval of or consent to any amendment of or supplement to this Ordinance which requires the consent or approval of the Owners of 66% in aggregate principal amount of the Bonds then Outstanding pursuant to this Ordinance; provided, however, that the Bond Insurer shall not be deemed to be the sole and exclusive Owner of the Outstanding Bonds with respect to any amendment or supplement to this Ordinance which seeks to amend or supplement this Ordinance for the purposes set forth in Section 21(c) hereof.

(b) Notwithstanding any other provision of this Ordinance, any rights granted to or conferred upon the Bond Insurer hereunder shall be in effect only so long as the Bond Insurer is not in default in its payment obligation under the Bond Insurance Policy, and upon any such default by the Bond Insurer, its rights hereunder shall be suspended (except to the extent of subrogation for any payments under the Bond Insurance Policy theretofore made by the Bond Insurer); provided, however, that such rights shall be reinstated when the Bond Insurer has cured such default under the Bond Insurance Policy.

(c) To the extent that the Bond Insurer makes payment of any principal of or interest on a Bond, it shall be fully subrogated to all of the Owner's rights thereunder in accordance with the terms of the Bond Insurance Policy to the extent of such payment, including the Owner's rights to payment thereof.

(d) In the event that the principal of or interest on a Bond shall be paid by the Bond Insurer pursuant to the terms of the Bond Insurance Policy (i) such Bond shall continue to be "Outstanding" under this Ordinance, and (ii) the Bond Insurer shall be fully subrogated to all of the rights of the Owner thereof in accordance with the terms and conditions of subsection (b) of this Section and the Bond Insurance Policy.

(e) This Ordinance shall not be discharged unless and until all amounts due to the Bond Insurer have been paid in full or duly provided for.

(f) So long as the Bond Insurance Policy shall be in full force and effect, the City and the Paying Agent hereby agree to comply with the provisions of this Section.

(g) The Bond Insurer is a third-party beneficiary of this Ordinance.

**Section 25. Delegated Powers; Authorization to Execute Collateral Documents.** The officers of the City and the members of the Council be, and hereby 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 execution and delivery of the Purchase Contract, the Registrar Agreement, the Continuing Disclosure Certificate, the printing of the Bonds; the procuring of municipal bond insurance or financial guaranty insurance, if in the best interests of the City; entering into and executing appropriate agreements with The Depository Trust Company as to its services hereunder; the printing, distribution and execution of the Official Statement for the Bonds in substantially the form of the Preliminary Official Statement now before the Council, but with such amendments, additions and deletions as are in accordance with facts and not inconsistent herewith; and the execution of such certificates as may be required by the Purchaser, including, but not 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 execution of any instrument by the aforementioned officers or members of the Council shall be conclusive evidence of the approval by the City of such instrument in accordance with the terms hereof and thereof.

The form, terms and provisions of the Purchase Contract, the Registrar Agreement and the Continuing Disclosure Certificate, and the Escrow Agreement are hereby approved, and the City shall enter into and perform its obligations under the Purchase Contract, the Registrar Agreement, the Continuing Disclosure Certificate and the Escrow Agreement, in the forms of such documents presented to the Council at this meeting, with only such changes therein as are required by the circumstances and are not inconsistent herewith.

The Mayor or the City Manager are hereby independently authorized to make the final pricing determinations as authorized in Section 5 hereof subject to the parameters set forth herein and execute the Purchase Contract and Sale Certificate relating to same. Additionally, the Mayor or the City Manager are independently authorized to execute and deliver any documents necessary to obtain a municipal bond insurance policy or a financial guaranty insurance policy to secure the payment of the principal of and interest on the Bonds or a Bond Reserve Insurance Policy to fund the Reserve Account Requirement.

**Section 26. Costs and Expenses.** All costs and expenses incurred in connection with the issuance and payment of the Bonds, including without limitation the underwriter's discount and all expenses related to issuing the Bonds, shall be paid either from the proceeds of the Bonds or from legally available moneys of the City, or from a combination thereof, and such moneys are hereby appropriated for that purpose.

**Section 27. Acceptance of Purchase Contract.** The Council hereby accepts the Purchase Contract as submitted by the Purchaser, and hereby authorizes the sale of the Bonds to the Purchaser upon the terms, conditions, and provisions as set forth in the Purchase Contract. The Council hereby determines that the sale of the Bonds as provided herein and in the Purchase Contract is to the best advantage of the City.

**Section 28. Authorization to Execute Collateral Documents.** The officers of the City and members of the Council are authorized and directed to take any and all other actions necessary or appropriate to effectuate the provisions of this Ordinance, including but not limited to, obtaining ratings on the bonds, obtaining bond insurance, if any, and executing the Escrow Agreement, Registrar Agreement, the Continuing Disclosure Certificate, and such certificates and affidavits as may be reasonably required by the Purchaser. The approval hereby given to the

various documents referred to above includes an approval of such additional details therein as may be necessary and appropriate for their completion and deletions therefrom and additions thereto as may be approved by bond counsel prior to the execution of the documents.

**Section 29. Approval of Official Statement.** The Council hereby approves the Preliminary Official Statement, in the form presented at this meeting. The Council hereby authorizes and directs the City Manager to approve on behalf of the City a final Official Statement containing any updated information regarding items described in the Preliminary Official Statement which become known to the City prior to the date of delivery of the Bonds. Copies of said Preliminary Official Statement and final Official Statement are hereby authorized to be distributed by the Purchaser to all interested persons in connection with the sale of the Bonds. The Preliminary Official Statement is hereby deemed to be final as of its date within the meaning of Rule 15c2-12(b)(I) of the U.S. Securities and Exchange Commission. The execution of a final Official Statement by an officer of the City shall be conclusively deemed to evidence the approval of the form and contents thereof by the City.

**Section 30. No Recourse Against Officers and Agents.** Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Council, or any officer or agent of the City acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal or interest on the Bonds. Such recourse shall not be available either directly or indirectly through the Council or the City, 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 31. 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 City 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 authorization of the Bonds.

**Section 32. Ratification and Approval of Prior Action.** All actions heretofore taken by the officers of the City and members of the Council, not inconsistent with the provisions of this Ordinance, relating to the authorization, sale, issuance, and delivery of the Bonds, and the qualification of the Bonds for book-entry with The Depository Trust Company, are hereby ratified, approved, and confirmed.

**Section 33. Parties Interested Herein.** Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any Person, other than the City, the Bond Insurer, the Registrar, the Paying Agent, and the Owners of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Bond Insurer, the Registrar, the Paying Agent, and the Owners of the Bonds.

**Section 34. Severability.** If any section, paragraph, clause, or provision of this Ordinance 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 Ordinance, the intent being that the same are severable.

**Section 35. Repealer.** All orders, resolutions, bylaws, ordinances or regulations of the City, or parts thereof, inconsistent with this Ordinance are hereby repealed to the extent only of such inconsistency.

**Section 36. Ordinance Irrepealable.** After the Bonds are issued, this Ordinance shall constitute an irrevocable contract between the City and the Owners of the Bonds, and shall be and remain irrepealable until the Bonds and the interest thereon shall have been fully paid, satisfied, and discharged. No provisions of any constitution, statute, charter, ordinance, resolution or other measure enacted after the issuance of the Bonds shall in any manner be construed as impairing the obligations of the City to keep and perform the covenants contained in this Ordinance.

**Section 37. Holidays.** If the date for making any payment or the last date for performing any act or exercising any right, as provided in this Ordinance, shall be a legal holiday or a non-Business Day, such payment may be made, act performed or right exercised on the next succeeding Business Day, 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 38. Recording, Authentication and Publication.** This Ordinance shall be published after first reading in the *Douglas County News Press*, a newspaper of general circulation in the City, with a notation that the Ordinance and any changes hereto shall be considered at a second meeting to be held on December 6, 2016, which date is not less than 14 days after first reading. If this Ordinance is revised upon second reading, such revisions will be published after second reading.

**Section 39. Effectiveness.** In accordance with Article V, Section 7, of the Charter, this Ordinance shall take effect upon the earlier of 30 days following publication after first reading if no changes are made at second reading, or 20 days after publication following second reading if changes are made upon second reading.

**Section 40. Statutes Superseded.** Pursuant to Article XX of the Colorado Constitution and the Charter, all statutes of the State of Colorado which might otherwise apply in connection with the City's sales and use tax or the Bonds are hereby superseded to the extent they conflict expressly or impliedly with the provisions of this Ordinance or the Bonds.

[Remainder of this page left intentionally blank]

INTRODUCED, READ AND ORDERED PUBLISHED ON NOVEMBER 15, 2016.

PUBLISHED IN THE DOUGLAS COUNTY NEWS PRESS ON \_\_\_\_\_, 2016 LEGAL NOTICE NO. \_\_\_\_\_.

APPROVED AND ADOPTED WITH[WITHOUT] CHANGES ON SECOND READING THIS 6TH DAY OF DECEMBER, 2016 [AND ORDERED REPUBLISHED].

PUBLISHED WITH CHANGES IN THE DOUGLAS COUNTY *NEWS PRESS* ON AUGUST \_\_, 2016 LEGAL NOTICE NO. W16-\_\_\_\_, TO BECOME EFFECTIVE ON JANUARY \_\_, 2017.

CITY OF LONE TREE, COLORADO

(SEAL)

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Jacqueline A. Millet, Mayor

ATTEST:

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Jennifer Pettinger, CMC, City Clerk

STATE OF COLORADO            )  
   )  
 COUNTY OF DOUGLAS         ) SS.  
   )  
 CITY OF LONE TREE         )

I, Jennifer Pettinger, City Clerk of the City of Lone Tree, Colorado (the “City”), do hereby certify:

1. The foregoing is a true and correct copy of an ordinance (the “Ordinance”) introduced on first reading at the regular meeting of the City Council of the City (“Council”) on November 15, 2016, and approved and adopted on second reading by the Council at the regular meeting of the Council on December 6, 2016. A quorum of the Council was in attendance at each meeting.

2. The members of the City Council voted on approval and adoption of the Ordinance on second reading on November 15, 2016, as follows:

Name	“Yes”	“No”	Absent	Abstain
Jacqueline A. Millet, Mayor				
Susan Squyer, Mayor Pro-Tem				
Cathie Brunnick				
Jay Carpenter				
Wynne Shaw				

3. The Ordinance was approved and authenticated by the signature of the Mayor, sealed with the City seal, attested by the Clerk and recorded in the minutes of the Council.

4. The Ordinance was published and posted pursuant to the provisions of the Charter of the City. Attached hereto as Exhibit A are affidavits of publication for each publication of the Ordinance required by the Charter.

5. Attached here as Exhibit B are copies of the notices of the meetings as posted at least 24 hours prior to the meeting.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of the City this  
\_\_\_\_ day of December, 2016.

(SEAL)

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City Clerk

EXHIBIT A

(Attach Affidavits of Publication)

**EXHIBIT B**

(Attach Notices of Meetings)

**ORDINANCE OF THE  
CITY OF LONE TREE**

**SERIES OF 2016**

**ORDINANCE 16-06**

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY OF LONE TREE, COLORADO, SALES AND USE TAX REVENUE REFUNDING BONDS (CULTURAL FACILITIES PROJECTS), SERIES 2017B, FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING SALES AND USE TAX REVENUE BONDS; PLEDGING CERTAIN SALES AND USE TAX REVENUES OF THE CITY FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; AND PROVIDING OTHER COVENANTS AND DETAILS IN CONNECTION THEREWITH.

**THE COUNCIL OF THE CITY OF LONE TREE, COLORADO,  
ORDAINS:**

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

Additional Obligations: any series of bonds, notes, certificates, contracts, or other similar obligations hereafter issued in accordance with Section 19 hereof.

Bond Account: the “City of Lone Tree, Colorado, Sales and Use Tax Revenue Refunding Bonds (Cultural Facilities Projects), Series 2017B Bond Account,” which hereby created for the purpose of paying the principal of, prior redemption premium, if any, and interest on the Bonds.

Bond Insurance Policy: the financial guaranty insurance policy or municipal bond insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Bonds, if set forth in the Sale Certificate.

Bond Insurer: the provider of any financial guaranty insurance policy or municipal bond insurance policy, or any successor thereto, if set forth in the Sale Certificate.

Bond Registrar or Registrar: UMB Bank, n.a., Denver, Colorado, or its successor, which shall perform the registration and transfer functions as set forth in this Ordinance.

Bond Reserve Insurance Policy: any unconditional and irrevocable insurance policy, surety bond, letter of credit or similar instrument deposited in or credited to the Reserve

Account in lieu of or in partial substitution for moneys on deposit therein. If the Bonds are secured by a Bond Insurance Policy, the issuer providing any such Bond Reserve Insurance Policy shall be the Bond Insurer or an issuer approved by the Bond Insurer.

Bonds: the City's Sales and Use Tax Revenue Refunding Bonds (Cultural Facilities Projects), Series 2017B.

Business Day: any day other than a Saturday, Sunday or other day on which banks in Denver, Colorado or New York, New York are required or authorized to be closed.

Charter: the home rule charter of the City, as it may be amended from time to time.

City: the City of Lone Tree, Colorado.

City Manager: the City Manager of the City.

Code: the municipal code of the City, as it may be amended from time to time.

Continuing Disclosure Certificate: the Continuing Disclosure Certificate for the Bonds executed by the City.

Council: the City Council of the City.

C.R.S.: the Colorado Revised Statutes, as amended.

Cultural Facilities Sales and Use Tax Revenues: the proceeds of the City's presently existing 0.1875% cultural facilities sales and use tax imposed pursuant to Ordinance No. 08-10 and Sections 4-3-110 and 4-3-120 of the Code and any future or amended cultural facilities sales and use tax levied by the City and specifically pledged by the Council to the payment of the Bonds. Cultural Facilities Sales and Use Tax Revenues also includes the proceeds derived by the City from any legally available tax or taxes or fees (other than a general ad valorem tax) which replace or supersede the City's presently existing cultural facilities sales and use tax or any future or amended cultural facilities sales and use tax, regardless of whether such tax or taxes or fees are imposed by the City or the State or another political subdivision thereof.

Cultural Facilities Sales and Use Tax Revenues do not include:

(i) incremental sales taxes which are or may be required to be paid into a special fund, or pledged to the payment of obligations pursuant to an urban renewal plan as defined in Section 31-25-103(9), C.R.S., or a plan of development as defined in Section 31-25-802(6.4), C.R.S. or a value capture plan as defined in Section 43-4-508, C.R.S.;

(ii) amounts withheld by retailers and vendors to cover their expenses in collecting and remitting the Cultural Facilities Sales and Use Tax Revenues, and amounts collected by the City and subsequently determined, pursuant to Sections 4-3-370 through 4-3-400 of the Code and other applicable law, to be subject to valid claims for refunds;

(iii) the proceeds of any increase in the City's cultural facilities sales or use tax which may be approved in the future, unless such increase is expressly pledged by the City for the payment of the Bonds; or

(iv) amounts payable by the City under the Sales Tax Sharing Agreements.

Escrow Account means a special fund and separate trust account to be established and maintained pursuant to the Escrow Agreement and this Authorizing Ordinance for the purpose of paying the principal of and interest on the Refunded Bonds.

Escrow Agent means UMB Bank, n.a., Denver, Colorado, and any successor and assign thereof, being a Commercial Bank, a member of the Federal Deposit Insurance Corporation and having full and complete trust powers, where the Escrow Account is established and maintained.

Escrow Agreement means the "Escrow Agreement," entered into by and between the City and the Escrow Agent concerning the establishment and maintenance of the Escrow Account.

Event of Default: one or more of the events set forth in Section 22 of this Ordinance.

Federal Securities: direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee.

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

General Sales and Use Tax Revenues: the proceeds the City's presently existing 1.50% general sales and use tax as imposed by Sections 4-3-110 and 4-3-120 of the Code. General Sales and Use Tax Revenues also includes the proceeds derived by the City from any legally available tax or taxes or fees (other than a general ad valorem tax) which replace or supersede the City's presently existing general sales and use tax in the amount of 1.50%, regardless of whether such tax or taxes or fees are imposed by the City or the State or another political subdivision thereof.

General Sales and Use Tax Revenues do not include:

(i) incremental sales taxes which are or may be required to be paid into a special fund, or pledged to the payment of obligations pursuant to an urban renewal plan as defined in Section 31-25-103(9), C.R.S., or a plan of development as defined in Section 31-25-802(6.4), C.R.S. or a value capture plan as defined in Section 43-4-508, C.R.S.; or

(ii) amounts withheld by retailers and vendors to cover their expenses in collecting and remitting the General Sales and Use Tax Revenues, and amounts collected by the City and subsequently determined, pursuant to Sections 4-3-370 through 4-3-400 of the Code and other applicable law, to be subject to valid claims for refunds;

(iii) the proceeds of any increase in the City's sales or use tax which may be approved in the future, unless such increase is expressly pledged by the City for the payment of the Bonds;

(iv) the Recreation Sales and Use Tax Revenues;

(v) the Cultural Facilities Sales and Use Tax Revenues; or

(vi) amounts payable by the City under the Sales Tax Sharing Agreements.

Insurance Agreement: an agreement entered into between the City and the Bond Insurer pursuant to Section 3 hereof.

Maximum Annual Combined Debt Service Requirement: the maximum amount of all required payments of principal and interest on the Bonds, the 2008A Bonds, the 2009 Bonds, the 2017A Bonds, any Parity Lien Bonds, and any Parity Lien Cultural Facilities Bonds which will become due in any Fiscal Year.

Maximum Annual Debt Service Requirement: the maximum amount of all required payments of principal and interest on the Bonds, the 2008A Bonds, the 2009 Bonds, the 2017A Bonds, any Parity Lien Bonds, and any Parity Lien Cultural Facilities Bonds which will become due in any Fiscal Year.

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

Mayor: the Mayor of the City.

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

Ordinance: this Ordinance, which authorizes the issuance of the Bonds.

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

(a) Bonds theretofore canceled by the City, Registrar or Paying Agent, or surrendered to the City, Registrar or Paying Agent for cancellation;

(b) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the City 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

(c) Bonds deemed to have been paid as provided in Section 20 hereof.

Owner or Registered Owner: when used with respect to a Bond or Bonds, means the registered owner of any Outstanding Bond.

Parity Lien Bonds: bonds, notes, certificates, contracts, or other similar obligations hereafter issued in accordance with Section 19(a) hereof, payable in whole or in part from the General Sales and Use Tax Revenues and having a lien thereon on a parity with the lien of the Bonds, the 2008A Bonds, the 2009 Bonds, and the 2017A Bonds.

Parity Lien Cultural Facilities Bonds: bonds, notes, certificates, contracts, or other similar obligations hereafter issued in accordance with Section 19(b) hereof, payable in whole or in part from the Cultural Facilities Sales and Use Tax Revenues and having a lien thereon on a parity with the lien of the Bonds and the 2009 Bonds.

Paying Agent: UMB Bank, n.a., Denver, Colorado, or its successor, which shall perform the function of paying agent as set forth in this Ordinance.

Paying Agent Agreement: the Registrar and Paying Agent Agreement between the City and the Registrar and Paying Agent.

Permitted Investments: any investments or deposits which are at the time permitted by the Charter and applicable ordinances or other provisions of the City.

Pledged Revenues: the Cultural Facilities Sales and Use Tax Revenues and the General Sales and Use Tax Revenues, including investment income as provided in Section 17(h) hereof. The term “Pledged Revenues” does not include the Recreation Sales and Use Tax Revenues or amounts in or required to be paid into the Rebate Account.

Principal Operations Office: the principal operations office of the Registrar or the Paying Agent, as designated in writing to the City from time to time.

Purchase Contract: the Bond Purchase Agreement between the Purchaser and the City with respect to the sale and delivery of the Bonds.

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

Rebate Account: the account created and designated as such pursuant to Section 17(e) hereof.

Record Date: the fifteenth (15th) day of the calendar month next preceding each interest payment date.

Recreation Sales and Use Tax Revenues: the proceeds of the City's presently existing 0.125% park and recreation sales and use tax imposed pursuant to Ordinance No. 08-10 and Sections 4-3-110 and 4-3-120 of the Code and any future or amended park and recreation sales and use tax levied by the City.

Redemption Date means earliest date on which the Refunded Bonds may be called for redemption as specified in the Sale Certificate.

Refunded Bonds means any of the currently outstanding 2009 Bonds as specified in the Sale Certificate.

Refunded Bond Requirements means the payment of (i) the interest due on the Refunded Bonds on and before the Redemption Date and (ii) the principal of the Refunded Bonds due on or before the Redemption Date.

Refunding Project means (a) the payment of the Refunded Bond Requirements and (b) the payment of the costs of issuing the Bonds.

Reserve Account: the "City of Lone Tree, Colorado, Sales and Use Tax Revenue Refunding Bonds (Cultural Facilities Projects), Series 2017B Reserve Account," which is hereby created for the purpose of providing additional security for paying the principal of, prior redemption premium, if any, and interest on the Bonds.

Reserve Account Requirement: zero dollars until such time as the City is required to fund the Reserve Account pursuant to Section 17(b) hereof. Thereafter, "Reserve Account Requirement" shall mean 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 amount of all required payments of principal and interest on the Bonds which will become due in any Fiscal Year, or (iii) 125% of the average amount of all required payments of principal and interest on the Bonds which will become due in any Fiscal Year, to be maintained in the Reserve Account, except to the extent of any Bond Reserve Insurance Policy therein.

Sale Certificate: the certificate executed by the Mayor or the City Manager dated on or before the date of delivery of the Bonds, setting forth (i) the specific maturities of the Refunded Bonds to be refunded; (ii) the rates of interest on the Bonds, (iii) the conditions on which and the prices at which the Bonds may be called for redemption; (iv) the existence and amount of any capitalized interest or reserve fund; (v) the price at which the Bonds will be sold; (vi) the principal amount of the Bonds; (vii) the amount of principal of the Bonds maturing on each date; (viii) the dates on which principal and interest will be paid and the first interest payment date; (ix) whether the Bonds will be secured by a municipal bond insurance policy or financial guaranty insurance policy; and (ix) any other matters which may be determined by the Mayor or the City Manager pursuant to Section 11-57-205 of the Supplemental Act.

Sales Tax Sharing Agreements: the Sales Tax Sharing Agreement between the City and Colony Investments, Inc., made and entered into as of September 18, 2001, as amended January 1, 2015, and the Intergovernmental Agreement between the City and Park Meadows Business Improvement District, dated as of December 15, 2006, as amended by the First Amendment to Intergovernmental Agreement, made and entered into as of December 19, 2006.

Special Record Date: a special date fixed to determine the names and addresses of Owners of Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest.

Subordinate Lien Bonds: bonds, notes, certificates, contracts, or other similar obligations issued in accordance with Section 17 and Section 19(a) hereof, payable in whole or in part from the General Sales and Use Tax Revenues and having a lien thereon which is subordinate to the lien of the Bonds, the 2008A Bonds, the 2009 Bonds, the 2017A Bonds, and any Parity Lien Bonds, including, without limitation, certain obligations of the City under various contracts as may be in effect from time to time pursuant to which the City agrees to rebate portions of its sales and use tax revenues to other parties to such contracts which contracts are expressly subordinate to the lien of the Bonds, 2008A Bonds, the 2009 Bonds, the 2017A Bonds, and any Parity Lien Bonds on the General Sales and Use Tax Revenues.

Subordinate Lien Cultural Facilities Bonds: bonds, notes, certificates, contracts, or other similar obligations issued in accordance with Section 17 and Section 19(b) hereof, payable in whole or in part from the Cultural Facilities Sales and Use Tax Revenues and having a lien thereon which is subordinate to the lien of the Bonds, the 2009 Bonds, and any Parity Lien Cultural Facilities Bonds, including, without limitation, certain obligations of the City under various contracts as may be in effect from time to time pursuant to which the City agrees to rebate portions of its sales and use tax revenues to other parties to such contracts which contracts are expressly subordinate to the lien of the Bonds, the 2009 Bonds, and any Parity Lien Cultural Facilities Bonds on the Cultural Facilities Sales and Use Tax Revenues.

Supplemental Act: the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, C.R.S.

Tax Code: the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds, and applicable regulations and rulings thereunder or under any predecessor thereto.

Term Bonds: Bonds that are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

2008 Election means the election held within the City on May 6, 2008, pursuant to which the 2008A Bonds and 2009 Bonds were issued.

2008A Bonds; the City's Sales and Use Tax Revenue Bonds (Recreation Projects), Series 2008A, originally issued in the aggregate principal amount of \$11,000,000.

2008A Ordinance: Ordinance No. 08-11 of the City adopted on August 19, 2008, authorizing the issuance of the 2008A Bonds.

2009 Bonds: the City's Sales and Use Tax Revenue Bonds (Cultural Facilities Projects), Series 2009, originally issued in the aggregate principal amount of \$16,880,000.

2009 Ordinance: Ordinance No. 08-12, as amended by Ordinance No. 09-03, adopted by the City on August 19, 2008, and as amended on July 7, 2009, authorizing the issuance of the 2009 Bonds.

2017A Bonds: the City's Sales and Use Tax Revenue Refunding Bonds (Recreation Projects), Series 2017A expected to be issued concurrently with the Bonds. In the event that the 2017A Bonds are not issued, any references herein shall have no force or effect.

2017A Ordinance: the ordinance of the City adopted concurrently herewith authorizing the issuance of the 2017A Bonds.

**Section 2. Recitals.**

A. The City is a legally and regularly created, established, organized and existing municipal corporation under the provisions of Article XX of the Constitution of the State of Colorado and the Charter.

B. Section 13.4 of the Charter provides that the City may issue securities payable solely from revenues derived from the proceeds of any sales tax or use tax by action of Council and without an election.

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

D. At the 2008 Election, a majority of the qualified electors of the City voting thereon approved the issuance of revenue bonds and an increase in the City's sales and use tax pursuant to the following question (the "Cultural Facilities Question"):

SHALL CITY OF LONE TREE DEBT BE INCREASED \$18.5 MILLION WITH A MAXIMUM REPAYMENT COST OF \$28.2 MILLION AND SHALL CITY SALES AND USE TAXES BE INCREASED UP TO \$2.65 MILLION ANNUALLY IN THE FIRST FULL FISCAL YEAR AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER, BY INCREASING THE RATE OF SALES AND USE TAX LEVIED BY THE CITY BY .1875 PERCENT (18.75 CENTS ON A \$100 PURCHASE) SUBJECT TO THE FOLLOWING LIMITATIONS:

◆ THE PROCEEDS OF THE DEBT AND THE TAXES SHALL BE USED TO FINANCE, WITHIN THE BOUNDARIES OF THE CITY, FOR THE BENEFIT OF CITY RESIDENTS, THE COSTS OF CULTURAL FACILITIES INCLUDING, BUT NOT LIMITED TO, PERFORMANCE THEATERS, EXHIBIT AREAS, MEETING ROOMS, GALLERIES AND OTHER IMPROVEMENTS, AND TO PAY THE COST OF

ISSUANCE OF THE DEBT, INCLUDING ANY NECESSARY RESERVES;

◆ THE INCREASE IN THE SALES AND USE TAX RATE SHALL BEGIN ON JULY 1, 2008 AND END ON DECEMBER 31, 2023 OR AFTER THE FULL PAYMENT OF SUCH DEBT, WHICHEVER COMES FIRST;

◆ THE CITY MAY PLEDGE TO THE PAYMENT OF THE DEBT SUCH SALES AND USE TAX REVENUES, INVESTMENT INCOME, AND OTHER CITY REVENUES AS THE CITY COUNCIL MAY DETERMINE;

◆ THE SPECIFIC TERMS OF THE DEBT SHALL BE DETERMINED BY THE CITY COUNCIL AS NECESSARY AND PRUDENT AND MAY INCLUDE A PROVISION FOR EARLY REPAYMENT WITH OR WITHOUT A PREMIUM OF NOT MORE THAN 3%;

AND SHALL THE CITY BE AUTHORIZED TO ISSUE DEBT TO REFUND THE DEBT AUTHORIZED IN THIS QUESTION, PROVIDED THAT AFTER THE ISSUANCE OF SUCH REFUNDING DEBT THE TOTAL OUTSTANDING PRINCIPAL AMOUNT OF ALL DEBT ISSUED PURSUANT TO THIS QUESTION DOES NOT EXCEED THE MAXIMUM PRINCIPAL AMOUNT SET FORTH ABOVE, AND PROVIDED FURTHER THAT ALL DEBT ISSUED BY THE CITY PURSUANT TO THIS QUESTION IS ISSUED ON TERMS THAT DO NOT EXCEED THE REPAYMENT COSTS AUTHORIZED IN THIS QUESTION; AND SHALL THE CITY BE AUTHORIZED TO USE THE PROCEEDS OF SUCH TAXES TO HONOR SALES AND USE TAX REVENUE SHARING CONTRACTUAL COMMITMENTS; AND SHALL THE REVENUES RAISED BY SUCH SALES AND USE TAX RATE INCREASE AND PROCEEDS OF SUCH DEBT, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT BY THE CITY AS A VOTER-APPROVED REVENUE CHANGE PURSUANT TO ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?

E. Pursuant to the 2008 Election, the City has previously issued the 2009 Bonds, in the original aggregate principal amount of \$16,880,000, which are outstanding as of January 1, 2017, in the aggregate principal amount of \$10,065,000.

F. The 2009 Bonds maturing on and after December 1, 2020, are subject to redemption prior to maturity at the option of the City on December 1, 2019, and on any date thereafter, at the redemption price equal to the principal amount so redeemed, plus accrued interest to the redemption date without a redemption premium.

G. The City now desires to use a portion of the proceeds of the Bonds to refund, pay and discharge any of the 2009 Bonds designated in the Sale Certificate, and to place such funds in escrow, in order to pay, discharge and redeem the Refunded Bonds and to pay the Refunded Bond Requirements.

H. The City is not delinquent in the payment of the principal of or interest on any of the 2009 Bonds.

I. Pursuant to Article X, Section 20(4) of the Colorado Constitution, the Bonds may be issued without voter approval to refinance debt at a lower interest rate.

J. Pursuant to Section 13.5 of the Charter, the City may issue refunding securities for the purpose of refunding and providing for the payment of outstanding securities or other obligations of the City as the same mature, or in advance of maturity by means of an escrow or otherwise.

K. The Council hereby determines to authorize and issue the Bonds for the purpose of defraying the costs of the Refunding Project.

L. The City desires to pledge the Pledged Revenues to secure the payment of the principal of, interest on and prior redemption premium, if any, due in connection with the Bonds on a parity with the Parity Lien Bonds and the Parity Lien Cultural Facilities Bonds.

M. The Bonds shall be secured and payable from the available proceeds of the Cultural Facilities Sales and Use Tax Revenue imposed and collected pursuant to the Cultural Facilities Question.

N. The Bonds additionally shall be secured and payable from the available proceeds of the General Sales and Use Tax Revenue on a parity with the lien thereon of the 2008A, the 2009 Bonds, the 2017A Bonds and any Parity Lien Bonds hereafter issued.

O. The Bonds shall not be secured by or payable from the proceeds of the Recreation Sales and Use Tax Revenue, which is imposed and collected specifically for park and recreation facilities that will not be financed with the proceeds of the Bonds.

P. Other than the Sales Tax Sharing Agreements, the 2008A Bonds, the 2009 Bonds, and the 2017A Bonds, there are no outstanding liens on any of the City's sales and use tax, such tax has not been pledged to the payment of any bonds or for any purpose, and a portion of such tax may now be pledged lawfully and irrevocably for the payment of the Bonds as set forth herein.

Q. The Bonds shall constitute a special revenue obligation of the City payable from and secured by the Pledged Revenues, subject to the limitations set forth herein, and the

Bonds shall not constitute a debt or an indebtedness of the City payable from ad valorem taxes or to which the full faith and credit of the City are pledged, or held to be a general obligation of the City.

R. After consideration, the City Council has determined that delivery of the Bonds and implementing the Refunding Project is in the best interests of the City and the residents thereof.

S. Pursuant to the Escrow Agreement there shall be placed in escrow and in trust with the Escrow Agent, a portion of the proceeds of the Bonds, together with such other legally available moneys of the City as may be necessary, in an amount sufficient to meet all requirements of principal and interest on the Refunded Bonds as the same shall become due upon maturity or prior redemption on the Redemption Date.

T. There are on file with the City Clerk the following:

- (i) the form of Purchase Contract;
- (ii) the form of the Escrow Agreement;
- (iii) the form of Registrar and Paying Agent Agreement;
- (iv) the form of a Preliminary Official Statement;
- (v) the form of a Continuing Disclosure Certificate.

U. None of the members of the Council have any potential conflicting interests in connection with the authorization, issuance, or execution of the Bonds, or the use of the proceeds of the Bonds.

V. Section 11-57-204 of the Supplemental Act provides that a public entity, including the City, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act.

W. It is necessary to provide for the form and details of the Bonds, the payment of the Bonds, and other provisions relating to the authorization and issuance of the Bonds.

**Section 3. Authorization and Election to Apply the Supplemental Public Securities Act to the Bonds.** In accordance with the Charter, the constitution and laws of the State of Colorado, and the provisions of this Ordinance, for the purpose of financing the costs of the Refunding Project, there are hereby authorized to be issued fully registered sales and use tax revenue bonds of the City, each to be designated “City of Lone Tree, Colorado, Sales and Use Tax Revenue Refunding Bonds (Cultural Facilities Projects), Series 2017B,” in an aggregate principal amount not to exceed \$7,065,000, to be payable and collectible, as to principal, prior redemption premium, if any, and interest, from the Pledged Revenues. Section 11-57-204 of the Supplemental Act provides that a public entity, including the City, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act to the Bonds. The Council

hereby elects to apply all of the Supplemental Act to the Bonds. The Bonds are issued under the authority of the Supplemental Act and shall so recite as provided in Section 8 hereof. Pursuant to Section 11-57-210, C.R.S., such recital conclusively imparts full compliance with all the provisions of said sections, and the Bonds issued containing such recital shall be incontestable for any cause whatsoever after their delivery for value.

Either the Mayor or the City Manager is hereby independently authorized and directed to execute and deliver the Sale Certificate and to make and approve the final determinations contained therein, subject to the parameters and restrictions of this Ordinance. Either the Mayor or the City Manager is hereby authorized to determine if obtaining municipal bond insurance or financial guaranty insurance is in the best interest of the City, and if so, to select a Bond Insurer to issue the Bond Insurance Policy, execute a commitment relating to the same, and execute any Insurance Agreement and any other documents or instruments required by such commitment. If it is determined that the Bonds will be sold without a municipal bond insurance policy or financial guaranty insurance policy, all references herein to Bond Insurer, Bond Insurance Policy and Insurance Agreement are of no force or effect.

#### **Section 4. Special Obligations; Pledge; Negotiability.**

(a) Special Obligations. All of the Bonds, together with the interest thereon and any prior redemption premium, shall be payable and collectible only out of the Pledged Revenues and any moneys and securities paid or to be paid to or held or to be held in the Bond Account and the Reserve Account, which are hereby so pledged and are to be deposited and maintained as required by Section 17 hereof. The Owner or Owners of the Bonds may not look to any ad valorem property taxes levied or collected by the City for the payment of the principal of, prior redemption premium, if any, and interest on the Bonds. The Bonds shall constitute special limited obligations of the City and shall not constitute a debt or an indebtedness of the City 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 City. None of the covenants, agreements, representations and warranties contained herein or in the Bonds shall ever impose or be construed as imposing any liability, obligation or charge against the City (except to the extent of the Pledged Revenues and any moneys and securities paid or to be paid to or held or to be held in the Bond Account and the Reserve Account) or its general credit, payable out of its general funds or out of any funds derived from ad valorem property taxation. The Recreation Sales and Use Tax Revenues shall not constitute Pledged Revenues and shall not be pledged for the payment of the Bonds.

(b) Pledge Securing the Bonds. The Bonds constitute a pledge of, and an irrevocable lien (but not necessarily an exclusive such lien) on the Pledged Revenues and any moneys and securities paid or to be paid to or held or to be held in the Bond Account and the Reserve Account. The Bonds are equitably and ratably secured by a lien on the Pledged Revenues. The pledge of the General Sales and Use Tax Revenues (as part of the Pledged Revenues) to secure the payment of the principal of, prior redemption premiums, if any, and interest on the Bonds is on a parity with the pledge of the General Sales and Use Tax Revenues for and lien thereon of the 2008A Bonds, the 2009 Bonds, the 2017A Bonds, and any Parity Lien Bonds hereafter issued, as provided herein. The pledge of the Cultural Facilities Sales and Use Tax Revenues (as part of the Pledged Revenues) to secure the payment of the principal of, prior

redemption premiums, if any, and interest on the Bonds is on a parity with the pledge of the Cultural Facilities Sales and Use Tax Revenues for and lien thereon of the 2009 Bonds and any Parity Lien Cultural Facilities Bonds hereafter issued, as provided herein. The amounts required to be paid by the City under the Sales Tax Sharing Agreements are excluded from the pledge which secures the payment of the 2008A Bonds, the 2009 Bonds, the 2017A Bonds and the Bonds. This pledge of the Pledged Revenues shall be valid and binding from and after the date of the delivery of the Bonds, and the Pledged Revenues received by the City and hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act. The lien of this pledge of the Pledged Revenues shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City irrespective of whether such parties have notice thereof. The lien of this pledge on the Pledged Revenues and the obligation to perform the contractual provisions made herein shall have priority over any or all other obligations and liabilities of the City, except with respect to the parity lien on the General Sales and Use Tax Revenues of the 2008A Bonds, the 2009 Bonds, the 2017A Bonds, and any Parity Lien Bonds hereafter issued, as provided herein, and except with respect to the 2009 Bonds and any parity lien on the Cultural Facilities Sales and Use Tax Revenues which may be pledged to any Parity Lien Cultural Facilities Bonds hereafter issued, as provided herein.

(c) No Pledge of Property. The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the City, except the Pledged Revenues and any moneys and securities paid or to be paid to or held or to be held in the Bond Account and the Reserve Account as provided herein. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

(d) Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the City shall be for the equal benefit, protection and security of the Owners of any and all of the Outstanding Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of such securities over any other thereof, except as otherwise expressly provided in or pursuant to this Ordinance.

(e) Negotiability. The issuance of the Bonds by the City shall constitute a warranty by and on behalf of the City for the benefit of each and every Owner of any of the Bonds that the Bonds have been issued for valuable consideration in full conformity with law. Subject to the registration provisions hereof and Section 11 hereof, the Bonds shall be fully negotiable and shall have all the qualities of negotiable paper, and the Owners thereof shall possess all rights enjoyed by the holders of negotiable instruments under the provisions of the Colorado Uniform Commercial Code. The principal of, prior redemption premium, if any, and interest on the Bonds shall be paid, and the Bonds shall be transferable, free from and without regard to any equities between the City and the original or any intermediate Owner of any Bonds or any setoffs or cross-claims.

## **Section 5. Bond Details.**

(a) The Bonds shall be issued in fully registered form (i.e., registered as to payment of both principal and interest), initially registered in the name of Cede and Co. as

nominee for The Depository Trust Company, New York, New York, as securities depository for the Bonds. The Bonds shall be issued in denominations of \$5,000 or integral multiples thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on its maturity date and no individual Bond will be issued for more than one maturity and interest rate). The Bonds shall be numbered in such manner as the Registrar shall determine.

(b) The Bonds shall be dated as of the date of their delivery to the Purchaser. 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 \$7,065,000;
- (ii) the Bonds shall mature no later than December 1, 2023;
- (iii) the purchase price of the Bonds, shall not be less than 98% of the principal amount thereof;
- (iv) the Bonds shall not be subject to redemption prior to maturity at the option of the City;
- (v) the maximum total repayment cost of the Bonds shall not exceed \$7,800,000 and the maximum annual repayment cost shall not exceed \$1,850,000.

Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months, payable on the dates set forth in the Sale Certificate and commencing on the date provided in the Sale Certificate.

**Section 6. Payment of Bonds - Paying Agent and Bond Registrar.**

(a) The principal of and prior redemption premium, if any, on any Bond shall be payable to the Owner thereof as shown on the registration records kept by the Registrar, upon maturity 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 or after maturity, 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, 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 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 Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner of the applicable Bond at the close of business on a Special Record Date for the payment of such defaulted interest. Such Special Record Date and the date fixed for payment of the defaulted interest shall be fixed by the Registrar whenever monies 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 Owners of the Bonds not less than ten days prior to the Special Record Date by first-class mail to each such 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; provided, however, that the City shall not be required to make funds available to the Paying Agent prior to the payment dates stated in this Section. 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.

(b) The Registrar or Paying Agent may resign on thirty days prior written notice to the City and the Bond Insurer, provided that no such resignation shall be effective until a successor Registrar and Paying Agent, acceptable to the Bond Insurer, is appointed. The City, with consent of the Bond Insurer, or the Bond Insurer, at any time may reasonably determine that the Registrar or Paying Agent is incapable of fulfilling its duties hereunder and may remove it, upon thirty days prior written notice. If the Registrar or Paying Agent initially appointed hereunder shall resign, or shall be removed, the City may, upon notice mailed to the Bond Insurer and to each Owner at his or her address last shown on the registration records, appoint a successor, acceptable to the Bond Insurer, to such Registrar or Paying Agent. Every such successor Registrar or Paying Agent shall be a bank or trust company located in and in good standing in the United States and having shareholders' equity (e.g., capital stock, surplus and profits), however denominated, not less than \$10,000,000. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the City shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

#### **Section 7. Prior Redemption.**

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

The Registrar shall not be required to give notice of any such optional redemption unless it has received written instructions from the City in regard thereto at least sixty days prior to such redemption date.

(b) Mandatory Redemption. The Term Bonds, if any, are subject to mandatory sinking fund redemption, at the times, in the amounts and at the prices provided in the Sale Certificate.

On or before thirty (30) days prior to each sinking fund installment date, the Registrar shall, without any notice or instruction from the City, proceed to call the Term Bonds (or any Term Bond or Term Bonds issued to replace such Term Bonds) for redemption from the sinking fund on the next mandatory sinking fund redemption date, and give notice of such call without other instruction or notice from the City.

At its option, to be exercised on or before the sixtieth (60th) day next preceding each such sinking fund redemption date, the City may (a) deliver to the Registrar for cancellation Term Bonds subject to mandatory sinking fund redemption on such date in an aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Term Bonds of the same maturity subject to mandatory sinking fund redemption on such date, 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 Term Bond so delivered or previously redeemed will be credited by the Registrar at the principal amount thereof on the obligation of the City on such sinking fund redemption date and the principal amount of Term Bonds to be redeemed by operation of such sinking fund on such date will be accordingly reduced. The City 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 City to deliver such certificate shall not affect the Registrar's duty to give notice of sinking fund redemption as provided in this paragraph.

(c) Notice. Notice of redemption shall be given by the Registrar in the name of the City by sending a copy of such official notice by first-class, postage prepaid mail, not more than sixty nor less than thirty days prior to the redemption date to the Bond Insurer and each Registered Owner at his address as it last appears on the registration books kept by the Registrar, provided that so long as the Bonds are held by DTC or any other Depository, such notice may be given by electronic means in lieu of mailed notice; but neither failure to give such notice nor any defect therein shall affect the redemption of any Bond. Such notice shall identify the Bonds to be so redeemed (if less than all are to be redeemed) and the redemption date, and shall further state that on such redemption date there will become and be due and payable upon each Bond so to be redeemed, at the Paying Agent, the principal amount thereof, any redemption premium, and accrued interest to the redemption date and that from and after such date interest will cease to accrue. Prior to any redemption date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be promptly canceled by the Paying Agent and such canceled Bonds shall be delivered by the Paying Agent or Registrar to the City if requested by the City, and shall not be reissued.

(d) Partial Redemption. 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 of the same maturity in the amount of the unpaid principal.

(e) Conditional Call Provision. Notwithstanding the provisions of this Section, any notice of optional redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption 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 canceled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed.

**Section 8. Form and Execution of Bonds.** The Bonds shall be signed with the facsimile or manual signature of the Mayor or Mayor-Pro Tem of the City, sealed with a facsimile or manual impression of the seal of the City, and attested by the facsimile or manual signature of the City Clerk. Should any officer whose facsimile or manual signature appears on the Bonds cease to be such officer before delivery of the Bonds to the Purchaser, such facsimile or manual signature shall nevertheless be valid and sufficient for all purposes.

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

The Bonds shall be in substantially the following form (provided that any of the text of the Bonds may, with appropriate reference, be printed on the back of the Bonds):

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

No. R-\_\_\_\_\_

\$\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF COLORADO  
COUNTY OF DOUGLAS

CITY OF LONE TREE

SALES AND USE TAX REVENUE REFUNDING BOND  
(CULTURAL FACILITIES PROJECTS)  
SERIES 2017B

INTEREST RATE      MATURITY DATE      DATED AS OF      CUSIP

REGISTERED OWNER:      CEDE & CO.

PRINCIPAL AMOUNT:      DOLLARS

The City of Lone Tree, in the County of Douglas and State of Colorado, a municipal corporation duly organized and operating under the home rule Charter of the City and the constitution and laws of the State of Colorado, for value received, hereby promises to pay from the special funds and accounts hereafter designated, but not otherwise, to the Registered Owner named above, or registered assigns, on the maturity date specified above, the principal amount specified above, and in like manner to pay interest on such principal amount at the interest rate per annum specified above, payable semiannually on \_\_\_\_\_ and \_\_\_\_\_ each year, commencing on \_\_\_\_\_, 20\_\_, until such principal amount is paid. This Bond will bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the date of this Bond. This Bond is one of an authorized series of bonds (the “Bonds”) issued pursuant to an ordinance of the City Council adopted on December 6, 2016 (the “Bond Ordinance”). The Bonds are all issued under and equally and ratably secured by and entitled to the security of the Bond Ordinance. This Bond bears interest, matures, is payable and is transferable as provided in the Bond Ordinance. To the extent not defined herein, terms used in this Bond shall have the same meanings as set forth in the Bond Ordinance.

The principal of and prior redemption premium, if any, on this Bond is payable upon presentation and surrender hereof at the Principal Operations Office of the Paying Agent. Interest on this Bond will be paid 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), by check or draft mailed to the person in whose name this Bond is registered in the registration records of the City maintained by the Registrar at its Principal Operations Office and at the address appearing thereon at the close of business on the Record Date.

The Bonds are all of like date, tenor, and effect except as to number, principal amount, interest rate, and date of maturity and are issued by the City Council of the City for the purpose of refinancing cultural facilities under the authority of and in full conformity with the City's home rule Charter, the constitution and laws of the State of Colorado, and pursuant to the duly adopted Bond Ordinance.

The principal of, redemption premium, if any, and interest on this Bond are payable only from the proceeds of the Pledged Revenues, all as more particularly set forth in the Bond Ordinance. This Bond constitutes a special limited obligation of the City, secured only by a lien, but not necessarily an exclusive lien, on the Pledged Revenues. This Bond does not constitute a debt of the City within the meaning of any constitutional, home rule charter, or statutory limitation, and shall not be considered or held to be a general obligation of the City. Neither the members of the City Council nor any persons executing this Bond shall be personally liable for this Bond.

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

It is also certified, recited, and warranted that the Bonds are issued under the authority of the Bond Ordinance and the Supplemental Public Securities Act. It is the intention of the City, as expressed in 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.

Reference is made to the Bond Ordinance for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the receipt and disposition of the Pledged Revenues, the nature and extent of the security, the terms and conditions under which additional bonds payable from the Pledged Revenues may be issued, the rights, duties and obligations of the City, the rights of the Owners of the Bonds, the events of default and remedies, the circumstances under which any Bond is no longer Outstanding, the ability to amend the Bond Ordinance; and by the acceptance of this Bond the Owner hereof assents to all provisions of the Bond Ordinance. The principal of, prior redemption premium, if any, and the interest on this Bond shall be paid, and this Bond is transferable, free from and without regard to any equities between the City and the original or any intermediate owner hereof or any setoffs or cross-claims.

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

IN TESTIMONY WHEREOF, the City Council of the City of Lone Tree, Colorado, has caused this Bond to be signed by the manual or facsimile signature of the Mayor of the City, sealed with a manual or facsimile impression of the seal of the City, and attested by the manual or facsimile signature of the City Clerk, all as of \_\_\_\_\_, 2017.

CITY OF LONE TREE, COLORADO

(SEAL OR FACSIMILE)

(Manual or Facsimile Signature)

Mayor

ATTESTED:

(Manual or Facsimile Signature)

City Clerk

[Form of Bond Registrar's Certificate of Authentication]

CERTIFICATE OF AUTHENTICATION

Date of Registration  
and Authentication:

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

UMB BANK, N.A., as Registrar

By \_\_\_\_\_  
Authorized Officer

(Form of Prepayment Panel)

PREPAYMENT PANEL

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

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

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(End of Form of Prepayment Panel)

[Form of Assignment]

ASSIGNMENT

FEES AND TAXES MAY BE CHARGED FOR  
TRANSFER OR EXCHANGE OF THIS BOND

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto \_\_\_\_\_ the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer said Bond on the records kept for registration thereof with full power of substitution in the premises.

Signature of Owner:

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

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

Signature guaranteed:

\_\_\_\_\_  
(Bank, Trust Company, or Firm)  
Signature must be guaranteed by a member of the Medallion Signature Program

Address or transferee:

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

Social Security or other tax identification number of transferee:

\_\_\_\_\_

[End of Form of Assignment]

[Form of Statement of Insurance]

[To be added if a Bond Insurance Policy is acquired by the City]

[End Form of Statement of Insurance]

**Section 9. Authentication.** No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until a certificate of authentication on such Bond substantially in the form hereinabove set forth shall have been duly manually 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 Ordinance. 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. By authenticating any of the Bonds initially delivered pursuant to this Ordinance, the Bond Registrar and Paying Agent shall be deemed to have assented to the provisions of, and to have agreed to abide by and to perform the duties provided for them in, this Ordinance.

**Section 10. Delivery of Bonds.** After the adoption of this Ordinance, the City 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, as directed by the City.

**Section 11. Registration, Transfer and Exchange.**

(a) Records for the registration and transfer of the Bonds shall be kept by the Bond Registrar, which is hereby appointed by the City as registrar (i.e., transfer agent) for the Bonds. Upon the surrender for transfer of any Bond at the Principal Operations Office of the Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his or her attorney duly authorized in writing, the Bond 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, bearing a number or numbers not previously assigned. Bonds may be exchanged at the Principal Operations Office of the Bond Registrar for an equal aggregate principal amount of Bonds of the same maturity of other authorized denominations. The Bond Registrar shall authenticate and deliver a Bond or Bonds which the Owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. The Bond 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 Owner requesting such exchange or transfer.

(b) Except as may otherwise be provided with respect to payment of interest pursuant to Section 6 hereof, the person in whose name any Bond shall be registered on the registration records kept by the Bond Registrar shall be deemed and regarded as the absolute Owner thereof for the purpose of making payment thereof and for all other purposes and payment of or on account of principal of, prior redemption premium, if any, and interest on any Bond shall be made only to or upon the written order of the Owner thereof or his or her legal representative, but such registration may be changed upon transfer of such Bond in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

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

**Section 12. Book Entry.**

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

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

(ii) upon the resignation of The Depository Trust Company or a successor or new depository under clause (i) or this clause (ii) of this paragraph (a), or a determination by the Council that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the designation by the Council of another depository institution acceptable to the Council and to the depository then holding the Bonds, which new depository institution must be both a “clearing corporation” as defined in Section 4-8-102(a)(5), Colorado Revised Statutes and a qualified and registered “clearing agency” under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor new depository; or

(iii) upon the resignation of The Depository Trust Company or a successor or new depository under clause (i) or clause (ii) of this paragraph (a), or a determination of the Council that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the failure by the Council, after reasonable investigation, to locate another qualified depository institution under clause (ii) to carry out such depository functions.

(b) In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (i) of paragraph (a) hereof or designation of a new depository pursuant to clause (ii) of paragraph (a) hereof, upon receipt of the Outstanding Bonds by the Bond Registrar, together with written instructions for transfer satisfactory to the Bond Registrar, a new Bond for each maturity date and interest rate of the Bonds then Outstanding shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (iii) of paragraph (a) hereof and the failure after reasonable investigation to locate another qualified depository institution for the Bonds as provided in clause (iii) of paragraph (a) hereof, and upon receipt of the Outstanding Bonds by the Bond Registrar, together with written instructions for transfer satisfactory to the Bond Registrar, new

Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof, as provided in and subject to the limitations of Section 11 hereof, registered in the names of such persons, and in such authorized denominations as are requested in such written transfer instructions; however, the Bond Registrar shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

(c) The Council, the Bond Registrar and the Paying Agent shall be entitled to treat the Owner of any Bond as the absolute Owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the Council, the Bond Registrar and the Paying Agent shall have no responsibility for transmitting payments to the beneficial owners of the Bonds held by The Depository Trust Company or any successor or new depository named pursuant to paragraph (a) hereof.

(d) The Council, the Bond Registrar and the Paying Agent shall endeavor to cooperate with The Depository Trust Company or any successor or new depository named pursuant to clause (i) or (ii) of paragraph (a) hereof in effectuating payment of the principal amount of the Bonds upon maturity by arranging for payment in such a manner that funds representing such payments are available to the depository on the date they are due.

**Section 13. Cancellation and Destruction of Bonds.** Whenever any Outstanding Bond shall be delivered to the Bond Registrar for payment pursuant to this Ordinance and upon payment of the principal amount and interest represented thereby, such Bond shall be canceled in accordance with the customary practices of the Bond Registrar and applicable retention laws. Whenever any Outstanding Bond shall be delivered to the Bond Registrar for transfer pursuant to the provisions hereof, such Bond shall be canceled in accordance with the customary practices of the Bond Registrar and applicable retention laws.

**Section 14. Lost Bonds.** If any Bond shall be lost, stolen, destroyed or mutilated, the Bond Registrar may, upon receipt of such evidence, information and indemnity relating thereto as it or the City 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, the Bond Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement. The Bond Registrar and the City may require that the Owner of any such Bond pay their reasonable fees, charges and expenses relating to their activities pursuant to this Section.

**Section 15. Disposition of Bond Proceeds and Additional Deposits.** The Bonds, when executed and registered as provided by law, shall be delivered to the Purchaser as directed by the City, and proceeds derived therefrom shall be used exclusively for the purposes of paying the costs of the Refunding Project, including the costs of issuing the Bonds. After the payment of such costs of the Refunding Project, any unexpended balance of Bond proceeds may be deposited into the Bond Account for the payment of the principal of, prior redemption premium, if any, and interest on the Bonds as the same become due or applied to other lawful uses, subject to the provisions of Section 16 hereof. Neither the Purchaser nor any subsequent Owners of the Bonds shall be responsible for the application or disposal by the City or any of its officers of the funds derived from the sale thereof.

**Section 16. Tax Covenant and Rebate Account.**

(a) The City covenants that it will not take any action or omit to take any action with respect to the Bonds, the proceeds of the Bonds, any other funds of the City or the 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 the 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 covenants shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the City in fulfilling the above covenants under the Tax Code and State law have been met.

(b) All of the amounts on deposit in any fund or account created under this Ordinance, and all amounts pledged to the payment of the Bonds, shall be invested in compliance with the requirements of Subsection (a) of this Section 16. Amounts on deposit in the Rebate Account shall not be subject to the lien and pledge of this Ordinance, to the extent that such amounts are required to be paid to the United States Treasury. The City shall deposit Pledged Revenues into the Rebate Account, as provided in Section 17(e) hereof. Upon receipt of an opinion of nationally recognized bond counsel that the balance in the Rebate Account is in excess of the amount required by Subsection (a) of this Section 16 to be included therein, such excess shall be withdrawn from the Rebate Account and applied as set forth in Section 16 hereof.

**Section 17. Payment of Principal and Interest.** The Pledged Revenues shall be used in the following manner and order, provided that all payments of principal and interest on the Bonds and any Parity Lien Cultural Facilities Bonds required to be made pursuant to this Section 17 shall first be paid from the Cultural Facilities Sales and Use Tax Revenues. Anything in this Ordinance to the contrary notwithstanding, the Cultural Facilities Sales and Use Tax Revenues shall not be used to pay the 2008A Bonds, the 2017A Bonds, or any other Parity Lien Bonds that are not Parity Lien Cultural Facilities Bonds. So long as any Bonds shall be Outstanding, either as to principal or interest, the Pledged Revenues shall, upon receipt by the City, be applied as follows:

(a) Bond Account. First, there shall be credited from the Pledged Revenues to a special account hereby created, known as the “City of Lone Tree, Colorado, Sales and Use Tax Revenue Refunding Bonds (Cultural Facilities Projects), Series 2017B Bond Account,” from the Cultural Facilities Sales and Use Tax Revenues, and, if such revenues are insufficient, from General Sales and Use Tax Revenues, the following amounts:

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

(ii) Principal Payments. Monthly, commencing on the first day of the first month following the date of delivery of any of the Bonds, or commencing on the first day of the month one year next prior to the first principal payment date of any of the Bonds, whichever commencement date is later, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next installment of principal of the Bonds coming due at maturity or mandatory sinking fund redemption, if any.

If prior to any interest payment date or principal payment date there has been accumulated in the Bond Account the entire amount necessary to pay the next maturing installment of interest or principal, or both, the payment required in paragraph (i) or (ii) (whichever is applicable) of this Section 17(a), may be appropriately reduced; but the required monthly amounts again shall be so credited to such account commencing on such interest payment date or principal payment date. The moneys in the Bond Account shall be used only to pay the principal of, prior redemption premium if any, and interest on the Bonds as the same becomes due.

Payments from the Cultural Facilities Sales and Use Tax Revenues with respect to the 2009 Bonds and any Parity Lien Cultural Facilities Bonds hereafter issued may be made to the similar bond account for such 2009 Bonds and any Parity Lien Cultural Facilities Bonds on a parity with the payments to the Bond Account set forth in paragraph (i) or (ii) of this Section 17(a) concurrently (but not necessarily simultaneously) with the payment for the Bonds.

Payments from the General Sales and Use Tax Revenues may be made to the similar bond account for the 2008A Bonds, 2009 Bonds, the 2017A Bonds, and any Parity Lien Bonds on a parity with the payments to the Bond Account set forth in paragraph (i) or (ii) of this Section 17(a) concurrently (but not necessarily simultaneously) with the payment for the Bonds.

(b) Reserve Account. Second, except as hereinafter provided, from any remaining Pledged Revenues there shall be credited monthly to a special account hereby created and known as the “City of Lone Tree, Colorado, Sales and Use Tax Revenue Refunding Bonds (Cultural Facilities Projects), Series 2017B Reserve Account” an amount, if any, which is necessary to maintain the Reserve Account as a continuing reserve in an amount not less than the Reserve Account Requirement or to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy. At the time of issuance of the Bonds, no funds shall be required to be on deposit in the Reserve Account. No later than the last day of February in each year, the City Manager shall calculate the coverage of the Pledged Revenues received during the preceding Fiscal Year over the Maximum Annual Combined Debt Service Requirement. Such calculations shall be filed with the City Clerk promptly upon completion. In the event that, according to such calculation, the Pledged Revenues received in any Fiscal Year are less than three times the Maximum Annual Combined Debt Service Requirement, the City shall, immediately upon the filing thereof, commence funding the Reserve Account monthly so that no later than twenty-four (24) months after the date of such filing, the amount accumulated in the Reserve Account is equal to the Reserve Account Requirement. The City may cease funding the Reserve Account and will be entitled to withdraw any moneys deposited therein if the calculation performed in any future Fiscal Year shows three

or more times coverage was in fact attained. In determining the amounts required to be deposited as provided in this Section 17(b), the City shall receive credit for any investment earnings on the deposit in the Reserve Account. No credit need be made to the Reserve Account so long as the moneys and/or a Bond Reserve Insurance Policy therein equal the Reserve Account Requirement (regardless of the source of such accumulations). The Reserve Account Requirement shall be accumulated and maintained as a continuing reserve to be used, except as provided in subsections (c) and (e) of this Section 17 and Section 20 hereof, only to prevent deficiencies in the payment of the principal of and the interest on the Bonds resulting from the failure to credit to the Bond Account sufficient funds to pay said principal and interest as the same accrue or to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy. The Reserve Account Requirement shall be calculated upon (i) any principal payment, whether at stated maturity or upon redemption, (ii) the issuance of Additional Obligations, (iii) the defeasance of all or a portion of the Bonds, or (iv) whenever the City is required to fund the Reserve Account pursuant to this Section 17(b).

In lieu of all or a portion of the moneys required to be deposited in the Reserve Account by this Ordinance, the City may at any time or from time to time deposit a Bond Reserve Insurance Policy in the Reserve Account in full or partial satisfaction of the Reserve Account Requirement. Any such Bond Reserve Insurance Policy shall be payable (or available to be drawn upon) on any date on which moneys will be required to be withdrawn from the Reserve Account as provided herein. Upon deposit of any Bond Reserve Insurance Policy in the Reserve Account, the City may transfer moneys equal to the amount payable under the Bond Reserve Insurance Policy from the Reserve Account and apply such moneys to any lawful purpose, subject to the provisions of Section 16 hereof.

(c) Termination of Deposits to Maturity or Redemption Date. No payment of Pledged Revenues need be made into the Bond Account or the Reserve Account if the amount in the Bond Account and the Reserve Account totals a sum at least equal to the entire amount of the Outstanding Bonds both as to principal and interest to their respective maturities, or to any redemption date on which the City shall have exercised its option to redeem the 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 accounts in an amount at least equal to such principal and interest requirements shall be used solely to pay such as the same accrue, and any moneys in excess thereof in said accounts may be withdrawn and used for any lawful purpose, subject to Section 16 hereof.

(d) Defraying Delinquencies in Bond and Reserve Accounts. If, five days before any interest payment date or principal payment date for the Bonds, there are insufficient funds on deposit in the Bond Account to pay the principal of and redemption premium, if any, and interest on the Bonds due on such date, then, to the extent of any amounts then in the Reserve Account, a sufficient amount shall be paid into the Bond Account on such date from the Reserve Account exclusively to make such payments on the Bonds. The money, if any, so used shall be replaced in the Reserve Account from the first Cultural Facilities Sales and Use Tax Revenues received that are not required to be otherwise applied by this Section 17, but excluding any payments required for any Subordinate Lien Cultural Facilities Bonds, on a parity basis with any similar deposits required for any Parity Lien Cultural Facilities Bonds; provided,

however, that an amount equal to the amount withdrawn from the Reserve Account shall be deposited by the City into the Reserve Account no later than twelve months from the date of such withdrawal. If the Cultural Facilities Sales and Use Tax Revenues received are insufficient to make the deposits set forth in the preceding sentence, the City shall make such deposits into the Reserve Account as are required to remedy such insufficiency from the first General Sales and Use Tax Revenues received that are not required to be otherwise applied by this Section 17, but excluding any payments required for any Subordinate Lien Bonds, on a parity basis with any similar deposits required for the 2008A Bonds, the 2009 Bonds, the 2017A Bonds and any Parity Lien Bonds.

The moneys in the Bond Account and the Reserve Account shall be used solely for the purpose of paying the principal of, any redemption premium, and the interest on the Bonds and to pay the issuer of any Bond Reserve Insurance Policy any amounts owing to such issuer under the terms of the Bond Reserve Insurance Policy; provided, however, that any moneys at any time in excess of the Reserve Account Requirement in the Reserve Account may be withdrawn therefrom and used for any lawful purpose, subject to the provisions of Section 16 hereof; and provided, further, that any moneys in the Bond Account and in the Reserve Account in excess of accrued and unaccrued principal and interest requirements to the respective maturities of the Outstanding Bonds may be used as provided in Subsection (c) of this Section 17.

(e) Rebate Account Payments. After making the payments set forth in Subsections (a), (b) and (d) of this Section 17, the City shall deposit any remaining Cultural Facilities Sales and Use Tax Revenues to the account created hereunder and designated the “City of Lone Tree, Colorado, Sales and Use Tax Revenue Refunding Bonds (Cultural Facilities Projects), Series 2017B, Rebate Account” (the “Rebate Account”) to the extent required under Section 148 of the Tax Code and the regulations promulgated thereunder and shall apply such funds to the extent necessary to comply with the City’s covenants under Section 16 hereof to make payments to the United States. Payments of Cultural Facilities Sales and Use Tax Revenues into similar rebate accounts for any Parity Lien Cultural Facilities Bonds shall be made concurrently (but not necessarily simultaneously) with payments of Cultural Facilities Sales and Use Tax Revenues into the Rebate Account. To the extent that the remaining Cultural Facilities Sales and Use Tax Revenues are insufficient to comply with the preceding sentence, General Sales and Use Tax Revenues shall be deposited, after making the payments required by Subsections (a), (b) and (d) of this Section 17, into the Rebate Account in the amount of such insufficiency. Payments of General Sales and Use Tax Revenues into similar rebate accounts for the 2008A Bonds, the 2009 Bonds, the 2017A Bonds and any Parity Lien Bonds shall be made concurrently (but not necessarily simultaneously) with payments of General Sales and Use Tax Revenues into the Rebate Account.

(f) Subordinate Lien Cultural Facilities Bonds and Subordinate Lien Bonds. After making the payments required by Subsections (a), (b), (d) and (e) of this Section 17, any remaining Cultural Facilities Sales and Use Tax Revenues shall be used for the payment of the principal of, premium, if any, and interest on any Subordinate Lien Cultural Facilities Bonds, and for any reserve fund which may be established as additional security for the payment of such Subordinate Lien Cultural Facilities Bonds. Nothing in this Ordinance shall prevent the establishment of priorities or parity relationships among Subordinate Lien Cultural Facilities

Bonds, whether now existing or hereafter issued (including, without limitation, any subordination of existing Subordinate Lien Cultural Facilities Bonds to other Subordinate Lien Cultural Facilities Bonds hereafter issued).

After making the payments required by Subsections (a), (b), (d) and (e) of this Section 17, any remaining General Sales and Use Tax Revenues shall be used for the payment of the principal of, premium, if any, and interest on any Subordinate Lien Bonds, and for any reserve fund which may be established as additional security for the payment of such Subordinate Lien Bonds. Nothing in this Ordinance shall prevent the establishment of priorities or parity relationships among Subordinate Lien Bonds, whether now existing or hereafter issued (including, without limitation, any subordination of existing Subordinate Lien Bonds to other Subordinate Lien Bonds hereafter issued).

(g) Any Lawful Purpose. After compliance with Subsections (a) through (f), inclusive, of this Section 17, the remaining Pledged Revenues may be used for any lawful purpose, as the Council may direct, subject to the provisions of Section 16 hereof.

(h) General Administration of Funds and Accounts. The Bond Account, the Reserve Account and the Rebate Account shall be held in the custody of the City. Each periodic payment shall be credited to the proper fund or account not later than the date designated therefor, except that when any such date shall be a day which is not a Business Day, then such payment shall be made on or before the next succeeding Business Day. Monies in the Bond Account, the Reserve Account and the Rebate Account not immediately needed may be deposited or invested and reinvested by the City in deposits or investments which are at the time Permitted Investments, subject to Section 16 hereof. Securities or obligations purchased as an investment of monies in any such fund or account shall be deemed at all times to be a part of such fund or account, except to the extent otherwise provided herein. Interest and any profit realized from investments in the Bond Account shall be retained therein. Interest and any profit realized from investments in the Reserve Account shall be retained therein, unless the balance therein is equal to or greater than the Reserve Account Requirement, in which case such interest and profit may be withdrawn and used for any lawful purpose, subject to Section 16 hereof. Any loss resulting from investments in the Bond Account, or the Reserve Account shall be charged to each such fund or account, respectively. Interest and profit realized and any loss resulting from investments in the Rebate Account shall be credited or charged to such account. The monies in any fund or account herein provided for shall consist of lawful money of the United States or Permitted Investments or both such money and such Permitted Investments. Monies deposited in a demand or time deposit account in or evidenced by a certificate of deposit of a commercial bank, appropriately secured according to the laws of the State of Colorado, shall be deemed lawful money of the United States. Neither the City nor any officer or employee of the City shall be liable or responsible for any loss resulting from any investment or reinvestment made in accordance with this Ordinance.

Investments in the Reserve Account shall be valued annually, at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in Reserve Account resulting from a decline in market value shall be restored no later than the succeeding valuation date. Investments purchased with funds on deposit in the Reserve Account shall have a term to maturity not greater than five years.

**Section 18. Covenants of the City.** The City hereby irrevocably covenants and agrees with each and every Owner of the Bonds that so long as any of the Bonds remain Outstanding:

(a) It will not amend or repeal any provision of the Code in any way that would materially adversely affect the amount of Pledged Revenues which would otherwise be collected. However, nothing herein shall prevent the City from amending the Code to permit sales or use tax credits to retailers or vendors in association with the collection by such retailers or vendors of a public improvement fee or similar fee or charge imposed by a covenant on the land on which the retailer or vendor conducts business in an amount equal to or greater than the amount of such sales or use tax credits to fund public improvements benefiting new retail development, the construction of which shall commence after the date hereof;

(b) It will administer, enforce, and collect, or cause to be administered, enforced, and collected, the sales and use tax authorized by the Code, and shall take such necessary action to collect delinquent payments as shall be authorized by the Code and in accordance with law.

(c) It will keep books and records showing the Pledged Revenues received, in which complete entries shall be made in accordance with standard principles of accounting, and any Owner of any of the Bonds shall have the right at all reasonable times to inspect the records and accounts relating to the collection and receipt of such Pledged Revenues.

(d) It will, at least once a year, cause an audit to be performed of the records relating to the collection and receipt of the Pledged Revenues (which may be performed as a part of the City's general annual audit), and upon request, make available at cost the report of the auditor or accountant to any Owner of any of the Bonds, and shall mail a copy of such audit report to the Bond Insurer and the Purchaser. Such audit may be made part of and included within the general audit of the City, and made at the same time as the general audit.

(e) It will comply with the terms of the Continuing Disclosure Certificate.

(f) It will not amend the Sales Tax Sharing Agreements to increase the amount which the City is obligated to pay under the Sales Tax Sharing Agreements.

**Section 19. Additional Obligations.**

(a) Additional Obligations Payable solely from General Sales and Use Tax Revenues:

(i) No bonds, notes, certificates, contracts, or other similar obligations shall be issued payable from the General Sales and Use Tax Revenues and having a lien thereon which is prior or superior to the lien of the Bonds.

(ii) Nothing in this Ordinance shall be construed in such manner as to prevent the issuance of Parity Lien Bonds by the City; provided that: (1) the City is current in the payment of principal and interest on the Bonds, the 2008A Bonds, the 2009 Bonds,

the 2017A Bonds, and any Parity Lien Bonds and in the accumulation of any required amounts in the Reserve Account and the similar reserve accounts for the Bonds, the 2008A Bonds, the 2009 Bonds, the 2017A Bonds, and any Parity Lien Bonds; (2) no Event of Default has occurred and is continuing; and (3) the General Sales and Use Tax Revenues collected or received by the City in the last preceding Fiscal Year are sufficient to cover two times the Maximum Annual Debt Service Requirement. In determining the Maximum Annual Debt Service Requirement as described above, there shall be included the maximum amount of all required payments of principal and interest on the proposed Parity Lien Bonds which will become due in any Fiscal Year, and mandatory sinking fund redemption installments shall be treated as serial principal maturities. In the event that the municipal sales and use tax has been increased during the preceding or current Fiscal Year and if such increase is pledged to pay the proposed Parity Lien Bonds, then the General Sales and Use Tax Revenues for the last preceding Fiscal Year may be adjusted by applying the new percentage to the amount of sales and use taxes actually collected during such prior Fiscal Year, for the purpose of determining compliance with clause (3) of this Subsection.

(iii) If at any time after the Bonds, or any part thereof, shall have been issued and remain Outstanding, the City shall find it desirable to refund any Outstanding obligations payable from the General Sales and Use Tax Revenues, said obligations, or any part thereof, may be refunded, subject to the following provisions. Any refunding obligations payable in whole or in part from the General Sales and Use Tax Revenues shall be issued with such details as the Council may provide, so long as there is no impairment of any contractual obligations imposed upon the City; but if only a part of the Outstanding obligations payable from the General Sales and Use Tax Revenues is refunded, then such securities may not be refunded without the consent of the Owner or Owners of the unrefunded portion of such obligations unless:

(1) the refunding obligations do not increase, for any Fiscal Year in which any Bonds will be Outstanding, the aggregate principal and interest requirements evidenced by such refunding obligations and by the Outstanding obligations payable from the General Sales and Use Tax Revenues and not refunded, and the lien of the refunding obligations on the General Sales and Use Tax Revenues is not raised to a higher priority than the lien thereon of the obligations thereby refunded; or

(2) the lien on the General Sales and Use Tax Revenues for the payment of the refunding obligations is subordinate to each such lien for the payment of any Bonds not refunded; or

(3) the refunding obligations are issued in compliance with paragraph (iii) of this Section 19(a).

(iv) Nothing herein shall prevent the City from issuing Subordinate Lien Bonds.

(b) Additional Obligations Payable solely from Cultural Facilities Sales and Use Tax Revenues but not General Sales and Use Tax Revenues:

(i) No bonds, notes, certificates, contracts, or other similar obligations shall be issued payable in whole or in part from Cultural Facilities Sales and Use Tax Revenues but not General Sales and Use Tax Revenues and having a lien thereon which is prior or superior to the lien of the Bonds.

(ii) Nothing in this Ordinance shall be construed in such manner as to prevent the issuance of Parity Lien Cultural Facilities Bonds by the City payable in whole or in part from Cultural Facilities Sales and Use Tax Revenues but not General Sales and Use Tax Revenues; provided that: (1) the City is current in the payment of principal and interest on the Bonds, the 2009 Bonds and any Parity Lien Cultural Facilities Bonds and in the accumulation of any required amounts in the Reserve Account and the similar reserve accounts for the Bonds, the 2009 Bonds and any Parity Lien Cultural Facilities Bonds; (2) no Event of Default has occurred and is continuing; and (3) the Cultural Facilities Sales and Use Tax Revenues collected or received by the City in the last preceding Fiscal Year are sufficient to cover two times the Maximum Annual Cultural Facilities Debt Service Requirement. In determining the Maximum Annual Cultural Facilities Debt Service Requirement as described above, there shall be included the maximum amount of all required payments of principal and interest on the proposed Parity Lien Cultural Facilities Bonds which will become due in any Fiscal Year, and mandatory sinking fund redemption installments shall be treated as serial principal maturities. In the event that the City's cultural facilities sales and use tax has been increased during the preceding or current Fiscal Year and if such increase is pledged to pay the proposed Parity Lien Cultural Facilities Bonds, then the Cultural Facilities Sales and Use Tax Revenues for the last preceding Fiscal Year may be adjusted by applying the new percentage to the amount of cultural facilities sales and use taxes actually collected during such prior Fiscal Year, for the purpose of determining compliance with clause (3) of this Subsection.

(iii) If at any time after the Bonds, or any part thereof, shall have been issued and remain Outstanding, the City shall find it desirable to refund any Outstanding obligations payable in whole or in part from Cultural Facilities Sales and Use Tax Revenues but not General Sales and Use Tax Revenues, said obligations, or any part thereof, may be refunded, subject to the following provisions. Any refunding obligations payable in whole or in part from Cultural Facilities Sales and Use Tax Revenues but not General Sales and Use Tax Revenues shall be issued with such details as the Council may provide, so long as there is no impairment of any contractual obligations imposed upon the City; but if only a part of the Outstanding obligations payable in whole or in part from Cultural Facilities Sales and Use Tax Revenues but not General Sales and Use Tax Revenues is refunded, then such securities may not be refunded without the consent of the Owner or Owners of the unrefunded portion of such obligations unless:

(1) the refunding obligations do not increase, for any Fiscal Year in which any Bonds will be Outstanding, the aggregate principal and interest requirements evidenced by such refunding obligations and by the Outstanding obligations payable in whole or in part from Cultural Facilities Sales and Use Tax Revenues but not General Sales and Use Tax Revenues and not refunded, and the lien of the refunding obligations on the Cultural Facilities Sales and Use Tax Revenues is not raised to a higher priority than the lien thereon of the obligations thereby refunded; or

(2) the lien on the Cultural Facilities Sales and Use Tax Revenues for the payment of the refunding obligations is subordinate to each such lien for the payment of any Bonds not refunded; or

(3) the refunding obligations are issued in compliance with paragraph (ii) of this Section 19(b).

(iv) Nothing herein shall prevent the City from issuing Subordinate Lien Cultural Facilities Bonds.

(c) Additional Obligations Payable from Pledged Revenues:

(i) No bonds, notes, certificates, contracts, or other similar obligations shall be issued payable from the Pledged Revenues and having a lien thereon which is prior or superior to the lien of the Bonds.

(ii) Nothing in this Ordinance shall be construed in such manner as to prevent the issuance by the City of obligation that constitute both Parity Lien Cultural Facilities Bonds and Parity Lien Bonds and are payable from Pledged Revenues; provided that: (1) the City is current in the payment of principal and interest on the Bonds, the 2008A Bonds, the 2009 Bonds, the 2017A Bonds, and any Parity Lien Bonds, and any Parity Lien Cultural Facilities Bonds, and in the accumulation of any required amounts in the Reserve Account and the similar reserve accounts for the 2008A Bonds, the 2009 Bonds, the 2017A Bonds, and any Parity Lien Bonds, and any Parity Lien Cultural Facilities Bonds; (2) no Event of Default has occurred and is continuing; and (3) the Pledged Revenues collected or received by the City in the last preceding Fiscal Year are sufficient to cover two times the Maximum Annual Combined Debt Service Requirement. As used in the preceding sentence, "Pledged Revenues" shall include any adjustments to the General Sales and Use Tax Revenues authorized by Section 19(a)(iii) and any adjustments to the Cultural Facilities Sales and Use Tax Revenues authorized by Section 19(b)(ii). In determining the Maximum Annual Combined Debt Service Requirement as described above, there shall be included therein the maximum amount of all required payments of principal and interest on the proposed obligations which will become due in any Fiscal Year, and mandatory sinking fund redemption installments shall be treated as serial principal maturities.

(iii) If at any time after the Bonds, or any part thereof, shall have been issued and remain Outstanding, the City shall find it desirable to refund any Outstanding obligations payable from the Pledged Revenues, said obligations, or any part thereof, may be refunded, subject to the following provisions. Any refunding obligations payable in whole or in part from the Pledged Revenues shall be issued with such details as the Council may provide, so long as there is no impairment of any contractual obligations imposed upon the City; but if only a part of the Outstanding obligations payable from the Pledged Revenues is refunded, then such securities may not be refunded without the consent of the Owner or Owners of the unrefunded portion of such obligations unless:

(1) the refunding obligations do not increase, for any Fiscal Year in which any Bonds will be Outstanding, the aggregate principal and interest

requirements evidenced by such refunding obligations and by the Outstanding obligations payable from the Pledged Revenues and not refunded, and the lien of the refunding obligations on the Pledged Revenues is not raised to a higher priority than the lien thereon of the obligations thereby refunded; or

(2) the lien on the Pledged Revenues for the payment of the refunding obligations is subordinate to each such lien for the payment of any Bonds not refunded; or

(3) the refunding obligations are issued in compliance with paragraph (ii) of this Section 19(c).

(iv) Nothing herein shall prevent the City from issuing Subordinate Lien Bonds or Subordinate Lien Cultural Facilities Bonds.

(d) For purposes of this Section 19, variable rate Additional Obligations issued pursuant hereto shall be assumed to bear interest at the highest of: (i) the actual rate on the date of calculation, or if the indebtedness is not yet Outstanding, the initial rate (if established and binding); (ii) if the indebtedness has been Outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation; and (iii) (1) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Tax Code, the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if no longer published) plus fifty (50) basis points, or (2) if interest is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities plus fifty (50) basis points. Notwithstanding the foregoing, for purposes of any rate covenant measuring actual debt service coverage during a test period, variable rate indebtedness shall be deemed to bear interest at the actual rate per annum applicable during the test period.

**Section 20. Defeasance.** When all principal of, prior redemption premium, if any, and interest on the Bonds have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged and the Bonds shall no longer be deemed to be Outstanding within the meaning of this Ordinance. Such due payment of any Bond shall be deemed made when the City has placed in escrow and in trust with a commercial bank located within or without 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, prior redemption premium, if any, and interest on such Bond as the same become due to their final maturity or designated prior redemption date, and if any Bond is to be redeemed prior to maturity pursuant to Section 7(a) hereof, when the City has given to the Registrar irrevocable written instructions to give notice of prior redemption in accordance with Section 7(c) hereof. 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 City and such bank at the time of the creation of the escrow and shall not be callable prior to their scheduled maturities by the issuer thereof. The investment of the amounts deposited in the escrow shall comply with Section 16 hereof.

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

**Section 21. Amendment.**

(a) The City may, without the consent of, or notice to the Owners of the Bonds, but with the prior written consent of the Bond Insurer, so long as the Bond Insurer is not in default of its payment obligations under the Bond Insurance Policy, adopt such ordinances supplemental hereto (which supplemental amendments shall thereafter form a part hereof) for any one or more or all of the following purposes:

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

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

(iii) to grant or confer upon the Paying Agent or Registrar for the benefit of the Owners of the Bonds any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Owners of the Bonds; or

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

(b) Exclusive of the amendatory ordinances permitted by paragraph (a) of this Section, this Ordinance may be amended or supplemented by ordinance adopted by the Council in accordance with the law, without receipt by the City of any additional consideration but with the prior written consent of the Owners of at least 66% in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory or supplemental ordinance.

(c) Notwithstanding Subsections (a) and (b) above, written consent of the Owners of all of the Bonds adversely affected thereby is required for any Ordinance that shall have the effect of permitting:

(i) An extension of the maturity of any of the Bonds authorized by this Ordinance; or

(ii) A reduction in the principal amount of any of the Bonds, the rate of interest thereon, or the prior redemption premium thereon; or

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

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

(v) The establishment of priorities as between outstanding Bonds, 2008A Bonds, and any Parity Lien Bonds with respect to the General Sales and Use Tax Revenues, the establishment of priorities as between outstanding Bonds and any Parity Lien Cultural Facilities Bonds with respect to the Cultural Facilities Sales and Use Tax Revenues or the establishment of priorities as between Bonds issued and Outstanding under the provisions of this Ordinance; or

(vi) The modification of or otherwise affecting the rights of the Owners of less than all of the Bonds then outstanding.

Copies of any waiver, modification or amendment to this Ordinance shall be delivered to any entity then maintaining a rating on the Bonds at least 15 days prior to its execution or adoption.

**Section 22. Events of Default.** It is an Event of Default if:

(a) Payment of the principal of or premium due on any Bond is not made by the City when due at maturity or upon prior redemption;

(b) Payment of the interest on any Bond is not made by the City when due; or

(c) The City defaults in the punctual performance of its covenants hereunder for sixty (60) days after written notice shall have been given by the Owners of not less than 25% of the outstanding principal amount of the Bonds; provided that failure by the City to comply with the covenant set forth in Section 18(e) of this Ordinance shall not constitute an Event of Default hereunder.

(d) An event of default shall have occurred and be continuing under the provisions of the Insurance Agreement.

**Section 23. Remedies.** Upon the happening of any Event of Default, any Owner, or a trustee therefor, may protect and enforce the rights of such Owner by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenants, the appointment of a receiver (the consent to such appointment being hereby granted), injunctive relief, or requiring the Council to act as if it were the trust of an express trust, or any combination of such remedies. All proceedings shall be maintained for the benefit of the Owners; provided however, that any action brought pursuant to an Event of Default under Section 22(c) hereof may be brought only upon the written consent of the Owner or Owners of not less than 25% of the outstanding principal amount of the Bonds. All proceedings shall be maintained for the equal benefit and protection of all Owners. The failure of any Owner to proceed does not relieve the City or any person of any liability for failure to perform any duty

hereunder. The foregoing rights are in addition to any other right which may exist under applicable law, and the exercise of any right by any Owner shall not be deemed a waiver of any other right. If any remedial action is discontinued, the Owners shall be restored to their positions prior to taking such action.

**Section 24. Insurer To Be Deemed Owner, Rights of the Insurer, Payments by the Insurer.**

(a) Notwithstanding any provision of this ordinance to the contrary, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, the Bond Insurer shall at all times be deemed the sole and exclusive Owner of the Outstanding Bonds for the purposes of all approvals, consents, waivers, institution of any action, and the direction of all remedies pursuant to this ordinance, including but not limited to approval of or consent to any amendment of or supplement to this Ordinance which requires the consent or approval of the Owners of 66% in aggregate principal amount of the Bonds then Outstanding pursuant to this Ordinance; provided, however, that the Bond Insurer shall not be deemed to be the sole and exclusive Owner of the Outstanding Bonds with respect to any amendment or supplement to this Ordinance which seeks to amend or supplement this Ordinance for the purposes set forth in Section 21(c) hereof.

(b) Notwithstanding any other provision of this Ordinance, any rights granted to or conferred upon the Bond Insurer hereunder shall be in effect only so long as the Bond Insurer is not in default in its payment obligation under the Bond Insurance Policy, and upon any such default by the Bond Insurer, its rights hereunder shall be suspended (except to the extent of subrogation for any payments under the Bond Insurance Policy theretofore made by the Bond Insurer); provided, however, that such rights shall be reinstated when the Bond Insurer has cured such default under the Bond Insurance Policy.

(c) To the extent that the Bond Insurer makes payment of any principal of or interest on a Bond, it shall be fully subrogated to all of the Owner's rights thereunder in accordance with the terms of the Bond Insurance Policy to the extent of such payment, including the Owner's rights to payment thereof.

(d) In the event that the principal of or interest on a Bond shall be paid by the Bond Insurer pursuant to the terms of the Bond Insurance Policy (i) such Bond shall continue to be "Outstanding" under this Ordinance, and (ii) the Bond Insurer shall be fully subrogated to all of the rights of the Owner thereof in accordance with the terms and conditions of subsection (b) of this Section and the Bond Insurance Policy.

(e) This Ordinance shall not be discharged unless and until all amounts due to the Bond Insurer have been paid in full or duly provided for.

(f) So long as the Bond Insurance Policy shall be in full force and effect, the City and the Paying Agent hereby agree to comply with the provisions of this Section.

(g) The Bond Insurer is a third-party beneficiary of this Ordinance.

**Section 25. Delegated Powers; Authorization to Execute Collateral Documents.** The officers of the City and the members of the Council be, and hereby 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 execution and delivery of the Bond Purchase Agreement, the Registrar Agreement, the Continuing Disclosure Certificate, the printing of the Bonds; the procuring of municipal bond insurance or financial guaranty insurance, if in the best interests of the City; entering into and executing appropriate agreements with The Depository Trust Company as to its services hereunder; the printing, distribution and execution of the Official Statement for the Bonds in substantially the form of the Preliminary Official Statement now before the Council, but with such amendments, additions and deletions as are in accordance with facts and not inconsistent herewith; and the execution of such certificates as may be required by the Purchaser, including, but not 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 execution of any instrument by the aforementioned officers or members of the Council shall be conclusive evidence of the approval by the City of such instrument in accordance with the terms hereof and thereof.

The form, terms and provisions of the Purchase Contract, the Registrar Agreement and the Continuing Disclosure Certificate, and the Escrow Agreement are hereby approved, and the City shall enter into and perform its obligations under the Purchase Contract, the Registrar Agreement, the Continuing Disclosure Certificate and the Escrow Agreement, in the forms of such documents presented to the Council at this meeting, with only such changes therein as are required by the circumstances and are not inconsistent herewith.

The Mayor or the City Manager are hereby independently authorized to make the final pricing determinations as authorized in Section 5 hereof subject to the parameters set forth herein and execute the Bond Purchase Agreement and Sale Certificate relating to same. Additionally, the Mayor or the City Manager are independently authorized to execute and deliver any documents necessary to obtain a municipal bond insurance policy or a financial guaranty insurance policy to secure the payment of the principal of and interest on the Bonds or a Bond Reserve Insurance Policy to fund the Reserve Account Requirement.

**Section 26. Costs and Expenses.** All costs and expenses incurred in connection with the issuance and payment of the Bonds, including without limitation the underwriter's discount and all expenses related to issuing the Bonds, shall be paid either from the proceeds of the Bonds or from legally available moneys of the City, or from a combination thereof, and such moneys are hereby appropriated for that purpose.

**Section 27. Acceptance of Purchase Contract.** The Council hereby accepts the Purchase Contract as submitted by the Purchaser, and hereby authorizes the sale of the Bonds to the Purchaser upon the terms, conditions, and provisions as set forth in the Purchase Contract. The Council hereby determines that the sale of the Bonds as provided herein and in the Purchase Contract is to the best advantage of the City.

**Section 28. Authorization to Execute Collateral Documents.** The officers of the City and members of the Council are authorized and directed to take any and all other actions necessary or appropriate to effectuate the provisions of this Ordinance, including but not limited

to, obtaining ratings on the bonds, obtaining bond insurance, if any, and executing the Escrow Agreement, the Registrar Agreement, the Continuing Disclosure Certificate, and such certificates and affidavits as may be reasonably required by the Purchaser. The approval hereby given to the various documents referred to above includes an approval of such additional details therein as may be necessary and appropriate for their completion and deletions therefrom and additions thereto as may be approved by bond counsel prior to the execution of the documents.

**Section 29. Approval of Official Statement.** The Council hereby approves the Preliminary Official Statement, in the form presented at this meeting. The Council hereby authorizes and directs the City Manager to approve on behalf of the City a final Official Statement containing any updated information regarding items described in the Preliminary Official Statement which become known to the City prior to the date of delivery of the Bonds. Copies of said Preliminary Official Statement and final Official Statement are hereby authorized to be distributed by the Purchaser to all interested persons in connection with the sale of the Bonds. The Preliminary Official Statement is hereby deemed to be final as of its date within the meaning of Rule 15c2-12(b)(I) of the U.S. Securities and Exchange Commission. The execution of a final Official Statement by an officer of the City shall be conclusively deemed to evidence the approval of the form and contents thereof by the City.

**Section 30. No Recourse Against Officers and Agents.** Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Council, or any officer or agent of the City acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal or interest on the Bonds. Such recourse shall not be available either directly or indirectly through the Council or the City, 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 31. 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 City 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 authorization of the Bonds.

**Section 32. Ratification and Approval of Prior Action.** All actions heretofore taken by the officers of the City and members of the Council, not inconsistent with the provisions of this Ordinance, relating to the authorization, sale, issuance, and delivery of the Bonds, and the qualification of the Bonds for book-entry with The Depository Trust Company, are hereby ratified, approved, and confirmed.

**Section 33. Parties Interested Herein.** Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any Person, other than the City, the Bond Insurer, the Registrar, the Paying Agent, and the Owners of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Bond Insurer, the Registrar, the Paying Agent, and the Owners of the Bonds.

**Section 34. Severability.** If any section, paragraph, clause, or provision of this Ordinance 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 Ordinance, the intent being that the same are severable.

**Section 35. Repealer.** All orders, resolutions, bylaws, ordinances or regulations of the City, or parts thereof, inconsistent with this Ordinance are hereby repealed to the extent only of such inconsistency.

**Section 36. Ordinance Irrepealable.** After the Bonds are issued, this Ordinance shall constitute an irrevocable contract between the City and the Owners of the Bonds, and shall be and remain irrepealable until the Bonds and the interest thereon shall have been fully paid, satisfied, and discharged. No provisions of any constitution, statute, charter, ordinance, resolution or other measure enacted after the issuance of the Bonds shall in any manner be construed as impairing the obligations of the City to keep and perform the covenants contained in this Ordinance.

**Section 37. Holidays.** If the date for making any payment or the last date for performing any act or exercising any right, as provided in this Ordinance, shall be a legal holiday or a non-Business Day, such payment may be made, act performed or right exercised on the next succeeding Business Day, 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 38. Recording, Authentication and Publication.** This Ordinance shall be published after first reading in the *Douglas County News Press*, a newspaper of general circulation in the City, with a notation that the Ordinance and any changes hereto shall be considered at a second meeting to be held on December 6, 2016, which date is not less than 14 days after first reading. If this Ordinance is revised upon second reading, such revisions will be published after second reading.

**Section 39. Effectiveness.** In accordance with Article V, Section 7, of the Charter, this Ordinance shall take effect upon the earlier of 30 days following publication after first reading if no changes are made at second reading, or 20 days after publication following second reading if changes are made upon second reading.

**Section 40. Statutes Superseded.** Pursuant to Article XX of the Colorado Constitution and the Charter, all statutes of the State of Colorado which might otherwise apply in connection with the City's sales and use tax or the Bonds are hereby superseded to the extent they conflict expressly or impliedly with the provisions of this Ordinance or the Bonds.

[Remainder of this page left intentionally blank]

INTRODUCED, READ AND ORDERED PUBLISHED ON NOVEMBER 15, 2016.

PUBLISHED IN THE DOUGLAS COUNTY NEWS PRESS ON \_\_\_\_\_, 2016 LEGAL NOTICE NO. \_\_\_\_\_.

APPROVED AND ADOPTED WITH[WITHOUT] CHANGES ON SECOND READING THIS 6TH DAY OF DECEMBER, 2016 [AND ORDERED REPUBLISHED].

PUBLISHED WITH CHANGES IN THE DOUGLAS COUNTY *NEWS PRESS* ON AUGUST \_\_, 2016 LEGAL NOTICE NO. W16-\_\_\_\_, TO BECOME EFFECTIVE ON JANUARY \_\_, 2017.

CITY OF LONE TREE, COLORADO

(SEAL)

---

Jacqueline A. Millet, Mayor

ATTEST:

---

Jennifer Pettinger, CMC, City Clerk

STATE OF COLORADO            )  
   )  
 COUNTY OF DOUGLAS         ) SS.  
   )  
 CITY OF LONE TREE            )

I, Jennifer Pettinger, City Clerk of the City of Lone Tree, Colorado (the “City”), do hereby certify:

1. The foregoing is a true and correct copy of an ordinance (the “Ordinance”) introduced on first reading at the regular meeting of the City Council of the City (“Council”) on November 15, 2016, and approved and adopted on second reading by the Council at the regular meeting of the Council on December 6, 2016. A quorum of the Council was in attendance at each meeting.

2. The members of the City Council voted on approval and adoption of the Ordinance on second reading on November 15, 2016, as follows:

Name	“Yes”	“No”	Absent	Abstain
Jacqueline A. Millet, Mayor				
Susan Squyer, Mayor Pro-Tem				
Cathie Brunnick				
Jay Carpenter				
Wynne Shaw				

3. The Ordinance was approved and authenticated by the signature of the Mayor, sealed with the City seal, attested by the Clerk and recorded in the minutes of the Council.

4. The Ordinance was published and posted pursuant to the provisions of the Charter of the City. Attached hereto as Exhibit A are affidavits of publication for each publication of the Ordinance required by the Charter.

5. Attached here as Exhibit B are copies of the notices of the meetings as posted at least 24 hours prior to the meeting.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of the City this  
\_\_\_\_ day of December, 2016.

(SEAL)

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City Clerk

EXHIBIT A

(Attach Affidavits of Publication)

**EXHIBIT B**

(Attach Notices of Meetings)



CITY OF LONE TREE  
STAFF REPORT

**TO: Mayor Millet and City Council**  
**FROM: Kristin Baumgartner, Finance Director**  
**FOR: November 15, 2016 Council Meeting**  
**DATE: November 9, 2016**  
**SUBJECT: 2017 Draft City Budget**

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Summary

Pursuant to State Statute, the City will hold its annual public hearing which is scheduled for Tuesday November 15th at 7:00 PM. Please keep in mind that the 2017 budget is still in draft form and that substantial changes/modifications to the current draft will be discussed and considered with Council if needed prior to adoption. No substantial changes are anticipated at this time. The final budget will be adopted by City Council on Tuesday, December 6, 2016 at 7:00 PM.

Cost

N/A

Suggested Motion or Recommended Action

No motion at this time. This is the public hearing meeting. Council will approve the final 2017 budget and related resolution on December 6, 2016

**CITY OF LONE TREE  
SUMMARY  
FORECASTED 2017 BUDGET AS PROJECTED  
WITH 2015 ACTUALS AND 2016 ESTIMATED**

	2015 ACTUAL	2016 BUDGET	8/31/2016 ACTUAL	2016 ESTIMATED	2017 PROJECTED
<b>BEGINNING FUND BALANCES</b>	\$ 19,362,787	\$ 21,919,715	\$ 24,174,529	\$ 24,174,529	\$ 26,893,381
<b>REVENUE</b>					
TAXES	27,408,021	28,753,000	16,896,361	26,444,500	26,728,000
FRANCHISE FEES	1,040,429	1,061,000	648,898	1,021,000	1,027,000
INTERGOVERNMENTAL	7,073,987	18,825,997	11,381,628	15,490,186	13,747,381
LICENSES, FEES AND CHARGES	1,430,134	1,417,000	861,124	1,130,500	1,188,000
FINES AND FORFEITURES	691,943	742,000	469,001	706,000	720,000
ARTS CENTER	1,747,181	2,006,739	1,116,403	1,617,680	2,299,926
OTHER	1,390,963	431,305	853,825	1,106,500	13,113,542
Total revenue	\$40,782,657	53,237,041	32,227,240	47,516,366	58,823,849
<b>TRANSFERS IN</b>					
General Fund	148,206	350,000	-	350,000	-
Special Revenue Fund - Arts Center	797,300	1,099,534	494,308	960,843	949,017
Total transfers in	945,506	1,449,534	494,308	1,310,843	949,017
Total funds available	61,090,950	76,606,290	56,896,077	73,001,738	86,666,246
<b>EXPENDITURES</b>					
GENERAL GOVERNMENT	4,706,785	5,673,650	3,288,965	5,193,122	6,164,353
MUNICIPAL COURT	192,197	253,174	134,943	213,614	283,830
COMMUNITY DEVELOPMENT	1,020,830	1,140,919	766,627	1,223,091	1,134,893
POLICE DEPARTMENT	6,697,266	7,384,509	4,474,501	7,071,858	7,556,676
PUBLIC WORKS	4,473,031	4,837,500	2,721,559	4,506,772	4,737,000
ARTS AND CULTURAL	2,700,441	3,556,273	1,955,659	2,978,523	3,640,943
PARKS AND RECREATION	28,802	500,000	-	-	450,000
CAPITAL OUTLAY	13,654,695	28,989,786	11,368,455	21,049,702	27,732,762
DEBT SERVICE	2,496,869	2,564,000	402,716	2,560,831	15,271,000
Total expenditures	35,970,916	54,899,811	25,113,425	44,797,514	66,971,457
<b>TRANSFERS OUT</b>					
General Fund	797,300	1,099,534	494,308	960,843	949,017
Special Revenue Fund - RidgeGate	52,601	-	-	-	-
Debt Service Fund - Arts and Cultural Facilities	95,605	350,000	-	350,000	-
Total transfers out	945,506	1,449,534	494,308	1,310,843	949,017
Total appropriation	36,916,422	56,349,345	25,607,733	46,108,357	67,920,474
<b>ENDING FUND BALANCES</b>	\$ 24,174,529	\$ 20,256,945	\$ 31,288,345	\$ 26,893,381	\$ 18,745,774

**CITY OF LONE TREE  
SUMMARY  
FORECASTED 2017 BUDGET AS PROJECTED  
WITH 2015 ACTUALS AND 2016 ESTIMATED**

	2015 ACTUAL	2016 BUDGET	8/31/2016 ACTUAL	2016 ESTIMATED	2017 PROJECTED
<b>FUNDS RESERVED FOR:</b>					
Emergency reserves (TABOR)	989,906	1,026,000	625,000	962,000	954,000
Emergency maintenance and repair	52,601	52,601	52,601	52,601	52,601
Prepaid items	380,189	450,000	28,303	400,000	400,000
Emergency disaster management	108,077	130,385	130,385	130,385	130,385
Bond proceeds - Park and Rec Improvements	935,824	-	936,167	56,167	-
Park fee in lieu of land	93,394	110,194	129,394	129,394	29,394
Conservation Trust Fund	233,685	45,398	291,983	303,685	17,685
Brick fence replacement reserve	986,200	986,200	986,200	986,200	986,200
Lone Tree Link Shuttle	484,775	175,812	144,266	350,975	190,975
Light Rail	1,730,000	5,445,832	7,404,937	5,445,000	5,445,000
Debt Service - Arts and Cultural Facilities	1,059,919	1,066,371	2,050,536	1,092,140	1,437,064
Debt Service - Park and Recreation Improvements	1,043,760	1,243,334	1,668,710	1,238,623	1,411,891
<b>FUNDS DESIGNATED FOR:</b>					
Working reserve	4,273,000	4,847,000	4,847,000	4,565,000	4,969,000
Capital reserve - capital projects	11,127,158	4,655,000	4,655,000	11,150,000	2,700,000
Subsequent year's expenditures	676,041	-	-	-	-
<b>UNDESIGNATED AND UNRESERVED FUNDS</b>					
	-	22,818	7,337,864	31,211	21,580
	\$ 24,174,529	\$ 20,256,945	\$ 31,288,345	\$ 26,893,381	\$ 18,745,774

**CITY OF LONE TREE  
GENERAL FUND  
FORECASTED 2017 BUDGET AS PROJECTED  
WITH 2015 ACTUALS AND 2016 ESTIMATED**

REVENUE DETAIL

	2015 ACTUAL	2016 BUDGET	8/31/2016 ACTUAL	2016 ESTIMATED	2017 PROJECTED
<b>BEGINNING FUND BALANCE</b>	\$ 17,876,332	\$ 19,921,930	\$ 22,070,850	\$ 22,070,850	\$ 24,562,619
<b>REVENUE</b>					
<b>TAXES</b>					
Sales tax	20,976,584	21,973,000	12,866,120	20,412,350	20,412,350
Use tax-retail	771,323	670,000	427,293	640,000	685,000
Use tax - building materials	1,030,391	1,373,000	592,875	808,000	917,000
Lodging tax	1,000,349	1,108,000	722,284	1,056,000	1,170,000
Admissions tax	368,432	405,000	277,725	400,000	405,000
<b>TOTAL TAXES</b>	<b>24,147,079</b>	<b>25,529,000</b>	<b>14,886,298</b>	<b>23,316,350</b>	<b>23,589,350</b>
<b>FRANCHISE FEES</b>					
Electric and gas	827,690	845,000	533,882	795,000	795,000
Cable TV	212,739	216,000	115,016	226,000	232,000
<b>TOTAL FRANCHISE FEES</b>	<b>1,040,429</b>	<b>1,061,000</b>	<b>648,898</b>	<b>1,021,000</b>	<b>1,027,000</b>
<b>INTERGOVERNMENTAL</b>					
Highway Users Tax (HUTF)	350,700	339,000	235,437	357,000	372,000
Conservation Trust Fund (Lottery)	60,608	62,000	58,298	70,000	64,000
Cigarette tax	194,668	199,000	126,028	192,000	192,000
County Road & Bridge shareback	1,178,411	1,410,841	1,385,853	1,410,841	1,410,149
Douglas County Shareback - transportation	2,333,900	2,648,000	1,287,272	2,429,200	2,519,200
Motor vehicle registration fees	43,768	45,000	30,065	46,000	46,500
Regional improvements contribution - RRMDs	126,209	183,990	-	183,990	184,365
Reimbursable costs	2,776,299	13,819,166	8,254,452	10,685,655	8,939,167
Grants	9,424	119,000	4,223	115,500	20,000
<b>TOTAL INTERGOVERNMENTAL</b>	<b>7,073,987</b>	<b>18,825,997</b>	<b>11,381,628</b>	<b>15,490,186</b>	<b>13,747,381</b>

**CITY OF LONE TREE  
GENERAL FUND  
FORECASTED 2017 BUDGET AS PROJECTED  
WITH 2015 ACTUALS AND 2016 ESTIMATED**

REVENUE DETAIL - Continued

	2015 ACTUAL	2016 BUDGET	8/31/2016 ACTUAL	2016 ESTIMATED	2017 PROJECTED
<b>REVENUE (Continued)</b>					
<b>LICENSES, FEES AND CHARGES</b>					
Sales and use tax and business license fees	31,562	2,000	5,825	7,500	32,000
Liquor license fees	20,796	20,000	8,823	16,000	20,000
Building permit fees	1,185,225	1,198,000	686,868	853,000	866,000
Planning and zoning fees	35,380	34,000	24,680	34,000	35,000
Engineering fees	104,071	117,000	134,544	155,000	158,000
Other	53,100	46,000	384	65,000	77,000
TOTAL LICENSE, FEES AND CHARGES	1,430,134	1,417,000	861,124	1,130,500	1,188,000
<b>FINES AND FORFEITURES</b>					
Court fees	82,726	90,000	54,620	83,000	86,000
Vehicle and other code violation fines	567,732	596,000	387,316	580,000	590,000
Victims assistance surcharge	41,485	56,000	27,065	43,000	44,000
TOTAL FINES AND FORFEITURES	691,943	742,000	469,001	706,000	720,000
<b>OTHER</b>					
Net investment income	21,019	15,385	66,466	100,000	60,000
Miscellaneous	1,162,634	62,000	619,927	721,735	71,000
Police Department fees and other charges	57,713	102,000	35,395	97,000	112,000
Tenant rental income	148,240	250,000	123,818	178,000	220,000
OTHER	1,389,606	429,385	845,606	1,096,735	463,000
Total revenue	35,773,178	48,004,382	29,092,555	42,760,771	40,734,731
<b>TRANSFERS IN</b>					
Special Revenue Fund - RidgeGate	52,601	-	-	-	-
Debt Service Fund - Arts and Cultural Facilities	95,605	350,000	-	350,000	-
Total transfers in	148,206	350,000	-	350,000	-
Total funds available	\$ 53,797,716	\$ 68,276,312	\$ 51,163,405	\$ 65,181,621	\$ 65,297,350

**CITY OF LONE TREE  
GENERAL FUND  
FORECASTED 2017 BUDGET AS PROJECTED  
WITH 2015 ACTUALS AND 2016 ESTIMATED**

EXPENDITURE DETAIL

2015 ACTUAL	2016 BUDGET	8/31/2016 ACTUAL	2016 ESTIMATED	2017 PROJECTED
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**EXPENDITURES**

GENERAL GOVERNMENT

City Council expenditures	\$ 22,392	\$ 49,500	\$ 23,604	\$ 39,000	\$ 38,250
City Council stipend	60,205	62,029	41,587	62,346	64,692
Administrative Services - salaries and benefits	629,738	865,365	486,984	807,669	905,682
City Clerk	21,810	82,200	4,180	11,273	51,040
Human Resources	66,788	84,200	63,923	107,700	109,700
Information Technology	413,073	467,320	215,909	454,150	433,730
Municipal office building	475,590	513,970	276,922	444,740	588,250
Civic Center maintenance & utilities	75,589	86,810	49,054	82,160	96,300
LTAC maintenance & utilities	365,591	355,189	232,139	350,429	379,500
Restroom maintenance	6,061	11,500	6,389	11,000	9,500
Fountain maintenance	15,685	24,520	11,273	18,500	23,600
Yosemite Library Operations	-	30,000	-	30,000	90,000
Insurance	410,406	425,600	388,544	415,000	400,000
Finance - salaries and benefits	420,880	445,101	289,215	445,115	567,725
Finance	833	45,000	11,564	35,990	62,690
Audit	42,369	35,000	33,945	47,000	36,000
City Manager's Office - salaries and benefits	724,065	759,854	534,980	842,100	966,305
Dues and memberships	99,061	102,554	87,005	88,535	105,489
Legal - general	509,093	510,000	297,645	510,000	510,000
Legal - special	-	100,000	3,180	25,000	100,000
Consulting	28,437	85,000	7,240	10,000	200,000
Community support	36,995	28,600	7,482	20,500	22,500
Community garden	3,000	-	-	-	-
Youth initiatives	19,800	19,800	19,800	19,800	19,800
Housing Partnership	35,000	35,000	35,000	35,000	35,000
Living and aging well	-	2,600	1,290	2,600	1,800
Communications	66,332	141,900	58,995	128,015	116,300
Economic development	141,505	270,000	91,672	134,500	210,500
Miscellaneous	16,487	35,038	9,444	15,000	20,000
<b>TOTAL GENERAL GOVERNMENT</b>	<b>4,706,785</b>	<b>5,673,650</b>	<b>3,288,965</b>	<b>5,193,122</b>	<b>6,164,353</b>

**CITY OF LONE TREE  
GENERAL FUND  
FORECASTED 2017 BUDGET AS PROJECTED  
WITH 2015 ACTUALS AND 2016 ESTIMATED**

EXPENDITURE DETAIL - Continued

2015 ACTUAL	2016 BUDGET	8/31/2016 ACTUAL	2016 ESTIMATED	2017 PROJECTED
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**EXPENDITURES (Continued)**

**MUNICIPAL COURT**

Municipal Judge	26,403	30,000	16,697	25,000	30,000
Legal	36,000	36,000	24,600	36,000	36,000
Administration	123,028	174,174	91,260	149,500	213,330
Office supplies and software	3,677	3,000	272	1,000	1,500
Victims assistance	3,089	10,000	2,114	2,114	3,000
TOTAL MUNICIPAL COURT	192,197	253,174	134,943	213,614	283,830

**COMMUNITY DEVELOPMENT**

Salaries and benefits	688,226	735,539	510,737	786,920	827,188
Contract services	2,635	67,700	-	-	5,500
Field supplies	3,379	1,550	215	1,250	1,750
Planning Commission	2,206	2,500	1,183	2,500	2,500
Document scanning	9,775	5,000	691	691	1,000
Plan review and other inspections	52,499	110,000	39,585	75,000	75,000
Elevator inspections	50,210	74,250	31,900	65,200	77,575
City Forestry Program	3,000	1,000	-	-	1,000
ROW mowing	5,100	7,600	4,120	7,600	7,850
Engineering	192,896	125,000	173,638	275,000	125,000
Miscellaneous	10,904	10,780	4,558	8,930	10,530
TOTAL COMMUNITY DEVELOPMENT	1,020,830	1,140,919	766,627	1,223,091	1,134,893

**POLICE DEPARTMENT**

Salaries and benefits	5,346,228	5,690,000	3,613,509	5,504,700	6,006,000
Office and administration	98,246	111,900	57,423	107,900	117,200
Uniforms and equipment	50,110	62,700	48,796	70,700	60,550
Vehicles and equipment	462,331	546,425	344,535	432,540	476,205
General equipment	10,182	143,950	22,262	140,200	29,690
Intergovernmental agreements	647,864	690,004	317,382	699,903	742,466
Training	67,207	114,600	62,715	95,100	100,350
Community outreach and miscellaneous	15,098	24,930	7,879	20,815	24,215
TOTAL POLICE DEPARTMENT	6,697,266	7,384,509	4,474,501	7,071,858	7,556,676

**CITY OF LONE TREE  
GENERAL FUND  
FORECASTED 2017 BUDGET AS PROJECTED  
WITH 2015 ACTUALS AND 2016 ESTIMATED**

EXPENDITURE DETAIL - Continued

2015 ACTUAL	2016 BUDGET	8/31/2016 ACTUAL	2016 ESTIMATED	2017 PROJECTED
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**EXPENDITURES (Continued)**

**PUBLIC WORKS**

Public Works Department	610,477	710,000	442,543	715,000	735,000
Street lighting	357,100	396,000	278,651	415,000	450,000
Street maintenance	570,666	755,000	415,137	640,000	680,000
Drainage maintenance	43,730	60,000	272	272	60,000
Street & sidewalk sweeping	46,659	52,000	30,000	52,000	55,000
Traffic signal energy cost and maintenance	158,442	95,000	100,608	160,000	150,000
Signal timing	5,411	32,000	188	3,000	39,000
Snow removal	1,294,549	1,200,000	656,615	1,210,000	1,200,000
Landscaping maintenance	25,878	50,000	6,855	25,000	28,000
Trash and recycling service	534,692	520,000	350,243	530,000	540,000
Household hazardous waste program	6,050	6,500	3,240	4,500	6,500
Engineering	325,227	340,000	203,871	300,000	310,000
Fence maintenance	87,205	80,000	-	-	30,000
Geographic Information System (GIS)	163,485	150,000	89,693	140,000	150,000
Materials and equipment	1,852	14,000	1,818	7,000	10,000
EPA Phase 2 Drainage	52,558	100,000	53,666	80,000	55,000
Noxious weeds control	21,479	20,000	5,175	10,000	10,000
Signage and striping	84,374	120,000	37,976	120,000	120,000
Accident repairs	-	20,000	4,912	7,500	7,500
Public Works Facility operations and equipment	46,595	50,000	14,774	30,000	30,000
Software and support	7,880	19,000	17,192	19,000	19,000
Street amenities	-	5,000	-	-	-
Mutt mitts contract	10,338	10,500	6,958	10,500	11,000
Holiday lighting and decorations	18,135	25,000	-	25,000	25,000
Miscellaneous	250	3,000	1,172	3,000	3,000
Public Works vehicle maintenance and gas	-	2,500	-	-	3,000
Lincoln Pedestrian Bridge Maintenance	-	2,000	-	-	10,000
<b>TOTAL PUBLIC WORKS</b>	<b>4,473,031</b>	<b>4,837,500</b>	<b>2,721,559</b>	<b>4,506,772</b>	<b>4,737,000</b>

**ARTS AND CULTURAL**

Arts Center repairs and maintenance	107,441	100,000	23,249	50,000	382,000
Arts Center capital improvements	48,519	350,000	321,699	350,000	10,000
<b>TOTAL ARTS AND CULTURAL</b>	<b>155,960</b>	<b>450,000</b>	<b>344,948</b>	<b>400,000</b>	<b>392,000</b>

**PARKS AND RECREATION**

Joint recreational projects with South Suburban	28,802	300,000	-	-	350,000
Park and recreation capital improvements	-	200,000	-	-	100,000
<b>TOTAL PARKS AND RECREATION</b>	<b>28,802</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>450,000</b>

**CITY OF LONE TREE  
GENERAL FUND  
FORECASTED 2017 BUDGET AS PROJECTED  
WITH 2015 ACTUALS AND 2016 ESTIMATED**

EXPENDITURE DETAIL - Continued

2015 ACTUAL	2016 BUDGET	8/31/2016 ACTUAL	2016 ESTIMATED	2017 PROJECTED
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**EXPENDITURES (Continued)**

**CAPITAL OUTLAY**

Software packages	3,865	64,280	13,163	35,000	46,400
CarteGraph/ArcServer Upgrade	32,547	20,000	5,000	20,000	-
Website redesign	23,279	13,130	8,924	9,000	-
Overlay/reconstruction projects	1,484,679	1,800,000	1,159,329	1,625,000	1,800,000
Traffic signalization	-	275,000	-	-	-
Community sign plan	10,804	25,000	1,875	1,900	-
City Office building	31,893	85,000	38,038	470,000	245,000
City Office building - capital leases	1,290,006	-	-	-	-
Civic Center capital improvements	11,953	50,000	-	-	35,000
Concrete panel replacement	-	250,000	3,389	5,000	500,000
Entertainment District improvements	544,970	100,000	277,817	280,000	-
Park Meadows Dr. regional pond upgrade	-	10,000	-	-	10,000
Transportation study	50,000	-	-	-	-
Fingerprinting machines	-	-	-	-	52,253
Storm sewer improvements	183,998	140,000	7,003	135,000	350,000
Parkway Drive crossing Willow Creek	7,962	-	-	-	-
Light Rail Extension	-	6,333,334	3,166,667	6,333,334	8,333,334
Lone Tree Link	547,451	550,000	342,208	558,800	585,000
Walk and Wheel Study	11,140	-	-	-	-
Lincoln Pedestrian Bridge	193,912	7,000,000	1,139,462	1,520,000	5,480,000
Parkway Drive Reconstruction	211,685	450,000	551,621	537,621	-
Yosemite Turn Lane (Maximus to PMD)	63,362	595,000	162,544	801,000	15,000
Lincoln/I-25 Ramp Improvements	430,000	-	-	-	-
County Line/PMCD Intersection Improvements	-	450,000	-	-	270,000
LTAC Road Construction	184,234	-	-	-	-
LTAC Plaza	4,260	120,000	-	-	120,000
Town Ridge Drive Construction	157,249	-	-	-	-
Public art projects	1,600	21,000	3,000	20,100	11,400
Police Department substation	20,283	-	19,428	20,000	-
Schweiger Ranch preservation	75,000	50,000	-	50,000	-

**CITY OF LONE TREE  
GENERAL FUND  
FORECASTED 2017 BUDGET AS PROJECTED  
WITH 2015 ACTUALS AND 2016 ESTIMATED**

EXPENDITURE DETAIL - Continued

	2015 ACTUAL	2016 BUDGET	8/31/2016 ACTUAL	2016 ESTIMATED	2017 PROJECTED
<b>EXPENDITURES (Continued)</b>					
<b>CAPITAL OUTLAY (Continued)</b>					
Yosemite Library Building Purchase	-	800,000	-	800,000	-
Yosemite Library Remodel	31,033	423,000	22,265	70,000	609,000
Yosemite Library Capital Improvements	-	474,000	-	10,000	464,000
Town Ridge Drive Pedestrian Lights	-	45,000	-	-	-
Reuter Hess	25,000	25,000	9,400	9,400	54,375
Boom truck and signal maintenance equipment	-	120,000	-	-	120,000
West Cook Creek Tributary Improvements study	-	50,000	942	51,547	-
Lincoln Avenue/Heritage Hills Circle Intersection Imp	-	350,000	12,505	225,000	-
Mall Entry Traffic Improvements	-	50,000	-	-	-
Timberline storm sewer	-	150,000	5,646	6,000	-
RidgeGate Parkway Widening (Peoria to City Boundary)	-	-	-	-	200,000
Surrey Ridge Tunnel Drainage	-	-	-	-	150,000
City-Wide Pavement Assessment	-	-	-	-	25,000
Master Transportation Plan	-	-	-	-	25,000
Yosemite Medians (North of Park Meadows Drive)	-	20,000	-	-	20,000
Park Meadows Drive Improvements	-	-	-	-	500,000
Parkway Dr. Medians	-	-	-	6,000	-
Vehicles	30,745	30,000	-	-	-
Retail retention agreement	75,000	75,000	-	75,000	75,000
Service provider shareback agreement	-	5,000	-	-	5,000
Annexation shareback agreement	-	70,000	-	-	25,000
Retail shareback	614,112	596,642	261,959	540,000	480,000
Developer revenue shareback	1,541,490	1,292,400	923,891	1,430,000	1,745,000
Reimbursement of sales taxes to PMBID	5,474,040	5,717,000	3,232,379	5,175,000	5,152,000
Reimbursement property taxes-PMBID for PMMD	287,143	295,000	-	230,000	230,000
TOTAL CAPITAL OUTLAY	<u>13,654,695</u>	<u>28,989,786</u>	<u>11,368,455</u>	<u>21,049,702</u>	<u>27,732,762</u>
Total expenditures	<u>30,929,566</u>	<u>49,229,538</u>	<u>23,099,997</u>	<u>39,658,159</u>	<u>48,451,514</u>
<b>TRANSFERS OUT</b>					
Special Revenue Fund - Arts Center	797,300	1,099,534	494,308	960,843	949,017
Total transfers out	<u>797,300</u>	<u>1,099,534</u>	<u>494,308</u>	<u>960,843</u>	<u>949,017</u>
Total appropriation	<u>31,726,865</u>	<u>50,329,072</u>	<u>23,594,305</u>	<u>40,619,002</u>	<u>49,400,531</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 22,070,850</u>	<u>\$ 17,947,240</u>	<u>\$ 27,569,099</u>	<u>\$ 24,562,619</u>	<u>\$ 15,896,819</u>

**CITY OF LONE TREE**  
**SPECIAL REVENUE FUND - CULTURAL AND COMMUNITY SERVICES FUND**  
**FORECASTED 2017 BUDGET AS PROJECTED**  
**WITH 2015 ACTUALS AND 2016 ESTIMATED**

	2015 ACTUAL	2016 BUDGET	8/31/2016 ACTUAL	2016 ESTIMATED	2017 PROJECTED
<b>BEGINNING FUND BALANCE</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>REVENUE</b>					
<b>LONE TREE ARTS CENTER</b>					
Operating					
Ticket sales	812,234	1,015,900	560,281	656,203	1,238,544
Ticket handling fees	115,511	117,000	55,455	104,987	136,782
Rental fees	122,135	125,000	117,065	134,068	135,000
Concessions and catering	119,129	107,000	66,781	95,588	102,000
Labor charge backs	87,085	86,000	55,008	72,406	77,000
Miscellaneous	11,303	3,000	3,166	6,687	4,000
Non-Operating					
Individual, corporate and foundation contributions	198,934	255,000	168,156	260,950	323,800
Government grants	253,110	272,839	70,794	262,675	257,500
TOTAL LONE TREE ARTS CENTER	1,719,441	1,981,739	1,096,706	1,593,564	2,274,626
<b>OTHER</b>					
Annual Events	19,252	16,000	16,606	17,822	19,000
Arts and cultural events	8,488	9,000	3,091	6,294	6,300
TOTAL OTHER	27,740	25,000	19,697	24,116	25,300
Total revenue	1,747,181	2,006,739	1,116,403	1,617,680	2,299,926
<b>TRANSFERS IN</b>					
General Fund - Lone Tree Arts Center	485,420	783,384	282,368	677,422	648,332
General Fund - Annual events	268,893	254,900	182,662	235,588	249,235
General Fund - Arts and cultural events	37,585	54,250	29,083	41,833	45,450
General Fund - Park and recreation	5,402	7,000	195	6,000	6,000
Total transfers in	797,300	1,099,534	494,308	960,843	949,017
Total funds available	\$ 2,544,481	\$ 3,106,273	\$ 1,610,711	\$ 2,578,523	\$ 3,248,943

**CITY OF LONE TREE**  
**SPECIAL REVENUE FUND - CULTURAL AND COMMUNITY SERVICES FUND**  
**FORECASTED 2017 BUDGET AS PROJECTED**  
**WITH 2015 ACTUALS AND 2016 ESTIMATED**

	2015 ACTUAL	2016 BUDGET	8/31/2016 ACTUAL	2016 ESTIMATED	2017 PROJECTED
<b>EXPENDITURES</b>					
<b>LONE TREE ARTS CENTER</b>					
Administration	151,423	160,671	102,759	162,151	166,494
Programming	1,485,457	1,830,335	903,017	1,471,672	2,041,281
Marketing	437,675	496,987	253,768	433,880	455,980
Facilities	9,349	10,500	3,612	14,300	14,800
Development	120,958	226,630	115,918	184,985	204,403
Contingency	-	40,000	-	4,000	40,000
TOTAL LONE TREE ARTS CENTER	2,204,861	2,765,123	1,379,074	2,270,986	2,922,958
<b>OTHER</b>					
Annual events	288,144	270,900	199,268	253,410	268,235
Arts and cultural events	46,074	63,250	32,174	48,127	51,750
Recreational activities and support	5,402	7,000	195	6,000	6,000
TOTAL OTHER	339,620	341,150	231,637	307,537	325,985
Total expenditures	2,544,481	3,106,273	1,610,711	2,578,523	3,248,943
<b>TRANSFERS OUT</b>					
Total transfers out	-	-	-	-	-
Total appropriation	2,544,481	3,106,273	1,610,711	2,578,523	3,248,943
<b>ENDING FUND BALANCE</b>	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF LONE TREE**  
**DEBT SERVICE FUND - ARTS AND CULTURAL FACILITIES**  
**FORECASTED 2017 BUDGET AS PROJECTED**  
**WITH 2015 ACTUALS AND 2016 ESTIMATED**

	2015 ACTUAL	2016 BUDGET	8/31/2016 ACTUAL	2016 ESTIMATED	2017 PROJECTED
<b>BEGINNING FUND BALANCE</b>	\$ 655,277	\$ 983,371	\$ 1,059,919	\$ 1,059,919	\$ 1,092,140
<b>REVENUE</b>					
Sales tax	1,824,859	1,854,000	1,129,020	1,774,500	1,774,500
Use tax - retail	56,576	43,000	34,996	48,000	53,000
Use tax - building materials	75,101	37,000	42,005	54,500	56,000
Bond issuance	-	-	-	-	7,054,624
Net investment income	667	1,000	4,467	5,165	6,800
Total revenue	1,957,203	1,935,000	1,210,488	1,882,165	8,944,924
<b>TRANSFERS IN</b>					
General Fund	-	-	-	-	-
Total transfers in	-	-	-	-	-
Total funds available	2,612,480	2,918,371	2,270,408	2,942,084	10,037,064
<b>EXPENDITURES</b>					
Bond interest	471,756	439,744	219,872	439,744	366,685
Bond principal	985,000	1,060,000	-	1,060,000	1,140,000
Paying agent fees	200	200	-	200	200
Refunded bonds	-	-	-	-	6,969,842
Bond issuance costs	-	-	-	-	81,075
Contingency	-	2,056	-	-	42,198
Total expenditures	1,456,956	1,502,000	219,872	1,499,944	8,600,000
<b>TRANSFERS OUT</b>					
General Fund	95,605	350,000	-	350,000	-
Total transfers out	95,605	350,000	-	350,000	-
Total appropriation	1,552,561	1,852,000	219,872	1,849,944	8,600,000
<b>ENDING FUND BALANCE</b>	\$ 1,059,919	\$ 1,066,371	\$ 2,050,536	\$ 1,092,140	\$ 1,437,064

**CITY OF LONE TREE**  
**DEBT SERVICE FUND - PARK AND RECREATION IMPROVEMENTS**  
**FORECASTED 2017 BUDGET AS PROJECTED**  
**WITH 2015 ACTUALS AND 2016 ESTIMATED**

	2015 ACTUAL	2016 BUDGET	8/31/2016 ACTUAL	2016 ESTIMATED	2017 PROJECTED
<b>BEGINNING FUND BALANCE</b>	\$ 778,577	\$ 1,014,414	\$ 1,043,760	\$ 1,043,760	\$ 1,238,623
<b>REVENUE</b>					
Sales tax	1,216,573	1,236,000	752,680	1,183,150	1,183,150
Use tax - retail	37,717	29,000	23,331	32,000	35,000
Use tax - building materials	50,116	25,000	28,031	36,000	37,000
Bond issuance	-	-	-	-	5,583,118
Net investment income	690	920	3,752	4,600	6,000
Total revenue	1,305,095	1,290,920	807,794	1,255,750	6,844,268
<b>TRANSFERS IN</b>					
General Fund	-	-	-	-	-
Total transfers in	-	-	-	-	-
Total funds available	2,083,672	2,305,334	1,851,554	2,299,510	8,082,891
<b>EXPENDITURES</b>					
Bond interest	394,713	365,687	182,844	365,687	242,290
Bond principal	645,000	695,000	-	695,000	785,000
Paying agent fees	200	200	-	200	200
Refunded bonds	-	-	-	-	5,482,436
Bond issuance costs	-	-	-	-	100,050
Contingency	-	1,113	-	-	61,024
Total expenditures	1,039,913	1,062,000	182,844	1,060,887	6,671,000
<b>TRANSFERS OUT</b>					
Total transfers out	-	-	-	-	-
Total appropriation	1,039,913	1,062,000	182,844	1,060,887	6,671,000
<b>ENDING FUND BALANCE</b>	\$ 1,043,760	\$ 1,243,334	\$ 1,668,710	\$ 1,238,623	\$ 1,411,891



**CITY OF LONE TREE  
STAFF REPORT**

**TO: Mayor and City Council**

**FROM: Jeff Holwell, Economic Development Director**

**DATE: November 8, 2016**

**FOR: November 15, 2016 City Council Meeting**

**SUBJECT: OmniPark Metropolitan District IGA for Renewal of Lone Tree Link**

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**Summary**

The attached IGA serves as a renewal of OmniPark Metropolitan District as a partner in the Lone Tree Link public-private partnership for a third service year. It was approved by the OmniPark Metro District Board and is now presented to City Council for final approval.

The terms of the Link service are the same as previous years. OmniPark Metro District will contribute \$100,000 to the City in exchange for twelve months (September 17, 2016-September 16, 2017) of Lone Tree Link service to a location of their choice. Currently, their stop is located at the Level 3 office building at Lincoln and Park Meadows Drive.

With the recommitment of OmniPark Metro District, the five Lone Tree Link partners include the City of Lone Tree, OmniPark, Charles Schwab, Sky Ridge Medical Center, and the Southeast Public Improvement Metropolitan District (SPIMD). Additionally, the City has budgeted for the Lone Tree Link in FY-2017.

**Lone Tree Link 2015-2016**

In its second service year (September 17, 2015 – September 16, 2016) the Lone Tree Link achieved 77,379 boardings and carries on average over 300 riders per day in all weather conditions.

**Cost**

There is no cost to the City for acceptance of this IGA.

**Suggested Motion**

I move to approve the 2016-2017 IGA with the OmniPark Metropolitan District.

**SECOND AMENDMENT TO EXTEND THE INTERGOVERNMENTAL AGREEMENT  
BETWEEN THE CITY OF LONE TREE AND OMNIPARK METROPOLITAN  
DISTRICT REGARDING PARTICIPATION IN  
THE CITY OF LONE TREE CIRCULATOR SHUTTLE BUS SERVICE**

This Second Amendment to Extend the Intergovernmental Agreement (the "Second Extended Agreement"), is entered into this \_\_\_ day of \_\_\_\_\_ 2016, by and between the City of Lone Tree, Colorado (the "City"), a State of Colorado home rule municipality, whose address is 9220 Kimmer Drive, Suite 100, Lone Tree, CO 80124, and OmniPark Metropolitan District (the "District"), whose address is OmniPark Metropolitan District c/o CliftonLarsonAllen, LLP, 8390 East Crescent Parkway, Suite 500, Greenwood Village, CO 80111 (each individually the "Party" and collectively the "Parties").

**RECITALS**

**WHEREAS**, the City and the District previously entered into an Intergovernmental Agreement (the "IGA" attached hereto and incorporated herein by reference) on June 16, 2014, whereby the City and the District formed a public-private partnership (the "Partnership") with other institutions, businesses and organizations along the Park Meadows Drive corridor to provide a circulator shuttle bus service; and

**WHEREAS**, the City and District extended the IGA for 2015-2016 by entering into the First Amendment to Extend the IGA on May 18<sup>th</sup>, 2015; and

**WHEREAS**, a payment of \$100,000.00 was made by the District for the second year of operations of the shuttle service, which combined with the payments by the City and the other members of the Partnership, allowed for the continued operation of the Lone Tree Link, a reliable, high quality shuttle bus service; and

**WHEREAS**, the Lone Tree Link service contract is for one year, through September 16, 2016, with an option to renew annually; and

**WHEREAS**, the Parties agreed, pursuant to the First Extended Agreement, that the Partnership shall evaluate the shuttle service program and the shuttle service provider in spring and summer of 2016, before a decision on or implementation of 2016-2017 service; and

**WHEREAS**, the First Extended Agreement automatically terminates on September 16, 2016, if the Parties do not mutually agree in writing to extend it; and

**WHEREAS**, by this Second Extended Agreement, the Parties wish to continue the Lone Tree Link circulator shuttle bus service and the provisions of the IGA for an additional one year period.

**NOW, THEREFORE**, in consideration of the mutual undertakings set forth in this Second Extended Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**AGREEMENT**

1. The foregoing recitals are hereby acknowledged by the Parties and are incorporated into this Second Extended Agreement.

2. This Second Extended Agreement shall commence upon execution by both Parties.

3. The City and the District agree to continue participation in the public-private Partnership to provide circulator shuttle bus service as set forth herein and in the IGA.

4. Subject to the provisions of the IGA and this Second Extended Agreement, the District agrees to contribute \$100,000.00 to the City within 30 days of the date of this Second Extended Agreement, to fund its share of the shuttle bus service contract renewal for one additional year, which shall commence on September 17, 2016, and continue through September 16, 2017, (the "Renewal Year"). This payment shall ensure a shuttle stop at a mutually agreed upon area at or as near as possible to a property of the District's choosing for twelve months. All Partnership members shall receive the same service for the same payment, with the exception of Charles Schwab which shall pay an additional fee for enhanced morning service to its campus.

5. The City shall contribute up to and no more than \$250,000.00 toward the shuttle service for 2016-2017; but in no case shall it contribute less than the District.

6. The City agrees to renew its contract for the Lone Tree Link, in the City's name, for twelve (12) additional months, commencing September 17, 2016 through September 16, 2017, with an option to renew annually.

7. The Parties agree the City may not renew its contract for shuttle services if it does not receive funding from all members of the Partnership. Upon a failure by a member of the Partnership to make its payment, the Partnership shall be consulted before a contract is awarded.

8. Shuttle service shall run weekdays from 6:00 a.m. until approximately 7:00 p.m., exclusive of holidays. Holidays are considered to be the following:

- Thanksgiving
- Christmas
- New Year's Day
- Martin Luther King, Jr. Day

- President's Day
- Memorial Day
- Independence Day
- Labor Day

Other days without service may be negotiated with the Partnership.

9. The Parties agree that the Partnership shall evaluate the shuttle service program and the shuttle service provider in spring and summer of 2017, before a decision on or implementation of 2017-2018 service. Each member of the Partnership shall have the option to terminate its participation for convenience at the end of the Renewal Year. As such, this Second Extended Agreement shall automatically terminate September 16, 2017, if the Parties do not mutually agree in writing to extend it. No provision of this Second Extended Agreement shall survive termination unless expressly set forth herein.

10. All provisions of the IGA not inconsistent with this Second Extended Agreement shall remain in full force and effect, unless mutually agreed upon in writing.

11. This Second Extended Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes, and all of which, when taken together, shall constitute one and the same agreement.

*(Remainder of page left intentionally blank, signature page follows)*

**IN WITNESS WHEREOF**, the City of Lone Tree and the OmniPark Metropolitan District have caused this Second Extended Agreement to be signed and executed as of this date.

Agreed to and Accepted:

**CITY OF LONE TREE, COLORADO**

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Jacqueline A. Millet, Mayor

**ATTEST:**

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Jennifer Pettinger, CMC, City Clerk

Seal

**OMNIPARK METROPOLITAN DISTRICT**

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President

**ATTEST:**

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Secretary