

AN ORDINANCE OF THE TOWN OF BASALT, COLORADO, AUTHORIZING THE ISSUANCE BY THE TOWN OF ITS TAXABLE GENERAL OBLIGATION BONDS, SERIES 2014, IN AN AGGREGATE PRINCIPAL AMOUNT OF \$1,930,000 FOR THE PURPOSES APPROVED AT THE TOWN'S ELECTION ON NOVEMBER 5, 2013; PROVIDING FOR THE LEVY OF AD VALOREM PROPERTY TAXES FOR THE PAYMENT OF SUCH BONDS; PROVIDING THE FORM OF SUCH BONDS AND OTHER DETAILS WITH RESPECT TO SUCH BONDS AND THE PAYMENT THEREOF; APPROVING OTHER DOCUMENTS RELATING TO SUCH BONDS; AND PROVIDING THE EFFECTIVE DATE OF THIS ORDINANCE.

**ORDINANCE 31,
Series of 2014**

RECITALS

1. The Town of Basalt, Colorado (the "Town") is a municipal corporation duly organized and operating as a home rule town under Article XX of the Constitution of the State of Colorado and the Home Rule Charter of the Town (as further defined herein, the "Charter") (unless otherwise indicated, capitalized terms used in this preamble shall have the meanings set forth in Section 1 of this Ordinance).

2. Pursuant to Section 10.1 of the Charter and the Supplemental Public Securities Act, Part 2 of Article 57 of Title 11, Colorado Revised Statutes, as amended, the Town is authorized to issue general obligation bonds for any public purpose subject to obtaining voter approval of a ballot question authorizing such bonds.

3. At an election on November 5, 2013, the Town submitted the following ballot question (the "Ballot Question") to Town voters for approval:

SHALL THE TOWN OF BASALT DEBT BE INCREASED UP TO \$5.0 MILLION, WITH A MAXIMUM REPAYMENT COST OF UP TO \$6.5 MILLION, AND SHALL TOWN TAXES BE INCREASED UP TO \$650,000 ANNUALLY FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF

REDEVELOPING THE PAN AND FORK TRAILER PARK AREA, INCLUDING BUT NOT LIMITED TO COSTS RELATING TO RIVER RESTORATION, FLOODPLAIN MITIGATION, CONSTRUCTION OF PARK AND STREET IMPROVEMENTS, AND SITE REDEVELOPMENT,

BY THE ISSUANCE AND PAYMENT OF GENERAL OBLIGATION BONDS, WHICH BONDS SHALL BEAR INTEREST AND MATURE, BE SUBJECT TO REDEMPTION (WITH OR WITHOUT PREMIUM),

AND BE ISSUED, DATED AND SOLD AT SUCH TIME OR TIMES, AT SUCH PRICES (AT, ABOVE OR BELOW PAR) AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HEREWITH, AS THE TOWN COUNCIL MAY DETERMINE; AND, TO THE EXTENT THAT THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON SUCH BONDS IS NOT OTHERWISE PAID FROM REVENUES FROM THE TOWN'S PARKS, OPEN SPACE AND TRAILS (POST) 1% SALES TAX, AMOUNTS ON DEPOSIT IN THE TOWN'S GENERAL FUND OR OTHER AVAILABLE SOURCES, SHALL AD VALOREM PROPERTY TAXES BE LEVIED IN ANY YEAR TO PAY SUCH PRINCIPAL, PREMIUM AND INTEREST, WITHOUT LIMITATION AS TO RATE AND IN AN AMOUNT SUFFICIENT TO GENERATE THE AMOUNTS SET FORTH ABOVE?

4. A majority of the registered electors of the Town voting on the Ballot Question at the November 5, 2013 election voted in favor of the Ballot Question.

5. On December 30, 2013, the Town issued its General Obligation Refunding and Improvement Bonds, Series 2013 (the "Series 2013 Bonds").

6. A portion of the Series 2013 Bonds (as further defined herein, the "Series 2013 Bonds Improvement Portion") was issued in the aggregate principal amount of \$3,070,000 pursuant to the authority of, and for the purposes authorized by, the Ballot Question.

7. The Council has determined that it is in the best interests of the Town and its residents to issue its Taxable General Obligation Bonds, Series 2014 (the "Bonds"), in the aggregate principal amount of \$1,930,000 for the purpose of financing the Project.

8. On the date of issuance of the Bonds, the amount of bonded indebtedness of the Town will not exceed 3% of the latest actual valuation for assessment of the Town.

9. The Council desires to approve and ratify the preparation of a request for proposals for the purchase of the Bonds and the distribution of the same to certain interested financial institutions by Ehlers and Associates, Inc., the Town's financial advisor with respect to the Bonds (the "Financial Advisor").

10. The Town has received responses to such request for proposals and, with the assistance of the Financial Advisor, has evaluated the same and made a recommendation to the Council regarding the selection of the purchaser.

11. The Council desires to approve and ratify the sale of the Bonds to Stifel, _____ (the "Original Purchaser").

12. This Ordinance is being adopted to authorize the issuance, sale and delivery of the Bonds, to provide for the payment of the Bonds and to provide the details of the Bonds.

NOW, THEREFORE, BE IT ORDAINED, by the Town Council of the Town of Basalt, Colorado that:

Section 1. Definitions. The following terms shall have the following meanings for purposes of this Ordinance:

“Ballot Question” means the ballot question approved by Town voters quoted and defined as such in the recitals hereto.

“Bond Account” means the account established by the provisions hereof to account for the moneys for which a separate tax levy is made to satisfy the obligations of the Bonds. The Bond Account shall be a subsidiary account of the Bond Fund of the Town and separately accounted for by the Town in accordance with the provisions hereof.

“Bond Counsel” means (i) as of the date of issuance of the Bonds, Kutak Rock LLP, and (ii) as of any other date, Kutak Rock LLP or such other attorneys selected by the Town with nationally recognized expertise in the issuance of municipal bonds.

“Bond Obligation” means, as of any date, the principal amount of Bonds then Outstanding.

“Bonds” means the “Town of Basalt, Colorado, Taxable General Obligation Bonds, Series 2014,” authorized in the Section hereof entitled “Authorization and Purpose of Bonds.”

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

“Charter” means the Home Rule Charter of the Town, adopted November 5, 2002, as amended.

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

“Council” means the Town Council of the Town.

“Counties” means Pitkin and Eagle Counties, Colorado, and any successors thereto.

“Dated Date” means _____, 2014.

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

“*Event of Default*” means any one or more of the events set forth in the Section hereof entitled “Events of Default.”

“*Financial Advisor*” means Ehlers and Associates, Inc. and its successors and assigns.

“*Interest Payment Date*” means each June 1 and December 1, commencing _____ 1, 20__.

“*Ordinance*” means this Ordinance, including any amendment or supplement hereto.

“*Original Purchaser*” means _____.

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

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

(b) any Bond held by or on behalf of the Town;

(c) any Bond for the payment or the redemption of which moneys or Defeasance Securities sufficient to meet all of the payment requirements of the principal of, premium, if any, and interest on such Bond to the date of maturity or prior redemption thereof, shall have theretofore been deposited in trust for such purpose in accordance with the Section hereof entitled “Defeasance”; and

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

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

“*Paying Agent*” means U.S. Bank National Association, in Denver, Colorado, or any successor thereto or assignee thereof approved by the Town.

“*Permitted Investments*” means any investment in which funds of the Town may be invested under the laws of the State at the time of such investment.

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

“*Project*” means any purpose for which proceeds of the Bonds may be expended under the Charter and the Ballot Question, including, but not limited to, the payment of the costs of issuance of the Bonds.

“*Project Account*” means the account established by the provisions hereof for the purpose of paying the costs properly attributable to the Project. The Project Account shall be a subsidiary

account of the appropriate fund or account of the Town, and separately accounted for by the Town in accordance with the provisions hereof.

“*Record Date*” means, with respect to each Interest Payment Date, the fifteenth day of the month immediately preceding the month in which such Interest Payment Date occurs (whether or not such day is a Business Day).

“*Series 2013 Bonds*” means the Town’s General Obligation Refunding and Improvement Bonds, Series 2013, issued by the Town on December 30, 2014 in the aggregate principal amount of the \$5,010,000.

“*Series 2013 Bonds Improvement Portion*” means the portion of the Series 2013 Bonds issued in the aggregate principal amount of \$3,070,000 to fund the Improvement Project (as defined in the Series 2013 Ordinance).

“*Series 2013 Ordinance*” means the Town’s Ordinance 27, Series of 2013, finally adopted by the Town on December 20, 2013, authorizing the issuance of the Series 2013 Bonds.

“*State*” means the State of Colorado.

“*Supplemental Act*” means Part 2 of Article 57 of Title 11, Colorado Revised Statutes, as amended, or any successor statute thereto.

“*Town*” means the Town of Basalt, Colorado, and any successor thereto.

Section 2. Authorization and Purpose of Bonds. Pursuant to and in accordance with the Charter, the Supplemental Act and the Ballot Question, and the Town hereby authorizes, and directs that there shall be issued, the “Town of Basalt, Taxable General Obligation Bonds, Series 2014,” in the aggregate principal amount of \$ _____, for the purposes of financing the Project.

Section 3. Bond Details.

(a) ***Registered Form, Denominations, Original Dated Date and Numbering.*** The Bonds shall be issued in fully registered form, shall be dated as of the Dated Date, and shall be registered in the names of the persons identified in the registration books maintained by the Paying Agent pursuant hereto. The Bonds shall be issued in denominations of \$ _____ in principal amount or any integral multiple thereof. The Bonds shall be consecutively numbered, beginning with the number one, preceded by the letter “R.”

(b) ***Maturity Dates, Principal Amounts and Interest Rates.*** The Bonds shall mature on December 1 of the years and in the principal amounts, and shall bear interest at the rates per annum (calculated based on a 360-day year of twelve 30-day months), set forth below:

Maturity (December 1)	Principal Amount Maturing	Interest Rate
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(c) **Accrual and Dates of Payment of Interest.** Interest on the Bonds shall accrue at the rates set forth above from the later of the Dated Date or the latest Interest Payment Date (or in the case of defaulted interest, the latest date) to which interest has been paid in full and shall be payable on each Interest Payment Date.

(d) **Manner and Form of Payment.** Principal of and premium, if any on each Bond shall be payable to the Owner thereof upon presentation and surrender of such Bond at the principal office of the Paying Agent in the city identified in the definition of Paying Agent in the Section hereof entitled "Definitions." Interest on each Bond shall be payable by check or draft of the Paying Agent mailed on each Interest Payment Date to the Owner thereof as of the close of business on the corresponding Record Date; provided that, interest payable to any Owner may be paid by any other means agreed to by such Owner and the Paying Agent that does not require the Town to make moneys available to the Paying Agent earlier than otherwise required hereunder or increase the costs borne by the Town hereunder. All payments of the principal of, premium, if any, and interest on the Bonds shall be made in lawful money of the United States of America.

Section 4. Redemption of Bonds Prior to Maturity.

(a) **Optional Redemption.** The Bonds maturing on and before December 1, 20__ are not subject to redemption at the option of the Town prior to their respective maturity dates. The Bonds maturing on and after December 1, 20__ are subject to redemption prior to maturity at the option of the Town, in whole or in part, in integral multiples of \$____, and if in part in such order of maturity as the Town shall determine and by lot within any maturity, in such manner as the Paying Agent shall determine, on December 1, 20__, and on any date thereafter, at a redemption price equal to ____% of the principal amount of the Bonds so redeemed, plus accrued interest to the redemption date.

(b) **Redemption Procedures.** Notice of any redemption of Bonds shall be given by the Paying Agent by sending a copy of such notice by first-class, postage prepaid mail, not less than 30 days prior to the redemption date, to the Owner of each

Bond being redeemed. Such notice shall specify the number or numbers of the Bonds so to be redeemed (if redemption shall be in part) and the redemption date. If any Bond shall have been duly called for redemption and if, on or before the redemption date, there shall have been deposited with the Paying Agent in accordance with this Ordinance funds sufficient to pay the redemption price of such Bond on the redemption date, then such Bond shall become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Failure to deliver any redemption notice or any defect in any redemption notice shall not affect the validity of the proceeding for the redemption of Bonds with respect to which such failure or defect did not occur. Any Bond redeemed prior to its maturity by prior redemption or otherwise shall not be reissued and shall be cancelled.

Section 5. Reserved.

Section 6. Security for the Bonds.

(a) **General Obligations.** The Bonds shall be general obligations of the Town, payable from the ad valorem property taxes levied pursuant to this Section and other moneys deposited in the Bond Account by the Town to pay the principal of, premium, if any, and interest on the Bonds. The full faith and credit of the Town are pledged for the punctual payment of the principal of and interest on the Bonds.

(b) **Levy of Ad Valorem Taxes.** For the purpose of paying the principal of, premium, if any, and interest on the Bonds when due, respectively, the Council shall annually determine and certify to the Board of County Commissioners of each of the Counties, a rate of levy for general ad valorem taxes, without limitation as to rate or amount, on all of the taxable property within the Town, sufficient when combined with other moneys deposited by the Town in the Bond Account for such purpose (including, without limitation, moneys described in subsection (f) of this Section), to pay the principal of, premium, if any, and interest on the Bonds when due, respectively, whether at maturity or upon earlier redemption. The Council shall, in certifying annual levies for general ad valorem taxes, take into account the maturing indebtedness of the Bonds for the ensuing year and deficiencies and defaults of prior years and shall make ample provision for the payment thereof.

(c) **Levy of Additional Ad Valorem Taxes.** If the moneys produced from the taxes levied by the Town pursuant to subsection (b) of this Section, together with other revenues of the Town available therefor (including, without limitation, moneys described in subsection (f) of this Section), are not sufficient to pay punctually the annual installments on the contracts or bonds of the Town, and interest thereon, and to pay defaults and deficiencies, the Council shall make such additional levies of taxes as may be necessary for such purposes, and such taxes shall be made and continue to be levied until the indebtedness is fully paid.

(d) **Application of Proceeds of Ad Valorem Taxes.** The general ad valorem taxes levied pursuant to subsection (b) of this Section and any additional taxes levied to pay the principal of, premium, if any, and interest on the Bonds pursuant to subsection (c)

of this Section, when collected, shall be deposited into the Bond Account and applied solely to the payment of the principal of and interest on the Bonds and for no other purpose until the Bonds, including principal and interest, are fully paid, satisfied and discharged.

(e) ***Appropriation and Budgeting of Proceeds of Ad Valorem Taxes.*** Moneys received from the general ad valorem taxes levied pursuant to subsections (b) and (c) of this Section in an amount sufficient to pay the principal of and interest on the Bonds when due, respectively, are hereby appropriated for that purpose, and all amounts required to pay the principal of and interest on the Bonds due, respectively, in each year shall be included in the annual budget and appropriation ordinance to be adopted and passed by the Council for such year.

(f) ***Use or Advance of Other Legally Available Moneys.*** Nothing herein shall be interpreted to prohibit or limit the ability of the Town to deposit legally available funds of the Town other than the proceeds of the general ad valorem property taxes levied pursuant to this Section into the Bond Account and use the same to pay all or any portion of the principal of, premium, if any, or interest on the Bonds. If and to the extent such other legally available moneys are used to pay the principal of, premium, if any, or interest on the Bonds, the Town may, but shall not be required to, (i) reduce the amount of taxes levied for such purpose pursuant to subsection (b) of this Section or (ii) use proceeds of taxes levied pursuant to subsection (b) of this Section to reimburse the fund or account from which such other legally available moneys are withdrawn for the amount withdrawn from such fund or account to pay the principal of or interest on the Bonds. If the Town selects alternative (ii) in the immediately preceding sentence, the taxes levied pursuant to subsection (b) of this Section shall include amounts sufficient to fund the reimbursement.

(g) ***Deposit of Moneys To Pay Bonds With, and Payment of Bonds by, Paying Agent.*** No later than the Business Day immediately preceding each date on which a payment of principal of, premium, if any, or interest on the Bonds is due, the Town, from proceeds of the taxes levied pursuant to subsections (b) and (c) this Section or other legally available moneys (including, without limitation, moneys described in subsection (f) of this Section), shall deposit moneys with the Paying Agent in an amount sufficient to pay the principal of premium, if any, and interest on the Bonds on such date. The Paying Agent shall use the moneys so deposited with it to pay the principal of, premium, if any, and interest on the Bonds when due.

(h) ***Certification to County Commissioners.*** It is hereby declared that, if the Town does not otherwise determine and certify to the Boards of County Commissioners of the Counties a rate of levy for general ad valorem property taxes as required by subsection (b) of this Section, the foregoing provisions of this Section shall constitute a certificate from the Council to the Boards of County Commissioners of the Counties showing the aggregate amount of ad valorem taxes to be levied by the Boards of County Commissioners of the Counties from time to time, as required by law, for the purpose of paying the principal of and interest on the Bonds when due.

Section 7. Form of Bonds. The Bonds shall be in substantially the form set forth in Appendix A hereto, with such changes thereto, not inconsistent herewith, as may be necessary or desirable and approved by the officials of the Town executing the same (whose manual or facsimile signatures thereon shall constitute conclusive evidence of such approval). All covenants, statements, representations and agreements contained in the Bonds are hereby approved and adopted as the covenants, statements, representations and agreements of the Town. The Bonds shall contain a recital that they are issued pursuant to the Supplemental Act. Although attached as an appendix for the convenience of the reader, Appendix A is an integral part of this Ordinance and is incorporated herein as if set forth in full in the body of this Ordinance.

Section 8. Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Town with the manual or facsimile signature of the Mayor, shall bear a manual or facsimile of the seal of the Town and shall be attested by the manual or facsimile signature of the Town Clerk, all of whom are hereby authorized and directed to prepare and execute the Bonds in accordance with the requirements hereof. Should any officer whose manual or facsimile signature appears on the Bonds cease to be such officer before delivery of any Bond, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes. When the Bonds have been duly executed, the officers of the Town are authorized to, and shall, deliver the Bonds to the Paying Agent for authentication. No Bond shall be secured by or entitled to the benefit of this Ordinance, or shall be valid or obligatory for any purpose, unless the certificate of authentication of the Paying Agent has been manually executed by an authorized signatory of the Paying Agent. The executed certificate of authentication of the Paying Agent upon any Bond shall be conclusive evidence, and the only competent evidence, that such Bond has been properly authenticated and delivered hereunder.

Section 9. Temporary Bonds. Until Bonds in definitive form are ready for delivery, the Town may execute, and upon the request of the Town, the Paying Agent shall authenticate and deliver, subject to the provisions, limitations and conditions set forth herein, one or more Bonds in temporary form, whether printed, typewritten, lithographed or otherwise produced, substantially in the forms of the definitive Bonds, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form such Bonds in temporary form shall be entitled to the benefits and security of this Ordinance. Upon the presentation and surrender of any Bond in temporary form, the Town shall, without unreasonable delay, prepare, execute and deliver to the Paying Agent and the Paying Agent shall authenticate and deliver, in exchange therefor, a Bond or Bonds of the same series in definitive form. Such exchange shall be made by the Paying Agent without making any charge therefor to the registered owner of such Bond in temporary form.

Section 10. Registration of Bonds in Registration Books Maintained by Paying Agent. The Paying Agent shall maintain registration books in which the ownership, transfer and exchange of Bonds shall be recorded. The person in whose name any Bond shall be registered on such registration book shall be deemed to be the absolute owner thereof for all purposes, whether or not payment on any Bond shall be overdue, and neither the Town nor the Paying Agent shall be affected by any notice or other information to the contrary.

Section 11. Transfer and Exchange of Bonds. The Bonds may be transferred or exchanged at the principal office of the Paying Agent in the city identified in the definition of Paying Agent in the Section hereof entitled "Definitions," for a like aggregate principal amount of Bonds of other authorized denominations of the same type, maturity and interest rate, upon payment by the transferee of a transfer fee, any tax or governmental charge required to be paid with respect to such transfer or exchange and any cost of printing bonds in connection therewith. Upon surrender for transfer of any Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his or her attorney duly authorized in writing, the Town shall execute and the Paying Agent shall authenticate and deliver in the name of the transferee a new Bond. Notwithstanding any other provision hereof, the Paying Agent shall not be required to transfer any Bond (a) which is scheduled to be redeemed in whole or in part between the Business Day immediately preceding the mailing of the notice of redemption and the redemption date or (b) between the Record Date for any Interest Payment Date for such Bond and such Interest Payment Date.

Section 12. Replacement of Lost, Destroyed or Stolen Bonds. If any Bond shall become lost, apparently destroyed, stolen or wrongfully taken, it may be replaced in the form and tenor of the lost, destroyed, stolen or taken Bond and the Town shall execute and the Paying Agent shall authenticate and deliver a replacement Bond upon the Owner furnishing, to the satisfaction of the Paying Agent: (i) proof of ownership (which shall be shown by the registration books of the Paying Agent), (ii) proof of loss, destruction or theft, (iii) an indemnity to the Town and the Paying Agent with respect to the Bond lost, destroyed or taken, and (iv) payment of the cost of preparing and executing the new Bond.

Section 13. Creation of Accounts; Delivery of Bonds and Application of Bond Proceeds.

(a) **Creation of Accounts.** There is hereby established the Bond Account and the Project Account. The foregoing accounts shall be maintained by the Town in accordance with the provisions of this Ordinance.

(b) Upon payment to the Town of the purchase price of the Bonds, the Bonds shall be delivered to or as directed by the Original Purchaser and the proceeds received by the Town from the sale of the Bonds to the Original Purchaser, net of any discount to the Original Purchaser, shall be applied as a supplemental appropriation by the Town as follows:

(i) the costs of issuing the Bonds, in the amount of \$_____, shall be delivered to the Town to pay the same;

(ii) the amount of \$_____, representing a rounding amount necessary to bring the total principal amount of the Bonds to an integral multiple of \$_____, shall be deposited to the Bond Account; and

(iii) the remaining proceeds of the Bonds shall be deposited to the Project Account.

Section 14. Investments. Moneys held in the Project Account and the Bond Account and moneys held by the Paying Agent with respect to the Bonds shall be invested in Permitted Investments. Earnings from the investment of moneys on deposit in the Project Account and the Bond Account shall be retained in the account in which earned. By adoption of this Ordinance, the Council specifically authorizes the investment of moneys held in Permitted Investments with a maturity date later than five years from the date of purchase.

Section 15. Various Findings, Determinations, Declarations and Covenants. The Council, having been fully informed of and having considered all the pertinent facts and circumstances, hereby finds, determines, declares and covenants with the Owners of the Bonds that:

(a) voter approval of the Ballot Question was obtained in accordance with all applicable provisions of law;

(b) the only debt that has previously been issued or incurred by the Town pursuant to the authority granted by voter approval of the Ballot Question is the Series 2013 Bonds Improvement Portion;

(c) the issuance of the Bonds and the completion of the Project serves one or more public purposes of the Town, including, without limitation, the redevelopment of the former Pan and Fork trailer park area;

(d) it is reasonable, prudent and necessary and in the best interest of the Town and its residents that the Bonds be authorized, sold, issued and delivered at the time, in the manner and for the purposes provided in this Ordinance;

(e) the issuance of the Bonds will not cause the Town to exceed its debt limit under applicable State law;

(f) the issuance of the Bonds and all procedures undertaken incident thereto are in full compliance and conformity with all applicable requirements, provisions and limitations prescribed by the Constitution and laws of the State, including the Charter, the Supplemental Act, and the Ballot Question, and all conditions and limitations thereof and of any other applicable law relating to the issuance of the Bonds have been satisfied; and

(g) In accordance with the Supplemental Act, the Town hereby elects to apply all of the provisions of the Supplemental Act to the Bonds.

Section 16. Reserved.

Section 17. Defeasance. Any Bond shall not be deemed to be Outstanding hereunder if it shall have been paid and cancelled or if Defeasance Securities shall have been deposited in trust for the payment thereof (whether upon or prior to the maturity of such Bond, but if such Bond is to be paid prior to maturity, the Town shall have given the Paying Agent irrevocable directions to give notice of redemption as required by this Ordinance, or such notice shall have been given in accordance with this Ordinance). In computing the amount of the deposit described above, the Town may include the maturing principal of and interest to be earned on the

Defeasance Securities. If less than all the Bonds are to be defeased pursuant to this Section, the Town, in its sole discretion, may select which of the Bonds shall be defeased.

Section 18. Events of Default. Each of the following events constitutes an Event of Default:

(a) ***Nonpayment of Principal or Interest.*** Failure to make any payment of principal of or interest on the Bonds when due;

(b) ***Breach or Nonperformance of Duties.*** Breach by the Town of any material covenant set forth herein or failure by the Town to perform any material duty imposed on it hereunder and continuation of such breach or failure for a period of 60 days after receipt by the Town Attorney of written notice thereof from the Paying Agent or from the Owners of at least 10% of the aggregate amount of the Bond Obligation; provided that such 60 day period shall be extended so long as the Town has commenced and continues a good faith effort to remedy such breach or failure;

(c) ***Bankruptcy or Receivership.*** An order of decree by a court of competent jurisdiction declaring the Town bankrupt under federal bankruptcy law or appointing a receiver of all or any material portion of the Town's assets or revenues is entered with the consent or acquiescence of the Town or is entered without the consent or acquiescence of the Town but is not vacated, discharged or stayed within 30 days after it is entered.

Section 19. Remedies for Events of Default.

(a) ***Remedies.*** Upon the occurrence and continuance of any Event of Default, the Owners of not less than 25% of the aggregate amount of the Bond Obligation, including, without limitation, a trustee or trustees therefor, may proceed against the Town to protect and to enforce the rights of the any Owners under this Ordinance by mandamus, injunction or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction: (i) for the payment of interest on any installment of principal of any Bond that was not paid when due at the interest rate borne by such Bond, (ii) for the specific performance of any covenant contained herein, (iii) to enjoin any act that may be unlawful or in violation of any right of any Owner of any Bond, (iv) for any other proper legal or equitable remedy or (v) any combination of such remedies or as otherwise may be authorized by applicable law; provided, however, that acceleration of any amount not yet due on the Bonds according to their terms shall not be an available remedy. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of Bonds then Outstanding.

(b) ***Failure To Pursue Remedies Not a Release; Rights Cumulative.*** The failure of any Owner of any Outstanding Bond to proceed in accordance with subsection (a) of this Section shall not relieve the Town of any liability for failure to perform or carry out its duties under this Ordinance. Each right or privilege of any such Owner (or trustee therefor) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any Owner shall not be deemed a waiver of any other right or privilege of such Owner.

Section 20. Amendment of Ordinance.

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

(i) to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision of this Ordinance;

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

(iii) to institute or terminate a book-entry registration system for the Bonds or to facilitate the designation of a securities depository with respect to such a system;

(iv) to maintain the then existing or to secure a higher rating of the Bonds by any nationally recognized securities rating agency; or

(v) to make any other change that does not materially adversely affect the Owners of the Bonds.

(b) *Amendments Requiring Notice to and Consent of Owners.* Except for amendments permitted by subsection (a) of this Section, this Ordinance may only be amended (i) by an ordinance of the Town amending or supplementing this Ordinance (which, after the consents required therefor, shall become a part hereof) and (ii) with the written consent of the Owners of at least 66 2/3% of the aggregate amount of the Bond Obligation; provided that any amendment that makes any of the following changes with respect to any Bond shall not be effective without the written consent of the Owner of such Bond: (A) a change in the maturity of such Bond; (B) a reduction of the interest rate on such Bond; (C) a change in the terms of redemption of such Bond; (D) a delay in the payment of principal of, premium, if any, or interest on such Bond; (E) a reduction of the Bond Obligation the consent of the Owners of which is required for an amendment to this Ordinance; or (F) the establishment of a priority or preference for the payment of any amount due with respect to any other Bond over such Bond.

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

Section 21. Appointment and Duties of Paying Agent. The Paying Agent identified in the Section hereof entitled "Definitions" is hereby appointed as paying agent, registrar and authenticating agent for the Bonds unless and until the Town removes it as such and appoints a successor Paying Agent, in which event such successor shall automatically succeed to the duties of the Paying Agent hereunder and its predecessor shall immediately turn over all its records regarding the Bonds to such successor. The Paying Agent, by accepting its duties as such, agrees to perform all duties and to take all actions assigned to it hereunder in accordance with the terms hereof.

Section 22. Reserved.

Section 23. Approval of Related Documents. The Council hereby approves and ratifies the preparation of the request for proposals for the selection of the Original Purchaser. The Council hereby approves, and until the date that is one year after the adoption of this Ordinance, authorizes and directs the execution by the Town Manager of an agreement with the Original Purchaser for the purchase and sale of the Bonds, in substantially the form made available to the Council, with such changes therein, not inconsistent herewith, as are approved by the Town Manager, or, in the absence of the Town Manager, the Mayor or any other member of the Council (whose signature thereon shall constitute conclusive evidence of such approval). The appropriate officers and officials of the Town are hereby authorized and directed to execute an agreement with the Paying Agent concerning the duties and obligations of the Paying Agent with respect to the Bonds and all other documents and certificates reasonably required by the Original Purchaser or otherwise necessary or desirable to effectuate the issuance or administration of the Bonds, the investment of proceeds of the Bonds and the transactions contemplated hereby.

Section 24. Reserved.

Section 25. Events Occurring on Days That Are Not Business Days. Except as otherwise specifically provided herein with respect to a particular payment, event or action, if any payment to be made hereunder or any event or action to occur hereunder which, but for this Section, is to be made or is to occur on a day that is not a Business Day, such payment, event or action shall instead be made or occur on the next succeeding day that is a Business Day with the same effect as if it was made or occurred on the date on which it was originally scheduled to be made or occur.

Section 26. Ordinance Is Contract With Owners of Bonds and Irrepealable. After the Bonds have been issued, this Ordinance shall be and remain a contract between the Town and the Owners of the Bonds and shall be and remain irrepealable until all amounts due with respect to the Bonds shall be fully paid, satisfied and discharged and all other obligations of the Town with respect to the Bonds shall have been satisfied in the manner provided herein.

Section 27. Headings, Table of Contents and Cover Page. The headings to the various sections and subsections to this Ordinance, and the cover page and table of contents that appear at front of this Ordinance, have been inserted solely for the convenience of the reader, are not a part of this Ordinance and shall not be used in any manner to interpret this Ordinance.

Section 28. Severability. It is hereby expressly declared that all provisions hereof and their application are intended to be and are severable. In order to implement such intent, if any provision hereof or the application thereof is determined by a court or administrative body to be invalid or unenforceable, in whole or in part, such determination shall not affect, impair or invalidate any other provision hereof or the application of the provision in question to any other situation; and if any provision hereof or the application thereof is determined by a court or administrative body to be valid or enforceable only if its application is limited, its application shall be limited as required to most fully implement its purpose.

Section 29. Repeal of Inconsistent Ordinances. All ordinances, or parts thereof, that are inconsistent with or in conflict with this Ordinance, are hereby repealed to the extent of such inconsistency or conflict.

Section 30. Ratification of Prior Actions. All actions heretofore taken (not inconsistent with the provisions of this Ordinance, the Charter, the Supplemental Act or the Ballot Question) by the Council or by the officers and employees of the Town directed toward the issuance of the Bonds for the purposes herein set forth are hereby ratified, approved and confirmed.

Section 31. Effective Date. This Ordinance shall be effective 14 days after final publication of the Ordinance in accordance with the Charter.

[remainder of this page intentionally left blank.]

READ ON FIRST READING, ORDERED PUBLISHED AND SET FOR PUBLIC HEARING
TO BE HELD ON September 23, 2014 by a vote of __ to __ on August 26, 2014.

READ ON SECOND READING AND ADOPTED, by a vote of __ to __ on September 23,
2014.

TOWN OF BASALT, COLORADO

By: _____
Jacque R. Whitsitt, Mayor

ATTEST:

Pamela K. Schilling, Town Clerk

APPENDIX A

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF COLORADO

No. R-__

\$_____

TOWN OF BASALT, COLORADO
TAXABLE GENERAL OBLIGATION BOND
SERIES 2014

INTEREST RATE: _____% MATURITY DATE: December 1, 20__
ORIGINAL DATED DATE: _____, 2014

REGISTERED OWNER:

Tax Identification Number: _____

PRINCIPAL SUM: ** _____ DOLLARS**

Town of Basalt (the "Town"), a duly organized and validly existing home rule Town and political subdivision of the State of Colorado (the "State"), for value received, hereby promises to pay to the order of the registered owner named above, or registered assigns, the principal sum stated above on the maturity date stated above, with interest on such principal sum from the original dated date stated above at the interest rate per annum stated above (calculated based on a 360-day year of twelve 30-day months), payable on June 1 and December 1 of each year, commencing _____ 1, 20__ (each, an "Interest Payment Date"). The principal of and premium, if any, on this Bond are payable to the registered owner hereof upon presentation and surrender of this Bond at the principal office of U.S. Bank National Association, as Paying Agent (the "Paying Agent"), in Denver, Colorado. Interest on this Bond is payable by check or draft of the Paying Agent mailed on each Interest Payment Date to the registered owner hereof as of the fifteenth day of the month immediately preceding the month in which such Interest Payment Date occurs (whether or not such day is a Business Day, as defined in the below-defined Ordinance); provided that, interest payable to the registered owner of this Bond may be paid by any other means agreed to by such registered owner and the Paying Agent that does not require the Town to make moneys available to the Paying Agent earlier than otherwise required under the Ordinance or increase the costs borne by the Town under the Ordinance. Any payment of principal of or interest on this Bond that is due on a day that is not a Business Day (as defined in the below-mentioned Ordinance) shall be made on the next succeeding day that is a Business Day with the same effect as if made on the day on which it was originally scheduled to be made. All payments of principal of, premium, if any, and interest on this Bond shall be made in lawful money of the United States of America.

This Bond is part of an issue of general obligation bonds of the Town designated Town of Basalt, Colorado, Taxable General Obligation Bonds, Series 2014, issued in the principal amount of \$1,930,000 (the "Bonds"). The Bonds have been issued pursuant to, under the authority of, and in full conformity with, the Constitution and the laws of the State, including, in particular, Part 2 of Article 57 of Title 11, Colorado Revised Statutes, as amended (the "Supplemental Act"), and the Home Rule Charter for the Town of Basalt, adopted November 5, 2002, as amended (the "Charter"); pursuant to authorization by a majority of the registered electors of the Town voting in an election duly called and held on November 5, 2013; and pursuant to an ordinance adopted by the Town Council (the "Ordinance"). Capitalized terms used but not defined in this Bond have the meaning assigned to them in the Ordinance. THE ORDINANCE CONSTITUTES THE CONTRACT BETWEEN THE REGISTERED OWNER OF THIS BOND AND THE TOWN. THIS BOND IS ONLY EVIDENCE OF SUCH CONTRACT AND, AS SUCH, IS SUBJECT IN ALL RESPECTS TO THE TERMS OF THE ORDINANCE, WHICH SUPERSEDES ANY INCONSISTENT STATEMENT IN THIS BOND.

The Bonds have been issued by the Town for the purpose of providing funds for the Project described in the Ordinance. The Bonds are general obligations of the Town and the full faith and credit of the Town are pledged for the punctual payment of the principal of and interest on the Bonds. For the purpose of paying the principal of and interest on the Bonds when due, respectively, the Council in the Ordinance has covenanted annually to determine a rate of levy for general ad valorem taxes, without limitation as to rate or amount, on all of the taxable property within the Town, sufficient when combined with other moneys separately accounted for by the Town for such purpose (including, without limitation, those amounts specified in the Ordinance), to pay the principal of, premium, if any, and interest on the Bonds when due, respectively, whether at maturity or upon earlier redemption.

The Bonds maturing on and before December 1, 20__ are not subject to redemption at the option of the Town prior to their respective maturity dates. The Bonds maturing on and after December 1, 20__ are subject to redemption prior to maturity at the option of the Town, in whole or in part, in integral multiples of \$____, and if in part in such order of maturity as the Town shall determine and by lot within any maturity, in such manner as the Paying Agent shall determine, on December 1, 20__, and on any date thereafter, at a redemption price equal to ____% of the principal amount of the Bonds so redeemed, plus accrued interest to the redemption date.

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

The Paying Agent shall maintain registration books in which the ownership, transfer and exchange of Bonds shall be recorded. The person in whose name this Bond shall be registered on such registration books shall be deemed to be the absolute owner hereof for all purposes, whether or not payment on any Bond shall be overdue, and neither the Town nor the Paying Agent shall be affected by any notice or other information to the contrary. This Bond may be transferred or exchanged at the principal operations office of the Paying Agent in Denver, Colorado for a like aggregate principal amount of Bonds of other authorized denominations (\$____ or any integral multiple thereof) of the same of the same type, maturity and interest rate, upon payment by the transferee of a transfer fee, any tax or governmental charge required to be paid with respect to such transfer or exchange and any cost of printing bonds in connection therewith. Notwithstanding any other provision of the Ordinance, the Paying Agent shall not be required to transfer any Bond (a) which is scheduled to be redeemed in whole or in part between the Business Day immediately preceding the mailing of the notice of redemption and the redemption date or (b) between the Record Date for any Interest Payment Date and such Interest Payment Date.

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

It is hereby certified that all conditions, acts and things required by the Constitution and laws of the State, including the Supplemental Act, the Charter and the ordinances and resolutions of the Town, to exist, to happen and to be performed, precedent to and in the issuance of this Bond, exist, have happened and have been performed, and that neither this Bond nor the other Bonds of the issue of which this Bond is a part exceed any limitations prescribed by the Constitution or laws of the State, including the Supplemental Act, the Charter or the ordinances or resolutions of the Town.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the Paying Agent shall have signed the certificate of authentication hereon.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the Town Council of the Town has caused this bond to be executed with the signature of its Mayor and attested by the signature of its Town Clerk, and has caused the seal of the Town to be impressed or imprinted hereon, all as of the date set forth below.

[TOWN SEAL]

TOWN OF BASALT

By _____
Mayor

Attest:

By _____
Town Clerk

CERTIFICATE OF AUTHENTICATION

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

Dated: _____

U.S. Bank National Association, as Paying
Agent

By _____
Authorized Signatory

APPROVING LEGAL OPINION

Set forth below is a true copy of the approving legal opinion of Kutak Rock LLP, delivered on the date on which the Bonds were originally issued:

[opinion to be inserted in Bonds]

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

**(Please print or typewrite name and address of Transferee)
(Tax Identification or Social Security No.)**

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

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

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges.

TRANSFER FEE MAY BE REQUIRED

PREPAYMENT PANEL

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

Date of Principal
Prepayment Prepaid

Signature of Authorized
Representative of the Owner of the Bond
