



City of Fruita
325 E. Aspen,
Fruita, CO 81521
(970) 858-3663
www.fruita.org

City Council Agenda Item Cover Sheet

TO: FRUITA CITY COUNCIL AND MAYOR
FROM: MARGARET SELL, FINANCE DIRECTOR
DATE: AUGUST 1, 2017
RE: ORDINANCE 2017-12 - FIRST READING - AN ORDINANCE AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY BY THE CITY OF A SITE AND IMPROVEMENT LEASE AND A LEASE PURCHASE AGREEMENT AND RELATED DOCUMENTS, CONCERNING THE LEASING BY THE CITY OF CERTAIN PROPERTY OWNED BY THE CITY TO REFINANCE THE CITY'S SALES AND USE TAX REVENUE BONDS (FEDERALLY TAXABLE - ISSUER SUBSIDY - BUILD AMERICA) SERIES 2009B; SETTING FORTH CERTAIN PARAMETERS AND RESTRICTIONS; RATIFYING ACTION PREVIOUSLY TAKEN; AND PROVIDING OTHER MATTERS RELATED THERETO.

BACKGROUND

This Ordinance provides for a *crossover advance refunding* to refinance the Series 2009B taxable bonds through the issuance of Certificates of Participation (COP'S) and sets forth the parameters regarding the issuance of the COP's. The purpose of the refinancing is to achieve savings on interest costs and provide level annual payments. The ordinance delegates the authority to the City Manager or Finance Director to execute documents as necessary to refinance the debt and issue the COP's within the parameters set forth in the ordinance.

Proceeds from a *crossover advance refunding* are used to pay interest on the newly issued COP's until the call date of the refunded bonds (2019) at which point the balance of the COP proceeds are applied toward repayment of the refunded bonds. A *crossover advance refunding* **does not** effect a legal defeasance (pay off) of the refunded bonds until the call date in 2019. This provides a benefit in that the City will continue to receive the interest subsidy payment from the federal government until the call date. COP's are **not** considered a form of long-term debt since they are subject to annual appropriation by the City Council and thus do not require prior voter approval before issuance. A Site Lease is executed wherein the City leases the Fruita Community Center property to the Trustee and then the City leases it back from the Trustee. If the City fails to make the annual lease payment, the lease terminates and the trustee may sell, re-let or otherwise dispose of the property, using the proceeds to pay the investors.

The parameters established in the Ordinance include the following:

City Council Agenda Item Cover Sheet (Page 2)

1. Minimum amounts of proceeds received from the issuance of COP's - \$9,000,000
2. Maximum principal amount of rentals paid by City - \$11,925,000
3. Maximum total repayment of rentals (principal and interest) payable by City - \$18,190,850
4. Site Lease term shall not extend beyond December 31, 2049
5. Lease term shall not extend beyond December 31, 2039
6. Maximum Net Effective rate – Not to exceed 4.3%

Copies of the forms of the basic documents for the crossover refunding are attached for your information and review. These documents will change between now and closing on the bonds. These include:

Site and Improvement Lease. The site lease set forth the terms of the lease by which the City leases the property to the Trustee.

Lease Purchase Agreement: This agreement sets forth the terms by which the City leases the property back from the Trustee.

Continuing Disclosure Certificate: This Certificate sets forth the City's obligations to the certificate holders in order to comply with rules of the Securities and Exchange Commission through the provision of annual reports and reporting of material events with respect to the 2017 bonds.

Escrow Agreement: This Agreement is between the City and UMB Bank who will act as escrow agent for the City and purchase escrow fund securities in accordance with the terms of the agreement and make payment on the COP's until October 1, 2019 and then redeem the outstanding 2009B bonds.

Trust Indenture. This Agreement is between the City and UMB Bank who will act as Trustee for the refunding project.

Preliminary Official Statement. The POS provides information to potential investors of the COP's and includes information on the City, the COPs, the leased property, risk factors, source and use of funds, base rentals and security for the COPs, financial operations of the city, legal matters, economic and demographic information, tax matters and other information.



City of Fruita
325 E. Aspen,
Fruita, CO 81521
(970) 858-3663
www.fruita.org

The City is moving forward with converting the restriction on the property (requiring it be used for outdoor recreation use) to the newly acquired property adjacent to the Little Salt Wash Park. The refunding and issuance of the COP's is dependent on this conversion taking place prior to issuing the preliminary official statement and sale of the COPs as it may have a negative impact on the sale of the COPs. Current estimates on the conversion process indicate it may be completed in September.

FISCAL IMPACT

The parameters established within the ordinance provide for the greatest flexibility in structuring the refunding bond issue, but within themselves do not provide any significant savings. The latest refunding scenario for the 2009B Bonds provides for a level debt payment structure with present value savings of approximately \$950,000 (9%) of the \$10,125,000 in outstanding principal on the 2009B Bonds. While this scenario may change based on a number of different variables, it is the intent that the minimum present value savings realized through this refunding would be close to this scenario.

APPLICABILITY TO CITY GOALS AND OBJECTIVES

The refunding of the bonds works towards all the goals of the city: Quality of Place, Economic Health and Lifestyle. The economic health goal requires that the City be fiscally responsible and continuously seek ways to allocate resources to services and projects that have the highest impact on the City priorities. By restructuring the debt and realizing savings in the process, the City is ensuring that the Fruita Community Center continues to provide a cost effective and quality facility and services and enhances the lifestyle of our citizens.

OPTIONS TO THE COUNCIL:

Approve the ordinance as presented or with amendments
Take no action and leave the 2009B Bonds outstanding

RECOMMENDATION:

It is the recommendation of staff that the Council by motion:

MOVED TO PUBLISH, BY TITLE, ORDINANCE 2017-12 AUTHORIZING AND APPROVING THE SITE AND IMPROVEMENTS LEASE AND A LEASE PURCHASE AGREEMENT AND RELATED DOCUMENTS TO REFINANCE THE SERIES 2009B TAXABLE BONDS FOR PUBLIC HEARING ON AUGUST 15, 2017

ORDINANCE 2017-12

AN ORDINANCE AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY BY THE CITY OF A SITE AND IMPROVEMENT LEASE AND A LEASE PURCHASE AGREEMENT AND RELATED DOCUMENTS, CONCERNING THE LEASING BY THE CITY OF CERTAIN PROPERTY OWNED BY THE CITY TO REFINANCE THE CITY'S SALES AND USE TAX REVENUE BONDS (FEDERALLY TAXABLE – ISSUER SUBSIDY – BUILD AMERICA) SERIES 2009B; SETTING FORTH CERTAIN PARAMETERS AND RESTRICTIONS; RATIFYING ACTION PREVIOUSLY TAKEN; AND PROVIDING OTHER MATTERS RELATED THERETO.

WHEREAS, the City of Fruita, Colorado (the “City”) is a home rule municipality and political subdivision of the State of Colorado (the “State”) organized and existing under a home rule charter (the “Charter”) pursuant to Article XX of the Constitution of the State; and

WHEREAS, pursuant to section 8.25 of the Charter, the City is authorized to enter into long-term rental or leasehold agreements, payment for such agreements may be made by general appropriations, by imposition of usage fees or a combination of both; and

WHEREAS, article X, section 20 of the Constitution of the State of Colorado requires the City to have voter approval in advance for the creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever; and

WHEREAS, At the general election held on Tuesday, November 4, 2008 (the “Election”), in accordance with law and pursuant to due notice, a majority of the eligible electors of the City voting in said election approved the following ballot issue (the “Community Center Ballot Issue”) authorizing the issuance of sales and use tax bonds for purpose of constructing, improving, equipping, operating and maintaining a community center, with such bonds to be paid from an increase in the sales and use tax of the City; and

WHEREAS, following the approval of the Community Center Ballot Issue, the City Council duly passed and adopted Ordinance No. 2008-15, which ordinance amended the Fruita Municipal Code (the “Municipal Code”) to implement provisions of the Community Center Ballot Issue; and

WHEREAS, pursuant to section 8.21 of the Charter, the City Council may, by ordinance, issue securities made payable from, among other things, the available proceeds of any sales or use tax; and

WHEREAS, pursuant to section 8.24 of the Charter, the City Council may, by ordinance, refund any securities as provided by Colorado statute.

WHEREAS, pursuant to the authorization granted to the City at the Election, the City has issued its Sales and Use Tax Revenue Bonds, Series 2009A, in the aggregate principal

amount of \$2,440,000, and which are currently outstanding in the aggregate principal amount of \$2,230,000 (the “Series 2009A Bonds”); and

WHEREAS, pursuant to the authorization granted to the City at the Election, the City has issued its Sales and Use Tax Revenue Bonds (Federally Taxable – Issuer Subsidy – Build America Bonds), Series 2009B, in the aggregate principal amount of \$10,125,000, and which are currently outstanding in the aggregate principal amount of \$10,125,000 (the “Series 2009B Bonds, and, together with the 2009A Bonds, the “2009 Bonds”); and

WHEREAS, the proceeds of the 2009 Bonds were used to acquire, construct and improve certain property and facilities located in the City and commonly known as the Fruita Community Center (the “2009 Project”); and

WHEREAS, the City Council of the City (the “City Council”) has determined and now hereby determines that it is in the best interests of the City and its inhabitants to refinance the 2009 Project and advance refund all the outstanding 2009B Bonds (the “Refunding Project”); and

WHEREAS, the City owns, in fee title, the site and the buildings and improvements located thereon, which presently serve as the City’s Community Center (the “Leased Property”); and

WHEREAS, the City Council has determined and hereby determines that it is in the best interests of the City and its inhabitants to provide for the financing of the Refunding Project by entering into a Site and Improvement Lease between the City, as lessor, and the Trustee, acting solely in its capacity of trustee, as lessee (the “Site Lease”), pursuant to which the City will lease the Leased Property to the Trustee, and a Lease Purchase Agreement between the Trustee, as lessor, and the City, as lessee (the “Lease”), pursuant to which the Trustee will lease the Leased Property back to the City; and

WHEREAS, pursuant to the Lease, and subject to the right of the City to terminate the Lease and other limitations as therein provided, the City will pay certain Base Rentals and Additional Rentals (as such terms are defined in the Lease) in consideration for the right of the City to use the Leased Property; and

WHEREAS, the City’s obligation under the Lease to pay Base Rentals and Additional Rentals shall be from year to year only; shall constitute currently budgeted expenditures of the City; shall not constitute a mandatory charge or requirement in any ensuing budget year; and shall not constitute a general obligation or other indebtedness or multiple fiscal year financial obligation of the City within the meaning of any constitutional, statutory or Charter limitation or requirement concerning the creation of indebtedness or multiple fiscal year financial obligation, nor a mandatory payment obligation of the City in any ensuing fiscal year beyond any fiscal year during which the Lease shall be in effect; and

WHEREAS, contemporaneously with the execution and delivery of the Site Lease and the Lease, the Trustee will execute and deliver an Indenture of Trust (the “Indenture”) pursuant to which there will be executed and delivered a series of certificates of participation to effectuate the Refunding Project (the “2017 Certificates”); and

WHEREAS, the 2017 Certificates will evidence proportionate interests in the right to receive certain revenues under the Lease, shall be payable solely from the sources therein provided and shall not directly or indirectly obligate the City to make any payments beyond those appropriated for any fiscal year during which the Lease shall be in effect; and

WHEREAS, the net proceeds of the 2017 Certificates, together with other available money of the City, will be used to refinance the 2009 Project and effectuate the Refunding Project; and

WHEREAS, there has been presented to the City Council and are on file with the City Clerk the following: (i) the proposed form of the Site Lease; (ii) the proposed form of the Lease; (iii) the proposed form of the Continuing Disclosure Certificate to be provided by the City in connection with the execution and delivery of the 2017 Certificates (the “Disclosure Certificate”); (iv) the proposed form of the Certificate Purchase Agreement (the “Certificate Purchase Agreement”) among the City, the Trustee and the initial purchaser of the 2017 Certificates; (v) the proposed form of Escrow Agreement (the “Escrow Agreement”) with UMB Bank, n.a., Denver, Colorado, as escrow agent; and (vi) the Preliminary Official Statement (the “Preliminary Official Statement”) relating to the 2017 Certificates; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Lease and the Site Lease; and

WHEREAS, Section 11-57-204 of the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, Colorado Revised Statutes (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.

BE IT HEREBY ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRUITA, COLORADO:

Section 1. Ratification and Approval of Prior Actions. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the City Council or the officers, agents or employees of the City Council or the City relating to the Site Lease, the Lease, the implementation of the Refunding Project, and the execution and delivery of the 2017 Certificates is hereby ratified, approved and confirmed.

Section 2. Finding of Best Interests. The City Council hereby finds and determines, pursuant to the Constitution, the laws of the State of Colorado and the Charter, that the implementation of the Refunding Project and financing the costs thereof pursuant to the terms set forth in the Site Lease, the Lease and the Indenture, together with other available moneys of the City, are necessary, convenient, and in furtherance of the City’s purposes and are in the best interests of the inhabitants of the City, and the City Council hereby authorizes and approves the same.

Section 3. Supplemental Act; Parameters. The City Council hereby elects to apply all of the Supplemental Act to the Site Lease and the Lease and in connection therewith delegates to each of the City Manager and the Finance Director of the City (the “Finance Director”) the independent authority to make any determination delegable pursuant to

Section 11-57-201(1)(a-i), Colorado Revised Statutes, in relation to the Site Lease and the Lease, and to execute a sale certificate (the "Sale Certificate") setting forth such determinations, including without limitation, the term of the Site Lease, the rental amount to be paid by the Trustee pursuant to the Site Lease, the term of the Lease and the rental amount to be paid by the City pursuant to the Lease, the Certificates which may be redeemed at the option of the City, the dates upon which such optional redemption may occur, and the prices at which such Certificates may be optionally redeemed; subject to the following parameters and restrictions:

- (a) the total amount of rental payments to be received by the City from the Trustee under the Site Lease shall not be less than \$9,000,000;
- (b) the Site Lease Term shall not extend beyond December 31, 2049;
- (c) the aggregate principal amount of the Base Rentals payable by the City pursuant to the Lease shall not exceed \$11,925,000;
- (d) the maximum annual repayment amount of the Base Rentals payable by the City pursuant to the Lease shall not exceed \$1,295,412;
- (e) the maximum total repayment amount of Base Rentals payable by the City pursuant to the Lease shall not exceed \$18,190,580;
- (f) the Lease Term shall not extend beyond December 31, 2039;
- (g) the maximum net effective interest rate on the interest component of the Base Rentals relating to the 2017 Certificates shall not exceed 4.30%; and

Pursuant to §11-57-205 of the Supplemental Act, the City Council hereby delegates to the City Manager or the Finance Director the authority to sign a contract for the purchase of the Certificates or to accept a binding bid for the Certificates and to execute any agreement or agreements in connection therewith. In addition, the City Manager or the Finance Director is hereby authorized to determine if obtaining an insurance policy for all or a portion of the Certificates is in the best interests of the City, and if so, to select an insurer to issue an insurance policy, execute a commitment relating to the same and execute any related documents or agreements required by such commitment. The City Manager or the Finance Director is also hereby authorized to determine if obtaining a reserve fund insurance policy for the Certificates is in the best interests of the City, and if so, to select a surety provider to issue a reserve fund insurance policy and execute any related documents or agreements required by such commitment. The City Manager or the Finance Director is also hereby authorized to determine if establishing a debt service reserve fund for the Certificates is in the best interest of the City to prevent a default in the payment of the principal of, premium if any, and interest on the Base Rentals when due, and, if so, to establish such debt service reserve fund.

The delegation set forth in this Section 3 shall be effective for one year following the date hereof.

The City Council hereby agrees and acknowledges that the net proceeds of the 2017 Certificates, together with other available money of the City, will be used to finance the Refunding Project.

Section 4. Approval of Documents. The Site Lease, the Lease, the Continuing Disclosure Undertaking and the Escrow Agreement, in substantially the forms on file with the City Clerk, are in all respects approved, authorized and confirmed. The Mayor is hereby authorized and directed to execute and deliver the Site Lease, the Lease, the Disclosure Certificate and the Escrow Agreement, for and on behalf of the City, in substantially the forms and with substantially the same contents as on file with the City Clerk, provided that such documents may be completed, corrected or revised as deemed necessary by the parties thereto in order to carry out the purposes of this Ordinance. The execution of the Site Lease, the Lease, the Disclosure Certificate and the Escrow Agreement by the Mayor shall be conclusive evidence of the approval by the City Council of such documents in accordance with the terms hereof and thereof.

Section 5. Official Statement. The designation of the Preliminary Official Statement by the City Manager or the Finance Director as a “nearly final Official Statement” for purposes of Rule 15c2-12 of the Securities and Exchange Commission is hereby authorized and confirmed. A final Official Statement, in substantially the form of the Preliminary Official Statement on file with the City Clerk, is in all respects approved and authorized. The Mayor or Mayor Pro Tem is hereby authorized and directed to execute and deliver the final Official Statement, for and on behalf of the City, in substantially the form and with substantially the same content as the Preliminary Official Statement on file with the City Clerk, provided that such document may be completed, corrected or revised as deemed necessary by the City Manager, the Finance Director or the City Attorney of the City. The distribution of the Preliminary Official Statement and the final Official Statement (in substantially the form of the Preliminary Official Statement) to prospective purchasers of the Series 2017 Certificates is hereby ratified, approved and authorized.

Section 6. Direction to Act. The City Clerk is hereby authorized and directed to attest all signatures and acts of any official of the City in connection with the matters authorized by this Ordinance and to place the seal of the City on any document authorized and approved by this Ordinance. The Mayor, the Mayor Pro-Tem of the City Council, the City Manager, the Finance Director, the City Clerk and other appropriate officials or employees of the City are hereby authorized to execute and deliver for and on behalf of the City any and all additional certificates, documents, instruments and other papers, and to perform all other acts that they deem necessary or appropriate, in order to implement and carry out the transactions and other matters authorized by this Ordinance. 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, deletions therefrom and additions thereto as may be approved by bond counsel prior to the execution of the documents. The execution of any document or instrument by the aforementioned officials or employees of the City or members of the City Council shall be conclusive evidence of the approval by the City Council of such document or instrument in accordance with the terms hereof and thereof.

Section 7. No General Obligation Debt. No provision of this Ordinance, the Site Lease, the Lease, the Indenture, the Disclosure Certificate, the Escrow Agreement, the Certificate Purchase Agreement, the Series 2017 Certificates, the Preliminary Official Statement or the final Official Statement shall be construed as creating or constituting a general obligation or other indebtedness or multiple fiscal year financial obligation of the City within the meaning of any constitutional, statutory or Charter provision, nor a mandatory charge or requirement against the City in any ensuing fiscal year beyond the then current fiscal year. The City shall not have any obligation to make any payment with respect to the Series 2017 Certificates except in connection with the payment of the Base Rentals and certain other payments under the Lease, which payments may be terminated by the City in accordance with the provisions of the Lease. The Series 2017 Certificates shall not constitute a mandatory charge or requirement of the City in any ensuing fiscal year beyond the then current fiscal year, and shall not constitute or give rise to a general obligation or other indebtedness of the City within the meaning of any constitutional, statutory or Charter debt limitation and shall not constitute a multiple fiscal year direct or indirect City debt or other financial obligation whatsoever. No provision of the Site Lease, the Lease or the Series 2017 Certificates shall be construed or interpreted as creating an unlawful delegation of governmental powers nor as a donation by or a lending of the credit of the City within the meaning of Sections 1 or 2 of Article XI of the Colorado Constitution. Neither the Site Lease, the Lease nor the Series 2017 Certificates shall directly or indirectly obligate the City to make any payments beyond those budgeted and appropriated for the City's then current fiscal year.

Section 8. Reasonableness of Rentals. The City Council hereby determines and declares that the Base Rentals due under the Lease, in the maximum amounts authorized pursuant to Section 3 hereof, constitute the fair rental value of the Leased Property and do not exceed a reasonable amount so as to place the City under an economic compulsion to renew the Lease or to exercise its option to purchase the Trustee's leasehold interest in the Leased Property pursuant to the Lease. The City Council hereby determines and declares that the period during which the City has an option to purchase the Trustee's leasehold interest in the Leased Property (i.e., the entire maximum term of the Lease) does not exceed the useful life of the Leased Property and does not exceed forty (40) years. The City Council hereby further determines that the amount of rental payments to be received by the City from the Trustee pursuant to the Site Lease is reasonable consideration for the leasing of the Leased Property to the Trustee for the term of the Site Lease as provided therein.

Section 10. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the City 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, interest or prior redemption premiums on the 2017 Certificates. Such recourse shall not be available either directly or indirectly through the City 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 Series 2017 Certificates and as a part of the consideration of their sale or purchase, any person purchasing or selling the Series 2017 Certificates specifically waives any such recourse.

Section 11. Severability. If any section, subsection, paragraph, clause or provision of this Ordinance or the documents hereby authorized and approved (other than

provisions as to the payment of Base Rentals by the City during the Lease Term, provisions for the quiet enjoyment of the Leased Property by the City during the Lease Term and provisions for the conveyance of the Trustee's leasehold interest in the Leased Property to the City under the conditions provided in the Lease) shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance or such documents, the intent being that the same are severable.

Section 12. 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 13. Recording and Authentication. This Ordinance as adopted shall be authenticated by the signature of the Mayor and the City Clerk. A true copy of this authenticated Ordinance shall be numbered and recorded in the official records of the City, as required by the Charter.

Section 14. Charter. Pursuant to Article XX of the State Constitution and the Charter, all State statutes that might otherwise apply in connection with the provisions of this Ordinance are hereby superseded to the extent of any inconsistencies between the provisions of this Ordinance and such statutes. Any such inconsistency is intended by the City Council and shall be deemed made pursuant to the Charter.

Section 15. Posting and Publication. This Ordinance shall be posted and published as required by the Charter following approval on first reading and following final passage. Such posting and publication shall be by title and shall contain a summary of this Ordinance and shall contain a notice to the public that copies of the Ordinance are available at the office of the City Clerk.

Section 16. Public Hearing. Prior to final passage of this Ordinance, the City Council shall hold a public hearing on this Ordinance. Notice of the public hearing, specifying the day, hour and place of the public hearing, shall be included in the posting and first publication of this Ordinance. The public notice shall state that copies of this Ordinance are available for inspection at the office of the Clerk.

Section 17. Effective Date. This Ordinance shall take effect thirty (30) days after publication following final passage.

In accordance with Section 13.6 of the Charter, the effective date of any sale or lease authorized by this Ordinance shall be at least thirty (30) days after the passage of this Ordinance by the City Council and no documents related to the transactions authorized by this Ordinance shall be executed prior to such thirty (30) day period.

INTRODUCED AND APPROVED ON FIRST READING ON AUGUST 1,
2017.

INTRODUCED, FINALLY PASSED, ADOPTED AND APPROVED ON
SECOND READING ON AUGUST 15, 2017.

CITY OF FRUITA, COLORADO

Lori Buck, Mayor
Fruita City Council

ATTEST:

Margaret Sell
City Clerk

APPROVED AS TO FORM:

By _____
Edward P. Sands, City Attorney

STATE OF COLORADO)
) SS.
 CITY OF FRUITA)

I, Margaret Sell, the City Clerk of the City of Fruita, Colorado (the “City”), do hereby certify that:

1. The foregoing pages are a true and correct copy of Ordinance No. [_____] (the “Ordinance”).
2. Copies of the Ordinance were made available to the City Council and to the public.
3. The Ordinance was proposed on at a regular meeting of the City Council on August 1, 2017 and a public hearing was requested and set for August 15, 2017.
4. Following the request for public hearing, the Ordinance was duly posted by title at City Hall, 325 Aspen Ave., Fruita, Colorado 81521, in the City, on August __, 2017 [and was published by title in [_____], a newspaper of general circulation published in the City in its issue of August __, 2017, as evidenced by the certificate of the publisher attached hereto as Exhibit A. The posting and publication contained a summary of the subject matter of the Ordinance and contained a notice that copies of the Ordinance are available at the office of the City Clerk. Such posting and publication contained a notice of public hearing on the Ordinance, specifying the day, hour, and place of the public hearing.
5. The Ordinance was duly introduced, read by title, moved and seconded, and finally adopted and approved by the City Council at a regular meeting of the City Council at City Hall, 325 Aspen Ave., Fruita, Colorado 81521 the regular meeting place thereof, on Tuesday, the 15th day of August, 2017, by an affirmative vote of a majority of the membership of the entire City Council as follows:

Name	“Yes”	“No”	Absent	Abstain
Bruce Bonar, Mayor Pro-Tem				
Joel Kinkaid				
Kyle Harvey				
Dave Karisny				
Ken Kreie				
Louis Brackett				

6. Prior to taking final action on the Ordinance, the City Council held a public hearing on the Ordinance.
7. The members of the City Council were present at such meetings and voted on the passage of such Ordinance as set forth above.

8. A true copy of the Ordinance has been authenticated by the Mayor of the Council and by myself as City Clerk of the City, sealed with the seal of the City, and numbered and recorded in the official records of the City.

9. Notices of the meeting of August 15, 2017, in the form attached hereto as Exhibit B was posted at City Hall not less than twenty-four (24) hours prior to the meeting in accordance with law.

WITNESS my hand and the seal of the City affixed this _____, 2017.

City Clerk

(SEAL)

Exhibit A

(Attach Affidavit of Publication after First Reading)

Exhibit B

(Attach form of Notice of August 15, 2017 Meeting)

AFTER RECORDATION PLEASE RETURN TO:

Kline Alvarado Veio, P.C.
1775 Sherman Street, Suite 1790
Denver, Colorado 80203
Attention: Paul F. Wisor, Esq.

SITE AND IMPROVEMENT LEASE

DATED [_____], 2017

BETWEEN

CITY OF FRUITA, COLORADO,
AS LESSOR

AND

UMB BANK, N.A.,
SOLELY IN ITS CAPACITY AS TRUSTEE UNDER THE INDENTURE,
AS LESSEE

This SITE AND IMPROVEMENT LEASE, dated [_____], 2017 (this “Site Lease”), is by and between the City of Fruita, Colorado, a home rule city duly organized and validly existing under the Constitution and laws of the State of Colorado (the “City”), as lessor, and UMB Bank, n.a., Denver, Colorado, a national banking association duly organized and validly existing under the laws of the United States of America, solely in its capacity as trustee under the Indenture (the “Trustee”), as lessee.

PREFACE

Unless the context otherwise requires, capitalized terms used herein shall have the meanings ascribed to them herein and in the Lease Purchase Agreement, dated [_____], 2017 (the “Lease”), between the Trustee, as lessor, and the City, as lessee.

RECITALS

1. The City of Fruita, Colorado (the “City”) is a home rule municipality and political subdivision of the State of Colorado (the “State”) organized and existing under a home rule charter (the “Charter”) pursuant to Article XX of the Constitution of the State.

2. Article X, section 20 of the Constitution of the State of Colorado requires the City to have voter approval in advance for the creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever.

3. At the general election held on Tuesday, November 4, 2008 (the “Election”), in accordance with law and pursuant to due notice, a majority of the eligible electors of the City voting in said election approved the following ballot issue (the “Community Center Ballot Issue”) authorizing the issuance of sales and use tax bonds for purpose of constructing, improving, equipping, operating and maintaining a community center, with such bonds to be paid from an increase in the sales and use tax of the City.

4. Pursuant to section 8.21 of the Charter, the City Council may, by ordinance, issue securities made payable from, among other things, the available proceeds of any sales or use tax.

5. Pursuant to the authorization granted to the City at the Election, Ordinance No. 2009-05 and Ordinance No. 2009-24, amending Ordinance No. 2009-05 (collectively, the “Bond Ordinances”), the City has issued its Sales and Use Tax Revenue Bonds, Series 2009A, in the aggregate principal amount of \$2,440,000, and which are currently outstanding in the aggregate principal amount of \$2,230,000 (the “Series 2009A Bonds”).

6. Pursuant to the authorization granted to the City at the Election and the Bond Ordinances, the City has issued its Sales and Use Tax Revenue Bonds (Federally Taxable – Issuer Subsidy – Build America Bonds), Series 2009B, in the aggregate principal amount of \$10,125,000, and which are currently outstanding in the aggregate principal amount of \$10,125,000 (the “Series 2009B Bonds, and, together with the 2009A Bonds, the “2009 Bonds”).

7. The proceeds of the Bonds were used to acquire, construct and improve certain property and facilities located in the City and commonly known as the Fruita Community Center (the “2009 Project”).

8. Pursuant to section 8.24 of the Charter, the City Council may, by ordinance, refund any securities as provided by Colorado statute.

9. The City Council of the City (the “Council”) has determined that it is in the best interests of the City and its inhabitants to refinance the 2009 Project and refund all the outstanding 2009B Bonds (the “Refunding Project”).

10. The Council has determined that it is in the best interests of the City and its inhabitants to provide for the financing of the Refunding Project by entering into this Site Lease and the Lease.

11. The City is authorized by Article XX, Section 6 of the Colorado Constitution, section 8.25 of its Charter and part 8 of article 15 of title 31, Colorado Revised Statutes (“C.R.S.”), to enter into rental or leasehold agreements in order to provide necessary land, buildings, equipment and other property for governmental or proprietary purposes.

12. The City currently owns, in fee title, the Site and the buildings and improvements located thereon, which presently serve as the City’s Community Center (as more particularly described in Exhibit A attached hereto, the “Leased Property”).

13. To effectuate the Refunding Project, the Trustee will acquire a leasehold interest in the Leased Property by leasing the Leased Property from the City pursuant to this Site Lease and will lease the Leased Property back to the City pursuant to the Lease.

14. Contemporaneously with the execution and delivery of this Site Lease and the Lease, the Trustee will execute and deliver an Indenture of Trust (the “Indenture”) pursuant to which there will be executed and delivered certificates of participation to effectuate the Refunding Project (the “2017 Certificates”).

15. The 2017 Certificates will be dated as of their date of delivery, will evidence proportionate interests in the right to receive certain Revenues (as defined in the Lease), will be payable solely from the sources therein provided, and shall not directly or indirectly obligate the City to make any payments beyond those appropriated for any fiscal year during which the Lease shall be in effect.

16. The net proceeds of the 2017 Certificates, together with other available money of the City, will be used to finance the Refunding Project.

17. The Trustee and the City intend that this Site Lease set forth their entire understanding and agreement regarding the terms and conditions upon which the Trustee is leasing the Leased Property from the City.

18. The City proposes to enter into this Site Lease with the Trustee as material consideration for the Trustee’s agreement to lease the Leased Property to the City pursuant to the Lease. The Trustee shall prepay in full its rental payments due under this Site Lease which rental payments shall be used by the City to effectuate the Refunding Project, all pursuant to this Site Lease, the Lease and the Indenture.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. Site Lease and Terms. The City hereby demises and leases to the Trustee and the Trustee hereby leases from the City, on the terms and conditions hereinafter set forth, the Leased Property, subject to Permitted Encumbrances as described in Exhibit B hereto.

The term of this Site Lease shall commence on the date hereof and shall end on December 31, 2049 (the "Site Lease Termination Date"), unless such term is sooner terminated as hereinafter provided. If, prior to the Site Lease Termination Date, the Trustee has transferred and conveyed the Trustee's leasehold interests in all of the Leased Property pursuant to Article 12 of the Lease as a result of the City's payment of (a) the applicable Purchase Option Price thereunder; or (b) all Base Rentals and Additional Rentals, all as further provided in Section 12.2 of the Lease, then the term of this Site Lease shall end in connection with such transfer and conveyance.

The term of any sublease of the Leased Property or any portion thereof, or any assignment of the Trustee's interest in this Site Lease, pursuant to Section 5 hereof, the Lease and the Indenture, shall not extend beyond December 31, 2049. At the end of the term of this Site Lease, all right, title and interest of the Trustee, or any sublessee or assignee, in and to the Leased Property, shall terminate. Upon such termination, the Trustee and any sublessee or assignee shall execute and deliver to the City any necessary documents releasing, assigning, transferring and conveying the Trustee's, sublessee's or assignees' respective interests in the Leased Property.

Section 2. Rental. The Trustee has paid to the City and the City hereby acknowledges receipt from the Trustee as and for rental hereunder, paid in advance, the sum of \$[_____], as and for all rent due hereunder, and other good and valuable consideration, the receipt and the sufficiency of which are hereby acknowledged. The City hereby determines that such amount is reasonable consideration for the leasing of the Leased Property to the Trustee for the term of this Site Lease.

Section 3. Purpose. The Trustee shall use the Leased Property solely for the purpose of leasing the Leased Property back to the City pursuant to the Lease and for such purposes as may be incidental thereto; provided, that upon the occurrence of an Event of Nonappropriation or an Event of Lease Default and the termination of the Lease, the City shall vacate the Leased Property, as provided in the Lease, and the Trustee may exercise the remedies provided in this Site Lease, the Lease and the Indenture.

Section 4. Owner in Fee. The City represents that (a) it is the owner in fee of the Leased Property, subject only to Permitted Encumbrances as described in Exhibit B hereto, and (b) the Permitted Encumbrances do not and shall not interfere in any material way with the Leased Property.

Section 5. Sales, Assignments and Subleases. Unless an Event of Nonappropriation or an Event of Lease Default shall have occurred and be continuing and except as may otherwise be provided in the Lease, the Trustee may not sell or assign its rights and interests under this Site Lease or sublet all or any portion of the Leased Property, without the written consent of the City.

In the event that (a) the Lease is terminated for any reason and (b) this Site Lease is not terminated, the Trustee may sublease the Leased Property or any portion thereof, or sell or assign the Trustee' leasehold interests in the Leased Property, pursuant to the terms of the Lease and the Indenture, and any purchasers from or sublessees or assignees of the Trustee may sell or assign its respective interests in the Leased Property, subject to the terms of this Site Lease, the Lease and the Indenture. The City and the Trustee (or any purchasers from or assignees or sublessees of the Trustee) agree that, except as permitted by this Site Lease, the Lease and the Indenture and except for Permitted Encumbrances (including purchase options under the Lease), neither the City, the Trustee, nor any purchasers from or sublessees or assignees of the Trustee will sell, mortgage or encumber the Leased Property or any portion thereof during the term of this Site Lease.

The Trustee and any other person who has the right to use the Leased Property under this Site Lease, at its own expense, may install machinery, equipment and other tangible property in or on any portion of the Leased Property. All such machinery, equipment and other tangible property shall remain the sole property of the Trustee or such other person; provided, however, that title to any such machinery, equipment and other tangible property shall become part of the Leased Property and be included under the terms of this Site Lease to the extent that (a) any such machinery, equipment or other tangible property is permanently affixed to the Leased Property or (b) the removal of such machinery, equipment or other tangible property would damage or impair the Leased Property.

Section 6. Right of Entry. To the extent that the Lease is terminated and this Site Lease is still in effect, the City reserves the right for any of its duly authorized representatives to enter upon the Leased Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 7. Termination. The Trustee agrees, upon the termination of this Site Lease, to quit and surrender all of the Leased Property, and agrees that any permanent improvements and structures existing upon the Leased Property at the time of the termination of this Site Lease shall remain thereon.

Section 8. Default. In the event the Trustee shall be in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for 30 days following notice and demand for correction thereof to the Trustee, the City may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Lease shall be deemed to occur as a result thereof and that so long as any 2017 Certificates are Outstanding (as defined in the Indenture) and unpaid under the Indenture, the Base Rentals due under the Lease shall continue to be paid to the Trustee except as otherwise provided in the Lease. In addition, so long as any of the 2017 Certificates are Outstanding, this Site Lease shall not be terminated except as described in Section 1 hereof.

Section 9. Quiet Enjoyment and Acknowledgment of Ownership. The Trustee at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy the Leased Property, subject to the provisions of this Site Lease, the Lease and the Indenture.

Section 10. Trustee's Disclaimer. It is expressly understood and agreed that (a) this Site Lease is executed by UMB Bank, n.a., solely in its capacity as Trustee under the Indenture, and (b) nothing herein shall be construed as creating any liability on UMB Bank, n.a. other than in its capacity as Trustee under the Indenture. All financial obligations of the Trustee under this Site Lease, except those resulting from its willful misconduct or negligence, are limited to the Trust Estate.

Section 11. Taxes; Maintenance; Insurance. During the Lease Term of the Lease and in accordance with the provisions of the Lease, including Sections 9.1 and 9.3 thereof, the City covenants and agrees to pay any and all taxes, assessments or governmental charges due in respect of the Leased Property and all maintenance costs and utility charges in connection with the Leased Property. In the event that (a) the Lease is terminated for any reason and (b) this Site Lease is not terminated, the Trustee, or any purchaser, sublessee or assignee of the Leased Property (including the leasehold interests of the Trustee resulting from this Site Lease) shall pay or cause to be paid when due, all such taxes, assessments or governmental charges and maintain the Leased Property in good condition and working order. Any such payments that are to be made by the Trustee shall be made solely from (a) the proceeds of such sale, subleasing or assignment, (b) from the Trust Estate, or (c) from other moneys furnished to the Trustee under Section 8.02(m) of the Indenture, and in the absence of available moneys identified in the preceding clauses (a) through (c), the Trustee shall be under no obligation to pay or cause to be paid when due, all such taxes, assessments or governmental charges and maintain the Leased Property in good condition and working order.

The provisions of the Lease shall govern with respect to the maintenance of insurance hereunder during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason and (b) this Site Lease is not terminated, the Trustee, or any sublessee, purchaser or assignee of the Leased Property shall obtain and keep in force, (i) commercial general liability insurance against claims for personal injury, death or damage to property of others occurring on or in the Leased Property in an amount not less than \$[_____] and (ii) property insurance in an amount not less than the full replacement value of the improvements and structures constituting the Leased Property. Any such insurance that is to be obtained by the Trustee shall be paid for solely from (a) the proceeds of such subleasing, sale or assignment, (b) from the Trust Estate, or (c) from other moneys furnished to the Trustee under Section 8.02(m) of the Indenture and in the absence of available moneys identified in the preceding clauses (a) through (c), the Trustee shall be under no obligation to obtain or keep in force such insurance coverages. All such insurance shall name the Trustee, any sublessee, purchaser or assignee and the City as insured and the Trustee as loss payee. The City and the Trustee shall waive any rights of subrogation with respect to the Trustee, any sublessee, purchaser or assignee, and the City, and their members, directors, officers, agents and employees, while acting within the scope of their employment and each such insurance policy shall contain such a waiver of subrogation by the issuer of such policy.

Section 12. Damage, Destruction or Condemnation. The provisions of the Lease shall govern with respect to any damage, destruction or condemnation of the Leased Property during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason and (b) this Site Lease is not terminated, and either (i) the Leased Property or any portion thereof is damaged or destroyed, in whole or in part, by fire or other casualty, or (ii) title to or use of the Leased Property or any part thereof shall be taken under the exercise of the power of eminent domain, the City and the Trustee, or any sublessee, purchaser or assignee of the Leased Property from the Trustee shall cause the Net Proceeds of any insurance claim or condemnation award to be applied in accordance with the provisions of Article 10 of the Lease.

Section 13. Hazardous Substances. Except for customary materials necessary for operation, cleaning and maintenance of the Leased Property, none of the City, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee shall cause or permit any Hazardous Substance to be brought upon, generated at, stored or kept or used in or about the Leased Property without prior written notice to the City and the Trustee and all Hazardous Substances, including customary materials necessary for construction, operation, cleaning and maintenance of the Leased Property, will be used, kept and stored in a manner that complies with all laws regulating any such Hazardous Substance so brought upon or used or kept on or about the Leased Property, provided unless the Trustee has exercised its right to take possession of the Leased Property after the occurrence and continuance of an Event of Lease Default, the Trustee shall have no responsibility under this Section to monitor or investigate whether the Lease Property complies with environmental laws or is subject to any Hazardous Substance. If the presence of Hazardous Substance on the Leased Property caused or permitted by the City, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, results in contamination of the Leased Property, or if contamination of the Leased Property by Hazardous Substance otherwise occurs for which the City, the Trustee or any sublessee or assignee of the Leased Property, as the case may be, is legally liable for damage resulting therefrom, then the City, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, shall reimburse the other party for its reasonable and necessary legal expenses to defend the parties hereto or assignees hereof that have not caused or permitted such contamination and are not so legally liable with respect to this Site Lease from claims for damages, penalties, fines, costs, liabilities or losses; provided that the cost of such defense, (a) in the case of the Trustee, shall be payable solely from the Trust Estate, or (b) in the case of the City, shall be payable only if the cost of such defense has been annually appropriated by the City. This duty to reimburse legal expenses is not an indemnification. It is expressly understood that none of the City, the Trustee or any sublessee, purchaser or assignee is indemnifying any other person with respect to this Site Lease. Without limiting the foregoing, if the presence of any Hazardous Substance on the Leased Property is caused or permitted by:

- (a) the Trustee after the Trustee has exercised its right to take possession of the Leased Property after the occurrence and continuance of an Event of Lease Default, or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, results in any contamination of the Leased Property, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, shall provide prior written notice to the City and the Trustee and promptly take all actions, solely at the expense of the Trust Estate as are necessary to effect remediation of the contamination in accordance with legal requirements; or

(b) the City, results in any contamination of the Leased Property, the City shall provide prior written notice to the Trustee and promptly take all actions, solely at the expense of the City, which expenses shall constitute Additional Rentals, as are necessary to effect remediation of the contamination in accordance with legal requirements.

Section 14. Third Party Beneficiaries. It is expressly understood and agreed that the Owners of the outstanding 2017 Certificates are third party beneficiaries to this Site Lease and enforcement of the terms and conditions of this Site Lease, and all rights of action relating to such enforcement, shall be strictly reserved to the City, as Lessor, and the Trustee, as Lessee, and their respective successors and assigns, and to the Owners of the 2017 Certificates. Except as hereinafter provided, nothing contained in this Site Lease shall give or allow any such claim or right of action by any other or third person on this Site Lease. It is the express intention of the City and the Trustee that any person other than the City, the Trustee or the Owners of the 2017 Certificates receiving services or benefits under this Site Lease shall be deemed to be an incidental beneficiary only.

Section 15. Amendments. This Site Lease may only be amended, changed, modified or altered with the prior written consent of the City and the Trustee and in accordance with the provisions of the Indenture.

Section 16. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 17. No Merger. The City and the Trustee intend that the legal doctrine of merger shall have no application to this Site Lease and that neither the execution and delivery of the Lease by the Trustee and the City nor the exercise of any remedies under this Site Lease or the Lease shall operate to terminate or extinguish this Site Lease or the Lease, except as specifically provided herein and therein.

Section 18. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed shall be made by United States registered mail, return receipt requested, postage prepaid, at the addresses indicated in the Lease, or to such other addresses as the respective parties may from time to time designate in writing, or in such other manner as authorized by the City or the Trustee, as the case may be.

Section 19. Recitals. The Recitals set forth in this Site Lease are hereby incorporated by this reference and made a part of this Site Lease.

Section 20. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

Section 21. Execution. This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same Site Lease.

Section 22. Governing Law. This Site Lease shall be governed by and construed in accordance with the law of the State of Colorado without regard to choice of law analysis.

Section 23. No Waiver of Governmental Immunity. No provision of this Site Lease shall act or be deemed to be a waiver by the City of the Colorado Governmental Immunity Act, CRS 24-10-101, et seq.

Section 24. Annual Appropriation. Consistent with Article X, §20 of the Colorado Constitution, any financial obligation of the City under this Site Lease shall be from year to year only, shall be subject to annual appropriation, shall extend only to monies currently appropriated, and shall not constitute a mandatory charge, requirement, debt or liability beyond the current fiscal year. To the extent that any of the City's obligations under this Site Lease are deemed to constitute a multiple fiscal-year financial obligation, the City's performance will be conditioned upon annual appropriation by the Council, in its sole discretion.

Section 25. Electronic Transactions. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the City and the Trustee have caused this Site Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF FRUITA, COLORADO, a
Municipal Corporation
as Lessor

UMB BANK, N.A. solely in its capacity as
Trustee under the Indenture, as Lessee

By: _____
Mayor
Fruita City Council

By: _____
Assistant Vice President

[SEAL]

ATTEST:

City Clerk

APPROVED AS TO LEGAL FORM:

City Attorney

STATE OF COLORADO)
)
CITY OF FRUITA) ss.
)
COUNTY OF MESA)

The foregoing instrument was acknowledged before me this ____ day of _____
2017, by Lori Buck, as Mayor of Fruita City Council of the City of Fruita, Colorado.

WITNESS my hand and official seal.

(SEAL)

Notary Public

My commission expires:

STATE OF COLORADO)
)
CITY OF FRUITA) ss.
)
COUNTY OF MESA)

The foregoing instrument was acknowledged before me this ____ day of _____
2017, by Margaret Sell, as City Clerk of the City of Fruita, Colorado.

WITNESS my hand and official seal.

(SEAL)

Notary Public

My commission expires:

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this _____ day of [_____]
2017, by Jacque Schwartz, as Assistant Vice President of UMB Bank, n.a., as Trustee.

WITNESS my hand and official seal.

(SEAL)

Notary Public

My commission expires:

EXHIBIT A

DESCRIPTION OF THE LEASED PROPERTY:

The Leased Property consists of the Site and the buildings and improvements located thereon as set forth below, as amended from time to time.

Site:

Description of building and improvements located on Site:

The Fruita Community Center and all buildings, structures and other improvements located on or affixed to the Site and all fixtures on the Leased Property which constitutes real property under applicable law.

EXHIBIT B

PERMITTED ENCUMBRANCES

“Permitted Encumbrances” means, as of any particular time: (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pending contest pursuant to the provisions of the Lease; (b) this Site Lease, the Lease, the Indenture and any related fixture filing and any liens arising or granted pursuant to the Lease or the Indenture; (c) utility, access and other easements and rights of way, licenses, permits, party wall and other agreements, restrictions and exceptions which the City Representative certifies will not materially interfere with or materially impair the Leased Property or the use thereof, including rights or privileges in the nature of easements, licenses, permits and agreements as provided in the Lease; and (d) the easements, covenants, restrictions, liens and encumbrances to which title to the Leased Property was subject when leased to the Trustee pursuant to this Site Lease, as shown below, and which the City Representative has certified do not and will not interfere in any material way with the intended use of the Leased Property.

The easements, covenants, restrictions, liens and encumbrances to which title to the Leased Property was subject when leased to the Trustee pursuant to this Site Lease, and which the City Representative has certified do not and will not interfere in any material way with the intended use of the Leased Property, are as follows:

AFTER RECORDATION PLEASE RETURN TO:

Kline Alvarado Veio, P.C.
1775 Sherman Street, Suite 1790
Denver, Colorado 80203
Attention: Paul F. Wisor, Esq.

LEASE PURCHASE AGREEMENT

DATED [_____], 2017

**BETWEEN
UMB BANK, N.A.,
SOLELY IN ITS CAPACITY AS TRUSTEE UNDER THE INDENTURE IDENTIFIED HEREIN,
AS LESSOR**

AND

**CITY OF FRUITA, COLORADO,
AS LESSEE**

This Table of Contents is not a part of this Lease and is only for convenience of reference.

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS..... 4

Section 1.1 Certain Funds and Accounts. 4

Section 1.2 Definitions..... 4

ARTICLE 2 REPRESENTATIONS AND COVENANTS..... 10

Section 2.1 Representations and Covenants of the City. 10

Section 2.2 Representations and Covenants of the Trustee. 11

Section 2.3 Nature of Lease. 12

Section 2.4 City Acknowledgment of Certain Matters. 12

Section 2.5 Relationship of City and Trustee. 13

ARTICLE 3 LEASE OF THE LEASED PROPERTY 14

ARTICLE 4 LEASE TERM..... 15

Section 4.1 Duration of Lease Term. 15

Section 4.2 Termination of Lease Term. 16

ARTICLE 5 ENJOYMENT OF THE LEASED PROPERTY 17

Section 5.1 Trustee’s Covenant of Quiet Enjoyment..... 17

Section 5.2 City’s Need for the Leased Property; Determinations as to Fair Value and Fair Purchase Price..... 17

ARTICLE 6 PAYMENTS BY THE CITY 18

Section 6.1 Payments to Constitute Currently Budgeted Expenditures of the City..... 18

Section 6.2 Base Rentals, Purchase Option Price and Additional Rentals. 18

Section 6.3 Manner of Payment. 19

Section 6.4 Nonappropriation. 20

Section 6.5 Holdover Tenant. 21

Section 6.6 Prohibition of Adverse Budget or Appropriation Modifications..... 21

ARTICLE 7 SITE LEASE; TITLE INSURANCE..... 22

Section 7.1 Site Lease. 22

Section 7.2 Title Insurance. 22

ARTICLE 8 TITLE TO LEASED PROPERTY; LIMITATIONS ON ENCUMBRANCES 23

Section 8.1 Title to the Leased Property 23

Section 8.2 No Encumbrance, Mortgage or Pledge of the Leased Property..... 23

ARTICLE 9 MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES.....	24
Section 9.1 Maintenance of the Leased Property by the City.....	24
Section 9.2 Modification of the Leased Property; Installation of Furnishings and Machinery of the City.	24
Section 9.3 Taxes, Other Governmental Charges and Utility Charges.....	24
Section 9.5 Provisions Regarding Casualty, Public Liability and Property Damage Insurance	25
Section 9.6 Advances.....	26
Section 9.7 Granting of Easements.....	26
ARTICLE 10 DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS	27
Section 10.1 Damage, Destruction and Condemnation.	27
Section 10.2 Obligation to Repair and Replace the Leased Property.	27
Section 10.3 Insufficiency of Net Proceeds.....	28
Section 10.4 Cooperation of the Trustee.....	29
ARTICLE 11 DISCLAIMER OF WARRANTIES; OTHER COVENANTS	30
Section 11.1 Disclaimer of Warranties.....	30
Section 11.2 Further Assurances and Corrective Instruments.	30
Section 11.3 Compliance with Requirements.....	30
Section 11.4 Partial Release and Substitution of Leased Property.	30
Section 11.5 Tax Covenants.	31
Section 11.6 Undertaking to Provide Ongoing Disclosure.....	32
Section 11.7 Covenant to Reimburse Legal Expenses.....	32
Section 11.8 Access to the Leased Property; Rights to Inspect Books.....	32
ARTICLE 12 PURCHASE OPTION.....	34
Section 12.1 Purchase Option.....	34
Section 12.2 Conditions for Purchase Option.....	34
Section 12.3 Manner of Conveyance.....	34
ARTICLE 13 ASSIGNMENT AND SUBLEASING	36
Section 13.1 Assignment by the Trustee; Replacement of the Trustee.	36
Section 13.2 Assignment and Subleasing by the City.	36
ARTICLE 14 EVENTS OF LEASE DEFAULT AND REMEDIES.....	37
Section 14.1 Events of Lease Default Defined.....	37
Section 14.2 Remedies on Default.....	37
Section 14.3 Limitations on Remedies.	38
Section 14.4 No Remedy Exclusive.....	39
Section 14.5 Waivers.....	39

Section 14.6	Agreement to Pay Attorneys' Fees and Expenses.	39
Section 14.7	Waiver of Appraisalment, Valuation, Stay, Extension and Redemption Laws.	39
ARTICLE 15 MISCELLANEOUS		40
Section 15.1	Sovereign Powers of City.	40
Section 15.2	Notices.	40
Section 15.3	Binding Effect.	40
Section 15.4	Amendments.	40
Section 15.5	Amounts Remaining in Funds.	40
Section 15.6	Triple Net Lease.	41
Section 15.7	Computation of Time.	41
Section 15.8	Payments Due on Holidays.	41
Section 15.9	Severability.	41
Section 15.10	Execution in Counterparts.	41
Section 15.11	Applicable Law.	41
Section 15.12	The Trustee Is Independent of the City.	41
Section 15.13	Governmental Immunity.	42
Section 15.14	Recitals.	42
Section 15.15	Captions.	42
Section 15.16	Trustee's Disclaimer.	42
Section 15.17	Electronic Transactions.	42
EXHIBIT A: DESCRIPTION OF LEASED PROPERTY		A-1
EXHIBIT B: PERMITTED ENCUMBRANCES		B-1
EXHIBIT C: BASE RENTALS SCHEDULE		C-1
EXHIBIT D: FORM OF NOTICE OF LEASE RENEWAL		D-1

This LEASE PURCHASE AGREEMENT, dated [_____], 2017 (this “Lease”), is by and between UMB Bank, n.a., Denver, Colorado, a national banking association duly organized and validly existing under the laws of the United States of America, solely in its capacity as trustee under the Indenture (the “Trustee”), as lessor, and the City of Fruita, Colorado, a home rule city duly organized and validly existing under the Constitution and laws of the State of Colorado (the “City”), as lessee.

PREFACE

All capitalized terms used herein will have the meanings ascribed to them in Article 1 of this Lease.

RECITALS

1. The City has been duly organized and is validly existing as a home rule municipality and municipal corporation under the Constitution of the State of Colorado and the Charter of the City (the “Charter”).

2. Article X, section 20 of the Constitution of the State of Colorado requires the City to have voter approval in advance for the creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever.

3. At the general election held on Tuesday, November 4, 2008 (the “Election”), in accordance with law and pursuant to due notice, a majority of the eligible electors of the City voting in said election approved the following ballot issue (the “Community Center Ballot Issue”) authorizing the issuance of sales and use tax bonds for purpose of constructing, improving, equipping, operating and maintaining a community center, with such bonds to be paid from an increase in the sales and use tax of the City.

4. Pursuant to section 8.21 of the Charter, the City Council may, by ordinance, issue securities made payable from, among other things, the available proceeds of any sales or use tax.

5. Pursuant to the authorization granted to the City at the Election, Ordinance No. 2009-05 and Ordinance No. 2009-24, amending Ordinance No. 2009-05 (collectively, the “Bond Ordinances”), the City has issued its Sales and Use Tax Revenue Bonds, Series 2009A, in the aggregate principal amount of \$2,440,000, and which are currently outstanding in the aggregate principal amount of \$2,230,000 (the “Series 2009A Bonds”).

6. Pursuant to the authorization granted to the City at the Election and the Ordinances, the City has issued its Sales and Use Tax Revenue Bonds (Federally Taxable – Issuer Subsidy – Build America Bonds), Series 2009B, in the aggregate principal amount of \$10,125,000, and which are currently outstanding in the aggregate principal amount of \$10,125,000 (the “Series 2009B Bonds, and, together with the 2009A Bonds, the “2009 Bonds”).

7. The proceeds of the Bonds were used to acquire, construct and improve certain property and facilities located in the City and commonly known as the Fruita Community Center (the “2009 Project”).

8. Pursuant to section 8.24 of the Charter, the City Council may, by ordinance, refund any securities as provided by Colorado statute.

9. The City Council of the City (the “Council”) has determined that it is in the best interests of the City and its inhabitants to refinance the 2009 Project and refund all the outstanding 2009B Bonds (the “Refunding Project”).

10. The Council has determined that it is in the best interests of the City and its inhabitants to provide for the financing of the Refunding Project by entering into this Site Lease and the Lease.

11. The City is authorized by Article XX, Section 6 of the Colorado Constitution, section 8.25 of its Charter and part 8 of article 15 of title 31, Colorado Revised Statutes (“C.R.S.”), to enter into rental or leasehold agreements in order to provide necessary land, buildings, equipment and other property for governmental or proprietary purposes.

12. The City owns, in fee title, the Site and the buildings and improvements located thereon, which presently serve as the City’s Community Center (as more particularly described in Exhibit A attached hereto, the “Leased Property”).

13. To effectuate the Refunding Project, the Trustee will acquire a leasehold interest in the Leased Property by leasing the Leased Property from the City pursuant to the Site Lease and will lease the Leased Property back to the City pursuant to this Lease.

14. Contemporaneously with the execution and delivery of the Site Lease and this Lease, the Trustee will execute and deliver an Indenture of Trust (the “Indenture”) pursuant to which there will be executed and delivered a series of certificates of participation to effectuate the Refunding Project (the “2017 Certificates”).

15. The Certificates will be dated as of their date of delivery, will evidence proportionate interests in the right to receive certain Revenues (as defined in this Lease), will be payable solely from the sources herein provided, and shall not directly or indirectly obligate the City to make any payments beyond those appropriated for any fiscal year during which the Lease shall be in effect.

16. The net proceeds of the 2017 Certificates will be used, together with other available money of the City, to finance the Refunding Project.

17. The payment by the City of Base Rentals and Additional Rentals hereunder in any future Fiscal Year is subject to specific Appropriations and the renewal by the Council of this Lease for such future Fiscal Year. The Base Rentals and Additional Rentals payable by the City under this Lease shall constitute current expenditures of the City.

18. Neither this Lease nor the payment by the City of Base Rentals or Additional Rentals hereunder shall be deemed or construed as creating an indebtedness of the City within the meaning of any provision of the Colorado constitution, the Charter or the laws of the State of Colorado concerning or limiting the creation of indebtedness by the City, and shall not constitute a multiple fiscal year direct or indirect debt or other financial obligation of the City within the

meaning of Article X, Section 20(4) of the Colorado constitution or a mandatory charge or requirement against the City in any ensuing Fiscal Year beyond the then current Fiscal Year. The obligation of the City to pay Base Rentals and Additional Rentals hereunder shall be from year to year only, shall constitute currently budgeted expenditures of the City, shall not constitute a mandatory charge or requirement in any ensuing budget year, nor a mandatory payment obligation of the City in any ensuing Fiscal Year beyond any Fiscal Year during which this Lease shall be in effect. In the event that this Lease is not renewed, the sole security available to the Trustee, as lessor hereunder, shall be the Leased Property.

19. The Trustee and the City intend that this Lease set forth their entire understanding and agreement regarding the terms and conditions upon which the City is leasing the Leased Property from the Trustee.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the Trustee and the City agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Certain Funds and Accounts. All references herein to any funds and accounts shall mean the funds and accounts so designated which are established under the Indenture.

Section 1.2 Definitions. All capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Indenture, unless the context otherwise requires. Capitalized terms used herein shall have the following meanings under this Lease:

“2009B Bonds” means the outstanding City of Fruita, Colorado Sales and Use Tax Revenue Bonds (Federally Taxable – Issuer Subsidy – Build America Bonds), Series 2009B, the net proceeds of which partially financed the 2009 Project.

“2009 Project” means the acquisition, construction and improvements to certain property and facilities located in the City and commonly known as the Fruita Community Center.

“2017 Certificates” means the “Certificates of Participation, Series 2017, Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement, dated [_____], 2017, between UMB Bank, n.a., Denver, Colorado as Trustee, as lessor, and the City of Fruita, Colorado, as lessee” dated as of their date of delivery, executed and delivered pursuant to this Indenture.

“Additional Certificates” means Additional Certificates which may be executed and delivered pursuant to the Indenture.

“Additional Rentals” means the payment or cost of all:

(a) (i) reasonable expenses and fees of the Trustee related to the performance or discharge of its responsibilities under the provisions of the Lease, the Site Lease or the Indenture, including the reasonable fees and expenses of any person or firm employed by the City to make rebate calculations under the provisions of Section 3.05 of the Indenture and the expenses of the Trustee in respect of any policy of insurance or surety bond obtained in respect of the Certificates executed and delivered with respect to the Lease, (ii) the cost of insurance premiums and insurance deductible amounts under any insurance policy reasonably deemed necessary by the Trustee to protect the Trustee from any liability under the Lease, and approved by the City Representative, which approval shall not be unreasonably withheld, (iii) reasonable legal fees and expenses incurred by the Trustee to defend the Trust Estate or the Trustee from and against any legal claims, and (iv) reasonable expenses and fees of the Trustee incurred at the request of the City Representative;

(b) taxes, assessments, insurance premiums, utility charges, maintenance, upkeep, repair and replacement with respect to the Leased Property or as otherwise required under the Lease;

(c) rebate payments as provided in the Lease; and

(d) all other charges and costs (together with all interest and penalties that may accrue thereon in the event that the City shall fail to pay the same, as specifically set forth in the Lease) which the City agrees to assume or pay as Additional Rentals under the Lease.

Additional Rentals shall not include Base Rentals.

“Appropriation” means the action of the Council in annually making moneys available for all payments due under this Lease, including the payment of Base Rentals and Additional Rentals.

“Approval of Special Counsel” means an opinion of Special Counsel to the effect that the matter proposed will not adversely affect the excludability from gross income for federal income tax purposes of the Interest Portion of the Base Rentals paid by the City under this Lease and attributable to the 2017 Certificates.

“Base Rentals” means the rental payments payable by the City during the Lease Term, which constitute payments payable by the City for and in consideration of the right to possess and use the Leased Property as set forth in Exhibit C (Base Rentals Schedule) hereto. Base Rentals does not include Additional Rentals.

“Base Rentals Payment Dates” means the Base Rentals Payment Dates set forth in Exhibit C (Base Rentals Schedule) hereto.

“Business Day” means any day, other than a Saturday, Sunday or legal holiday or a day (a) on which banks located in Denver, Colorado are required or authorized by law or executive order to close or (b) on which the Federal Reserve System is closed.

“Certificates” means, collectively, the 2017 Certificates and any Additional Certificates.

“Charter” means the home rule charter of the City, and any amendments or supplements thereto.

“City” means the City of Fruita, Colorado.

“City Manager” means the City Manager of the City or the City Manager’s successor in functions, if any.

“City Representative” means the City Manager or the Finance Director or such other person at the time designated to act on behalf of the City for the purpose of performing any act under this Lease, the Site Lease or the Indenture by a written certificate furnished to the Trustee containing the specimen signature of such person or persons and signed on behalf of the City by the President or President Pro Tem of the Fruita City Council.

“Continuing Disclosure Certificate” means the certificate executed by the City of even date herewith which constitutes an undertaking pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission.

“Costs of Execution and Delivery” means all items of expense directly or indirectly payable by the Trustee related to the authorization, execution and delivery of the Site Lease and this Lease and related to the authorization, sale, execution and delivery of the 2017 Certificates, as further defined in the Indenture.

“Council” means the City Council of the City or any successor to its functions.

“Counsel” means an attorney at law or law firm (who may be counsel for the Trustee) who is satisfactory to the City.

“CRS” means Colorado Revised Statutes.

“Escrow Account” means the Escrow Account created under the Escrow Agreement and referred to in the Indenture.

“Escrow Agreement” means the Escrow Agreement dated [_____], 2017 between the City and the Escrow Agent.

“Event(s) of Lease Default” means any event as defined in Section 14.1 of this Lease.

“Event of Nonappropriation” means the termination and non-renewal of this Lease by the City, determined by the Council’s failure, for any reason, to appropriate by the last day of each Fiscal Year, (a) sufficient amounts to be used to pay Base Rentals due in the next Fiscal Year and (b) sufficient amounts to pay such Additional Rentals as are estimated to become due in the next Fiscal Year, as provided in Section 6.4 of this Lease. An Event of Nonappropriation may also occur under certain circumstances described in Section 10.3(c) of this Lease. The term also means a notice under this Lease of the City’s intention to not renew and therefore terminate this Lease or an event described in this Lease relating to the exercise by the City of its right to not appropriate amounts due as Additional Rentals in excess of the amounts for which an Appropriation has been previously effected.

“Finance Director” means the Finance Director of the City or such Director’s successor in functions, if any.

“Fiscal Year” means any 12-month period adopted by the City as its fiscal year.

“Force Majeure” means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America, the State of Colorado or any of their departments, agencies or officials or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; or any other cause or event not within the control of the City in its capacity as lessee hereunder or the Trustee.

“Hazardous Substance” means and includes: (a) the terms “hazardous substance,” “release” and “removal” which, as used herein, shall have the same meaning and definition as set forth in paragraphs (14), (22) and (23), respectively, of Title 42 U.S.C. §9601 and in Colorado law, provided, however, that the term “hazardous substance” as used herein shall also include

“hazardous waste” as defined in paragraph (5) of 42 U.S.C. §6903 and “petroleum” as defined in paragraph (8) of 42 U.S.C. §6991; (b) the term “superfund” as used herein means the Comprehensive Environmental Response, Compensation and Liability Act, as amended, being Title 42 U.S.C. §9601 et seq., as amended, and any similar State of Colorado statute or local ordinance applicable to the Leased Property, including, without limitation, Colorado rules and regulations promulgated, administered and enforced by any governmental agency or authority pursuant thereto; and (c) the term “underground storage tank” as used herein shall have the same meaning and definition as set forth in paragraph (1) of 42 U.S.C. §6991.

“Indenture” means this Indenture of Trust dated [_____], 2017, executed and delivered by the Trustee as the same may be hereafter amended or supplemented.

“Initial Term” means the period which commences on the date of delivery of this Lease and terminates on December 31, 2017.

“Interest Portion” means the portion of each Base Rentals payment that represents the payment of interest set forth in Exhibit C (Base Rentals Schedule) hereto.

“Lease” means this Lease Purchase Agreement, dated [_____], 2017, between the Trustee, as lessor, and the City, as lessee, as the same may hereafter be amended.

“Lease Remedy” or “Lease Remedies” means any or all remedial steps provided in this Lease whenever an Event of Lease Default or an Event of Nonappropriation has happened and is continuing, which may be exercised by the Trustee as provided in this Lease and in the Indenture.

“Lease Term” means the Initial Term and any Renewal Terms as to which the City may exercise its option to renew this Lease by effecting an Appropriation of funds for the payment of Base Rentals and Additional Rentals hereunder, as provided in and subject to the provisions of this Lease. “Lease Term” refers to the time during which the City is the lessee of the Leased Property under this Lease.

“Leased Property” means the Site and the premises, buildings and improvements situated thereon, including all fixtures attached thereto, as more particularly described in Exhibit A to this Lease, together with any and all additions and modifications thereto and replacements thereof, and any New Facility.

“Net Proceeds” means the proceeds of any performance or payment bond, or proceeds of insurance, including self-insurance, required by this Lease or proceeds from any condemnation award, or any proceeds derived from the exercise of any Lease Remedy or otherwise following termination of this Lease by reason of an Event of Nonappropriation or an Event of Lease Default, allocable to the Leased Property, less (a) all related expenses (including, without limitation, attorney’s fees and costs) incurred in the collection of such proceeds or award; and (b) all other related fees, expenses and payments due to the City and the Trustee.

“New Facility” means any real property, buildings or equipment leased by the City to the Trustee pursuant to a future amendment to the Site Lease and leased back by the City from the

Trustee pursuant to a future amendment to this Lease in connection with the execution and delivery of Additional Certificates.

“Owners” means the registered owners of any Certificates.

“Permitted Encumbrances” with respect to the Leased Property, means, as of any particular time: (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pending contest pursuant to the provisions of this Lease; (b) the Site Lease, this Lease, the Indenture and any related fixture filing and any liens arising or granted pursuant to the Lease or the Indenture; (c) utility, access and other easements and rights of way, licenses, permits, party wall and other agreements, restrictions and exceptions which the City Representative certifies will not materially interfere with or materially impair the Leased Property or the use thereof, including rights or privileges in the nature of easements, licenses, permits and agreements as provided in the Lease; and (d) the easements, covenants, restrictions, liens and encumbrances to which title to the Leased Property was subject when leased to the Trustee pursuant to the Site Lease, as shown on Exhibit B hereto, and which the City Representative has certified do not and will not interfere in any material way with the intended use of the Leased Property.

“Prepayment” means any amount paid by the City pursuant to the provisions of this Lease as a prepayment of the Base Rentals due hereunder.

“Principal Portion” means the portion of each Base Rentals payment that represents the payment of principal set forth in Exhibit C (Base Rentals Schedule) hereto.

“Purchase Option Price” means the amount payable on any date, at the option of the City, to prepay Base Rentals, terminate the Lease Term and purchase the Trustee’s leasehold interest in the Leased Property, as provided herein.

“Refunding Project” means the payment, refunding and defeasance of the outstanding 2009B Bonds by depositing the proceeds of the 2017 Certificates, together with other available moneys of the City, into the Escrow Account and payment of the debt service on the 2017 Certificates until the redemption date of the 2009B Bonds.

“Renewal Term” means any portion of the Lease Term commencing on January 1 of any calendar year and terminating on or before December 31 of such calendar year as provided in Article 4 of this Lease.

“Revenues” means (a) all amounts payable by or on behalf of the City or with respect to the Leased Property pursuant to this Lease including, but not limited to, all Base Rentals, Prepayments, the Purchase Option Price and Net Proceeds, but not including Additional Rentals; (b) any portion of the proceeds of the Certificates deposited into the Base Rentals Fund created under the Indenture; (c) any moneys which may be derived from any insurance in respect of the Certificates; and (d) any moneys and securities, including investment income, held by the Trustee in the Funds and Accounts established under the Indenture (except for moneys and securities held in the Rebate Fund, the Escrow Account or any other defeasance escrow account).

“Site” means the real property owned by the City and leased by the City to the Trustee under the Site Lease and subleased by the Trustee to the City under this Lease, the legal description of which is set forth in Exhibit A to this Lease, or an amendment or supplement thereto.

“Site Lease” means the Site and Improvement Lease, dated [_____], 2017, between the City, as lessor, and the Trustee, as lessee, as the same may hereafter be amended.

“Special Counsel” means any counsel experienced in matters of municipal law and listed in the list of municipal bond attorneys, as published semiannually by The Bond Buyer, or any successor publication. So long as the Lease Term is in effect, the City shall have the right to select Special Counsel.

“Tax Certificate” means the Tax Compliance Certificate entered into by the City with respect to this Lease and the 2017 Certificates.

“Tax Code” means the Internal Revenue Code of 1986, as amended, and all regulations and rulings promulgated thereunder

“Trustee” means UMB Bank, n.a., Denver, Colorado, acting in the capacity of trustee pursuant to the Indenture, and any successor thereto appointed under the Indenture.

ARTICLE 2
REPRESENTATIONS AND COVENANTS

Section 2.1 Representations and Covenants of the City. The City represents and covenants to the Trustee, to the extent allowed by law and subject to renewal of this Lease and Appropriation as set forth in Article 6 hereof, as follows:

(a) The City is a home rule municipal corporation duly organized and existing within the State under the Constitution and laws of the State and its Charter. The City is authorized to enter into this Lease and the Site Lease and to carry out its obligations under this Lease and the Site Lease. The City has duly authorized and approved the execution and delivery of this Lease, the Site Lease and all other documents related to the execution and delivery of this Lease and the Site Lease.

(b) The leasing of the Leased Property by the City to the Trustee pursuant to the Site Lease, and the implementation of the Refunding Project by the City and the Trustee under the terms and conditions provided for in this Lease, are necessary, convenient and in furtherance of and is in the best interests of the citizens of the City. The City will apply the net proceeds of the 2017 Certificates, together with other available money of the City, to finance the Refunding Project.

(c) Neither the execution and delivery of this Lease and the Site Lease, nor the fulfillment of or compliance with the terms and conditions of this Lease and the Site Lease, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is now a party or by which the City or its property is bound, or violates any statute, regulation, rule, order of any court having jurisdiction, judgment or administrative order applicable to the City, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien or encumbrance whatsoever upon any of the property or assets of the City, except for Permitted Encumbrances.

(d) The City agrees that, except for non-renewal and nonappropriation as set forth in Article 6 hereof, if the City fails to perform any act which the City is required to perform under this Lease, the Trustee may, but shall not be obligated to, perform or cause to be performed such act, and any reasonable expense incurred by the Trustee in connection therewith shall be an obligation owing by the City (from moneys for which an Appropriation has been effected) to the Trustee shall be a part of Additional Rentals, and the Trustee shall be subrogated to all of the rights of the party receiving such payment.

(e) There is no litigation or proceeding pending against the City affecting the right of the City to execute this Lease or the Site Lease or the ability of the City to make the payments required hereunder or to otherwise comply with the obligations contained herein, or which, if adversely determined, would, in the aggregate or in any case, materially adversely affect the property, assets, financial condition or business of the City or materially impair the right or ability of the City to carry on its operations substantially as now conducted or anticipated to be conducted in the future.

(f) Except for customary materials necessary for construction, operation, cleaning and maintenance of the Leased Property, the City shall not cause or permit any Hazardous Substance to be brought upon, generated at, stored or kept or used in or about the Leased Property without prior written notice to the Trustee and all Hazardous Substances, including, customary materials necessary for construction, operation, cleaning and maintenance of the Leased Property, will be used, kept and stored in a manner that complies with all laws regulating any such Hazardous Substance so brought upon or used or kept in or about the Leased Property. If the presence of any Hazardous Substance on the Leased Property caused or permitted by the City results in contamination of the Leased Property, or if contamination of the Leased Property by any Hazardous Substance otherwise occurs for which the City is legally liable for damage resulting therefrom, then the City shall include as an Additional Rental any amount necessary to reimburse the Trustee for legal expenses incurred to defend (to the extent that an Appropriation for the necessary moneys has been effected by the City) the Trustee from claims for damages, penalties, fines, costs, liabilities or losses. The reimbursement of the Trustee's legal expenses is not an indemnification. It is expressly understood that the City is not indemnifying the Trustee and expenses of such defense shall constitute Additional Rentals. Without limiting the foregoing, if the presence of any Hazardous Substance on the Leased Property caused or permitted by the City results in any contamination of the Leased Property, the City shall provide prior written notice to the Trustee and promptly take all actions at its sole expense (which expenses shall constitute Additional Rentals) as are necessary to effect remediation of the contamination in accordance with legal requirements.

(g) The City covenants and agrees to comply with any applicable covenants and requirements of the City set forth in the Tax Certificate.

Section 2.2 Representations and Covenants of the Trustee. The Trustee represents and covenants as follows:

(a) So long as no Event of Indenture Default has occurred and is then continuing or existing, except as specifically provided in the Site Lease or this Lease or as necessary to transfer the Trust Estate to a successor Trustee, the Trustee shall not pledge or assign the Trustee's right, title and interest in and to (i) this Lease or the Site Lease, (ii) the Base Rentals, other Revenues and collateral, security interests and attendant rights and obligations which may be derived under this Lease or the Site Lease and/or (iii) the Leased Property and any reversion therein or any of its or the Trustee's other rights under this Lease or the Site Lease or assign, pledge, mortgage, encumber or grant a security interest in its or the Trustee's right, title and interest in, to and under this Lease or the Site Lease or the Leased Property except for Permitted Encumbrances.

(b) Neither the execution and delivery of this Lease, the Site Lease or the Indenture by the Trustee, nor the fulfillment of or compliance with the terms and conditions thereof and hereof, nor the consummation of the transactions contemplated thereby or hereby conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee is bound, or constitutes a default under any of the foregoing.

(c) To the Trustee's knowledge, there is no litigation or proceeding pending against the Trustee affecting the right of the Trustee to execute the Lease, the Site Lease or the Indenture, and perform its obligations thereunder or hereunder, except such litigation or proceeding as has been disclosed in writing to the City on or prior to the date the Indenture is executed and delivered.

Section 2.3 Nature of Lease. The City and the Trustee acknowledge and agree that the Base Rentals and Additional Rentals hereunder shall constitute currently budgeted and appropriated expenditures of the City and may be paid from any legally available funds. The City's obligations under this Lease shall be subject to the City's annual right to terminate this Lease (as further provided herein), and shall not constitute a mandatory charge or requirement in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of this Lease shall be construed or interpreted as creating a general obligation, multiple fiscal year financial obligation, or other indebtedness of the City within the meaning of any constitutional, home rule charter or statutory debt limitation. No provision of this Lease shall be construed or interpreted as creating an unlawful delegation of governmental powers nor as a donation by or a lending of the credit of the City within the meaning of Article XI, Sections 1 or 2 of the Colorado constitution. Neither this Lease nor the execution and delivery of the Certificates shall directly or indirectly obligate the City to make any payments beyond those duly budgeted and appropriated for the City's then current Fiscal Year. The City shall be under no obligation whatsoever to exercise its option to purchase the Trustee's interest in the Leased Property. No provision of this Lease shall be construed to pledge or to create a lien on any class or source of City moneys, nor shall any provision of this Lease restrict the future issuance of any City bonds or obligations payable from any class or source of City moneys (provided, however, certain restrictions in the Indenture shall apply to the issuance of Additional Certificates). In the event that this Lease is not renewed by the City, the sole security available to the Trustee, as lessor hereunder, shall be the Trust Estate.

Section 2.4 City Acknowledgment of Certain Matters. The City acknowledges the Indenture and the execution and delivery by the Trustee of the 2017 Certificates pursuant to the Indenture. The City also acknowledges the Trustee's authority to act on behalf of the Owners of the Certificates with respect to all rights, title and interests of the Trustee in, to and under this Lease, the Site Lease and the Leased Property.

Section 2.5 Relationship of City and Trustee. The relationship of the City and the Trustee under this Lease is, and shall at all times remain, solely that of lessee and lessor; and the City neither undertakes nor assumes any responsibility or duty to the Trustee or to any third party with respect to the Trustee's obligations relating to the Leased Property; and the Trustee does not undertake or assumes any responsibility or duty to the City or to any third party with respect to the City's obligations relating to the Leased Property. Notwithstanding any other provisions of this Lease: (a) the City and the Trustee are not, and do not intend to be construed to be, partners, joint ventures, members, alter egos, managers, controlling persons or other business associates or participants of any kind of either of the other, and the City and the Trustee do not intend to ever assume such status; and (b) the City and the Trustee shall not be deemed responsible for, or a participant in, any acts, omissions or decisions of either of the other.

ARTICLE 3
LEASE OF THE LEASED PROPERTY

The Trustee demises and leases the Leased Property to the City and the City leases the Leased Property from the Trustee, in accordance with the provisions of this Lease, subject only to Permitted Encumbrances, to have and to hold for the Lease Term.

The City and the Trustee acknowledge that the City owns the Leased Property and the City has leased the Leased Property to the Trustee pursuant to the Site Lease; and the City and the Trustee intend that there be no merger of the City's interests as sublessee under this Lease and the City's ownership interest in the Leased Property so as to cause the cancellation of the Site Lease or this Lease, or an impairment of the leasehold and subleasehold interest intended to be created by the Site Lease and this Lease.

**ARTICLE 4
LEASE TERM**

Section 4.1 Duration of Lease Term. The Lease Term shall commence as of the date hereof. The Initial Term shall terminate on December 31, 2017. This Lease may be renewed, solely at the option of the City, for twenty (20) Renewal Terms, with the Lease Term terminating no later than December 31, 2037. The City hereby finds that the maximum Lease Term hereunder does not exceed the weighted average useful life of the Leased Property. The City further determines and declares that the period during which the City has an option to purchase the Trustee's leasehold interest in the Leased Property (i.e. the entire maximum Lease Term) does not exceed the useful life of the Leased Property.

The City Manager or other officer of the City at any time charged with the responsibility of formulating budget proposals for the City is hereby directed to include in the annual budget proposals submitted to the Council, in any year in which this Lease shall be in effect, items for all payments required for the ensuing Renewal Term under this Lease until such time, if any, as the City may determine to not renew and terminate this Lease. Notwithstanding this directive regarding the formulation of budget proposals, it is the intention of the City that any decision to effect an Appropriation for the Base Rentals and Additional Rentals shall be made solely by the Council and not by any other official of the City, as further provided in the following paragraph. During the Lease Term, the City shall in any event, whether or not the Lease is to be renewed, furnish the Trustee with copies of its annual budget promptly after the budget is adopted.

Not later than December 15 of the then current Initial Term or any Renewal Term the City Representative shall give written notice (in substantially the form set forth in Exhibit D attached hereto) to the Trustee that either:

(a) the City has effected or intends to effect on a timely basis an Appropriation for the ensuing Fiscal Year which includes (1) sufficient amounts authorized and directed to be used to pay all of the Base Rentals and (2) sufficient amounts to pay such Additional Rentals as are estimated to become due, all as further provided in Sections 6.2, 6.3 and 6.4 of this Lease, whereupon, this Lease shall be renewed for the ensuing Fiscal Year; or

(b) the City has determined, for any reason, not to renew this Lease for the ensuing Fiscal Year.

Subject to the provisions of Section 6.4(a) hereof, the failure to give such notice shall not constitute an Event of Lease Default, nor prevent the City from electing not to renew this Lease, nor result in any liability on the part of the City. The City's option to renew or not to renew this Lease shall be conclusively determined by whether or not the applicable Appropriation has been made on or before December 31 of each Fiscal Year, all as further provided in Article 6 of this Lease.

The terms and conditions hereof during any Renewal Term shall be the same as the terms and conditions hereof during the Initial Term, except that the Purchase Option Price and the Base Rentals shall be as provided in Article 12 and Exhibit C (Base Rentals Schedule) hereof.

Section 4.2 Termination of Lease Term. The Lease Term shall terminate upon the earliest of any of the following events:

(a) the expiration of the Initial Term or any Renewal Term during which there occurs an Event of Nonappropriation pursuant to Section 4.1 and Article 6 of this Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in Section 6.4 hereof);

(b) the occurrence of an Event of Nonappropriation under this Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in Section 6.4 hereof);

(c) the conveyance of the Trustee's leasehold interest in the Leased Property under this Lease to the City upon payment of the Purchase Option Price or all Base Rentals and Additional Rentals, for which an Appropriation has been effected by the City for such purpose, as provided in Section 12.2(a) or (b) of this Lease; or

(d) an uncured Event of Lease Default and termination of this Lease under Article 14 of this Lease by the Trustee.

Except for an event described in subparagraph (c) above, upon termination of this Lease, the City agrees to peacefully deliver possession of the Leased Property to the Trustee.

Termination of the Lease Term shall terminate all unaccrued obligations of the City under this Lease, and shall terminate the City's rights of possession under this Lease (except to the extent of the holdover provisions of Sections 6.5 and 14.2(d)(i) hereof, and except for any conveyance pursuant to Article 12 of this Lease). All obligations of the City accrued prior to such termination shall be continuing until the Trustee gives written notice to the City that such accrued obligations have been satisfied.

Upon termination of the Lease Term any moneys received by the Trustee in excess of the amounts necessary to terminate and discharge the Indenture, shall be paid to the City.

The City shall not have the right to terminate this Lease due to a default by the Trustee under this Lease.

ARTICLE 5
ENJOYMENT OF THE LEASED PROPERTY

Section 5.1 Trustee's Covenant of Quiet Enjoyment. The Trustee hereby covenants that the City shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Trustee, except as expressly required or permitted by this Lease. The Trustee shall not interfere with the quiet use and enjoyment of the Leased Property by the City during the Lease Term so long as no Event of Lease Default shall have occurred. The Trustee shall, at the request of the City and at the cost of the City, join and cooperate fully in any legal action in which the City asserts against third parties its right to such possession and enjoyment, or which involves the imposition of any taxes or other governmental charges on or in connection with the Leased Property. In addition, the City may at its own expense join in any legal action affecting its possession and enjoyment of the Leased Property and shall be joined in any action affecting its liabilities hereunder.

The provisions of this Article 5 shall be subject to the Trustee's right to inspect the Leased Property and the City's books and records with respect thereto as provided in Section 11.8 hereof.

Section 5.2 City's Need for the Leased Property; Determinations as to Fair Value and Fair Purchase Price. The City has determined and hereby determines that it has a current need for the Leased Property. It is the present intention and expectation of the City that this Lease will be renewed annually until the Trustee's interests in the Site Lease are released and unencumbered title to the Leased Property is acquired by the City pursuant to this Lease; but this declaration shall not be construed as contractually obligating or otherwise binding the City. The City has determined and hereby determines that the Base Rentals under this Lease during the Lease Term for the Leased Property represent the fair value of the use of the Leased Property and that the Purchase Option Price for the Leased Property will represent the fair purchase price of the Trustee's leasehold interest in the Leased Property at the time of the exercise of the option. The City has determined and hereby determines that the Base Rentals do not exceed a reasonable amount so as to place the City under an economic compulsion to renew this Lease or to exercise its option to purchase the Trustee's leasehold interest in the Leased Property hereunder. In making such determinations, the City has given consideration to the estimated current value of the Leased Property, the uses and purposes for which the Leased Property will be employed by the City, the benefit to the citizens and inhabitants of the City by reason of the use and occupancy of the Leased Property pursuant to the terms and provisions of this Lease, the City's option to purchase the Trustee's leasehold interest in the Leased Property and the expected eventual vesting of unencumbered title to the Leased Property in the City. The City hereby determines and declares that the period during which the City has an option to purchase the Trustee's leasehold interest in the Leased Property (i.e., the entire maximum Lease Term for the Leased Property) does not exceed the weighted average useful life of the Leased Property.

**ARTICLE 6
PAYMENTS BY THE CITY**

Section 6.1 Payments to Constitute Currently Budgeted Expenditures of the City. The City and the Trustee acknowledge and agree that the Base Rentals, Additional Rentals and any other obligations hereunder shall constitute currently budgeted expenditures of the City, if an Appropriation has been effected for such purpose. The City's obligations to pay Base Rentals, Additional Rentals and any other obligations under this Lease shall be from year to year only (as further provided in Article 4 and Sections 6.2 and 6.4 hereof), shall extend only to moneys for which an Appropriation has been effected by the City, and shall not constitute a mandatory charge, requirement or liability in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of this Lease shall be construed or interpreted as a delegation of governmental powers or as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the City or a general obligation or other indebtedness of the City within the meaning of any constitutional, home rule charter provision or statutory debt limitation, including without limitation Article X, Section 20 of the Colorado constitution. This Lease shall not directly or indirectly obligate the City to make any payments beyond those for which an Appropriation has been effected by the City for the City's then current Fiscal Year. The City shall be under no obligation whatsoever to exercise its option to purchase the Trustee's leasehold interest in the Leased Property. No provision of this Lease shall be construed to pledge or to create a lien on any class or source of City moneys, nor shall any provision of this Lease restrict the future issuance of any City bonds or obligations payable from any class or source of City moneys (provided, however, that certain restrictions in the Indenture shall apply to the issuance of Additional Certificates).

Section 6.2 Base Rentals, Purchase Option Price and Additional Rentals.

(a) The City shall pay Base Rentals for which an Appropriation has been effected by the City, directly to the Trustee during the Initial Term and any Renewal Term, on the Base Rentals Payment Dates and in the "Total Base Rentals" amounts set forth in Exhibit C (Base Rentals Schedule) attached hereto and made a part hereof. For federal and State income tax purposes, a portion of each payment of Base Rentals for the Certificates is designated and will be paid as interest, and Exhibit C (Base Rentals Schedule) hereto sets forth the Interest Portion of each payment of Base Rentals for the Certificates. The City shall receive credit against its obligation to pay Base Rentals to the extent moneys are held by the Trustee on deposit in the Base Rentals Fund created under the Indenture and are available to pay Base Rentals. The City acknowledges that upon receipt by the Trustee of each payment of Base Rentals, the Trustee, pursuant to the terms of the Indenture, is to deposit the amount of such Base Rentals in the Base Rentals Fund.

The Base Rentals set forth in Exhibit C shall be recalculated in the event of the issuance of Additional Certificates as provided in the Indenture and shall also be recalculated in the event of a partial redemption of the Certificates.

(b) The City may, on any date, pay the then applicable Purchase Option Price for the purpose of terminating this Lease and the Site Lease in whole and purchasing the Trustee's leasehold interest in the Leased Property as further provided in Article 12 of this Lease. Subject

to the Approval of Special Counsel, the City may also, at any time during the Lease Term, (1) prepay any portion of the Base Rentals due under this Lease and (2) in connection with such prepayment, recalculate the Base Rentals set forth in Exhibit C (Base Rentals Schedule). Any such revised Exhibit C (Base Rentals Schedule) shall be prepared by the City Representative and delivered to the Trustee. The City shall give the Trustee notice of its intention to exercise either of such options not less than forty-five (45) days in advance of the date of exercise and shall deposit with the Trustee by not later than the date of exercise an amount equal to the Purchase Option Price due on the date of exercise or the applicable amount of Base Rentals to be prepaid. If the City shall have given notice to the Trustee of its intention to prepay Base Rentals but shall not have deposited the amounts with the Trustee on the date specified in such notice, the City shall continue to pay Base Rentals which have been specifically appropriated by the Council for such purpose as if no such notice had been given. The Trustee may waive the right to receive forty-five (45) days advance notice and may agree to a shorter notice period in the sole determination of the Trustee.

(c) All Additional Rentals shall be paid by the City on a timely basis directly to the person or entity to which such Additional Rentals are owed. Additional Rentals shall include, without limitation, the reasonable fees and expenses of the Trustee, reasonable expenses of the Trustee in connection with the Leased Property and for the cost of taxes, insurance premiums, utility charges, maintenance and repair costs and all other expenses expressly required to be paid hereunder, including any Rebate Fund payments required pursuant to this Lease and the Indenture. All of the payments required by this paragraph are subject to Appropriation by the City; provided, however, a failure by the City to budget and appropriate moneys for any of the payments required by this paragraph shall constitute an Event of Nonappropriation.

If the City's estimates of Additional Rentals for any Fiscal Year are not itemized in the budget required to be furnished to the Trustee under Section 4.1 of this Lease, the City shall furnish an itemization of such estimated Additional Rentals to the Trustee on or before the 15th day preceding such Fiscal Year.

Section 6.3 Manner of Payment. The Base Rentals, for which an Appropriation has been effected by the City, and, if paid, the Purchase Option Price, shall be paid or prepaid by the City to the Trustee at its designated corporate trust office by wire transfer of federal funds, certified funds or other method of payment acceptable to the Trustee in lawful money of the United States of America.

The obligation of the City to pay the Base Rentals and Additional Rentals as required under this Article 6 and other sections hereof in any Fiscal Year for which an Appropriation has been effected by the City for the payment thereof shall be absolute and unconditional and payment of the Base Rentals and Additional Rentals in such Fiscal Years shall not be abated through accident or unforeseen circumstances, or any default by the Trustee under this Lease, or under any other agreement between the City and the Trustee, or for any other reason including without limitation, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Leased Property, commercial frustration of purpose, or failure of the Trustee, to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or connected with this Lease, it being the intention of the parties that the payments required by this Lease will be paid in full when due without any delay

or diminution whatsoever, subject only to the annually renewable nature of the City's obligation hereunder as set forth in Section 6.1 hereof, and further subject to the City's rights under Section 9.3 hereof. Notwithstanding any dispute between the City and the Trustee, the City shall, during the Lease Term, make all payments of Base Rentals and Additional Rentals in such Fiscal Years and shall not withhold any Base Rentals or Additional Rentals, for which an Appropriation has been effected by the City, pending final resolution of such dispute (except to the extent permitted by Sections 8.2 and 9.3 hereof with respect to certain Additional Rentals), nor shall the City assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Trustee shall affect the City's obligation to pay all Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the City for such purpose, in such Fiscal Years subject to this Article (except to the extent provided by Sections 8.2 and 9.3 hereof with respect to certain Additional Rentals).

Section 6.4 Nonappropriation. In the event that the City gives notice that it intends to not renew this Lease as provided by Section 4.1 hereof or the City shall not effect an Appropriation, on or before December 31 of each Fiscal Year, of moneys to pay all Base Rentals and reasonably estimated Additional Rentals coming due for the next ensuing Renewal Term as provided in Section 4.1 hereof and this Article, or in the event that the City is proceeding under the provisions of Section 10.3(c) hereof (when applicable), an Event of Nonappropriation shall be deemed to have occurred; subject, however, to each of the following provisions:

(a) In the event the Trustee does not receive the written notice provided for by Section 4.1 hereof or evidence that an Appropriation has been effected by the City on or before December 31 of a Fiscal Year, then the Trustee shall declare an Event of Nonappropriation on the first Business Day of the February following such Fiscal Year or such declaration shall be made on any earlier date on which the Trustee receives official, specific written notice from the City that this Lease will not be renewed. In order to declare an Event of Nonappropriation, the Trustee shall send written notice thereof to the City.

(b) The Trustee shall waive any Event of Nonappropriation which is cured by the City, within 30 days of the receipt by the City of notice from the Trustee as provided in (a) above, by a duly effected Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term.

(c) Pursuant to the terms of the Indenture, the Trustee may waive any Event of Nonappropriation which is cured by the City within a reasonable time with the procedure described in (b) above.

In the event that during the Initial Term or any Renewal Term, any Additional Rentals shall become due which were not included in a duly effected Appropriation and moneys are not specifically budgeted and appropriated or otherwise made available to pay such Additional Rentals within 60 days subsequent to the date upon which such Additional Rentals are due, an Event of Nonappropriation shall be deemed to have occurred, upon notice by the Trustee to the City to such effect (subject to waiver by the Trustee as hereinbefore provided).

If an Event of Nonappropriation occurs, the City shall not be obligated to make payment of the Base Rentals or Additional Rentals or any other payments provided for herein which accrue after the last day of the Initial Term or any Renewal Term during which such Event of Nonappropriation occurs; provided, however, that, subject to the limitations of Sections 6.1 and 14.3 hereof, the City shall continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the City shall continue to occupy, use or retain possession of the Leased Property.

Subject to Section 6.5 hereof, the City shall in all events vacate or surrender possession of the Leased Property by March 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred.

After March 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred, the Trustee may proceed to exercise all or any Lease Remedies.

The City acknowledges that, upon the occurrence of an Event of Nonappropriation (a) the Trustee shall be entitled to all moneys then being held in all funds created under the Indenture (except the Rebate Fund, the Escrow Account and any other defeasance escrow accounts) to be used as described therein and (b) all property, funds and rights then held or acquired by the Trustee upon the termination of this Lease by reason of an Event of Nonappropriation are to be held by the Trustee in accordance with the terms of the Indenture.

Section 6.5 Holdover Tenant. If the City fails to vacate the Leased Property after termination of this Lease, whether as a result of the occurrence of an Event of Nonappropriation or an Event of Lease Default as provided in Section 14.2(a) hereof, with the written permission of the Trustee it will be deemed to be a holdover tenant on a month-to-month basis, and will be bound by all of the other terms, covenants and agreements of this Lease. Any holding over by the City without the written permission of the Trustee shall be at sufferance. The amount of rent to be paid monthly during any period when the City is deemed to be a holdover tenant will be equal to (a) one-sixth of the Interest Portion of the Base Rentals coming due on the next succeeding Base Rentals Payment Date plus one-twelfth of the Principal Portion of the Base Rentals coming due on the next succeeding Base Rentals Payment Date on which a Principal Portion of the Base Rentals would have been payable with appropriate adjustments to ensure the full payment of such amounts on the due dates thereof in the event termination occurs during a Renewal Term plus (b) Additional Rentals as the same shall become due.

Section 6.6 Prohibition of Adverse Budget or Appropriation Modifications. To the extent permitted by law, the City shall not, during any Fiscal Year of the Lease Term, make any budgetary transfers or other modifications to its then existing budget and appropriation measures relating to the Leased Property or this Lease which would adversely affect the City's ability to meet its obligation to pay Base Rentals and duly budgeted and appropriated Additional Rentals hereunder.

ARTICLE 7
SITE LEASE; TITLE INSURANCE

Section 7.1 Site Lease. At the time of the execution and delivery of this Lease, the City shall have leased to the Trustee, and the Trustee shall have leased from the City, the Leased Property pursuant to the Site Lease. As further provided in Section 8.1 hereof, a leasehold interest in the Leased Property shall be held by the Trustee, subject to this Lease.

Section 7.2 Title Insurance. The Trustee shall be provided with a Leasehold Owner's title insurance policy insuring the Trustee's leasehold estate under the Site Lease, subject only to Permitted Encumbrances, with such policy to be in an amount not less than the aggregate principal amount of the Certificates or such lesser amount as shall be the maximum insurable value of the Leased Property. Such policy, or a binding commitment therefor, shall be provided to the Trustee concurrently with the issuance of each series of Certificates.

ARTICLE 8
TITLE TO LEASED PROPERTY;
LIMITATIONS ON ENCUMBRANCES

Section 8.1 Title to the Leased Property At all times during the Lease Term, title to the Leased Property shall remain in the City, subject to the Site Lease, this Lease, the Indenture and any other Permitted Encumbrances. Except for personal property purchased by the City at its own expense pursuant to Section 9.2 of this Lease, a leasehold estate in the Leased Property and any and all additions and modifications thereto and replacements thereof shall be held in the name of the Trustee until the Trustee has exercised Lease Remedies or until the Trustee's leasehold interest in the Leased Property is conveyed to the City as provided in Article 12 of this Lease, or until termination of the Site Lease, notwithstanding (a) the occurrence of an Event of Nonappropriation; (b) the occurrence of one or more Events of Lease Default; (c) the occurrence of any event of damage, destruction, condemnation, or construction, manufacturing or design defect or title defect, as provided in Article 10 of this Lease; or (d) the violation by the Trustee of any provision of the Site Lease or this Lease. The Trustee shall not, in any way, be construed as the owner of the Leased Property.

Section 8.2 No Encumbrance, Mortgage or Pledge of the Leased Property. Except as may be permitted by this Lease, the City shall not permit any mechanic's or other lien to be established or remain against the Leased Property; provided that, if the City shall first notify the Trustee of the intention of the City to do so, the City may in good faith contest any mechanic's or other lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Trustee shall notify the City that, in the opinion of Counsel, by nonpayment of any such items the Trustee's leasehold interest in the Leased Property will be materially endangered, or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay and cause to be satisfied and discharged all such unpaid items (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such items). The Trustee will cooperate in any such contest. Except as may be permitted by this Lease, the City shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, except Permitted Encumbrances. The City shall promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above.

ARTICLE 9
MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES

Section 9.1 Maintenance of the Leased Property by the City. Subject to its right to not appropriate and as otherwise provided in Section 10.3 hereof, the City agrees that at all times during the Lease Term, the City will maintain, preserve and keep the Leased Property or cause the Leased Property to be maintained, preserved and kept, in good repair, working order and condition, and from time to time make or cause to be made all necessary and proper repairs, including replacements, if necessary. The Trustee shall have no responsibility in any of these matters or for the making of any additions, modifications or replacements to the Leased Property.

Section 9.2 Modification of the Leased Property; Installation of Furnishings and Machinery of the City. The City shall have the privilege of making additions, modifications and improvements to the Leased Property, at its own cost and expense, as appropriate and any such additions, modifications and improvements to the Leased Property shall be the property of the City, subject to the Site Lease, this Lease and the Indenture and shall be included under the terms of the Site Lease, this Lease and the Indenture; provided, however, that such additions, modifications and improvements shall not in any way damage the Leased Property or cause the Leased Property to be used for purposes other than lawful governmental functions of the City (except to the extent of subleasing permitted under Section 13.2 hereof) or cause the City to violate its tax covenant in Section 11.5 hereof; and provided that the Leased Property, as improved or altered, upon completion of such additions, modifications and improvements, shall be of a value not less than the value of the Leased Property immediately prior to such making of additions, modifications and improvements.

The City may also, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in or on the Leased Property. All such machinery, equipment and other tangible property shall remain the sole property of the City in which the Trustee shall have no interests; provided, however, that title to any such machinery, equipment and other tangible property shall become part of the Leased Property and be included under the terms of this Lease to the extent that (a) any such machinery, equipment or other tangible property is permanently affixed to the Leased Property or (b) the removal of such machinery, equipment or other tangible property would damage or impair the Leased Property.

The City shall have the right to make substitutions to the Leased Property upon compliance with the provisions set forth in Section 11.4 hereof.

Section 9.3 Taxes, Other Governmental Charges and Utility Charges. In the event that the Leased Property shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body, the City shall pay the amount of all such taxes, assessments and governmental charges then due, as Additional Rentals. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the City shall be obligated to provide for Additional Rentals only for such installments as are required to be paid during the upcoming Fiscal Year. Except for Permitted Encumbrances, the City shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Leased Property (including, without limitation, any taxes levied upon the Leased Property which, if not paid, will become a charge on the rentals and receipts from the

Leased Property, or any interest therein, including the leasehold interests of the Trustee), or the rentals and revenues derived therefrom or hereunder. The City shall also pay as Additional Rentals, as the same respectively become due, all utility and other charges and fees and other expenses incurred in the operation, maintenance and upkeep of the Leased Property.

The City may, at its expense, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments, utility or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the City that, in the opinion of Counsel, by nonpayment of any such items the value of the Leased Property will be materially endangered or the Leased Property will be subject to loss or forfeiture, or the Trustee will be subject to liability, in which event such taxes, assessments, utility or other charges shall be paid forthwith (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such taxes, assessments, utility or other charges).

Section 9.5 Provisions Regarding Casualty, Public Liability and Property Damage Insurance. During the Initial Term and each Renewal Term and until termination of the Lease Term pursuant to Section 4.2 hereof, the City shall, at its own expense, cause casualty and property damage insurance to be carried and maintained with respect to the Leased Property in an amount at least equal to the replacement cost of the Leased Property. Such insurance policy may have a deductible clause in an amount deemed reasonable by the City, provided that such deductible amount in excess of \$100,000 shall be covered by self-insurance of the City. Such insurance policy must explicitly waive any co-insurance penalty. The City may, in its discretion, insure the Leased Property under blanket insurance policies which insure not only the Leased Property, but other buildings and equipment as well, as long as such blanket insurance policies comply with the requirements hereof.

If the City shall insure against similar risks by self-insurance, the City may, at its election, provide for casualty and property damage insurance with respect to the Leased Property, partially or wholly by means of a self-insurance fund. If the City shall elect to self-insure, the City Representative shall annually furnish to the Trustee a certification of the adequacy of the City's reserves.

Upon the execution and delivery of this Lease and until termination of the Lease Term pursuant to Section 4.2 hereof, the City shall, at its own expense, cause public liability insurance to be carried and maintained with respect to the activities to be undertaken by the City in connection with the use of the Leased Property, in an amount not less than the limitations provided in the Colorado Governmental Immunity Act (Article 10 of Title 24, Colorado Revised Statutes, as amended). The public liability insurance required by this Section may be by blanket insurance policy or policies. The City, at its election, may provide for such public liability insurance, partially or wholly by means of a self-insurance fund as provided by applicable law, in compliance with the requirements hereof. Any such self-insurance shall be deemed to be insurance coverage hereunder.

Any casualty and property damage insurance policy required by this Section shall be so written or endorsed as to make losses, if any, payable to the City and the Trustee, as their respective interests may appear. All insurance policies issued pursuant to this Section, or

certificates evidencing such policies, shall be deposited with the Trustee. No agent or employee of the City shall have the power to adjust or settle any casualty or property damage loss with respect to the Leased Property that reduces the value of the Leased Property, whether or not covered by insurance, without the prior written consent of the Trustee; except that losses not exceeding \$100,000 may be adjusted or settled by the City without the Trustee's consent. The Trustee shall have no responsibility for the monitoring, renewing or receiving of the insurance policies, or the certificates evidencing such policies, or the documents pertaining thereto, except as provided herein.

Section 9.6 Advances. If the City fails to pay any Additional Rentals during the Lease Term as such Additional Rentals become due, the Trustee may (but shall not be obligated to) pay such Additional Rentals and the City agrees to reimburse the Trustee to the extent permitted by law and subject to Appropriation as provided under Article 6 hereof.

Section 9.7 Granting of Easements. As long as no Event of Nonappropriation or Event of Lease Default shall have happened and be continuing, the Trustee shall upon the request of the City, (a) grant or enter into easements, permits, licenses, party wall and other agreements, rights-of-way (including the dedication of public roads) and other rights or privileges in the nature of easements, permits, licenses, party wall and other agreements and rights of way with respect to any property or rights included in this Lease (whether such rights are in the nature of surface rights, sub-surface rights or air space rights), free from this Lease and any security interest or other encumbrance created hereunder or thereunder; (b) release existing easements, permits, licenses, party wall and other agreements, rights-of-way, and other rights and privileges with respect to such property or rights, with or without consideration; and (c) execute and deliver any instrument necessary or appropriate to grant, enter into or release any such easement, permit, license, party wall or other agreement, right-of-way or other grant or privilege upon receipt of: (i) a copy of the instrument of grant, agreement or release and (ii) a written application signed by the City Representative requesting such grant, agreement or release and stating that such grant, agreement or release will not materially impair the effective use or materially interfere with the operation of the Leased Property.

ARTICLE 10
DAMAGE, DESTRUCTION AND CONDEMNATION;
USE OF NET PROCEEDS

Section 10.1 Damage, Destruction and Condemnation. If, during the Lease Term,

(a) the Leased Property shall be destroyed (in whole or in part), or damaged by fire or other casualty; or

(b) title to, or the temporary or permanent use of, the Leased Property or the estate of the City or the Trustee in the Leased Property is taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or entity acting under governmental authority; or

(c) a breach of warranty or a material defect in the construction, manufacture or design of the Leased Property becomes apparent; or

(d) title to or the use of all or a portion of the Leased Property is lost by reason of a defect in title thereto;

then the City shall be obligated to continue to pay Base Rentals and Additional Rentals (subject to Article 6 hereof).

Section 10.2 Obligation to Repair and Replace the Leased Property. The City and the Trustee, to the extent Net Proceeds are within their respective control, shall cause such Net Proceeds of any insurance policies, performance bonds or condemnation awards to be deposited in a separate trust fund. All Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Leased Property by the City, upon receipt of requisitions signed by the City Representative stating with respect to each payment to be made:

(a) the requisition number;

(b) the name and address of the person, firm or entity to whom payment is due;

(c) the amount to be paid; and

(d) that each obligation mentioned therein has been properly incurred, is a proper charge against the separate trust fund and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation.

The City and the Trustee shall agree to cooperate and use their best reasonable efforts subject to the terms of the Indenture to enforce claims which may arise in connection with material defects in the construction, manufacture or design of the Leased Property or otherwise. If there is a balance of any Net Proceeds allocable to the Leased Property remaining after such

repair, restoration, modification, improvement or replacement has been completed, this balance shall be used by the City, to:

- (a) add to, modify or alter the Leased Property or add new components thereto, or
- (b) prepay the Base Rentals with a corresponding adjustment in the amount of Base Rentals payable under Exhibit C (Base Rentals Schedule) to this Lease or
- (c) accomplish a combination of (a) and (b).

Any repair, restoration, modification, improvement or replacement of the Leased Property paid for in whole or in part out of Net Proceeds allocable to the Leased Property shall be the property of the City, subject to the Site Lease, this Lease and the Indenture and shall be included as part of the Leased Property under this Lease.

Section 10.3 Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Leased Property required under Section 10.2 of this Lease, the City may elect to:

- (a) complete the work or replace such Leased Property (or portion thereof) with similar property of a value equal to or in excess of such portion of the Leased Property and pay as Additional Rentals, to the extent amounts for Additional Rentals which have been specifically appropriated by the City are available for payment of such cost, any cost in excess of the amount of the Net Proceeds allocable to the Leased Property, and the City agrees that, if by reason of any such insufficiency of the Net Proceeds allocable to the Leased Property, the City shall make any payments pursuant to the provisions of this paragraph, the City shall not be entitled to any reimbursement therefor from the Trustee, nor shall the City be entitled to any diminution of the Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the City for such purpose, payable under Article 6 of this Lease; or
- (b) apply the Net Proceeds allocable to the Leased Property to the payment of the Purchase Option Price in accordance with Article 12 of this Lease, or an appropriate portion thereof. In the event of an insufficiency of the Net Proceeds for such purpose, the City shall, subject to the limitations of Section 6.1 hereof, pay such amounts as may be necessary to equal that portion of the Purchase Option Price which is attributable to the Leased Property for which Net Proceeds have been received (as certified to the Trustee by the City); and in the event the Net Proceeds shall exceed such portion of the Purchase Option Price, such excess shall be used as directed by the City in the same manner as set forth in Section 10.2 hereof; or
- (c) if the City does not timely budget and appropriate sufficient funds to proceed under either (a) or (b) above, an Event of Nonappropriation will be deemed to have occurred and, subject to the City's right to cure, the Trustee may pursue remedies available to it following an Event of Nonappropriation.

The above referenced election shall be made by the City within 90 days of the occurrence of an event specified in Section 10.1 of this Lease. It is hereby declared to be the City's present intention that, if an event described in Section 10.1 hereof should occur and if the Net Proceeds shall be insufficient to pay in full the cost of repair, restoration, modification, improvement or replacement of the Leased Property, the City would use its best efforts to proceed under either paragraph (a) or paragraph (b) above; but it is also acknowledged that the City must operate within budgetary and other economic constraints applicable to it at the time, which cannot be predicted with certainty; and accordingly the foregoing declaration shall not be construed to contractually obligate or otherwise bind the City.

Section 10.4 Cooperation of the Trustee. The Trustee shall cooperate fully with the City, at the expense of the City, in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in Section 10.1 of this Lease and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Leased Property and the enforcement of all warranties relating to the Leased Property. So long as no Event of Lease Default or Event of Nonappropriation has occurred and is then existing, the Trustee shall not voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim performance or payment bond claim, prospective or pending condemnation proceeding with respect to the Leased Property without the written consent of the City.

ARTICLE 11
DISCLAIMER OF WARRANTIES; OTHER COVENANTS

Section 11.1 Disclaimer of Warranties. THE TRUSTEE HAS NOT MADE AND WILL NOT MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY. THE CITY HEREBY ACKNOWLEDGES AND DECLARES THAT THE CITY IS SOLELY RESPONSIBLE FOR THE MAINTENANCE AND OPERATION OF THE LEASED PROPERTY, AND THAT THE TRUSTEE HAS NO RESPONSIBILITY THEREFOR. For the purpose of enabling the City to discharge such responsibility, the Trustee constitutes and appoints the City as its attorney in fact for the purpose of asserting and enforcing, at the sole cost and expense of the City, all contractor's and manufacturer's warranties and guaranties, express or implied, with respect to the Leased Property, as well as any claims or rights the Trustee may have in respect of the Leased Property against any manufacturer, supplier, contractor or other person. Except as otherwise provided in this Lease, the Trustee shall not be liable for any direct or indirect, incidental, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or use by the City of any item, product or service provided for herein except that nothing shall relieve the Trustee's liability for any claims, damages, liability or court awards, including costs, expenses and attorney fees, relating to or arising from the Trustee's actions or omissions that result in personal injury (including death), damage to tangible personal property and/or intellectual property infringement or resulting from the negligence, bad faith or intentional misconduct of the Trustee or its employees.

Section 11.2 Further Assurances and Corrective Instruments. The Trustee and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such amendments hereof or supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property.

Section 11.3 Compliance with Requirements. During the Lease Term, the City and the Trustee shall observe and comply promptly to the extent possible with all current and future orders of all courts having jurisdiction over the Leased Property, provided that the City and the Trustee may contest or appeal such orders so long as they are in compliance with such orders during the contest or appeal period, and all current and future requirements of all insurance companies writing policies covering the Leased Property.

Section 11.4 Partial Release and Substitution of Leased Property. So long as no Event of Default or Event of Nonappropriation shall have occurred and be continuing, the City shall be entitled to substitute any improved or unimproved real estate (collectively, the "Replacement Property"), for any Leased Property then subject to the Site Lease, this Lease and the Indenture, upon receipt by the Trustee of a written request of the City Representative requesting such release and substitution, provided that:

(a) such Replacement Property shall have an equal or greater value and utility (but not necessarily the same function) to the City as the Leased Property proposed to be released, as determined by a certificate from the City to that effect;

(b) the fair market value of Replacement Property shall be not less than the fair market value of the Leased Property proposed to be released from this Lease and the Indenture, or, in the alternative, the fair market value of the Leased Property remaining after the proposed release shall be at least equal to the aggregate principal amount of the Outstanding Certificates. The fair market value of any improved or unimproved real property shall be determined by an M.A.I. appraisal report prepared by an independent real estate appraiser and submitted by the City to the Trustee; and

(c) the execution and delivery of such supplements and amendments to the Site Lease, as applicable, this Lease and the Indenture and any other documents necessary to subject any Replacement Property to be substituted for the portion of the Leased Property to be released to the lien of the Indenture.

The Trustee shall cooperate with the City in implementing the City's rights to release and substitute property pursuant to this Section 11.4 and shall execute any and all conveyances, releases or other documents necessary or appropriate in connection therewith. The City agrees that any cash paid to the Trustee pursuant to the provisions of this Section 11.4 shall be used to redeem or defease Outstanding Certificates.

Section 11.5 Tax Covenants. The City acknowledges that the moneys in all funds and accounts expected to be created under the Indenture are to be invested or deposited by the Trustee, at the written direction of the City.

The City covenants for the benefit of the Owners of the 2017 Certificates that it will not take any action or omit to take any action with respect to the 2017 Certificates, the proceeds thereof, any other funds of the City or any facilities financed or refinanced with the proceeds of the 2017 Certificates (except for the possible exercise of the City's right to terminate this Lease as provided herein) if such action or omission (i) would cause the interest on the 2017 Certificates to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the 2017 Certificates to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except to the extent that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, or (iii) would cause interest on the 2017 Certificates to lose its exclusion from Colorado taxable income or to lose its exclusion from Colorado alternative minimum taxable income under present Colorado law. Subject to the City's right to terminate this Lease as provided herein, the foregoing covenant shall remain in full force and effect, notwithstanding the payment in full or defeasance of the 2017 Certificates, until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code and Colorado law have been met.

In addition, the City covenants that its direction of investments pursuant to Article 5 of the Indenture shall be in compliance with the procedures established by the Tax Certificate to the

extent required to comply with its covenants contained in the foregoing provisions of this Section. The City hereby agrees that, to the extent necessary, it will, during the Lease Term, pay to the Trustee such sums as are required for the Trustee to pay the amounts due and owing to the United States Treasury as rebate payments. Any such payment shall be accompanied by directions to the Trustee to pay such amounts to the United States Treasury. Any payment of City moneys pursuant to the foregoing sentence shall be Additional Rentals for all purposes of this Lease.

The City is to execute the Tax Certificate in connection with the execution and delivery of this Lease, which Tax Certificate shall provide further details in respect of the City's tax covenants herein.

Section 11.6 Undertaking to Provide Ongoing Disclosure. The City covenants for the benefit of the Owners of the Certificates to comply with the terms of the Continuing Disclosure Certificate, provided that a failure of the City to do so shall not constitute an Event of Lease Default. The Trustee shall have no power or duty to enforce this Section. Unless otherwise required by law, no Certificate Owner shall be entitled to damages for the City's non-compliance with its obligations under this Section; however, the Certificate Owners may enforce specific performance of the obligations contained in this Section by any judicial proceedings available.

Section 11.7 Covenant to Reimburse Legal Expenses. To the extent permitted by law and subject to Appropriation by the Council, the City shall defend and hold harmless the Trustee against claims arising from the alleged negligent acts or omissions of the City's public employees, which occurred or are alleged to have occurred during the performance of their duties and within the scope of their employment, unless such acts or omissions are, or are alleged to be, willful and wanton. Such claims shall be subject to the limitations of the Colorado Governmental Immunity Act, C.R.S. 24-10-101 to 24-10-120. The City shall include as Additional Rentals, the reimbursement of reasonable and necessary expenses incurred by the Trustee to defend the Trustee from and against all claims, by or on behalf of any person, firm, corporation or other legal entity arising from the conduct or management of the Leased Property or from any work or thing done on the Leased Property during the Lease Term requested by the City, or from any condition of the Leased Property caused by the City. This duty to reimburse the Trustee's legal expenses is not an indemnification and it is expressly understood that the City is not indemnifying the Trustee and, as previously stated, is limited to Net Proceeds and moneys, if any, in excess of such Net Proceeds, for which an Appropriation has been effected.

Section 11.8 Access to the Leased Property; Rights to Inspect Books. The City agrees that the Trustee shall have the right at all reasonable times to examine and inspect the Leased Property (subject to such regulations as may be imposed by the City for security purposes) and all of the City's books and records with respect thereto, but the Trustee has no duty to inspect the Leased Property books or records. The City further agrees that the Trustee shall have such rights of access to the Leased Property as may be reasonably necessary to cause the proper maintenance of the Leased Property in the event of failure by the City to perform its obligations under this Lease. The Indenture allows the City to have the right at all reasonable times to examine and inspect all of the Trustee's books and records with respect to the Leased Property and all funds and accounts held under the Indenture.

The City and its representatives shall have the right to examine and inspect the books and records of the Trustee relating to the Leased Property at all reasonable times from the date of this Lease and until three years after the termination date of this Lease.

ARTICLE 12 PURCHASE OPTION

Section 12.1 Purchase Option. The City shall have the option to purchase the Trustee's leasehold interest in the Leased Property at any time, but only if an Event of Lease Default or an Event of Nonappropriation has not occurred and is then continuing. The City may exercise its option on any date by complying with one of the conditions set forth in Section 12.2.

The City shall give the Trustee notice of its intention to exercise its option not less than forty-five (45) days in advance of the date of exercise and shall deposit the required moneys with the Trustee on or before the date selected to pay the Purchase Option Price. The Trustee may waive such notice or may agree to a shorter notice period in the sole determination of the Trustee.

If the City shall have given notice to the Trustee of its intention to purchase the Trustee's leasehold interest in the Leased Property or prepay Base Rentals, but shall not have deposited the amounts with the Trustee on the date specified in such notice, the City shall continue to pay Base Rentals, which have been specifically appropriated by the City for such purpose, as if no such notice had been given.

Section 12.2 Conditions for Purchase Option. The Trustee shall transfer and release the Trustee's leasehold interests in the Leased Property to the City in the manner provided for in Section 12.3 of this Lease; provided, however, that prior to such transfer and release, either:

(a) the City shall have paid the then applicable Purchase Option Price which shall equal the sum of the amount necessary to defease and discharge the Indenture as provided therein (i.e., provision for payment of all principal and interest portions of any and all Certificates which may have been executed and delivered pursuant to the Indenture shall have been made in accordance with the terms of the Indenture) plus any fees and expenses then owing to the Trustee; or

(b) the City shall have paid all Base Rentals set forth in Exhibit C (Base Rentals Schedule) hereto, for the entire maximum Lease Term, and all then current Additional Rentals required to be paid hereunder.

At the City's option, amounts then on deposit in any fund held under the Indenture (except the Rebate Fund, the Escrow Account and excluding any other defeasance escrow funds) may be credited toward the Purchase Option Price.

Section 12.3 Manner of Conveyance. At the closing of the purchase or other conveyance of all of the Trustee's leasehold interest in the Leased Property pursuant to Section 12.2 of this Lease, the Trustee shall release and terminate the Site Lease, this Lease and the Indenture and execute and deliver to the City any necessary documents releasing, assigning, transferring and conveying the Trustee's leasehold interest in the Leased Property, as they then exist, subject only to the following:

(a) Permitted Encumbrances, other than the Site Lease, this Lease and the Indenture;

(b) all liens, encumbrances and restrictions created or suffered to exist by the Trustee as required or permitted by the Site Lease, this Lease or the Indenture or arising as a result of any action taken or omitted to be taken by the Trustee as required or permitted by the Site Lease, this Lease or the Indenture;

(c) any lien or encumbrance created or suffered to exist by action of the City;
and

(d) those liens and encumbrances (if any) to which title to the Leased Property was subject when leased to the Trustee.

ARTICLE 13
ASSIGNMENT AND SUBLEASING

Section 13.1 Assignment by the Trustee; Replacement of the Trustee. Except as otherwise provided in this Lease and the Indenture, this Lease may not be assigned by the Trustee for any reason other than to a successor by operation of law or to a successor trustee under the Indenture or with the prior written consent of the City which consent shall not be unreasonably withheld. The Trustee will notify the City of any assignment to a successor by operation of law.

If an Event of Lease Default or Event of Nonappropriation has occurred and is continuing, the Trustee may act as herein provided, including exercising the remedies set forth in Section 14.2, without the prior written direction of the City.

Section 13.2 Assignment and Subleasing by the City. This Lease may not be assigned by the City for any reason other than to a successor by operation of law. However, the Leased Property may be subleased, as a whole or in part, by the City, without the necessity of obtaining the consent of the Trustee or any owner of the Certificates subject to each of the following conditions:

- (a) The Leased Property may be subleased, in whole or in part, only to an agency or department of, or a political subdivision of, the State, or to another entity or entities with Approval of Special Counsel;
- (b) This Lease, and the obligations of the City hereunder, shall, at all times during the Lease Term remain obligations of the City, and the City shall maintain its direct relationships with the Trustee, notwithstanding any sublease;
- (c) The City shall furnish or cause to be furnished to the Trustee a copy of any sublease agreement; and
- (d) No sublease by the City shall cause the Leased Property to be used for any purpose which would cause the City to violate its tax covenant in Section 11.5 hereof.

ARTICLE 14
EVENTS OF LEASE DEFAULT AND REMEDIES

Section 14.1 Events of Lease Default Defined. Any one of the following shall be Events of Lease Default under this Lease:

- (a) failure by the City to pay any Base Rentals or Additional Rentals, which have been specifically appropriated by the City for such purpose, during the Initial Term or any Renewal Term, within five (5) Business Days of the date on which they are due; or
- (b) subject to the provisions of Section 6.5 hereof, failure by the City to vacate or surrender possession of the Leased Property by March 1 of any Renewal Term in respect of which an Event of Nonappropriation has occurred; or
- (c) failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in (a) or (b), (and other than a failure to comply with Section 11.6 hereof) for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be received by the City from the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not withhold its consent to an extension of such time if, in the Trustee's reasonable judgment, corrective action can be instituted by the City within the applicable period and diligently pursued until the default is corrected; or
- (d) failure by the City to comply with the terms of the Site Lease.

The foregoing provisions of this Section 14.1 are subject to the following limitations:

- (i) the City shall be obligated to pay the Base Rentals and Additional Rentals, which have been specifically appropriated by the City for such purpose, only during the then current Lease Term, except as otherwise expressly provided in this Lease; and
- (ii) if, by reason of Force Majeure, the City or the Trustee shall be unable in whole or in part to carry out any agreement on their respective parts herein contained other than the City's agreement to pay the Base Rentals and Additional Rentals due hereunder, the City or the Trustee shall not be deemed in default during the continuance of such inability. The City and the Trustee each agree, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the City or the Trustee from carrying out their respective agreements; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the City.

Section 14.2 Remedies on Default. Whenever any Event of Lease Default shall have happened and be continuing beyond any applicable cure period, the Trustee may, or shall at the request of the owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as to costs and expenses as provided in the Indenture,

without any further demand or notice, take one or any combination of the following remedial steps:

- (a) terminate the Lease Term and give notice to the City to vacate and surrender possession of the Leased Property, which vacation and surrender the City agrees to complete within sixty (60) days from the date of such notice; provided, in the event the City does not vacate and surrender possession on the termination date, the provisions of Section 6.5 hereof shall apply;
- (b) lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property;
- (c) recover from the City:
 - (i) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the City for such purpose, which would otherwise have been payable hereunder, during any period in which the City continues to occupy, use or possess the Leased Property; and
 - (ii) Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the City for such purpose, which would otherwise have been payable by the City hereunder during the remainder, after the City vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs.
- (d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, this Lease and the Indenture.

Upon the occurrence of an Event of Nonappropriation, the Trustee shall be entitled to recover from the City the amounts set forth in Section 14.2(c)(i) hereof if the City continues to occupy the Leased Property after December 31 of the Fiscal Year in which such Event of Nonappropriation occurs.

The Trustee shall also be entitled, upon any Event of Lease Default, to any moneys in any funds or accounts created under the Indenture (except the Rebate Fund, the Escrow Account or any other defeasance escrow accounts).

Section 14.3 Limitations on Remedies. The remedies in connection with an Event of Lease Default shall be limited as set forth in this Section. A judgment requiring a payment of money may be entered against the City by reason of an Event of Lease Default only as to the City's liabilities described in paragraph (c) of Section 14.2 hereof. A judgment requiring a payment of money may be entered against the City by reason of an Event of Nonappropriation only to the extent that the City fails to vacate and surrender possession of the Leased Property as required by Section 6.4 of this Lease, and only as to the liabilities described in paragraph (c)(i) of

Section 14.2 hereof. The remedy described in paragraph (c)(ii) of Section 14.2 of this Lease is not available for an Event of Lease Default consisting of failure by the City to vacate and surrender possession of the Leased Property by March 1 following an Event of Nonappropriation.

Section 14.4 No Remedy Exclusive. Subject to Section 14.3 hereof, no remedy herein conferred upon or reserved to the Trustee, is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved in this Article 14, it shall not be necessary to give any notice, other than such notice as may be required in this Article 14.

Section 14.5 Waivers. The Trustee may waive any Event of Lease Default under this Lease and its consequences. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. Payment of Base Rentals or Additional Rentals by the City shall not constitute a waiver of any breach or default by the Trustee hereunder.

Section 14.6 Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall default under any of the provisions hereof and the nondefaulting party shall employ attorneys or incur other expenses for the collection of Base Rentals or Additional Rentals, or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it shall on demand therefor pay to the nondefaulting party, to the extent permitted by law, the reasonable fees of such attorneys and such other reasonable expenses so incurred by the nondefaulting party. Notwithstanding the foregoing, any such fees and expenses owed by the City hereunder shall constitute Additional Rentals for all purposes of this Lease and shall be subject to Appropriation.

Section 14.7 Waiver of Appraisalment, Valuation, Stay, Extension and Redemption Laws. To the extent permitted by law, in the case of an Event of Nonappropriation or an Event of Lease Default neither the Trustee nor the City nor any one claiming through or under either of them shall or will set up, claim or seek to take advantage of any appraisalment, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement of the Indenture; and the Trustee and the City, for themselves and all who may at any time claim through or under either of them, each hereby waives, to the full extent that it may lawfully do so, the benefit of all such laws. Notwithstanding the foregoing, it is expressly understood that the City cannot and does not hereby waive its right to set up, claim or seek to take advantage of its police powers or its Colorado constitutional or statutory right of eminent domain.

**ARTICLE 15
MISCELLANEOUS**

Section 15.1 Sovereign Powers of City. Nothing in this Lease shall be construed as diminishing, delegating, or otherwise restricting any of the sovereign powers or immunities of the City. Nothing in this Lease shall be construed to require the City to occupy and operate the Leased Property other than as lessee, or to require the City to exercise its right to purchase the Leased Property as provided in Article 12 hereof.

Section 15.2 Notices. All notices, certificates or other communications to be given hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, addressed as follows:

if to the City,

City of Fruita, Colorado
325 Aspen Avenue
Fruita, Colorado 81521
Attention: Finance Director

if to the Trustee,

UMB Bank, n.a.
1670 Broadway
Denver, Colorado 80202
Attention: Corporate Trust Services

The City and the Trustee may, by written notice, designate any further or different means of communication or addresses to which subsequent notices, certificates or other communications shall be sent.

Section 15.3 Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Trustee and the City and their respective successors and assigns, subject, however, to the limitations contained in Article 13 of this Lease.

Section 15.4 Amendments. This Lease may only be amended, changed, modified or altered as provided in the Indenture.

Section 15.5 Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in the Base Rentals Fund, the Costs of Execution and Delivery Fund, or any other fund or account created under the Indenture (except the Rebate Fund, the Escrow Account or any other defeasance escrow account), upon termination of the Lease Term, and after payment in full of the Certificates (or provision for payment thereof having been made in accordance with the provisions of this Lease and the Indenture) and fees and expenses of the Trustee in accordance with this Lease and the Indenture, shall belong to and be paid to the City by the Trustee, as an overpayment of Base Rentals.

Section 15.6 Triple Net Lease. This Lease shall be deemed and construed to be a “triple net lease” and, subject to the prior Appropriation requirements hereof, the City shall pay absolutely net during the Lease Term, the Base Rentals, the Additional Rentals and all expenses of, or other payments in respect of, the Leased Property as required to be paid by the City under this Lease, for which a specific Appropriation has been effected by the City for such purpose, free of any deductions, and without abatement, deduction or setoff (other than credits against Base Rentals expressly provided for in this Lease).

Section 15.7 Computation of Time. In computing a period of days, the first day is excluded and the last day is included. If the last day of any period is not a Business Day, the period is extended to include the next day which is a Business Day. If a number of months is to be computed by counting the months from a particular day, the period ends on the same numerical day in the concluding month as the day of the month from which the computation is begun, unless there are not that many days in the concluding month, in which case the period ends on the last day of that month. Notwithstanding the foregoing, Base Rentals shall be recalculated in the event of any prepayment of Base Rentals as provided in Section 6.2(b) hereof.

Section 15.8 Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Lease, shall be a day other than a Business Day, such payment may be made or 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 Lease.

Section 15.9 Severability. Except for the requirement of the City to pay Base Rentals for which a specific Appropriation has been effected by the City for such purpose and the requirement of the Trustee to provide quiet enjoyment of the Leased Property and to convey the Trustee’s leasehold interest in the Leased Property to the City under the conditions set forth in Article 12 of this Lease (which, if held invalid or unenforceable by any court of competent jurisdiction, may have the effect of invalidating or rendering unenforceable the other provisions of this Lease), in the event that any other provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 15.10 Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15.11 Applicable Law. This Lease shall be governed by and construed in accordance with the law of the State of Colorado without regard to choice of law analysis.

Section 15.12 The Trustee Is Independent of the City. The Trustee shall perform its duties hereunder as an independent contractor and not as an employee of the City. Neither the Trustee nor any agent or employee of the Trustee shall be or shall be deemed to be an agent or employee of the City. The Trustee acknowledges that the Trustee and its employees are not entitled to unemployment insurance benefits of the City unless the Trustee or a third party otherwise provides such coverage and that the City does not pay for or otherwise provide such coverage. The Trustee shall have no authorization, express or implied, to bind the City to any

agreements, liability or understanding except as expressly set forth herein. The Trustee shall provide and keep in force workers' compensation (and provide proof of such insurance when requested by the City) and unemployment compensation insurance in the amounts required by law and shall be solely responsible for the acts of the Trustee, its employees and agents.

Section 15.13 Governmental Immunity. Notwithstanding any other provisions of this Lease to the contrary, no term or condition of this Lease shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections or other provisions of the Colorado Governmental Immunity Act, Section 24-10-101, et. seq., C.R.S., as now or hereafter amended.

Section 15.14 Recitals. The Recitals set forth in this Lease are hereby incorporated by this reference and made a part of this Lease.

Section 15.15 Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

Section 15.16 Trustee's Disclaimer. It is expressly understood and agreed that (a) the Lease is executed by UMB Bank, n.a. solely in its capacity as Trustee under the Indenture, and (b) nothing herein shall be construed as creating any liability on UMB Bank, n.a. other than in its capacity as Trustee under the Indenture. All financial obligations of the Trustee under this Lease, except those resulting from its willful misconduct or negligence, are limited to the Trust Estate.

Section 15.17 Electronic Transactions. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

IN WITNESS WHEREOF, the parties have executed this Lease Purchase Agreement as of the day and year first above written.

CITY OF FRUITA, COLORADO, a
Municipal Corporation, as Lessee

UMB BANK, N.A., solely in its capacity of
Trustee under the Indenture, as Lessor

By: _____

Mayor
City of Fruita

By: _____

Assistant Vice President

[SEAL]

ATTEST:

City Clerk

APPROVED AS TO LEGAL FORM:

City Attorney

STATE OF COLORADO)
)
CITY OF FRUITA) ss.
)
COUNTY OF MESA)

The foregoing instrument was acknowledged before me this ____ day of [_____] 2017, by Lori Buck, as Mayor of the City of Fruita, Colorado.

WITNESS my hand and official seal.

(SEAL)

Notary Public

My commission expires:

STATE OF COLORADO)
)
CITY OF FRUITA) ss.
)
COUNTY OF MESA)

The foregoing instrument was acknowledged before me this ____ day of [_____] 2017, by Margaret Sell, as City Clerk of the City of Fruita, Colorado.

WITNESS my hand and official seal.

(SEAL)

Notary Public

My commission expires:

STATE OF COLORADO)
)
CITY AND COUNTY OF DENVER) ss.

The foregoing instrument was acknowledged before me this ____ day of [_____]
2017, by Jacque Schwartz, as Assistant Vice President of UMB Bank, n.a., as Trustee.

WITNESS my hand and official seal.

(SEAL)

Notary Public

My commission expires:

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

The Leased Property consists of the Site and the buildings and improvements located thereon as set forth below, as amended from time to time.

Site:

Description of building and improvements located on Site:

The Fruita Community Center and all buildings, structures and other improvements located on or affixed to the Site and all fixtures on the Leased Property which constitutes real property under applicable law.

EXHIBIT B
PERMITTED ENCUMBRANCES

“Permitted Encumbrances” as defined in Section 1.2 of this Lease and the following:

EXHIBIT C
BASE RENTALS SCHEDULE

<u>Date</u>	Base Rentals Principal <u>Component</u>	Base Rentals Interest <u>Component</u>	<u>Annual Base Rentals</u>
-------------	--	---	----------------------------

(1) Statement Regarding the Leased Property: For the duration of the Lease, throughout the maximum Lease Term, does not exceed the weighted average useful life of the Leased Property.

EXHIBIT D

FORM OF NOTICE OF LEASE RENEWAL

To: UMB Bank, n.a., as Trustee
Attention: Corporate Trust Services

The undersigned is the City Representative of the City of Fruita, Colorado (the "City"). The City is the lessee under that certain Lease Purchase Agreement, dated [____], 2017 (the "Lease"), between the City and UMB Bank, n.a., solely in its capacity of Trustee under the Indenture, as the lessor thereunder. I am familiar with the facts herein certified and am authorized and qualified to certify the same. The undersigned hereby states and certifies:

(a) the City has effected or intends to effect on a timely basis an Appropriation for the ensuing Fiscal Year which includes (1) sufficient amounts authorized and directed to be used to pay all the Base Rentals and (2) sufficient amounts to pay such Additional Rentals as are estimated to become due, all as further provided in Sections 6.2, 6.3 and 6.4 of the Lease, whereupon, the Lease shall be renewed for the ensuing Fiscal Year;

Initial

or

(b) the City has determined not to renew the Lease for the ensuing Fiscal Year.

Initial

CITY OF FRUITA, COLORADO

By: _____

City Representative

CITY OF FRUITA, COLORADO
CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Fruita, Colorado (the “City”), in connection with its authorization, execution and delivery of a Lease Purchase Agreement, dated as of [_____], 2017 (the “Lease”), between UMB Bank, n.a., solely in its capacity as trustee under the Indenture described herein (the “Trustee”), as lessor, and the City, as lessee, and the execution and delivery of the Certificates of Participation, Series 2017 in the aggregate principal amount of \$[_____] (the “2017 Certificates”) evidencing proportionate interests in the base rentals and other revenues under the Lease. The 2017 Certificates are being executed and delivered pursuant to an Indenture of Trust, dated as of [_____], 2017 (the “Indenture”), executed by the Trustee. The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the 2017 Certificates and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Material Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Participating Underwriter” shall mean the original underwriter of the 2017 Certificates required to comply with the Rule in connection with an offering of the 2017 Certificates.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

a. The City shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the City's fiscal year of each year, commencing nine (9) months following the end of the City's fiscal year ending December 31, 2017, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report. The information to be updated may be reported in any format chosen by the City; it is not required that the format reflected in this Official Statement be used in future years.

b. If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall file or cause to be filed with the MSRB a notice in substantially the form attached as Exhibit "A."

c. The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(2) if the Dissemination Agent is other than the City, send written notice to the City at least forty-five (45) days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

a. A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, audited financial statements will be provided when and if available.

b. An update of the type of information identified in Exhibit "B" hereto, which is contained in the tables in the Official Statement with respect to the 2017 Certificates.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which are available

to the public on the MSRB's Internet Web Site or filed with the SEC. The City shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The City shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the events listed below with respect to the 2017 Certificates:

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults, if material;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers or their failure to perform;
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2017A Certificates, or other material events affecting the tax status of the 2017A Certificates;
- g. Modifications to rights of bondholders, if material;
- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution or sale of property securing repayment of the 2017 Certificates, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
- m. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the 2017 Certificates; (ii) the date that the City shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the 2017 Certificates.

SECTION 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist the City in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the 2017 Certificates, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The City will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the 2017 Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Lease or the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the 2017 Certificates, and shall create no rights in any other person or entity.

DATE: [_____], 2017

CITY OF FRUITA, COLORADO

By _____
Mayor, City of Fruita

EXHIBIT "A"

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Fruita, Colorado

Name of Issue: (a) \$_____ aggregate principal amount of Certificates of Participation, Series 2017, Evidencing Proportionate Interests in the Right to Receive Base Rentals and Other Revenues Under a Lease Purchase Agreement between UMB Bank, n.a., as lessor, and the City, as lessee.

Date of Issuance: [_____], 2017.

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the 2017 Certificates as required by Section 11.6 of the Lease Purchase Agreement, dated as of [_____], 2017, and the Continuing Disclosure Certificate executed on [_____], 2017, by the City. The City anticipates that the Annual Report will be filed by _____, 20____.

Dated: _____, _____

CITY OF FRUITA, COLORADO

By: _____
Mayor, City of Fruita

EXHIBIT “B”

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

History of City Sales Tax Collections

Sales Tax by Industry - 2016

Budget to Actual Comparison - City General Fund (*current year budget information found in audited financial statements only; no budget documents required to be filed*)

General Fund-Statement of Revenues, Expenditures and Changes in Fund Balances

ESCROW AGREEMENT

between

CITY OF FRUITA, COLORADO
as City

AND

UMB BANK, N.A.,
as Escrow Agent

Dated [_____], 2017

ESCROW AGREEMENT

THIS ESCROW AGREEMENT dated [____], 2017, is made and executed by and between the CITY OF FRUITA, COLORADO, a home-rule charter city and political subdivision of the State of Colorado (the “City”), and UMB BANK, N.A. (the “Escrow Agent”), Denver, Colorado, a member of the Federal Deposit Insurance Corporation, with a place of business in Denver, Colorado, and having full and complete trust powers;

WITNESSETH:

The parties hereto recite and, in consideration of the mutual covenants and payments referred to and contained herein, covenant and agree as follows:

1. The City Council of the City, in accordance with Ordinance No. [____] (the “Ordinance”) adopted by its governing body on August 15, 2017, has provided for the issuance of the City’s Certificates of Participation, Series 2017 (the “Series 2017 Certificates”), in the original aggregate principal amount of \$[____] in order to (i) advance refund on a crossover basis the City’s Sales and Use Tax Revenue Bonds (Federally Taxable – Issuer Subsidy – Build America Bonds), Series 2009B, in the aggregate principal amount of \$10,125,000 (the “Series 2009B Bonds”), maturing between October 1, 2029 and October 1, 2039 (the “Series 2009B Refunded Maturities”) on October 1, 2019 (the “Series 2009B Redemption Date”); (ii) finance the improvements, operation and maintenance of the Fruita Community Center (the “Project”), and (iii) to pay costs of issuance of the Series 2017 Certificates.

2. The Ordinance authorized the City to establish an escrow account for the advance refunding of the Series 2009B Bonds (the “Escrow Account”).

3. Proceeds of the Series 2017 Certificates in the amount of \$[____], plus \$[____] transferred from the City, shall be deposited with the Escrow Agent on the date hereof and shall be held in the Escrow Account established with the Escrow Agent and shall be applied to the advance refunding of the Series 2009B Bonds including the payment of principal and interest to and including the Series 2009B Redemption Date. Funds in the amount of \$[____] shall be invested by the Escrow Agent in open market securities which are general obligations of the United States, securities whose principal and interest payments are guaranteed by the United States, and securities issued by agencies of the United States (collectively, the “Federal Securities”), as described in the schedule which is attached hereto, as Exhibit A and made a part hereof. Funds in the amount of \$[____] shall be held as an initial deposit relating to the advance refunding of the outstanding Series 2009B Bonds in the Escrow Account. The initial cash deposit in the Escrow Account shall remain uninvested. The City has irrevocably deposited all such Federal Securities and cash with the Escrow Agent in the Escrow Account on the date of this Agreement.

Upon the deposit(s) to the Escrow Account for the Series 2009B Bonds, the Escrow Agent (on behalf of the City) will post the Notice of Defeasance for the Series 2009B Bonds attached hereto as Exhibit B on the Municipal Securities Rulemaking Board (“EMMA”) website.

4. It is understood and agreed that the dates and amounts of payments of principal and interest due on the Federal Securities deposited with the Escrow Agent in the Escrow Account are as indicated in Exhibit A, and that the principal and interest payments due on such securities, together with the initial cash deposit described in paragraph 3, are such as to provide the funds required to (i) pay interest allocable to the portion of the Series 2017 Certificates used to advance refund the Series 2009B Refunded Maturities to the Series 2009B Redemption Date; and (ii) pay the principal due on the Series 2009B Refunded Maturities on the Series 2009B Redemption Date.

5. The Escrow Agent acknowledges receipt of the Federal Securities described in paragraph 3 hereof and agrees that the Escrow Agent will hold such securities in the Escrow Account in the name of the City. The Escrow Agent will collect and receive on behalf of the City all payments of principal and interest on such securities and the City hereby authorizes the Escrow Agent to remit to the UMB Bank, n.a., as paying agent for the Series 2009B Bonds (the “Paying Agent”), from the Escrow Account and the Paying Agent shall pay such funds to The Depository Trust Company (“DTC”) in order to (i) pay interest allocable to the portion of the Series 2017 Certificates used to advance refund the Series 2009B Refunded Maturities to the Series 2009B Redemption Date; and (ii) pay the principal due on the Series 2009B Refunded Maturities on the Series 2009B Redemption Date. After provision for payment of all the Series 2009B Bonds, the Escrow Agent will deposit any remaining funds in the Escrow Account to the City. Amounts held under this Agreement, if any, shall be invested in accordance with the terms hereof.

The City acknowledges that to the extent that regulations of the Comptroller of the Currency or other regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent shall furnish the City with periodic cash transaction statements which include details of all investment transactions made by the Escrow Agent for all current and future accounts.

6. In order to insure continuing compliance with the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder (collectively, the “Code”), the Escrow Agent agrees that it will not reinvest any cash received in payment of the principal of and interest on the Federal Securities held in the Escrow Account, other than the reinvestment specifically required pursuant to Exhibit A. This prohibition on reinvestment shall continue unless and until an opinion is received by the Escrow Agent from nationally recognized bond counsel that reinvestments, as specified in said opinion, may be made in a manner consistent with the Code. Reinvestment, if any, of amounts in the Escrow Account made pursuant to this paragraph may be made only in direct obligations of the United States of America which mature prior to the next date on which either principal of or interest on the Series 2009B Bonds is payable.

7. The Escrow Agent expressly waives any lien upon or claim against the money and investments in the Escrow Account.

8. If at any time it appears to the Escrow Agent that the money in the Escrow Account allocable for such use hereunder will not be sufficient to make any interest payment due to the holders of any of the Series 2017 Certificates allocable to the portion of the Series 2017 Certificates used to advance refund the Series 2009B Refunded Maturities to the Series 2009B Redemption Date or principal payment due to the holders of any of the Series 2009B Bonds on the Series 2009B Redemption Date, the Escrow Agent shall immediately notify the City. The City thereupon shall forthwith deposit in the Escrow Account, as applicable, from funds on hand and legally available to it such additional funds as may be required to meet fully the amount to become due and payable. The City and the Escrow Agent acknowledge receipt of a verification report from Causey Demgen & Moore P.C., independent certified public accountants (the “Verification Agent”), certified public accountants, dated [_____], 2017, to the effect that such initial cash deposits and Federal Securities are sufficient to comply with the requirements of this Agreement. Attached hereto as Exhibit C is the verification report from the Verification Agent, certifying that such initial cash deposits and Federal Securities are sufficient to timely pay (i) the interest allocable to the portion of the Series 2017 Certificates used to advance refund the Series 2009B Refunded Maturities to the Series 2009B Redemption Date; and (ii) the principal due on the Series 2009B Refunded Maturities on the Series 2009B Redemption Date.

9. The City will not repeal or amend the Ordinance which calls the Series 2009B Bonds for redemption on the Series 2009B Redemption Date. The City hereby directs the Escrow Agent to send the Notice of Call for Redemption for the Series 2009B Bonds to DTC in the form attached hereto as Exhibit B

to be mailed not more than 60 days and less than 30 days prior to the Series 2009B Redemption Date to the registered owners of the Series 2009B Bonds to be redeemed, at their addresses appearing in the bond register and also to the bank at which the principal and interest on the Series 2009B Bonds are then payable.

10. By January 31, 2020, the Escrow Agent shall submit to the City a report covering all money it shall have received and all payments it shall have made or caused to be made hereunder. Such statement shall also list all securities held in the Escrow Fund and the amount of money existing in the Escrow Fund on the date of such report.

11. The Escrow Agent shall hold the Escrow Fund Securities and money held in the Escrow Fund in a special trust fund which is accounted for separately from other funds and securities on deposit with it; shall never at any time use, loan, or borrow the same in any way; and shall from time to time invest and reinvest said deposit to the fullest extent possible, but in all events within the limitations set forth herein, and only in Federal Securities, in such manner that sufficient funds will be available to pay the principal of, premium if any, and interest on the Series 2017 Certificates, as the same accrue and become due and payable from time to time according to the schedule hereinabove set forth. Nothing herein contained shall be construed as requiring the Escrow Agent to keep on hand the identical moneys, or any part thereof, received for the Escrow Account, but moneys of an equal amount, except to the extent such are represented by the Federal Securities contained in the Escrow Account, must always be maintained on hand as funds held by the Escrow Agent as trustee, and a special account thereof, evidencing such fact, shall at all times be maintained on the books of the Escrow Agent.. To the extent not insured by the Federal Deposit Insurance Corporation, all uninvested money held at the time in the Escrow Fund shall be continuously secured by the deposit in a Federal Reserve Bank of direct obligations of the United States of America in a principal amount always not less than the total amount of such uninvested money. It is understood and agreed that the responsibility of the Escrow Agent under this Escrow Agreement is limited to the safekeeping and segregation of the money and securities held in such Escrow Fund, the collection of and accounting for the principal and interest payable with respect thereto, and the payment of the principal of and interest on the Refunded Bonds to the Refunded Bonds Paying Agent, in accordance with the provisions of this Escrow Agreement.

12. This Agreement is made by the City for the benefit of the holders of the Series 2009B Bonds, and is not revocable by the City, and the investments and other funds deposited in the Escrow Account and all income therefrom have been irrevocably appropriated for the payment of the interest on the portion of the Series 2017 Certificates used to advance refund the Series 2009B Refunded Maturities to the Series 2009B Redemption Date, and callable principal amount of the Series 2009B Refunded Maturities on the Series 2009B Redemption Date in accordance with this Agreement.

13. This Agreement shall be binding upon and shall inure to the benefit of the City and the Escrow Agent and their respective successors and assigns. In addition, this Agreement shall constitute a third party beneficiary contract for the benefit of the holders of the Series 2009B Bonds and said third party beneficiaries shall be entitled to enforce performance and observance by the City and the Escrow Agent of the respective agreements and covenants herein contained as fully and completely as if said third party beneficiaries were parties hereto.

14. The Escrow Agent may at any time resign and be discharged of its obligations hereunder by giving to the Finance Director of the City written notice of such resignation not less than 60 days before the date when the same is to take effect. Such resignation shall take effect upon the date specified in the notice, or upon the appointment and qualification of a successor prior to that date. In the event of such resignation, a successor shall promptly be appointed by the City, and the Finance Director of the City shall immediately give written notice thereof to the predecessor escrow agent and publish the notice in the manner described in this paragraph 14. If, in a proper case, no appointment of a successor agent is made

within 45 days after the receipt by the City of notice of such resignation, the Escrow Agent or the holder of any Series 2009B Bond may apply to any court of competent jurisdiction to appoint a successor escrow agent, which appointment may be made by the Court after such notice, if any, as the Court may prescribe. Any successor escrow agent appointed hereunder shall execute, acknowledge and deliver to its predecessor escrow agent and to the City a written acceptance of such appointment, and shall thereupon without any further act, deed or conveyance become fully vested with all moneys, properties, duties and obligations of its predecessor, but the predecessor shall nevertheless pay over, transfer, assign and deliver all moneys, securities or other property held by it to the successor escrow agent, shall execute, acknowledge and deliver such instruments of conveyance and do such other things as may reasonably be required to vest and confirm more fully and certainly in the successor escrow agent all right, title and interest in and to any property held by it hereunder. Any bank into which the Escrow Agent may be merged or with which it may be consolidated or any bank resulting from any merger or consolidation to which it shall be a party or any bank to which it may sell or transfer all or substantially all of its corporate trust business shall, if the City approves, be the successor escrow agent without the execution of any document or the performance of any further act.

15. The Escrow Agent also acknowledges receipt of a sum described in a letter agreement between the City and the Escrow Agent, as and for full compensation for all services to be performed by it as Escrow Agent under this Agreement, and the Escrow Agent expressly waives any lien upon or claim against the moneys and investments for the Escrow Account.

16. The duties and obligations of the Escrow Agent shall be as prescribed by the provisions of this Agreement and the Escrow Agent shall not be liable hereunder except for failure to perform its duties and obligations as specifically set forth herein or to act in good faith in the performance thereof and no implied duties or obligations shall be incurred by the Escrow Agent other than those specified herein.

17. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files, and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action, or suit in the appropriate court of law.

18. The exhibits which are a part of this Agreement are as follows:

- | | |
|-----------|--|
| Exhibit A | Federal Securities for the Series 2009B Bonds |
| Exhibit B | Notice of Call for Redemption for the Series 2009B Bonds |
| Exhibit C | Verification Report |

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed by their duly authorized officers as of the date first written above.

CITY OF FRUITA, COLORADO

By _____
Mayor

UMB BANK, N.A., as Escrow Agent

By _____
Authorized Officer

(Signature Page of the City to the Escrow Agreement)

EXHIBIT A

FEDERAL SECURITIES FOR THE SERIES 2009B BONDS

EXHIBIT B

NOTICE OF REFUNDING

**CITY OF FRUITA, COLORADO
SALES AND USE TAX
REVENUE BONDS
(Federally Taxable – Issuer Subsidy – Build America Bonds)
SERIES 2009B**

Bond Number(s): _____
Principal Amount: \$ _____

NOTICE IS HEREBY GIVEN that the City of Fruita, Colorado (the “City”) has refunded \$10,125,000 in aggregate principal amount of the City’s Sales and Use Tax Revenue Bonds (Federally Taxable – Issuer Subsidy – Build America Bonds), Series 2009B, consisting of the maturities maturing between October 1, 2029 and October 1, 2039 (collectively, the “Refunded Bonds”), there being on deposit with UMB Bank, n.a., under an Escrow Agreement between the City and said bank, direct noncallable obligations of the United States of America, or noncallable obligations unconditionally guaranteed by the United States of America, the maturing principal of and interest on which, together with cash held in escrow, will be sufficient to pay the interest on the Refunded Bonds in accordance with their terms until October 1, 2019, at which time all of the Refunded Bonds shall be redeemed in advance of maturity at a redemption price (expressed as a percentage of principal amount) of 100%, plus accrued interest to the date of redemption.

Date: _____, 2017

UMB BANK, N.A., as Paying Agent

By: _____
Its: Vice President

EXHIBIT E-1

FORM OF EVENT NOTICE

EVENT NOTICE

**CITY OF FRUITA, COLORADO
SALES AND USE TAX
REVENUE BONDS
(Federally Taxable – Issuer Subsidy – Build America Bonds)
SERIES 2009B**

NOTICE IS HEREBY GIVEN that the maturity (identified below) of the outstanding Sales and Use Tax Revenue Bonds (Federally Taxable – Issuer Subsidy – Build America Bonds), Series 2009B, dated November 9, 2009, (the “Series 2009B Bonds”), have been defeased as described below and the Series 2009B Bonds maturing between October 1, 2029 and October 1, 2039, will be duly called for redemption on October 1, 2019. The Series 2009B Bonds to be redeemed prior to maturity (the “Refunded Bonds”) are the following:

Principal Amount	Maturity Date	CUSIP Numbers
\$ 3,200,000	10/1/2029	359430 AK1
3,425,000	10/1/2034	359430 AN5
3,500,000	10/1/2039	359430 AL9

The Refunded Bonds listed above have been defeased by action of the City Council of the City, there being on deposit with UMB Bank, n.a. Denver, Colorado (the “Bank”), under an Escrow Agreement, by and between the City, and the Bank, direct obligations of (including obligations issued or held in book entry form on the books of), or obligations the principal of and interest on which are guaranteed by, the United States of America, the maturing principal of and interest on which, together with cash held in escrow, will be sufficient to pay the interest on such Refunded Bonds in accordance with their terms until October 1, 2019 on which date the above listed Refunded Bonds shall be called for optional redemption at a price equal to the principal amount thereof, plus accrued interest to the redemption date (without redemption premium).

EXHIBIT C
VERIFICATION REPORT

INDENTURE OF TRUST

DATED [_____], 2017

BY

**UMB BANK. N.A.,
As Trustee**

This Table of Contents is not a part of this Indenture and is only for convenience of reference

TABLE OF CONTENTS

	<u>Page</u>
<u>ARTICLE 1 DEFINITIONS</u>	3
Section 1.01 <u>Certain Funds and Accounts.</u>	3
Section 1.02 <u>Definitions.</u>	3
<u>ARTICLE 2 THE CERTIFICATES</u>	9
Section 2.01 <u>Amount of the Certificates; Nature of the Certificates.</u>	9
Section 2.02 <u>Form, Denominations, Maturities and Other Terms of 2017 Certificates.</u>	9
Section 2.03 <u>Execution; Global Book-Entry System.</u>	11
Section 2.04 <u>Delivery of Certificates.</u>	12
Section 2.05 <u>Mutilated, Lost, Stolen or Destroyed Certificates.</u>	13
Section 2.06 <u>Registration of Certificates; Persons Treated as Owners; Transfer and</u> <u>Exchange of Certificates.</u>	13
Section 2.07 <u>Cancellation of Certificates.</u>	14
Section 2.08 <u>Additional Certificates.</u>	14
Section 2.09 <u>Uniform Commercial Code; Negotiability.</u>	16
<u>ARTICLE 3 REVENUES AND FUNDS</u>	17
Section 3.01 <u>Segregation and Disposition of Proceeds of Certificates.</u>	17
Section 3.02 <u>Application of Revenues and Other Moneys.</u>	17
Section 3.03 <u>Base Rentals Fund.</u>	17
Section 3.04 <u>Reserved.</u>	18
Section 3.05 <u>Rebate Fund.</u>	18
Section 3.06 <u>Costs of Execution and Delivery Fund.</u>	19
Section 3.07 <u>Escrow Account.</u>	19
Section 3.08 <u>Moneys to be Held in Trust.</u>	19
Section 3.09 <u>Nonpresentment of Certificates.</u>	20
Section 3.10 <u>Repayment to the City from the Trustee.</u>	20
<u>ARTICLE 4 REDEMPTION OF CERTIFICATES</u>	21
Section 4.01 <u>Optional Redemption.</u>	21
Section 4.02 <u>Mandatory Sinking Fund Redemption.</u>	21
Section 4.03 <u>Extraordinary Mandatory Redemption.</u>	23
Section 4.04 <u>Partial Redemption.</u>	25
Section 4.05 <u>Notice of Redemption.</u>	25
Section 4.06 <u>Redemption Payments.</u>	26
<u>ARTICLE 5 INVESTMENTS</u>	27
Section 5.01 <u>Investment of Moneys.</u>	27
Section 5.02 <u>Method of Valuation and Frequency of Valuation.</u>	28
<u>ARTICLE 6 DEFEASANCE AND DISCHARGE</u>	29
Section 6.01 <u>Defeasance and Discharge.</u>	29
<u>ARTICLE 7 EVENTS OF INDENTURE DEFAULT AND REMEDIES</u>	31
Section 7.01 <u>Events of Indenture Default Defined.</u>	31
Section 7.02 <u>Remedies.</u>	31
Section 7.03 <u>Legal Proceedings by Trustee.</u>	31
Section 7.04 <u>Discontinuance of Proceedings by Trustee.</u>	32

Section 7.05	Owners of Certificates May Direct Proceedings.	32
Section 7.06	Limitations on Actions by Owners of Certificates.	32
Section 7.07	Trustee May Enforce Rights Without Possession of Certificates.	33
Section 7.08	Remedies Not Exclusive.	33
Section 7.09	Delays and Omissions Not to Impair Rights.	33
Section 7.10	Application of Moneys in Event of Indenture Default.	33
ARTICLE 8 CONCERNING THE TRUSTEE		34
Section 8.01	Duties of the Trustee.	34
Section 8.02	Liability of Trustee; Trustee’s Use of Agents.	34
Section 8.03	Representations and Covenants of Trustee.	36
Section 8.04	Compensation.	37
Section 8.05	Notice of Default; Right to Investigate.	37
Section 8.06	Obligation to Act on Defaults.	37
Section 8.07	Reliance on Requisition, etc.	37
Section 8.08	Trustee May Own Certificates.	37
Section 8.09	Construction of Ambiguous Provisions.	38
Section 8.10	Resignation of Trustee.	38
Section 8.11	Removal of Trustee.	38
Section 8.12	Appointment of Successor Trustee.	38
Section 8.13	Qualification of Successor.	38
Section 8.14	Instruments of Succession.	38
Section 8.15	Merger of Trustee.	39
Section 8.16	Intervention by Trustee.	39
Section 8.17	Books and Record of the Trustee; Trustee Record Keeping.	39
Section 8.18	Environmental Matters.	39
ARTICLE 9 SUPPLEMENTAL INDENTURES AND AMENDMENTS OF THE LEASE AND SITE LEASE		40
Section 9.01	Supplemental Indentures and Amendments Not Requiring Certificate Owners’ Consent.	40
Section 9.02	Supplemental Indentures and Amendments Requiring Certificate Owners’ Consent.	40
Section 9.03	Amendment of the Lease and the Site Lease.	41
Section 9.04	Notice to Rating Agencies.	42
ARTICLE 10 MISCELLANEOUS		43
Section 10.01	Evidence of Signature of Owners and Ownership of Certificates.	43
Section 10.02	Inspection of the Leased Property.	43
Section 10.03	Parties Interested Herein.	43
Section 10.04	Titles, Headings, Etc.	44
Section 10.05	Severability.	44
Section 10.06	Governing Law.	44
Section 10.07	Execution in Counterparts.	44
Section 10.08	Notices.	44
Section 10.09	Successors and Assigns.	44
Section 10.10	Payments Due on Saturdays, Sundays and Holidays.	44
Section 10.11	Undertaking to Provide Ongoing Disclosure.	45
EXHIBIT A - FORM OF 2017 CERTIFICATES		A-1

INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated [_____], 2017 (this “Indenture”), is executed and delivered by UMB Bank, n.a., a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”) for the benefit of the Owners of the Certificates as set forth in this Indenture.

PREFACE

All capitalized terms used herein will have the meanings ascribed to them in Article 1 of this Indenture.

RECITALS

1. This Indenture is being executed and delivered to provide for the execution, delivery and payment of and security for the 2017 Certificates, the net proceeds of which, together with other available funds of the City, will be used to finance the Refunding Project. The Certificates evidence undivided interests in the right to receive Revenues under the Lease.

2. Pursuant to the Lease, and subject to the rights of the City to not appropriate the Base Rentals and Additional Rentals thereunder and, therefore, to not renew and to terminate the Lease and other limitations as therein provided, the City is to pay certain Base Rentals directly to the Trustee, for the benefit of the Owners of the Certificates, in consideration of the City’s right to possess and use the Leased Property.

3. The Trustee has entered into this Indenture for and on behalf of the Owners of the Certificates and the Trustee will hold the Revenues and the Leased Property and will exercise the Trustee’s rights under the Site Lease and the Lease for the equal and proportionate benefit of the Owners of the Certificates as described herein, and will disburse money received by the Trustee in accordance with this Indenture.

4. The net proceeds from the sale of the 2017 Certificates to the Owners will be disbursed by the Trustee to implement the Refunding Project, as described herein and in the Lease and for other purposes set forth herein.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that the Trustee, in consideration of the premises, the purchase of the Certificates by the Owners and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Certificates and all other amounts payable to the Owners with respect to the Certificates, to secure the performance and observance of all the covenants and conditions set forth in the Certificates and this Indenture, and to declare the terms and conditions upon and subject to which the Certificates are executed, delivered and secured, has executed and delivered this Indenture and has granted, assigned, pledged, bargained, sold, alienated, remised, released, conveyed, set over and confirmed, and by these presents does grant, assign, pledge, bargain, sell, alienate, remise, release, convey, set over and confirm, in trust upon the terms set forth herein all and singular the following described property, franchises and income, including any title or interest therein acquired after these

presents, all and singular the following described property, franchises and income, including any title therein acquired after these presents (collectively, the “Trust Estate”):

(a) all rights, title and interest of the Trustee in, to and under the Site Lease and the Lease relating to the Leased Property, subject to Permitted Encumbrances (other than the Trustee’s rights to payment of its fees and expenses under the Site Lease and the Lease and the rights of third parties to Additional Rent payable to them under the Lease);

(b) all Revenues and any other receipts receivable by or on behalf of the Trustee pursuant to the Lease, including without limitation, all Base Rentals, Prepayments, the Purchase Option Price and Net Proceeds; and

(c) all money and securities from time to time held by the Trustee under this Indenture in the Base Rentals Fund, and the Costs of Execution and Delivery Fund (but not the Rebate Fund, the Escrow Account or any other defeasance escrow fund or account), any and all other property, revenues or funds from time to time hereafter by delivery or by writing of any kind specially granted, assigned or pledged as and for additional security hereunder, by any Person in favor of the Trustee, which shall accept any and all such property and hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD IN TRUST, NEVERTHELESS, the Trust Estate for the equal and ratable benefit and security of all Owners of the Certificates, without preference, priority or distinction as to lien or otherwise of any one Certificate over any other Certificate upon the terms and subject to the conditions hereinafter set forth.

PROVIDED, HOWEVER, that if the principal of the Certificates, the premium, if any, and the interest due or to become due thereon, shall be paid at the times and in the manner mentioned in the Certificates, according to the true intent and meaning thereof, and if there are paid to the Trustee all sums of money due or to become due to the Trustee in accordance with the terms and provisions hereof, then, upon such final payments, this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture shall be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared, that all Certificates are to be executed and delivered and all said property, rights, interests, revenues and receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Trustee has agreed and covenanted, and does hereby agree and covenant, for the benefit of the Owners, as follows:

ARTICLE 1
DEFINITIONS

Section 1.01 Certain Funds and Accounts. All references herein to any Funds and Accounts shall mean the Funds and Accounts so designated which are established pursuant to Article 3 hereof.

Section 1.02 Definitions. All capitalized terms defined in Article 1 of the Lease shall have the same meaning in this Indenture. In addition, the following capitalized terms shall have the following meanings under this Indenture:

“2009B Bonds” means the outstanding City of Fruita, Colorado Sales and Use Tax Revenue Bonds (Federally Taxable – Issuer Subsidy – Build America Bonds), Series 2009B, the net proceeds of which financed the 2009 Project.

“2009 Project” means the acquisition, construction and improvements to certain property and facilities located in the City and commonly known as the Fruita Community Center that were financed with the proceeds of the 2009B Bonds.

“2017 Certificates” means the “Certificates of Participation, Series 2017, Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement, dated [_____], 2017, between UMB Bank, n.a., Denver, Colorado as Trustee, as lessor, and the City of Fruita, Colorado, as lessee” dated as of their date of delivery, executed and delivered pursuant to this Indenture.

“Additional Certificates” means Additional Certificates which may be executed and delivered pursuant to this Indenture.

“Additional Rentals” means the payment or cost of all:

(a) (i) reasonable expenses and fees of the Trustee related to the performance or discharge of its responsibilities under the provisions of the Lease, the Site Lease or this Indenture, including the reasonable fees and expenses of any person or firm employed by the City to make rebate calculations under the provisions of Section 3.05 of this Indenture and the expenses of the Trustee in respect of any policy of insurance or surety bond obtained in respect of the Certificates executed and delivered with respect to the Lease, (ii) the cost of insurance premiums and insurance deductible amounts under any insurance policy reasonably deemed necessary by the Trustee to protect the Trustee from any liability under the Lease, and approved by the City Representative, which approval shall not be unreasonably withheld, (iii) reasonable legal fees and expenses incurred by the Trustee to defend the Trust Estate or the Trustee from and against any legal claims, and (iv) reasonable expenses and fees of the Trustee incurred at the request of the City Representative;

(b) taxes, assessments, insurance premiums, utility charges, maintenance, upkeep, repair and replacement with respect to the Leased Property or as otherwise required under the Lease;

(c) rebate payments as provided in the Lease; and

(d) all other charges and costs (together with all interest and penalties that may accrue thereon in the event that the City shall fail to pay the same, as specifically set forth in the Lease) which the City agrees to assume or pay as Additional Rentals under the Lease.

Additional Rentals shall not include Base Rentals.

“Approval of Special Counsel” means an opinion of Special Counsel to the effect that the matter proposed will not adversely affect the excludability from gross income for federal income tax purposes of the Interest Portion of the Base Rentals paid by the City under the Lease and attributable to the 2017 Certificates.

“Authorized Denominations” means \$5,000 or integral multiples of \$5,000.

“Base Rentals” means the rental payments payable by the City during the Lease Term, which constitute payments payable by the City for and in consideration of the right to possess and use the Leased Property as set forth in Exhibit C (Base Rentals Schedule) of the Lease. Base Rentals does not include Additional Rentals.

“Base Rentals Fund” means the fund created under Section 3.03 hereof.

“Beneficial Owners” means any person for which a DTC Participant acquires an interest in Certificates.

“Business Day” means any day, other than a Saturday, Sunday or legal holiday or a day (a) on which banks located in Denver, Colorado are required or authorized by law or executive order to close or (b) on which the Federal Reserve System is closed.

“Cede & Co.” means DTC’s nominee or any new nominee of DTC.

“Certificate Purchase Agreement” means the Certificate Purchase Agreement dated [_____], 2017 among the Underwriter, the City and the Trustee relating to the 2017 Certificates.

“Certificates” means, collectively, the 2017 Certificates and any Additional Certificates.

“Charter” means the home rule charter of the City, and any amendments or supplements thereto.

“City” means the City of Fruita, Colorado.

“City Manager” means the City Manager of the City or the City Manager’s successor in functions, if any.

“City Representative” means the City Manager or the Finance Director or such other person at the time designated to act on behalf of the City for the purpose of performing any act under the Lease, the Site Lease or this Indenture by a written certificate furnished to the Trustee

containing the specimen signature of such person or persons and signed on behalf of the City by the Mayor or Mayor Pro Tem of the City.

“Closing” means the date of execution and delivery of the 2017 Certificates.

“Costs of Execution and Delivery” means all items of expense directly or indirectly payable by the Trustee related to the authorization, execution and delivery of the Site Lease and the Lease and related to the authorization, sale, execution and delivery of the Certificates and to be paid from the Costs of Execution and Delivery Fund, including but not limited to, title insurance premiums, closing costs and other costs relating to the leasing of the Leased Property under the Site Lease and the Lease, costs of preparation and reproduction of documents, costs of printing the Certificates and the Preliminary and final Official Statements prepared in connection with the offering of the Certificates, costs of Rating Agencies and costs to provide information required by Rating Agencies for the rating or proposed rating of Certificates, initial fees and charges of the Trustee, Paying Agent and Escrow Agent, legal fees and charges, including fees and expenses of Bond Counsel, Special (Disclosure) Counsel, and Counsel to the Trustee and Escrow Agent, fees and disbursements of professionals and the Underwriter, fees and charges for preparation, execution and safekeeping of the Certificates, premiums for insurance on the Certificates, and any other cost, charge or fee in connection with the original sale and the execution and delivery of the Certificates; provided, however, that Additional Rentals shall not be Costs of Execution and Delivery of the Certificates and are to be paid by the City as provided in the Lease.

“Costs of Execution and Delivery Fund” means the fund created under Section 3.06 hereof.

“Council” means the City Council of the City or any successor to its functions.

“CRS” means Colorado Revised Statutes.

“Depository” means any securities depository as the Trustee may provide and appoint pursuant to Section 2.03 hereof, in accordance with then current guidelines of the Securities and Exchange Commission, which shall act as securities depository for the Certificates.

“DTC” means the Depository Trust Company, New York, New York, and its successors and assigns.

“DTC Participant(s)” means any broker-dealer, bank or other financial institution from time to time for which DTC holds Certificates as Depository.

“Escrow Account” means the Escrow Account created under the Escrow Agreement.

“Escrow Agent” means UMB Bank, n.a., Denver, Colorado as escrow agent, its successors and assigns.

“Escrow Agreement” means the Escrow Agreement dated [_____], 2017 between the City and the Escrow Agent.

“Event(s) of Indenture Default” means those defaults specified in Section 7.01 of this Indenture.

“Extraordinary Mandatory Redemption” means any redemption made pursuant to Section 4.03 hereof.

“Federal Securities” means non-callable bills, certificates of indebtedness, notes or bonds which are direct obligations of, or the principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Finance Director” means the Director of Finance of the City or such Director’s successor in functions, if any.

“Fiscal Year” means any 12-month period adopted by the City as its fiscal year.

“Indenture” means this Indenture of Trust dated [_____], 2017, executed and delivered by the Trustee as the same may be hereafter amended or supplemented.

“Interest Payment Date” means, in respect of the 2017 Certificates, each April 1 and October 1, commencing October 1, 2017.

“Lease” means the Lease Purchase Agreement dated [_____], 2017, between the Trustee, as lessor, and the City, as lessee, as the same may be amended.

“Leased Property” means the Site and the premises, buildings and improvements situated thereon, including all fixtures attached thereto, as more particularly described in Exhibit A to the Lease, together with any and all additions and modifications thereto and replacements thereof, and any New Facility.

“New Facility” means any real property, buildings or equipment leased by the City to the Trustee pursuant to a future amendment to the Site Lease and leased back by the City from the Trustee pursuant to a future amendment to the Lease in connection with the execution and delivery of Additional Certificates.

“Optional Redemption” means any redemption made pursuant to Section 4.01 hereof.

“Optional Redemption Date” means the date of redemption of Certificates upon the Prepayment of Base Rentals or the payment of the Purchase Option Price under the Lease.

“Outstanding” means, with respect to the Certificates, all Certificates executed and delivered pursuant to this Indenture as of the time in question, except:

- (a) All Certificates theretofore canceled or required to be canceled under Section 2.07 of this Indenture;
- (b) Certificates in substitution for which other Certificates have been executed and delivered under Section 2.05 or 2.06 of this Indenture;
- (c) Certificates which have been redeemed as provided in Article 4 of this Indenture;

(d) Certificates for the payment or redemption of which provision has been made in accordance with Article 6 of this Indenture; provided that, if such Certificates are being redeemed, the required notice of redemption has been given or provision satisfactory to the Trustee has been made therefor; and

(e) Certificates deemed to have been paid pursuant to Section 6.01 of this Indenture.

“Owners” means the registered owners of any Certificates.

“Paying Agent” means the Trustee or any successor or additional paying agent appointed pursuant to this Indenture.

“Permitted Investments” means those investments the City is authorized to enter into under the Charter and the laws of the State of Colorado.

“Prepayment” means any amount paid by the City pursuant to the provisions of the Lease as a prepayment of the Base Rentals due thereunder.

“Project” means the Refunding Project, and the payment of expenses incidental thereto, as provided in this Lease and this Indenture.

“Rating Agency” or “Rating Agencies” means Moody’s Investors Service or other nationally recognized securities rating agency or agencies as may be directed by the City in writing to the Trustee.

“Rebate Fund” means the fund created under Section 3.05 hereof.

“Refunding Project” means the payment, refunding and defeasance of the outstanding 2009B Bonds by depositing the proceeds of the 2017 Certificates, together with other available moneys of the City, into the Escrow Account.

“Refunded Bonds Requirements” means the payment of (i) the interest due on the Refunded Bonds, both accrued and not accrued, as the same becomes due on and after the date of delivery of the 2017 Certificatess and on and before their redemption date; and (ii) the principal of the Refunded Bonds upon prior redemption on their redemption date.

“Refunded Bonds” means all the outstanding 2009B Bonds, which are being refunded by the 2017 Certificates and other available moneys of the City.

“Regular Record Date” in respect of the 2017 Certificates means the 15th day of the calendar month immediately preceding the Interest Payment Date (or the Business Day immediately preceding such 15th day, if such 15th day is not a Business Day).

“Revenues” means (a) all amounts payable by or on behalf of the City or with respect to the Leased Property pursuant to the Lease including, but not limited to, all Base Rentals, Prepayments, the Purchase Option Price and Net Proceeds, but not including Additional Rentals; (b) any portion of the proceeds of the Certificates deposited into the Base Rentals Fund created under this Indenture; (c) any moneys which may be derived from any insurance in respect of the Certificates; and (d) any moneys and securities, including investment income, held by the

Trustee in the Funds and Accounts established under this Indenture (except for moneys and securities held in the Rebate Fund or any defeasance escrow account).

“Site” means the real property owned by the City and leased by the City to the Trustee under the Site Lease and subleased by the Trustee to the City under the Lease, the legal description of which is set forth in Exhibit A to the Lease, or an amendment or supplement thereto.

“Site Lease” means the Site and Improvement Lease, dated [_____], 2017, between the City, as lessor, and the Trustee, as lessee, as the same may hereafter be amended.

“Special Counsel” means any counsel experienced in matters of municipal law and listed in the list of municipal bond attorneys, as published semiannually by *The Bond Buyer*, or any successor publication. So long as the Lease Term is in effect, the City shall have the right to select Special Counsel.

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

“Tax Certificate” means the Tax Compliance Certificate entered into by the City with respect to the Lease and the 2017 Certificates.

“Tax Code” means the Internal Revenue Code of 1986, as amended, and all regulations and rulings promulgated thereunder.

“Trust Estate” means all of the property placed in trust by the Trustee pursuant to the Granting Clauses hereof.

“Trustee” means UMB Bank, n.a., Denver, Colorado, as Trustee under this Indenture for the benefit of the Owners of the Certificates and any Additional Certificates, and its successors and assigns.

“Underwriter” means RBC Capital Markets, LLC.

ARTICLE 2
THE CERTIFICATES

Section 2.01 Amount of the Certificates; Nature of the Certificates. Except as provided in Section 2.08 hereof, the aggregate original principal amount of 2017 Certificates that may be executed and delivered pursuant to this Indenture shall be \$_____.

The 2017 Certificates shall constitute proportionate interests in the Trustee's right to receive the Base Rentals under the Lease and other Revenues. The 2017 Certificates shall constitute a contract between the Trustee and the Owners. In no event shall any decision by the City Council not to appropriate any amounts payable under the Lease be construed to constitute an action impairing such contract.

The Certificates shall not constitute a mandatory charge or requirement of the City in any ensuing Fiscal Year beyond the current Fiscal Year, and shall not constitute or give rise to a general obligation or other indebtedness of the City or a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the City, within the meaning of any constitutional, home rule charter or statutory debt provision or limitation. No provision of the Certificates shall be construed or interpreted as creating a delegation of governmental powers nor as a donation by or a lending of the credit of the City within the meaning of Sections 1 or 2 of Article XI of the Colorado Constitution. The execution and delivery of the Certificates shall not directly or indirectly obligate the City to renew the Lease from Fiscal Year to Fiscal Year or to make any payments beyond those appropriated for the City's then current Fiscal Year.

Section 2.02 Form, Denominations, Maturities and Other Terms of 2017 Certificates. The 2017 Certificates shall be in substantially the form attached hereto as Exhibit A, and all provisions and terms of the 2017 Certificates set forth therein are incorporated in this Indenture.

The 2017 Certificates shall be executed and delivered in fully registered form in Authorized Denominations not exceeding the aggregate principal amount stated to mature on any given date. The 2017 Certificates shall be numbered consecutively in such manner as the Trustee shall determine; provided that while the 2017 Certificates are held by a Depository, one 2017 Certificate shall be executed and delivered for each maturity bearing interest at the same interest rate of the Outstanding 2017 Certificates.

The 2017 Certificates are executed and delivered under the authority of the Supplemental Act and shall so recite. Pursuant to Section 11-57-210 of the Supplemental Act, such recital shall be conclusive evidence of the validity and the regularity of the execution and delivery of the 2017 Certificates after their delivery for value.

The 2017 Certificates shall be dated [_____], 2017.

The 2017 Certificates shall mature on the dates and in the amounts, with interest thereon at the rates, set forth below:

<u>Years</u> <u>(October 1)</u>	<u>Principal</u> <u>Amounts</u>	<u>Interest</u> <u>Rates</u>
------------------------------------	------------------------------------	---------------------------------

The 2017 Certificates shall bear interest from their date to maturity or prior redemption at the rates per annum set forth above, payable on each Interest Payment Date and calculated on the basis of a 360-day year of twelve 30-day months.

The payment of principal, premium, if any, and interest represented by the Certificates shall be made in lawful money of the United States of America.

The 2017 Certificates shall be subject to redemption prior to maturity, all as provided in Article 4 hereof.

Except for any Certificates for which DTC is acting as Depository or for an Owner of \$1,000,000 or more in aggregate principal amount of Certificates, the principal of, premium, if any, and interest on all Certificates shall be payable to the Owner thereof at its address last appearing on the registration books maintained by the Trustee. In the case of any Certificates for which DTC is acting as Depository, the principal of, premium, if any, and interest on such Certificates shall be payable as directed in writing by the Depository. In the case of an Owner of \$1,000,000 or more in aggregate principal amount of Certificates, the principal of, premium, if any, and interest on such Certificates shall be payable by wire transfer of funds to a bank account designated by the Certificate Owner in written instructions to the Trustee.

Interest shall be paid to the Owner of each 2017 Certificate, as shown on the registration books kept by the Trustee, as of the close of business on the Regular Record Date, irrespective of any transfer of ownership of 2017 Certificates subsequent to the Regular Record Date and prior to such Interest Payment Date, or on a special record date, which shall be fixed by the Trustee for such purpose, irrespective of any transfer of ownership of 2017 Certificates subsequent to such special record date and prior to the date fixed by the Trustee for the payment of such interest. Notice of the special record date and of the date fixed for the payment of such interest shall be given by providing a copy thereof by first class mail postage prepaid at least ten (10) days prior to the special record date, to the Owner of each 2017 Certificate upon which interest will be paid, determined as of the close of business on the day preceding the giving of such notice.

Section 2.03 Execution; Global Book-Entry System. Each Certificate shall be executed with the manual signature of a duly authorized representative of the Trustee. It shall not be necessary that the same authorized representative of the Trustee sign all of the Certificates executed and delivered hereunder. In case any authorized representative of the Trustee whose signature appears on the Certificates ceases to be such representative before delivery of the Certificates, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such authorized representative had remained as such authorized representative until delivery.

No Certificate shall be valid or obligatory for any purpose or entitled to any security or benefit hereunder unless and until executed in the manner prescribed by this Section, and such execution of any Certificate shall be conclusive evidence that such Certificate has been properly executed and delivered hereunder.

DTC may act as Depository for any Certificates. The Certificates for which DTC is acting as Depository shall be initially executed and delivered as set forth herein with a separate fully registered certificate (in printed or type-written form) for each of the maturities bearing interest at the same interest rate of the Certificates. Upon initial execution and delivery, the ownership of any Certificates for which DTC is acting as Depository shall be registered in the registration books kept by the Trustee, in the name of Cede & Co., as the nominee of DTC or such other nominee as DTC shall appoint in writing.

The Trustee is hereby authorized to take any and all actions as may be necessary and not inconsistent with this Indenture in order to qualify any Certificates for the Depository's book-entry system, including the execution of the Depository's form of Representation Letter.

With respect to any Certificates which shall or may be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, the Trustee shall not have any responsibility or obligation to any DTC Participants or to any Beneficial Owners. Without limiting the immediately preceding sentence, the Trustee shall not have any responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (b) the delivery to any DTC Participant, any Beneficial Owner or any other person, other than DTC, of any notice with respect to the Certificates, including any notice of redemption, or (c) the payment to any DTC Participant, any Beneficial Owner or any other person, other than DTC, of any amount with respect to the principal of and premium, if any, or interest on the Certificates; except that so long as any Certificate is registered in the name of Cede & Co., as nominee of DTC, any Beneficial Owner of \$1,000,000 or more in aggregate principal amount of Certificates who has filed a written request to receive notices, containing such Beneficial Owner's name and address, with the Trustee shall be provided with all notices relating to such Certificates by the Trustee.

Except as set forth above, the Trustee may treat as and deem DTC to be the absolute Owner of each Certificate for which DTC is acting as Depository for all purposes, including payment of the principal of and premium and interest on such Certificate, giving notices of redemption and registering transfers with respect to such Certificates. The Trustee shall pay all principal of and interest on the Certificates only to or upon the order of the Owners as shown on the registration books kept by the Trustee or their respective attorneys duly authorized in writing and all such payments shall be valid and effective to fully satisfy and discharge the obligations

with respect to the principal of and interest on the Certificates to the extent of the sum or sums so paid.

No person other than an Owner, as shown on the registration books kept by the Trustee, shall receive a Certificate. Upon delivery by DTC to the Beneficial Owner and the Trustee, a written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions in Section 2.06 hereof, references to “Cede & Co.” in this Section shall refer to such new nominee of DTC.

DTC may determine to discontinue providing its services with respect to any Certificates at any time after giving written notice to the Trustee and discharging its responsibilities with respect thereto under applicable law. The Trustee, upon the written direction of the City, may terminate the services of DTC with respect to any Certificates if it determines that DTC is unable to discharge its responsibilities with respect to such Certificates or that continuation of the system of book-entry transfers through DTC is not in the best interests of the Beneficial Owners, and the Trustee shall provide notice of such termination to the Trustee.

Upon the termination of the services of DTC as provided in the previous paragraph, and if no substitute Depository willing to undertake the functions of DTC in respect of the Certificates can be found which, in the opinion of the City is willing and able to undertake such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the Beneficial Owners of the Certificates that they be able to obtain certificated Certificates, the Certificates shall no longer be restricted to being registered in the registration books of the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Owners shall designate at that time, in accordance with Section 2.06. To the extent that the Beneficial Owners are designated as the transferee by the Owners, in accordance with Section 2.06, the Certificates will be delivered to the Beneficial Owners.

Section 2.04 Delivery of Certificates. Upon the execution and delivery of this Indenture, the Trustee is authorized to execute and deliver the 2017 Certificates either to DTC or to the purchasers thereof in the aggregate principal amounts set forth in Section 2.01 hereof, as provided in this Section:

(a) Before or upon the delivery by the Trustee of any of the 2017 Certificates, there shall be filed with the Trustee an originally executed counterpart of this Indenture, the Lease, the Site Lease, and a title insurance commitment or commitments (with a title insurance policy to be delivered in a timely fashion after the delivery of the 2017 Certificates) under which the Trustee’s leasehold interests in the Leased Property are insured; and

(b) Thereupon, the Trustee shall execute and deliver the 2017 Certificates to DTC or the purchasers thereof, upon payment to the Trustee of the purchase price set forth in the Certificate Purchase Agreement. Notwithstanding anything herein to the contrary, the Trustee is authorized to execute and transfer or cause to be transferred to DTC in advance of the date of execution and delivery of the 2017 Certificates, 2017 Certificates to effect the registration and delivery thereof to the Owners pending and subject to the delivery of the opinion of Special Counsel necessary to effect the delivery of the 2017 Certificates.

Section 2.05 Mutilated, Lost, Stolen or Destroyed Certificates. In the event the Certificates are in the hands of DTC or Owners and one or more of the Certificates is mutilated, lost, stolen or destroyed, a new Certificate of the same series shall be executed by the Trustee, of like date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that the Trustee shall have received indemnity from DTC or the Owner of the Certificate, as the case may be, satisfactory to it and provided further, in case of any mutilated Certificate, that such mutilated Certificate shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Certificate, that there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee. In the event that any such Certificate shall have matured, instead of executing and delivering a duplicate Certificate, the Trustee may pay the same without surrender thereof. The Trustee may charge DTC or the Owner of the Certificate, as the case may be, with its reasonable fees and expenses in connection herewith.

Section 2.06 Registration of Certificates; Persons Treated as Owners; Transfer and Exchange of Certificates. Books for the registration and for the transfer of Certificates shall be kept by the Trustee which is hereby appointed the registrar. Upon surrender for transfer of any Certificate at the principal corporate trust office of the Trustee or at such other location as it shall designate, the Trustee shall execute and deliver in the name of the transferee or transferees a new Certificate or Certificates of the same series, of a like aggregate principal amount and interest rate and of the same maturity.

Certificates may be exchanged at the principal corporate trust office of the Trustee or at such other location as it shall designate for an equal aggregate principal amount of Certificates of the same series, of the same maturity of other Authorized Denominations. The Trustee shall execute and deliver Certificates which the Owner making the exchange is entitled to receive, bearing numbers not contemporaneously outstanding.

All Certificates presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the Owner or by his or her attorney duly authorized in writing.

The Trustee shall not be required to transfer or exchange any Certificate during the period of fifteen (15) days next preceding any Interest Payment Date nor to transfer or exchange any Certificate after the mailing of notice calling such Certificate for redemption has been made as herein provided, nor during the period of fifteen (15) days next preceding the mailing of such notice of redemption.

New Certificates delivered upon any transfer or exchange shall evidence the same obligations as the Certificates surrendered, shall be secured by this Indenture and entitled to all of the security and benefits hereof to the same extent as the Certificates surrendered. The person in whose name any Certificate shall be registered shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of either principal or interest on any Certificate shall be made only to or upon the written order of the Owner thereof or his, her or its legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge such Certificate to the extent of the sum or sums paid.

The Trustee shall require the payment, by any Owner requesting exchange or transfer of Certificates, of any reasonable transfer fees, tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

Section 2.07 Cancellation of Certificates. Whenever any outstanding Certificates shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment thereof or for or after replacement pursuant to Sections 2.05 or 2.06 hereof, such Certificates shall be promptly canceled and destroyed by the Trustee in accordance with customary practices of the Trustee and applicable record retention requirements.

Section 2.08 Additional Certificates. So long as no Event of Indenture Default, Event of Nonappropriation or Event of Lease Default has occurred and is continuing and the Lease Term is in effect, one or more series of Additional Certificates may be executed and delivered upon the terms and conditions set forth herein. The principal of any Additional Certificates shall mature on October 1 and interest payment dates therefore shall be the same as the interest payment dates for the 2017 Certificates; otherwise the times and amounts of payment of Additional Certificates shall be as provided in the supplemental ordinance or indenture and amendment to the Lease entered into in connection therewith.

Additional Certificates may be executed and delivered without the consent of or notice to the Owners of Outstanding Certificates, to provide moneys to pay any one or more of the following:

- (a) the costs of acquiring, constructing, improving, installing and equipping any New Facility, or of acquiring a Site for any New Facility (and costs reasonably related thereto);
- (b) the costs of making, at any time or from time to time, such substitutions, additions, modifications and improvements for or to the Leased Property as the City may deem necessary or desirable, and as in accordance with the provisions of the Lease; or
- (c) for the purpose of refunding or refinancing all or any portion of Outstanding Certificates.

In such case, the Costs of Execution and Delivery of the Additional Certificates, the amount, if any, to be deposited to a separate reserve fund for such Additional Certificates, and other costs reasonably related to the purposes for which Additional Certificates are being executed and delivered may be included.

Additional Certificates may be executed and delivered only upon there being furnished to the Trustee:

- (a) Originally executed counterparts of a supplemental Indenture and related and necessary amendments to the Site Lease and the Lease (including any necessary amendment to the Base Rentals Schedule); and
- (b) A commitment or other evidence that the amount of the title insurance policy delivered in respect of the Certificates will be increased, if necessary, to reflect the amount of the

Additional Certificates and all other Outstanding Certificates (or such lesser amount) as shall be the maximum insurable value of the real property included in the Leased Property); and

(c) A written opinion of Special Counsel to the effect that:

(i) the execution and delivery of Additional Certificates have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled;

(ii) the excludability of interest from gross income for federal income tax purposes on Outstanding 2017 Certificates will not be adversely affected by the execution and delivery of the Additional Certificates being executed and delivered; and

(iii) the sale, execution and delivery of the Additional Certificates, in and of themselves, will not constitute an Event of Indenture Default or an Event of Lease Default nor cause any violation of the covenants or representations herein, in the Site Lease or in the Lease; and

(d) Written directions from the underwriter or placement agent with respect of the Additional Certificates, together with written acknowledgment of the City, to the Trustee to deliver the Additional Certificates to the purchaser or purchasers therein identified upon payment to the Trustee of a specified purchase price.

Each Additional Certificate executed and delivered pursuant to this Section shall evidence a proportionate interest in the rights to receive the Revenues under this Indenture and shall be ratably secured with all Outstanding Certificates and in respect of all Revenues, and shall be ranked pari passu with such Outstanding Certificates and with Additional Certificates that may be executed and delivered in the future, if any.

Section 2.09 Uniform Commercial Code; Negotiability. Subject to the registration provisions hereof, the Certificates shall be fully negotiable and shall have all the qualities of negotiable paper, and the Owner or Owners thereof shall possess all rights enjoyed by the holders or owners of investments securities under the provisions of the Uniform Commercial Code-Investment Securities. The principal of and interest on the Certificates shall be paid, and the Certificates shall be transferable, free from and without regard to any equities, set-offs or cross-claims between or among the City, the Trustee and the original or any intermediate Owner of any Certificates.

**ARTICLE 3
REVENUES AND FUNDS**

Section 3.01 Segregation and Disposition of Proceeds of Certificates. The proceeds of the 2017 Certificates (net of Underwriter's discount and any original issue discount plus any original issue premium) shall be accounted for as follows:

(i) \$_____ shall be deposited in the Escrow Account to pay, together with other available money of the City, the Refunded Bonds Requirements in accordance with the terms and provisions of the Escrow Agreement.

(ii) \$_____ shall be deposited in the 2017 Account of the Costs of Execution and Delivery Fund and applied to the Costs of Execution and Delivery of the Lease, the Site Lease and the 2017 Certificates.

Section 3.02 Application of Revenues and Other Moneys.

(a) All Base Rentals payable under the Lease and other Revenues shall be paid directly to the Trustee. If the Trustee receives any other payments on account of the Lease, the Trustee shall immediately deposit the same as provided below.

(b) Except as otherwise provided in the Lease, the Trustee shall deposit all Revenues and any other payments received in respect of the Lease, immediately upon receipt thereof, to the Base Rentals Fund in an amount required to cause the aggregate amount on deposit therein to equal the amount then required to make the principal and interest payments due on the Certificates on the next Interest Payment Date. In the event that the Trustee receives Prepayments under the Lease, the Trustee shall apply such Prepayments to the Optional Redemption of the Certificates or portions thereof in accordance with Section 4.01 hereof.

Section 3.03 Base Rentals Fund. A special fund is hereby created and established with the Trustee denominated the "Base Rentals Fund" which shall be used for the deposit of all Revenues, upon receipt thereof by the Trustee, except as otherwise provided in the Lease. Moneys in the Base Rentals Fund shall be used solely for the payment of the principal of and interest on the Certificates whether on an Interest Payment Date, at maturity or upon prior redemption, except as provided in Section 3.05 hereof.

The Base Rentals Fund shall be in the custody of the Trustee. Base Rental payments are due and payable to the Trustee on or before each May 15 and November 15 annually. The Trustee shall withdraw sufficient funds from the Base Rentals Fund to pay the principal of and interest on the Certificates as the same become due and payable whether on an Interest Payment Date, at maturity or upon prior redemption, which responsibility, to the extent of the moneys therein, the Trustee hereby accepts.

Any moneys held in the Base Rentals Fund shall be invested by the Trustee in accordance with Article 5 hereof.

Section 3.04 Reserved.

Section 3.05 Rebate Fund. A special fund is hereby created and established to be held by the Trustee, and to be designated the “2017 Certificates of Participation Rebate Fund” (the “Rebate Fund.” To the extent necessary to comply with the provisions of the relevant Tax Certificate, there shall be deposited into the appropriate account in the Rebate Fund investment income on moneys in any fund created hereunder (except defeasance escrows). In addition to the deposit of investment income as provided herein, there shall be deposited into the appropriate account in the Rebate Fund moneys received from the City as Additional Rentals for rebate payments pursuant to the Lease; moneys transferred to an account in the Rebate Fund from any other fund created hereunder pursuant to the provisions of this Section 3.05; and all other moneys received by the Trustee when accompanied by directions not inconsistent with the Lease or this Indenture that such moneys are to be paid into an account of the Rebate Fund. The City will cause (or direct the Trustee to cause) amounts on deposit in the appropriate account in the Rebate Fund to be forwarded to the United States Treasury at the address and times provided in the Tax Certificate, and in the amounts calculated to ensure that the City’s rebate obligations are met, in accordance with the City’s tax covenants in Section 11.5 of the Lease. Amounts on deposit in the Rebate Fund shall not be subject to the lien of this Indenture to the extent that such amounts are required to be paid to the United States Treasury.

If, at any time after the Trustee receives instructions by the City to make any payments from the Rebate Fund, the Trustee determines that the moneys on deposit in an account of the Rebate Fund are insufficient for the purposes thereof, and if the Trustee does not receive Additional Rentals or cannot transfer investment income so as to make the amount on deposit in the appropriate account in the Rebate Fund sufficient for its purpose, the Trustee may transfer moneys to an account in the Rebate Fund from the Base Rentals Fund. Any moneys so advanced shall be included in the City’s estimates of Additional Rentals for the ensuing Fiscal Year pursuant to the Lease and shall be repaid to the fund from which advanced upon payment to the Trustee of such Additional Rentals. Upon receipt by the Trustee of an opinion of nationally recognized bond counsel to the effect that the amount in an account of the Rebate Fund is in excess of the amount required to be therein pursuant to the provisions of the relevant Tax Certificate, such excess shall be transferred to the Base Rentals Fund.

The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report. The City may, at its own expense, retain an independent firm of professionals in such area to calculate such rebate amounts.

Notwithstanding the foregoing, in the event that the Lease has been terminated or the City has failed to comply with Section 11.5 thereof so as to make the amount on deposit in the appropriate account in Rebate Fund sufficient for its purpose, the Trustee shall make transfers of investment income or of moneys from the above-described funds in such combination as the Trustee shall determine to be in the best interests of the Certificate Owners.

Section 3.06 Costs of Execution and Delivery Fund. A special fund is hereby created and established with the Trustee and denominated the “Costs of Execution and Delivery Fund.” Upon the delivery of the 2017 Certificates there shall be deposited into the Costs of Execution and Delivery Fund from the proceeds of the 2017 Certificates the amounts directed by Section 3.01 hereof. Payments from the Costs of Execution and Delivery Fund shall be made by the Trustee upon receipt of a statement or a bill for the provision of Costs of Execution and Delivery

of the 2017 Certificates approved in writing by the City Representative and (a) stating the payee, the amount to be paid and the purpose of the payment, and (b) certifying that the amount to be paid is due and payable, has not been the subject of any previous requisition and is a proper charge against the Costs of Execution and Delivery Fund.

Any moneys held in the Costs of Execution and Delivery Fund shall be invested by the Trustee in accordance with Article 5 hereof.

The Trustee shall transfer all moneys remaining in the Costs of Execution and Delivery Fund to the credit of the Base Rentals Fund upon the final payment of all Costs of Execution and Delivery, as certified in writing by the City Representative. Any amounts remaining in the Costs of Execution and Delivery Fund 90 days after the execution and delivery of the 2017 Certificates shall be credited to the Base Rentals Fund.

Section 3.07 Escrow Account. Pursuant to the Escrow Agreement, a special fund has been created and established with UMB Bank, n.a., Denver, Colorado, as escrow agent, to be designated “City of Fruita, Colorado, 2009B Bonds, Escrow Account” (the “Escrow Account”). A portion of the proceeds of the 2017 Certificates, together with other available moneys of the City, shall be deposited in the Escrow Account in accordance with the provisions of the Escrow Agreement and shall be used to implement the Refunding. Moneys held in the Escrow Account shall be invested and disbursed in accordance with the provisions of the Escrow Agreement.

Section 3.08 Moneys to be Held in Trust. The ownership of the Base Rentals Fund, the Costs of Execution and Delivery Fund and all accounts within such Funds and any other fund or account created hereunder shall be held in trust by the Trustee for the benefit of the Owners of the Certificates; provided that moneys in the Rebate Fund shall be used only for the specific purpose provided in Section 3.05 hereof and the Escrow Account shall be used only for implementing the Refunding Project as provided in the Escrow Agreement.

Section 3.09 Nonpresentment of Certificates. Any moneys deposited with the Trustee pursuant to the terms of this Indenture to be used for the payment of principal of, premium, if any, or interest on any of the Certificates and remaining unclaimed by the Owners of such Certificates for a period of three (3) years after the final due date of any Certificate, whether the final date of maturity or the final redemption date, shall, upon the written request of the City, and if the City shall not at the time, to the knowledge of the Trustee, be in default with respect to any of the terms and conditions contained in this Indenture, in the Certificates or under the Lease, be paid to the City and such Owners shall thereafter look only to the City for payment and then only (a) to the extent of the amounts so received by the City from the Trustee without interest thereon, (b) subject to the defense of any applicable statute of limitations and (c) subject to the City’s Appropriation of such payment. After payment by the Trustee of all of the foregoing, if any moneys are then remaining under this Indenture, the Trustee shall pay such moneys to the City as an overpayment of Base Rentals.

Section 3.10 Repayment to the City from the Trustee. After payment in full of the Certificates, the interest thereon, any premium thereon, the fees, charges and expenses of the Trustee, any amount required to be deposited to the Rebate Fund, and all other amounts required to be paid hereunder, any amounts remaining in the Base Rentals Fund, and the Costs of

Execution and Delivery Fund, or otherwise held by the Trustee pursuant hereto (but excluding the Rebate Fund, the Escrow Account and any other defeasance escrow accounts) shall be paid to the City upon the expiration or sooner termination of the Lease Term as a return of an overpayment of Base Rentals. After payment of all amounts due and owing the federal government held in the Rebate Fund, if any, any excess amounts in the Rebate Fund shall be paid to the City.

ARTICLE 4
REDEMPTION OF CERTIFICATES

Section 4.01 Optional Redemption.

(a) The 2017 Certificates maturing on or prior to October 1, 20__ shall not be subject to optional redemption prior to their respective maturity dates. The 2017 Certificates maturing on and after October 1, 20__ shall be subject to redemption prior to their respective maturity dates at the option of the City, in whole or in part, in integral multiples of \$5,000, and if in part in such order of maturities as the City shall determine and by lot within a maturity, on October 1, 20__, and on any date thereafter, at a redemption price equal to the principal amount of the 2017 Certificates so redeemed plus accrued interest to the redemption date without a premium.

(b) In the case of a prepayment in part of Base Rentals under the Lease, the Trustee shall confirm that the revised Base Rentals Schedule to be provided by the City Representative pursuant to Section 6.2(a) of the Lease sets forth Principal Portions and Interest Portions of Base Rentals that are equal to the principal and interest due on the 2017 Certificates that remain Outstanding after such optional redemption. For such confirmation, the Trustee may rely on a certification of the City Representative or other person as provided in Section 8.07.

Section 4.02 Mandatory Sinking Fund Redemption.

(a) The 2017 Certificates maturing on October 1, 20__ and October 1, 20__ (hereinafter referred to as "Term Certificates") are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof plus accrued interest thereon to the redemption date. Such 2017 Certificates are to be selected by lot in such manner as the City shall determine.

As and for a sinking fund for the redemption of the 2017 Certificates maturing on October 1, 20__, the City shall deposit in the Base Rentals Fund moneys which are sufficient to redeem (after any credit as hereinafter provided) the following principal amount of the 2017 Certificates maturing on October 1, 20__:

Redemption Date <u>(October 1)</u>	<u>Principal Amount</u>
20__	
20__	

The remaining \$____ of the 2017 Certificates maturing on October 1, 20__ shall be paid upon presentation and surrender at maturity.

As and for a sinking fund for the redemption of the 2017 Certificates maturing on October 1, 20__, the City shall deposit in the Base Rentals Fund moneys which are sufficient to redeem (after any credit as hereinafter provided) the following principal amount of the 2017 Certificates maturing on October 1, 20__:

Redemption Date <u>(October 1)</u>	<u>Principal Amount</u>
---------------------------------------	-------------------------

20__
20__

The remaining \$_____ of the 2017 Certificates maturing on October 1, 20__ shall be paid upon presentation and surrender at maturity.

(b) On or before the 30th day prior to each such sinking fund payment date, the Trustee shall proceed to call the Term Certificates indicated above (or any Term Certificate or Certificates issued to replace such Term Certificates) for redemption from the sinking fund on the next October 1 and give notice of such call without other instruction or notice from the City. The amount of each sinking fund installment may be reduced by the principal amount of any Term Certificates of the maturity and interest rate which are subject to sinking fund redemption on such date and which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) or otherwise canceled and not theretofore applied as a credit against a sinking fund installment. Such reductions, if any, shall be applied in such year or years as may be determined by the City.

Section 4.03 Extraordinary Mandatory Redemption. If the Lease is terminated by reason of the occurrence of:

(a) an Event of Nonappropriation, or

(b) an Event of Lease Default, or

(c) in the event that (1) the Leased Property is damaged or destroyed in whole or in part by fire or other casualty, or (2) title to, or the temporary or permanent use of, the Leased Property has been taken by eminent domain by any governmental body or (3) breach of warranty or any material defect with respect to the Leased Property becomes apparent or (4) title to or the use of all or any part of the Leased Property is lost by reason of a defect in title thereto, and the Net Proceeds of any insurance, performance bond or condemnation award, or Net Proceeds received as a consequence of defaults under contracts relating to the Leased Property, made available by reason of such occurrences, shall be insufficient to pay in full, the cost of repairing or replacing the Leased Property, and the City does not appropriate sufficient funds for such purpose or cause the Lease to be amended in order that Additional Certificates may be executed and delivered pursuant to this Indenture for such purpose, the Certificates are required to be called for redemption, except as hereinafter provided. If called for redemption, as described herein, the Certificates are to be redeemed in whole on such date or dates as the Trustee may determine, for a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date (subject to the availability of funds as described below).

If the Net Proceeds, including the Net Proceeds from the exercise of any Lease Remedy under the Lease, otherwise received and other moneys then available under this Indenture are insufficient to pay in full the principal of and accrued interest on all Outstanding Certificates, the Trustee may, or at the request of the Owners of a majority in aggregate principal amount of the Certificates Outstanding, and upon indemnification as to fees, costs and expenses as provided in this Indenture, without any further demand or notice, shall, exercise all or any combination of

Lease Remedies as provided in the Lease and the Certificates shall be redeemed by the Trustee from the Net Proceeds resulting from the exercise of such Lease Remedies and all other moneys, if any, then on hand and being held by the Trustee for the Owners of the Certificates.

If the Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are insufficient to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys shall be allocated proportionately among the Certificates, according to the principal amount thereof Outstanding. In the event that such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are in excess of the amount required to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such excess moneys shall be paid to the City as an overpayment of the Purchase Option Price. Prior to any distribution of the Net Proceeds resulting from the exercise of any of such remedies, the Trustee shall be entitled to payment of its reasonable and customary fees for all services rendered in connection with such disposition, as well as reimbursement for all reasonable costs and expenses, including attorneys' fees, incurred thereby, from proceeds resulting from the exercise of such Lease Remedies and other moneys.

IF THE CERTIFICATES, INCLUDING THE 2017 CERTIFICATES, ARE REDEEMED PURSUANT TO THIS SECTION 4.03 FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF PLUS INTEREST ACCRUED TO THE REDEMPTION DATE, SUCH PARTIAL PAYMENT SHALL BE DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE RELATED CERTIFICATES, AND UPON SUCH A PARTIAL PAYMENT NO OWNER OF SUCH CERTIFICATES, INCLUDING THE 2017 CERTIFICATES, SHALL HAVE ANY FURTHER CLAIM FOR PAYMENT AGAINST THE TRUSTEE OR THE CITY.

Notwithstanding the foregoing or any other provisions to the contrary in the Lease or this Indenture, if the Net Proceeds resulting from the exercise of such Lease Remedies are insufficient to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, the Trustee may, or at the request of the Owners of a majority in aggregate principal amount of the Certificates Outstanding, and upon indemnification as to fees, costs and expenses as provided in this Indenture, shall, determine that the Certificates shall not be subject to extraordinary mandatory redemption under this Section 4.03, in which event the Trustee will not apply any Net Proceeds or other available moneys to the redemption of any Certificates prior to their respective maturity dates. In such event, the Trustee shall (a) allocate such Net Proceeds (together with any other available moneys held under this Indenture), proportionately among all Outstanding Certificates, and (b) apply such allocation of Net Proceeds to the payment of the principal of and interest on the Certificates on the regularly scheduled maturity and Interest Payment Dates of the Certificates.

Section 4.04 Partial Redemption. The 2017 Certificates shall be redeemed only in integral multiples of \$5,000. The Trustee shall treat any 2017 Certificate of denomination greater than \$5,000 as representing that number of separate 2017 Certificates each of the denomination of \$5,000 as can be obtained by dividing the actual principal amount of such 2017 Certificate by \$5,000.

Upon surrender of any Certificate for redemption in part, the Trustee shall execute and deliver to the Owner thereof, at no expense of the Owner, a new Certificate or Certificates of Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Certificates so surrendered.

Section 4.05 Notice of Redemption. Whenever Certificates are to be redeemed under any provision of this Indenture, the Trustee shall, not less than thirty (30) and not more than sixty (60) days prior to the redemption date (except for Extraordinary Mandatory Redemption under Section 4.03, which notice shall be immediate), mail notice of redemption to all Owners of all Certificates to be redeemed at their registered addresses, by first class mail, postage prepaid, or in the event that the Certificates to be redeemed are registered in the name of the Depository, such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Depository. In addition, the Trustee shall at all reasonable times make available to the City and any Certificate Owner, including the Depository, if applicable, information as to Certificates which have been redeemed or called for redemption. Any notice of redemption shall:

- (1) identify the Certificates to be redeemed;
- (2) specify the redemption date and the redemption price;
- (3) (in the event the redemption is occurring under Section 4.01 hereof) state that the City has given notice of its intent to exercise its option to purchase or prepay Base Rentals under the Lease;
- (4) state that such redemption is subject to the deposit of the funds related to such option by the City on or before the stated redemption date; and
- (5) state that on the redemption date the Certificates called for redemption will be payable at the principal corporate trust operations office of the Trustee and that from that date interest will cease to accrue.

The Trustee may use “CUSIP” numbers in notices of redemption as a convenience to Certificate Owners, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Certificates or as contained in any notice of redemption and that reliance may be placed only on the identification numbers containing the prefix established pursuant to this Indenture.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Certificates 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 Certificates called for redemption in the same manner as the original redemption notice was given.

Section 4.06 Redemption Payments. On or prior to the date fixed for redemption, funds shall be deposited with the Trustee to pay the Certificates called for redemption, together with accrued interest thereon to the redemption date, and any required

premium. Upon the giving of notice and the deposit of such funds as may be available for redemption pursuant to this Indenture (which, in certain cases as set forth above may be less than the full principal amount of the Outstanding Certificates and accrued interest thereon to the redemption date), interest on the Certificates or portions thereof thus called shall no longer accrue after the date fixed for redemption. Payments in full redemption shall be accompanied by a written designation prepared by the Trustee stating the portions of the payment representing principal, interest, and premium, if any.

ARTICLE 5 INVESTMENTS

Section 5.01 Investment of Moneys. The Trustee shall be entitled to assume that any investment, which at the time of purchase is a Permitted Investment, remains a Permitted Investment absent a receipt of written notice or information to the contrary. All moneys held as part of the Base Rentals Fund, the Rebate Fund, the Costs of Execution and Delivery Fund, or any other fund or account created hereunder (other than any defeasance escrow accounts) shall be deposited or invested and reinvested by the Trustee, at the written direction of the City, in Permitted Investments; provided, however, that the Trustee shall make no deposits or investments of any fund or account created hereunder which shall interfere with or prevent withdrawals for the purpose for which the moneys so deposited or invested were placed in trust hereunder or for payment of the Certificates at or before maturity or interest thereon as required hereunder. The Trustee may make any and all such deposits or investments through its own investment department or the investment department of any bank or trust company under common control with the Trustee. Except as otherwise provided in Sections 3.04 and 3.05 hereof, deposits or investments shall at all times be a part of the fund or account from which the moneys used to acquire such deposits or investments shall have come, and all income and profits on such deposits or investments shall be credited to, and losses thereon shall be charged against, such fund or account. Any interest or other gain from any fund or account created hereunder (except defeasance escrows) shall be deposited to the Rebate Fund to the extent required and permitted pursuant to Section 3.05 hereof. The Trustee shall sell and reduce to cash a sufficient amount of such deposits or investments whenever the cash balance in the Base Rentals Fund is insufficient to pay the principal of and interest on the Certificates when due, or whenever the cash balance in any fund or account created hereunder is insufficient to satisfy the purposes of such fund or account.

The Trustee hereby agrees to secure and retain the documentation with respect to investments of moneys in the funds and accounts created under this Indenture as required by and as described in the Tax Certificate.

The Trustee shall have no liability or responsibility for any loss or for failure to maximize earnings resulting from any investment made in accordance with the provisions of this Article V.

The Trustee may transfer investments from any Fund or Account to any other Fund or Account in lieu of cash when a transfer is required or permitted by the provisions of this Indenture.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant a right to receive brokerage confirmations of security transactions relating to the funds held pursuant to this Agreement, the City waives receipt of such confirmations, to the extent permitted by law. The Trustee shall furnish a statement of security transactions on its regular monthly reports.

Section 5.02 Method of Valuation and Frequency of Valuation. In computing the amount in any fund or account (except defeasance escrows), Permitted Investments shall be valued at the market price, exclusive of accrued interest. With respect to all funds and accounts (except defeasance escrows, and except as otherwise provided in the Tax Certificate with respect to the Rebate Fund), valuation shall occur as of December 31 of each year. The City, at the written request of the Trustee, shall calculate the value of investments in all funds and accounts held pursuant to this Indenture.

ARTICLE 6
DEFEASANCE AND DISCHARGE

Section 6.01 Defeasance and Discharge.

(a) When the principal or redemption price (as the case may be) of, and interest on, all the Certificates executed and delivered hereunder have been paid or provision has been made for payment of the same (or, in the case of redemption of the Certificates pursuant to Section 4.03 of this Indenture, if full or partial payment of the Certificates and interest thereon is made as provided in Section 4.03 of this Indenture), and all other sums payable hereunder relating to the Certificates, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Trustee to the Owners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall (1) release the Site Lease and transfer and convey the Trustee's leasehold interest in the Leased Property to the City as provided by Article 12 of the Lease, (2) release the Lease and this Indenture, (3) execute such documents to evidence such releases as may be reasonably required by the City, and (4) turn over to the City all balances then held by the Trustee in the Funds or Accounts hereunder except for amounts held in the Rebate Fund, the Escrow Account or any other defeasance escrow accounts. If payment or provision therefor is made with respect to less than all of the Certificates, the particular Certificates (or portion thereof) for which provision for payment shall have been considered made shall be selected by the City.

(b) Provision for the payment of all or a portion of the Certificates shall be deemed to have been made when the Trustee holds in the Base Rentals Fund, or there is on deposit in a separate escrow account or trust account held by a trust bank or escrow agent, either moneys in an amount which shall be sufficient, and/or Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, concurrently deposited in trust, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said Certificates on and prior to the redemption date or maturity date thereof, as the case may be. Prior to any discharge of this Indenture pursuant to this Section or the defeasance of any Certificates pursuant to this Section becoming effective, there shall have been delivered to the Trustee a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay the applicable Certificates in full on the maturity or redemption date thereof unless fully funded with cash.

(c) In the case of the 2017 Certificatess, the City is obligated to contribute additional securities or monies to the escrow or trust if necessary to provide sufficient amounts to satisfy the payment obligations on the 2017 Certificatess.

(d) Neither the Federal Securities nor the moneys deposited in the Base Rentals Fund or separate escrow account or trust account pursuant to this Section shall be withdrawn or used for any purpose other than, and shall be segregated and held in trust for, the payment of the principal of, premium, if any, and interest on the Certificates or portions thereof; provided, however, that other Federal Securities and moneys may be substituted for the Federal Securities and moneys so deposited prior to their use for such purpose.

(e) Whenever moneys or Federal Securities shall be deposited with the Trustee or a separate escrow agent for the payment or redemption of any Certificates more than forty-five (45) days prior to the date that such Certificates are to mature or be redeemed, the Trustee shall mail a notice stating that such moneys or Federal Securities have been deposited and identifying the Certificates for the payment of which such moneys or Federal Securities are being held, to all Owners of Certificates for the payment of which such moneys or Federal Securities are being held, or if such Certificates are registered in the name of the Depository, such notice may be sent, in the alternative, by electronic means in accordance with the regulations of the Depository.

(f) At such time as any Certificate shall be deemed paid as provided in (b) above, such Certificate shall no longer be secured by or entitled to the benefits of this Indenture, the Lease or the Site Lease, except for the purpose of exchange and transfer and any payment from such cash or Federal Securities deposited with the Trustee.

ARTICLE 7
EVENTS OF INDENTURE DEFAULT AND REMEDIES

Section 7.01 Events of Indenture Default Defined. Each of the following shall be an Event of Indenture Default:

- (a) Failure to pay the principal of or premium, if any, on any Certificate when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption;
- (b) Failure to pay any installment of interest on any Certificate when the same shall become due and payable;
- (c) the occurrence of an Event of Nonappropriation; or
- (d) the occurrence of an Event of Lease Default.

Upon the occurrence of any Event of Indenture Default, the Trustee shall give notice thereof to the Owners of the Certificates. The Trustee shall waive any Event of Nonappropriation which is cured by the City within thirty (30) days of the receipt of notice by the Trustee as provided by Section 4.1 of the Lease, by a duly effected Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term. The Trustee may waive any Event of Nonappropriation which is cured by the City within a reasonable time with the procedure described in the preceding sentence.

Section 7.02 Remedies. If any Event of Indenture Default occurs and is continuing, the Trustee may, or shall at the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as to costs and expenses as provided in this Indenture, without any further demand or notice, enforce for the benefit of the Owners of the Certificates each and every right of the Trustee as the lessee under the Site Lease and the lessor under the Lease. In exercising such rights of the Trustee and the rights given the Trustee under this Article 7 and Article 8, the Trustee may, or shall at the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as to costs and expenses as provided in this Indenture, take such action as, in the judgment of the Trustee, would best serve the interests of the Owners of the Certificates, including calling the Certificates for redemption prior to their maturity in the manner and subject to the provisions of Section 4.05 hereof and exercising the Lease Remedies provided in the Lease, provided however that such action shall not include consequential or punitive damages against the City.

Section 7.03 Legal Proceedings by Trustee. If any Event of Indenture Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of all Outstanding Certificates and receipt of indemnity to its satisfaction, shall, in its capacity of Trustee hereunder:

- (a) By mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners of the Certificates, including enforcing any rights of the Trustee in respect of the Trustee's leasehold interests in the Leased Property including its rights as lessor under the

Lease and as lessee under the Site Lease and its rights under this Indenture and to enforce the provisions of this Indenture and any collateral rights hereunder for the benefit of the Owners of the Certificates; or

(b) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of Certificates; or

(c) Take any other action at law or in equity that may appear necessary or desirable to enforce the rights of the Owners of Certificates.

Section 7.04 Discontinuance of Proceedings by Trustee. If any proceeding commenced by the Trustee on account of any Event of Indenture Default is discontinued or is determined adversely to the Trustee, then the Owners of Certificates shall be restored to their former positions and rights hereunder as though no such proceeding had been commenced.

Section 7.05 Owners of Certificates May Direct Proceedings. The Owners of a majority in aggregate principal amount of Outstanding Certificates shall have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee hereunder, provided that such direction shall not be in conflict with any rule of law or with this Indenture or unduly prejudice the rights of minority Owners of Certificates.

Section 7.06 Limitations on Actions by Owners of Certificates. No Owner of Certificates shall have any right to pursue any remedy hereunder unless:

- (a) the Trustee shall have been given written notice of an Event of Indenture Default;
- (b) the Owners of at least a majority in aggregate principal amount of all Outstanding Certificates shall have requested the Trustee, in writing, to exercise the powers hereinabove granted to or pursue such remedy in its or their name or names;
- (c) the Trustee shall have been offered indemnity satisfactory to it against fees, costs, expenses and liabilities; and
- (d) the Trustee shall have failed to comply with such request within a reasonable time.

Notwithstanding the foregoing provisions of this Section or any other provision of this Indenture, the obligation of the Trustee shall be absolute and unconditional to pay hereunder, but solely from the Revenues pledged under this Indenture, the principal of, premium, if any, and interest on the Certificates to the respective Owners thereof on the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payment.

Section 7.07 Trustee May Enforce Rights Without Possession of Certificates. All rights under this Indenture and the Certificates may be enforced by the Trustee without the possession of any Certificates or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Owners of the Certificates.

Section 7.08 Remedies Not Exclusive. Subject to any express limitations contained herein, no remedy herein conferred is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 7.09 Delays and Omissions Not to Impair Rights. No delays or omissions in respect of exercising any right or power accruing upon any default shall impair such right or power or be a waiver of such default, and every remedy given by this Article 7 may be exercised from time to time and as often as may be deemed expedient.

Section 7.10 Application of Moneys in Event of Indenture Default. Any moneys received, collected or held by the Trustee following an Indenture Event of Default (except for moneys held in the Rebate Fund, the Escrow Account or any other defeasance escrow account) shall be applied in the following order:

(a) To the payment of the reasonable costs of the Trustee, including, but not limited to, its counsel fees, and disbursements of the Trustee, and the payment of its reasonable compensation, including any amounts remaining unpaid;

(b) To the payment of interest then owing on the Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of interest ratably, without preference or priority of one Certificate over another or of any installment of interest over any other installment of interest; and

(c) To the payment of principal or redemption price (as the case may be) then owing on the Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal or redemption price ratably, without preference or priority of one Certificate over another.

The surplus, if any, shall be paid to the City.

**ARTICLE 8
CONCERNING THE TRUSTEE**

Section 8.01 Duties of the Trustee.

(a) The Trustee hereby accepts the provisions of the Site Lease, the Lease and this Indenture and accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts, but only upon and subject to the express terms and conditions set forth in the Site Lease, the Lease and this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(b) The Trustee hereby covenants for the benefit of the Owners of the Certificates that the Trustee will observe and comply with its obligations under the Site Lease, the Lease and this Indenture.

(c) The Trustee shall at all times, to the extent permitted by law, defend, preserve and protect its interest in the Leased Property and the other property or property rights included in the Trust Estate and all the rights of the Owners under this Indenture against all claims and demands of all Persons whomsoever.

(d) Before taking any action hereunder the Trustee may require that satisfactory indemnity be furnished to it by the Certificate Owners for the reimbursement of all costs and expenses which it may incur and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or resolution related to the protection of the environment or hazardous substances, except liability which may result from its negligence or willful default, by reason of any action so taken.

Section 8.02 Liability of Trustee; Trustee's Use of Agents.

(a) The Trustee shall be liable only for its own negligence or willful misconduct. However, the Trustee shall not be liable for any error of judgment made in good faith, provided the Trustee was not negligent in ascertaining the pertinent facts.

(b) The Trustee may exercise any powers under this Indenture and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to the advice of counsel concerning all matters involving the Trustee's duties hereunder. The Trustee may act upon the opinion or advice of any attorney engaged by the Trustee in the exercise of reasonable care without liability for any loss or damage resulting from any action or omission taken in good faith reliance upon that opinion or advice. The Trustee shall not be liable for any loss or damage resulting from any action or omission taken by its agents, officers and employees to whom discretion or authority hereunder has been delegated by the Trustee, provided the Trustee was not negligent in its selection of or delegation to the agent, officer or employee.

(c) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(d) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession of or managing the Leased Property.

(e) The Trustee shall not be liable for actions taken at the direction of Owners pursuant to the provisions of Article 7.

(f) Any person hired by the Trustee to enforce Lease Remedies shall be considered the Trustee's agent for the purposes of this Section.

(g) The Trustee shall not be responsible for any recital herein or in the Certificates (except in respect to the execution of the Certificates on behalf of the Trustee), or for the recording or rerecording, filing or refiling of the Site Lease, the Lease or this Indenture or of any supplements thereto or hereto or instruments of further assurance, or collecting any insurance moneys, or for the sufficiency of the security for the Certificates issued hereunder or intended to be secured hereby, or for the value of or title to the Leased Property, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the City, except as provided herein; but the Trustee may require of the City full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee shall have no obligation to perform any of the duties of the City under the Site Lease or the Lease; and the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture.

(h) The Trustee shall not be accountable for the use of any proceeds of any Certificates executed and delivered to the Underwriter hereunder.

(i) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the City by the City Representative or such other person as may be designated for such purpose by ordinance or resolution of the Council, as sufficient evidence of the facts therein contained, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(j) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or law. The Trustee shall not be under any liability for interest on any moneys received hereunder except that the Trustee is responsible for investing moneys in funds held hereunder in compliance with the provisions of the Tax Certificate, and complying with the written investment direction of the City.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand in respect of the execution and delivery of any

Certificates, the withdrawal of any cash, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the City to the execution and delivery of any Certificates, the withdrawal of any cash, or the taking of any other action by the Trustee.

(m) Notwithstanding any other provision hereof, the Trustee shall not be required to advance any of its own funds in the performance of its obligations hereunder or any other documents related to this Indenture unless it has received assurances from the Owners of the Certificates or indemnity from the Owners of the Certificates satisfactory to it that it will be repaid.

(n) The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Certificates except to the extent that such statement was provided by the Trustee or describes the Trustee's duties under this Indenture.

(o) The Trustee is authorized and directed to enter into the Site Lease and the Lease, solely in its capacity as Trustee under this Indenture.

Section 8.03 Representations and Covenants of Trustee. The Trustee represents, warrants and covenants as follows:

(a) So long as no Event of Indenture Default has occurred and is then continuing or existing, except as specifically provided in the Site Lease or the Lease or as necessary to transfer the Trust Estate to a successor Trustee, the Trustee shall not pledge or assign the Trustee's right, title and interest in and to (i) the Lease or the Site Lease, (ii) the Base Rentals, other Revenues and collateral, security interests and attendant rights and obligations which may be derived under the Lease or the Site Lease and/or (iii) the Leased Property and any reversion therein or any of the Trustee's other rights under the Lease or the Site Lease or assign, pledge, mortgage, encumber or grant a security interest in the Trustee's right, title and interest in, to and under the Lease or the Site Lease or the Leased Property except for Permitted Encumbrances.

(b) Neither the execution and delivery of the Lease and the Site Lease or this Indenture by the Trustee, nor the fulfillment of or compliance with the terms and conditions thereof and hereof, nor the consummation of the transactions contemplated thereby or hereby conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee is bound, or constitutes a default under any of the foregoing.

(c) To the Trustee's knowledge, there is no litigation or proceeding pending against the Trustee affecting the right of the Trustee to execute the Lease and the Site Lease or to execute this Indenture, and perform its obligations thereunder or hereunder, except such litigation or proceeding as has been disclosed in writing to the City on or prior to the date this Indenture is executed and delivered.

(d) The Trustee covenants and agrees to comply with any applicable requirements for the Trustee set forth in the Tax Certificate as directed by the City.

Section 8.04 Compensation. During the Lease Term, the Trustee shall be entitled to payment and reimbursement for its reasonable fees and expenses for its services rendered hereunder as and when the same become due and all expenses reasonably and necessarily made or incurred by the Trustee in connection with such services as and when the same become due, as provided in Section 6.2 of the Lease.

Section 8.05 Notice of Default; Right to Investigate. The Trustee shall, within thirty (30) days after it receives notice thereof, give written notice by first class mail to the Owners of the Certificates of all Events of Indenture Default known to the Trustee and send a copy of such notice to the City, unless such defaults have been remedied. The Trustee shall not be deemed to have notice of any Event of Indenture Default unless it has actual knowledge thereof or has been notified in writing of such Event of Indenture Default by the City or the Owners of at least 25% in aggregate principal amount of the Outstanding Certificates. The Trustee may, however, at any time request the City to provide full information as to the performance of any covenant under the Lease; and, if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made an investigation into any matter related to the Site Lease, the Lease and the Leased Property.

Section 8.06 Obligation to Act on Defaults. If any Event of Indenture Default shall have occurred and be continuing of which the Trustee has actual knowledge or notice, the Trustee shall exercise such of the rights and remedies vested in it by this Indenture and shall use the same degree of care in their exercise as a prudent person would exercise or use in the circumstances in the conduct of his or her own affairs; provided, that if in the opinion of the Trustee such action may tend to involve extraordinary expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

Section 8.07 Reliance on Requisition, etc. The Trustee may act on any written requisition, resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed or signed by the proper persons or to have been prepared and furnished pursuant to any of the provisions of this Indenture; and the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement.

The Trustee shall be entitled to rely upon opinions of Counsel and shall not be responsible for any loss or damage resulting from reliance in good faith thereon, except for its own negligence or willful misconduct.

Section 8.08 Trustee May Own Certificates. The Trustee may in good faith buy, sell, own and hold any of the Certificates and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not the party to this Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the City provided that if the Trustee determines that any such relation is in conflict with its duties under this Indenture, it shall eliminate the conflict or resign as Trustee.

Section 8.09 Construction of Ambiguous Provisions. The Trustee may construe any ambiguous or inconsistent provisions of this Indenture, and any such construction by the Trustee shall be binding upon the Owners. In construing any such provision, the Trustee will be entitled to rely upon opinions of Counsel and will not be responsible for any loss or damage resulting from reliance in good faith thereon, except for its own negligence or willful misconduct.

Section 8.10 Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by this Indenture by written resignation filed with the City not less than sixty (60) days before the date when it is to take effect; provided notice of such resignation is mailed by registered or certified mail to the Owner of each Outstanding Certificate at the address shown on the registration books. Such resignation shall take effect only upon the appointment of a successor Trustee. If no successor Trustee is appointed within sixty (60) days following the date designated for the resignation of the Trustee, the resigning Trustee may apply to a court of competent jurisdiction to appoint a successor Trustee. The rights of the Trustee to be held harmless, to insurance proceeds, or to other amounts due arising prior to the date of such resignation shall survive resignation.

Section 8.11 Removal of Trustee. Any Trustee hereunder may be removed at any time, after payment of all outstanding fees and expenses of the Trustee being so removed, by the City or by the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, upon written notice being filed with the Trustee, the City and the Owner of each Outstanding Certificate at the address shown on the registration books. Such removal shall take effect only upon the appointment of a successor Trustee. The rights of the Trustee to be held harmless, to insurance proceeds or to other amounts due arising prior to the date of such removal shall survive removal.

Section 8.12 Appointment of Successor Trustee. If the Trustee or any successor trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the City shall appoint a successor and shall cause a notice of such appointment to be mailed by registered or certified mail to the Owners of all Outstanding Certificates at the address shown on the registration books. If the City fails to make such appointment within thirty (30) days after the date notice of resignation is filed, the Owners of a majority in aggregate principal amount of the Certificates then Outstanding may do so. If the Owners have failed to make such appointment within sixty (60) days after the date notice of resignation is filed, the Trustee may petition a court of competent jurisdiction to make such appointment.

Section 8.13 Qualification of Successor. Any successor trustee shall be a national or State bank with trust powers or a bank and trust company or a trust company, in each case having capital and surplus of at least \$50,000,000, if there be one able and willing to accept the trust on reasonable and customary terms.

Section 8.14 Instruments of Succession. Any successor trustee shall execute, acknowledge and deliver to the City an instrument accepting such appointment under this Indenture; and thereupon such successor trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and

obligations of its predecessor in the trust under this Indenture, with like effect as if originally named Trustee herein. The Trustee ceasing to act under this Indenture shall pay over to the successor trustee all moneys held by it under this Indenture; and, upon request of the successor trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to the successor trustee all the estates, properties, rights, powers and trusts under this Indenture of the Trustee ceasing to act.

Section 8.15 Merger of Trustee. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any sale, merger or consolidation of its corporate trust business to which any Trustee hereunder shall be a party, shall be the successor trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 8.16 Intervention by Trustee. In any judicial proceeding to which the Trustee or the City is a party and which in the opinion of the Trustee and its Counsel has a substantial bearing on the interests of Owners of the Certificates, the Trustee may intervene on behalf of the Owners and shall do so if requested in writing by the Owners of at least 25% in aggregate principal amount of Outstanding Certificates and furnished indemnity. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

Section 8.17 Books and Record of the Trustee; Trustee Record Keeping. The Trustee shall keep such books and records relating to the Site Lease and the Lease and Funds and Accounts created under this Indenture as shall be consistent with industry practice and make such books and records available for inspection by the City, at all reasonable times and for six years following the discharge of this Indenture according to Article 6 hereof.

Section 8.18 Environmental Matters. Any real property or interest in real property constituting any portion of the Trust Estate shall be subject to the following provisions:

(a) The Trustee's responsibilities for any interest in real property constituting any portion of the Trust Estate, prior to an Event of Indenture Default, shall be performed as Trustee on behalf of the Owners of the Certificates without any duty to monitor or investigate whether the real property constituting any portion of the Trust Estate complies with environmental laws or is subject to any Hazardous Substance.

(b) Following an Event of Indenture Default, if the Trustee determines that the release, threatened release, use, generation, treatment, storage or disposal of any Hazardous Substance on, under or about real property constituting any portion of the Trust Estate gives rise to any liability or potential liability under any federal, State, local or common law, or devalues or threatens to devalue such real property, the Trustee may take whatever action is deemed necessary by the Trustee to address the threatened or actual releases of Hazardous Substances, or to bring about or maintain such real property's compliance with federal, State or local environmental laws and regulations.

**ARTICLE 9
SUPPLEMENTAL INDENTURES AND
AMENDMENTS OF THE LEASE AND SITE LEASE**

Section 9.01 Supplemental Indentures and Amendments Not Requiring Certificate Owners' Consent. The Trustee may, with the written consent of the City, but without the consent of or notice to the Owners, enter into such indentures or agreements supplemental hereto, for any one or more or all of the following purposes:

- (a) to grant additional powers or rights to the Trustee;
- (b) to make any amendments necessary or desirable to obtain or maintain a rating from any Rating Agency rating the Certificates;
- (c) to authorize the execution and delivery of Additional Certificates for the purposes and under the conditions set forth in Section 2.08 hereof;
- (d) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the 2017 Certificates;
or
- (e) for any purpose not inconsistent with the terms of this Indenture or to cure any ambiguity, or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions contained herein or to make such other amendments to this Indenture which do not materially adversely affect the interests of the Owners of the Certificates.

Section 9.02 Supplemental Indentures and Amendments Requiring Certificate Owners' Consent.

(a) Exclusive of supplemental indentures and amendments covered by Section 9.01 hereof, the written consent of the City and the consent of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, shall be required for any indenture or indentures supplemental hereto.

(b) Notwithstanding the foregoing, without the consent of the Owners of all the Certificates at the time Outstanding nothing herein contained shall permit, or be construed as permitting:

(i) A change in the terms of redemption or maturity of the principal amount of or the interest on any Outstanding Certificate, or a reduction in the principal amount of or premium payable upon any redemption of any Outstanding Certificate or the rate of interest thereon, without the consent of the Owner of such Certificate;

(ii) The deprivation of the Owner of any Certificate then Outstanding of the lien created by this Indenture (other than as originally permitted hereby) without the consent of the Owner of such Certificate;

(iii) A privilege or priority of any Certificate or Certificates over any other Certificate or Certificates (except with respect to the possible subordination of Additional Certificates); or

(iv) A reduction in the aggregate principal amount of the Certificates required for consent to such supplemental indenture.

If at any time the City shall request the Trustee to enter into a supplemental indenture which requires the consent of the Certificate Owners as provided herein, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed to the registered owners of the Certificates at the addresses last shown on the registration records of the Trustee. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Certificate Owners. If, within 60 days or such longer period as shall be prescribed by the City following the mailing of such notice, the required consents have been furnished to the Trustee as herein provided, no Certificate Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

Section 9.03 Amendment of the Lease and the Site Lease.

(a) The Trustee and the City shall have the right to amend the Lease and the Site Lease, without the consent of or notice to the Owners of the Certificates, for one or more of the following purposes:

(1) to add covenants of the Trustee or the City or to grant additional powers or rights to the Trustee;

(2) to make any amendments necessary or desirable to obtain or maintain a rating from any Rating Agency of the Certificates;

(3) in order to more precisely identify the Leased Property, including any substitutions, additions or modifications to the Leased Property as the case may be, as may be authorized under the Site Lease and the Lease;

(4) to make additions to the Leased Property, amend the schedule of Base Rentals and make all other amendments necessary for the execution and delivery of Additional Certificates in accordance with Section 2.08 hereof;

(5) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the 2017 Certificates; or

(6) for any purpose not inconsistent with the terms of this Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any amendment thereto which may be defective or inconsistent with any other provision contained therein or

herein or in any amendment thereto or to make such other amendments to the Lease or the Site Lease which do not materially adversely affect the interests of the Owners of the Certificates.

(b) If the Trustee or the City proposes to amend the Lease or the Site Lease in such a way as would materially adversely affect the interests of the Owners of the Certificates, the Trustee shall notify the Owners of the Certificates of the proposed amendment and may consent thereto only with the consent of the Owners of a majority in aggregate principal amount of the Outstanding Certificates; provided, that the Trustee shall not, without the unanimous consent of the Owners of all Outstanding Certificates, consent to any amendment which would (1) decrease the amounts payable in respect of the Lease, or (2) change the Base Rentals Payment Dates or (3) change any of the prepayment provisions of the Lease.

Section 9.04 Notice to Rating Agencies. The Trustee shall mail a notice of any amendment or supplement to this Indenture, the Lease or the Site Lease to any Rating Agency then rating the Certificates.

**ARTICLE 10
MISCELLANEOUS**

Section 10.01 Evidence of Signature of Owners and Ownership of Certificates. Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the ownership of Certificates shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may, nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Owner or his attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he purports to act that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(b) The fact of the owning by any person of Certificates and the amounts and numbers of such Certificates, and the date of the owning of the same, may be proved by a certificate executed by any trust company, bank or bankers, wherever situated, stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank or to such bankers, as the property of such party, the Certificates therein mentioned, if such certificate shall be deemed by the Trustee to be satisfactory. The Trustee may, in its discretion, require evidence that such Certificates have been deposited with a bank, bankers or trust company before taking any action based on such ownership. In lieu of the foregoing the Trustee may accept other proofs of the foregoing as it shall deem appropriate.

Any request or consent of the Owner of any Certificate shall be conclusive upon and shall bind all future Owners of such Certificate and of any Certificate issued upon the transfer or exchange of such Certificate in respect of anything done or suffered to be done by the City, the Trustee in accordance therewith, whether or not notation of such consent or request is made upon any such Certificate.

Section 10.02 Inspection of the Leased Property. Under the Lease, the Trustee and its duly authorized agents (a) have the right, but not the duty, on reasonable notice to the City, at all reasonable times, to examine and inspect the Leased Property (subject to such regulations as may be imposed by the City for security purposes) and (b) are permitted, but have no obligation, at all reasonable times, to examine the books, records, reports and other papers of the City with respect to the Leased Property.

Section 10.03 Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the City, the Trustee and the Owners, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation of this Indenture; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Trustee shall be for the sole and exclusive benefit of the City, the Trustee and the Owners.

Section 10.04 Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of this Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions of this Indenture.

Section 10.05 Severability. In the event any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Indenture.

Section 10.06 Governing Law. This Indenture shall be governed and construed in accordance with the laws of the State of Colorado without regard to choice of law analysis.

Section 10.07 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.08 Notices. All notices, certificates or other communications to be given hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, addressed as follows:

if to the City,

City of Fruita, Colorado
325 Aspen Avenue
Fruita, Colorado 81521
Attention: Finance Director

if to the Trustee,

UMB Bank, n.a.
1670 Broadway
Denver, Colorado 80202
Attention: Corporate Trust Services

The Trustee may, by written notice, designate any further or different means of communication or addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.09 Successors and Assigns. All the covenants, promises and agreements in this Indenture contained by or on behalf of the Trustee shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

Section 10.10 Payments Due on Saturdays, Sundays and Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Indenture, shall be a day other than a Business Day such payment may be made or 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 Indenture.

Section 10.11 Undertaking to Provide Ongoing Disclosure. The City has covenanted in Section 11.6 of the Lease to comply with the terms of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure by the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Indenture Default and the rights and remedies provided by this Indenture upon the occurrence of an Event of Indenture Default shall not apply to any such failure. The Continuing Disclosure Certificate shall be enforceable only by specific performance by any Owner of the applicable Certificate as further described therein. The Trustee shall have no power or duty to enforce the obligations of the City under the Continuing Disclosure Certificate.

IN WITNESS WHEREOF, the Trustee has caused this Indenture to be executed all as of the date first above written.

UMB BANK, N.A., as Trustee

By: _____
Assistant Vice President

EXHIBIT A
FORM OF 2017 CERTIFICATES

Unless this Certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Trustee 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.

CERTIFICATE OF PARTICIPATION,
SERIES 2017

Evidencing a Proportionate Interest in the
Base Rentals and other Revenues under an Annually
Renewable Lease Purchase Agreement, dated [_____], 2017, between
UMB Bank, n.a., as Trustee, as lessor,
and the City of Fruita, Colorado, as lessee

No. R-_____ \$_____

Interest Rate	Maturity Date	Dated Date	CUSIP Number
%	October 1, 20__	[_____], 2017	

Registered Owner: CEDE & CO.

Principal Amount: THOUSAND DOLLARS

THIS CERTIFIES THAT the Registered Owner (specified above), or registered assigns, as the Registered Owner (the “Owner”) of this Certificate of Participation, Series 2017 (this “Certificate”), is the Owner of a proportionate interest in the right to receive certain designated Revenues, including Base Rentals, under and as defined in the Lease Purchase Agreement (the “Lease”) dated as of [_____], 2017, between UMB Bank, n.a., Denver, Colorado, as Trustee (the “Trustee”), as lessor, and the City of Fruita, Colorado (the “City”), as lessee. This Certificate is secured as provided in the Lease and the Indenture of Trust (the “Indenture”) dated as of [_____] 2017, by the Trustee, for the registered owners of the Certificates of Participation, Series 2017 (the “2017 Certificates”). All terms capitalized but not defined herein shall have the meanings given to them in the Indenture.

This Certificate bears interest, matures, is payable, is subject to redemption, and is transferable as provided in the Indenture.

Under the Site Lease, certain Leased Property described therein (the “Leased Property”) has been leased by the City, as lessor, to the Trustee, as lessee. Under the Lease, the Leased Property has been leased back by the Trustee, as lessor, to the City, as lessee, and the City has agreed to pay directly to the Trustee Base Rentals in consideration of the City’s right to possess and use the Leased Property. Certain Revenues, including Base Rentals, are required under the Indenture to be distributed by the Trustee for the payment of the 2017 Certificates and interest thereon. The Lease is subject to annual appropriation, non-renewal and, in turn, termination by the City.

This Certificate has been executed and delivered pursuant to the terms of the Indenture. Reference is hereby made to the Site Lease, the Lease and the Indenture (copies of which are on file in the offices of the Trustee) for a description of the terms on which the 2017 Certificates are delivered, and the rights thereunder of the Owners of the 2017 Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the City under the Site Lease and the Lease, to all of the provisions of which Site Lease, Lease and Indenture the Owner of this Certificate, by acceptance hereof, assents and agrees.

Additional Certificates may be executed and delivered pursuant to the Indenture without consent of or notice to the owners of the 2017 Certificates and upon the satisfaction of certain conditions and limitations. Such Additional Certificates, together with the 2017 Certificates, are referred to herein as the “Certificates.” Additional Certificates will evidence interests in rights to receive Revenues, including Base Rentals, without preference, priority or distinction of any Certificates, including the 2017 Certificates, over any others, however, insurance and other credit facilities may be applicable only to particular series of Certificates or portions thereof.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture may be amended by the Trustee with the written consent of the Owners of a majority in aggregate principal amount of the Certificates outstanding, and may be amended without such consent under certain circumstances described in the Indenture but in no event such that the interests of the Owners of the Certificates are materially adversely affected, provided that no such amendment is to impair the right of any Owner to receive in any case such Owner’s proportionate share of any payment of Revenues in accordance with the terms of such Owner’s Certificate.

THE OWNER OF THIS 2017 CERTIFICATE IS ENTITLED TO RECEIVE, SUBJECT TO THE TERMS OF THE LEASE, THE PRINCIPAL AMOUNT (SPECIFIED ABOVE), ON THE MATURITY DATE (SPECIFIED ABOVE), AND IS ENTITLED TO RECEIVE INTEREST ON THE PRINCIPAL AMOUNT AT THE INTEREST RATE (SPECIFIED ABOVE). The interest hereon is payable at the interest rate from the Dated Date (specified above) on October 1, 2017, and semiannually thereafter on April 1 and October 1 in each year (the “Interest Payment Dates”) and thereafter (A) from the Execution Date (specified below), if this Certificate is executed on an Interest Payment Date or (B) from the last preceding Interest Payment Date to which interest has been paid in all other cases, until the Principal Amount is paid as set forth herein. Interest is to be calculated on the basis of a 360-day year consisting of twelve 30-day months.

THIS CERTIFICATE IS PAYABLE SOLELY FROM THE BASE RENTALS PAYABLE TO THE TRUSTEE PURSUANT TO THE LEASE AND OTHER REVENUES AS DEFINED IN THE INDENTURE. NEITHER THE LEASE, THIS 2017 CERTIFICATE, THE CERTIFICATES, INCLUDING THE 2017 CERTIFICATES, OR THE OBLIGATION OF THE CITY TO PAY BASE RENTALS OR ADDITIONAL RENTALS CONSTITUTES A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE CITY OR A MULTIPLE FISCAL YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION WHATSOEVER OF THE CITY, WITHIN THE MEANING OF ANY CONSTITUTIONAL, HOME RULE CHARTER OR STATUTORY DEBT LIMITATION. NEITHER THE LEASE NOR THE CERTIFICATES, INCLUDING THE 2017 CERTIFICATES, HAVE DIRECTLY OR INDIRECTLY OBLIGATED THE CITY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED FOR THE CITY'S THEN CURRENT FISCAL YEAR.

This Certificate is issued under the authority of Part 2 of Article 57, Title 11, Colorado Revised Statutes (the "Supplemental Act"). Pursuant to Section 11-57-210 of the Supplemental Act, such recital shall be conclusive evidence of the validity and the regularity of the execution and delivery of this 2017 Certificate after its delivery for value.

This Certificate is issued with the intent that the laws of the State of Colorado shall govern its legality, validity, enforceability and construction. The City has determined that this Certificate is authorized and issued under the authority of and in full conformity with the Constitution of the State of Colorado and all other laws of the State of Colorado thereunto enabling.

The Trustee has executed this Certificate solely in its capacity as Trustee under the Indenture and not in its individual or personal capacity. The Trustee is not liable for the obligations evidenced by the 2017 Certificates except from amounts held by it in its capacity as Trustee under the Indenture.

This Certificate shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Lease or the Indenture, until executed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all things, conditions and acts required by the Constitution and the statutes of the State and the Indenture to exist, to have happened and to have been performed precedent to and the execution and delivery of this 2017 Certificate, do exist, have happened and have been performed in due time, form and manner, as required by law.

IN WITNESS WHEREOF, this Certificate has been executed with the manual signature of an authorized representative of the Trustee.

Execution Date: [_____], 2017.

UMB BANK, N.A., as Trustee

By: _____

Authorized Officer

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Certificate and hereby irrevocably constitutes and appoints _____ Attorney, to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Signature

Dated: _____

Signature Guaranteed:

Signature must be guaranteed by a member
of a Medallion Signature Program

Address of Transferee:

Social Security or other tax
identification number of transferee:

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

(End Form of Assignment)

PREPAYMENT PANEL

The following installments of principal (or portions thereof) of this Certificate have been prepaid in accordance with the terms of the Indenture authorizing the execution and delivery of this Certificate.

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

(End Form of 2017 Certificates)

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2017

**NEW ISSUE
BOOK-ENTRY-ONLY
BANK QUALIFIED**

**RATING: [_____]: “__”
INSURANCE: [_____]
UNDERLYING RATING: [_____]: “__”
(See “MISCELLANEOUS-Ratings”)**

In the opinion of Kline Alvarado Veio, P.C., Special Counsel, assuming continuous compliance with certain covenants described herein, the portion of the Base Rentals which is designated in the Lease as interest and paid as interest on the Certificates is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Certificates (the “Tax Code”), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Certificates. See “TAX MATTERS.” See “FINANCIAL INSTITUTION INTEREST DEDUCTION.”

\$_[_____]*

CERTIFICATES OF PARTICIPATION, SERIES 2017

**Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease
Purchase UMB BANK, N.A., as Trustee, as lessor,
and the CITY OF FRUITA, COLORADO, as lessee**

Dated: Date of Delivery

Due: October 1, as shown herein

The Certificates of Participation, Series 2017 (the “Certificates”) evidence a proportionate interest in the base rentals and certain other revenues under an annually renewable Lease Purchase Agreement dated as of [_____, 2017] (the “Lease”), entered into between UMB Bank, n.a., solely in its capacity as trustee under the Indenture (the “Trustee”), as lessor, and the City of Fruita, Colorado, as lessee (the “City”). The Certificates are being executed and delivered pursuant to an Indenture of Trust dated as of [_____, 2017] (the “Indenture”), executed and delivered by the Trustee.

The Certificates are issued as fully registered certificates in denominations of \$5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which is acting as the securities depository for the Certificates. Purchases of the Certificates are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Certificates. See “THE CERTIFICATES--Book-Entry Only System.” The Certificates bear interest at the rates set forth herein, payable on April 1 and October 1 of each year, commencing on October 1, 2017, to and including the maturity dates shown herein (unless the Certificates are redeemed earlier), payable to the registered owner of the Certificates, initially Cede & Co. The principal of the Certificates will be payable upon presentation and surrender at the Trustee. See “THE CERTIFICATES.”

The maturity schedule for the Certificates appears on the inside cover page of this Official Statement.

The Certificates are subject to redemption prior to maturity at the option of the City and are also subject to mandatory sinking fund redemption. See the “THE CERTIFICATES--Redemption Provisions.” The Certificates are subject to extraordinary mandatory redemption upon the occurrence of an Event of Nonappropriation or an Event of Lease Default as described in “THE CERTIFICATES--Redemption Provisions - Extraordinary Redemption Upon the Occurrence of Certain Events.”

The proceeds from the issuance of the Certificates will be used to: (i) crossover advance refund all of the City’s Sales and Use Tax Revenue Bonds (Federally Taxable-Issuer Subsidy-Build America Bonds) (the “Series 2009B Bonds”); and (ii) pay the costs of issuance of the Certificates. See “SOURCES AND USES OF FUNDS.”

Neither the Lease nor the Certificates constitute a general obligation, a multiple fiscal year direct or indirect debt or other financial obligation or indebtedness of the City within the meaning of any constitutional, statutory or charter debt limitation. None of the Lease, the Indenture or the Certificates directly or indirectly obligate the City to make any payments beyond those appropriated for any fiscal year in which the Lease may be in effect. Except to the extent payable from the proceeds of the Certificates and income from the investment thereof, from the net proceeds of any performance or payment bond, or proceeds of insurance, including self-insurance, required by the Lease; proceeds of condemnation awards, or any proceeds derived from the exercise of any Lease Remedy or otherwise following termination of the Lease by reason of an Event of Nonappropriation or an event of Lease Default; or from other amounts made available under the Indenture, the Certificates are payable during the lease term solely from Base Rentals payable to the Trustee under the Lease and the income from certain investments under the Indenture. All payment obligations of the City under the Lease are from year to year only. The Lease is subject to annual renewal by the City. Upon termination of the Lease, the Certificates will be

* Subject to change.

payable solely from moneys, if any, held by the Trustee under the Indenture and any amounts resulting from the exercise of various remedies by the Trustee under the Site Lease, the Lease and the Indenture, all as more fully described herein.

This cover page contains certain information for quick reference only. It is *not* a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision and should give particular attention to the section entitled “RISK FACTORS.”

The Certificates are offered when, as, and if issued and accepted by the Underwriter subject to the approval of legality of the Certificates by Kline Alvarado Veio, P.C., Denver, Colorado, Special Counsel, and the satisfaction of certain other conditions. Kline Alvarado Veio, P.C. also has acted as special counsel to the City in connection with the Official Statement. Edward P. Sands, Esq., the City Attorney, will pass upon certain legal matters for the City. Stradling Yocca Carlos & Rauth, P.C., Denver, Colorado, is acting as counsel to the Underwriter. It is expected that the Certificates will be available for delivery through the facilities of DTC, on or about [_____, 2017].*

RBC CAPITAL MARKETS, LLC

* Subject to change.

MATURITY SCHEDULE*
(CUSIP© 6-digit issuer number: _____)

\$_[_____]*
CERTIFICATES OF PARTICIPATION, SERIES 2017

<u>Maturing</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>	<u>CUSIP©</u> <u>Issue</u> <u>Number</u>
---------------------------------------	-----------------------------------	--------------------------------	---	--

\$ _____ % Term Certificate due October 1, 20__ . Priced to Yield: ____% . CUSIP© Issue No. ____ .
\$ _____ % Term Certificate due October 1, 20__ . Priced to Yield: ____% . CUSIP© Issue No. ____ .

* Subject to change.

© Copyright 2017, CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Global Market Intelligence.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Certificates in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Certificates, and if given or made, such information or representations must not be relied upon as having been authorized by the City. The City maintains an internet website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Certificates.

The information set forth in this Official Statement has been obtained from the City and from the sources referenced throughout this Official Statement, which the City believes to be reliable. No representation is made by the City, however, as to the accuracy or completeness of information provided from sources other than the City. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities under the federal securities laws, as applied to the facts and circumstances of this transaction, but does not guarantee the accuracy or completeness of such information.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Certificates shall, under any circumstances, create any implication that there has been no change in the affairs of the City, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the Certificates and may not be reproduced or used in whole or in part for any other purpose.

The Certificates have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The Certificates have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE CERTIFICATES ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE CERTIFICATES, THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CITY OF FRUITA, COLORADO

Members of the City Council

Lori Buck, Mayor
R. Bruce Bonar, Mayor Pro Tem
Joel Kincaid
Kyle Harvey
Dave Karisny
Ken Kreie
Louis Brackett

City Officials

Mike Bennett, City Manager
Margaret Sell, City Clerk and Finance Director
Edward P. Sands, Esq., City Attorney

Paying Agent and Registrar

UMB Bank, n.a.
Denver, Colorado

Underwriter

RBC Capital Markets, LLC
Denver, Colorado

Underwriter's Counsel

Stradling Yocca Carlos & Rauth, P.C.
Denver, Colorado

Special Counsel

Kline Alvarado Veio, P.C.
Denver, Colorado

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
General	1
The City	1
Purpose.....	1
The Certificates; Prior Redemption	2
Security for the Certificates; Termination of Lease.....	2
The Leased Property	4
Tax Status.....	5
Professionals	5
Continuing Disclosure Undertaking	5
Additional Information	6
CERTAIN RISK FACTORS	7
Nonappropriation	7
Effect of a Termination of the Lease Term.....	7
Factors that Could Impact Value of Property if Lease is Terminated	9
Limited Duration of Site Lease.....	9
Enforceability of Remedies; Liquidation Delays.....	9
Effect of Termination on Exemption from Taxation and on Exemption from Registration	10
Condemnation Risk.....	10
Casualty Risk	10
Insurance Risk.....	11
Future Changes in Laws.....	11
Forward-Looking Statements.....	11
Secondary Market	12
SOURCES AND USES OF FUNDS	13
Sources and Uses of Proceeds.....	13
The Refunding Project	13
THE CERTIFICATES	14
General.....	14
Payment Provisions.....	14
Redemption Provisions	14
Tax Covenants	17
Defeasance and Discharge	18
Book-Entry Only System.....	19
BASE RENTALS SCHEDULE	20
SECURITY FOR THE CERTIFICATES.....	21
General.....	21
Additional Certificates	22
current sources of available revenue.....	23
General.....	23

	<u>Page</u>
Sources of General Fund Revenues	23
Collection and Enforcement of the City Sales and Use Tax.....	23
Manner of Collection of the Sales and Use Tax	25
City Sales and Use Tax Collection Data.....	26
City General Fund Budget Summary and Comparison	27
History of City General Fund Revenues, Expenditures and Changes in Fund Balances	29
Community Center Fund Budget Summary and Comparison	31
History of Community Center Fund Balances.....	33
THE CITY	35
General.....	35
Services Available to City Residents.....	35
City Council	35
Administration	36
Employees; Benefits and Pension Matters.....	37
City Insurance Coverage.....	37
CITY FINANCIAL OPERATIONS.....	38
Budget and Appropriation Process	38
City Financial Statements	38
Funds and Accounts; City Revenues	38
CITY DEBT STRUCTURE	40
ECONOMIC AND DEMOGRAPHIC INFORMATION	42
Population	42
Income.....	42
Employment.....	43
Retail Sales.....	45
Recreation and Tourism.....	45
Building Permit Activity.....	45
Foreclosure Activity.....	46
TAX MATTERS.....	48
LEGAL MATTERS.....	50
Litigation.....	50
Approval of Certain Legal Proceedings.....	51
Certain Constitutional Limitations.....	51
Police Power	52
INDEPENDENT AUDITORS.....	52
RATING	53
UNDERWRITING	53
OFFICIAL STATEMENT CERTIFICATION.....	53
APPENDIX A - Audited Basic Financial Statements of the City for the	

	<u>Page</u>
Fiscal Year Ended December 31, 2016.....	A-1
APPENDIX B - Certain Definitions and Document Summaries	B-1
APPENDIX C - Book-Entry Only System	C-1
APPENDIX D - Form of Continuing Disclosure Certificate.....	D-1
APPENDIX E - Form of Opinion of Special Counsel	E-1

INDEX OF TABLES

NOTE: Tables marked with an (*) indicate Annual Financial Information to be updated pursuant to SEC Rule 15c2-12, as amended. See Appendix D - Form of Continuing Disclosure Certificate.

The information to be updated may be reported in any format chosen by the City; it is not required that the format reflected in this Official Statement be used in future years.

	<u>Page</u>
Sources and Uses of Proceeds.....	13
Schedule of Base Rentals.....	20
History of City Sales and Use Tax Collections	26
Comparison of Monthly Sales and Use Tax Collections	26
Sales Tax by Industry - 2016	26
Budget to Actual Comparison - City General Fund [Needs to be Discussed].....	28
General Fund-Statement of Revenues, Expenditures and Changes in Fund Balances	30
Budget to Actual Comparison – Community Center Fund.....	32
Population	42
Annual Per Capita Personal Income	43
Labor Force and Employment	43
Average Number of Employees Within Selected Industries - Mesa County.....	44
Selected Major Employers in the City of Fruita Area – 2016	45
Retail Sales.....	45
Building Permits Issued for New Structures in City of Fruita.....	46
Building Permits Issued for New Structures in Mesa County ⁽¹⁾	46
History of Foreclosures - Mesa County	47

OFFICIAL STATEMENT

\$[_____]*

CERTIFICATES OF PARTICIPATION, SERIES 2017

**Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement, dated [_____] __, 2017],
between UMB BANK, N.A., as Trustee, as lessor,
and the CITY OF FRUITA, COLORADO, as lessee**

INTRODUCTION

General

This Official Statement, including the cover page and appendices, is furnished in connection with the execution, delivery and sale of (i) \$[_____] aggregate principal amount of Certificates of Participation, Series 2017 (the “Certificates”). The Certificates evidence proportionate interests in the Base Rentals and other Revenues under an annually renewable Lease Purchase Agreement dated as of [_____] __, 2017] (the “Lease”), between UMB Bank, n.a., Denver, Colorado, solely in its capacity of trustee (the “Trustee”) under the Indenture (defined below), as lessor, and the City of Fruita, Colorado, as lessee (the “City”). The Certificates will be executed and delivered pursuant to the terms of an Indenture of Trust executed by the Trustee dated as of [_____] __, 2017] (the “Indenture”). Certain of the capitalized terms used herein and not otherwise defined are defined in Appendix B to this Official Statement.

The offering of the Certificates is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Certificates. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein, particularly the section entitled “CERTAIN RISK FACTORS.” Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page and appendices, is unauthorized.

The City

The City is located along Interstate 70 in the northwest portion of Mesa County (the “County”) in west central Colorado (the “State”), and is approximately 13 miles west of Grand Junction, Colorado. The local economy is based primarily on tourism, recreation, ranching and farming. The City is a home rule municipality that is governed pursuant to the Colorado Constitution and a home rule Charter (the “Charter”). The City encompasses approximately 4,468 acres (approximately seven square miles) and has a current estimated population of 12,795.

Purpose

The proceeds from the issuance of the Certificates will be used to: (i) crossover advance refund all of the City’s Sales and Use Tax Revenue Bonds (Federally Taxable-Issuer Subsidy-Build America Bonds) (the “Series 2009B Bonds” or the “Refunded Bonds”); and (ii) pay the costs

* Subject to change.

of issuance of the Certificates. See “SOURCES AND USES OF FUNDS--The Refunding Project.”

The Certificates; Prior Redemption

The Certificates are issued solely as fully registered certificates in denominations of \$5,000, or any integral multiple thereof. The Certificates are dated as of their date of delivery and will mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page of this Official Statement. The payment of principal and interest on the Certificates is described in “THE CERTIFICATES--Payment Provisions.”

The Certificates initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which is acting as the securities depository for the Certificates. Purchases of the Certificates are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Certificates. See “THE CERTIFICATES--Book-Entry Only System.”

The Certificates are subject to redemption prior to maturity at the option of the City and are also subject to mandatory sinking fund redemption. See “THE CERTIFICATES--Redemption Provisions.”

The Certificates are subject to extraordinary mandatory redemption upon the occurrence of an Event of Nonappropriation or an Event of Lease Default as described in “THE CERTIFICATES--Redemption Provisions - Extraordinary Redemption Upon the Occurrence of Certain Events.”

Security for the Certificates; Termination of Lease

General. The Certificates and the interest thereon are payable solely from certain revenues (the “Revenues”) received under the Lease, which include: (a) all amounts payable by or on behalf of the City or with respect to the Leased Property pursuant to the Lease including, but not limited to, all Base Rentals, Prepayments, the Purchase Option Price and Net Proceeds (all as defined in Appendix B), but not including Additional Rentals; (b) any portion of the proceeds of the Certificates deposited into the Base Rentals Fund created under the Indenture; (c) any moneys which may be derived from any insurance in respect of the Certificates; and (d) any moneys and securities, including investment income, held by the Trustee in the Funds and Accounts established under the Indenture (except for moneys and securities held in the Rebate Fund, the Escrow Account or any other defeasance escrow account).

Under the Indenture, the Trustee, for the benefit of the Owners of the Certificates, is to receive Base Rentals payable by the City under the Lease. The amount and timing of the Base Rentals are designed to provide sufficient money to the Trustee to pay the principal of and interest on the Certificates when due. The Trustee is to deposit to the Base Rentals Fund created under the Indenture all amounts payable by or on behalf of the City or with respect to the Leased Property pursuant to the Lease, including all Base Rentals, Prepayments, the Purchase Option Price and Net Proceeds.

Neither the Lease nor the Certificates constitute a general obligation or other indebtedness or multiple fiscal year financial obligation of the City within the meaning of any constitutional, statutory, or Charter debt limitation. Neither the Certificates nor the Lease will directly or

indirectly obligate the City to make any payments other than those which may be appropriated by the City for each fiscal year.

The Trustee does not have any obligation to and will not make any payments on the Certificates pursuant to the Lease or otherwise.

Sources of Payment of Base Rentals. Amounts due under the Lease are payable from all general revenues of the City and no particular revenues of the City must be pledged to the payment of Base Rentals. However, the City currently intends to budget, appropriate and pay the Base Rentals (and Additional Rentals, if any) allocable to the Certificates from legally available funds in its Community Center Fund, which fund is expressly established for paying the principal and interest for the financing and refinancing of debt incurred in connection with improving, equipping, operating and maintaining a community center. Notwithstanding the foregoing, Base Rentals and Additional Rentals may be budgeted, appropriated and paid from any of the City's available funds in the future.

The major source of the moneys deposited into the City's General Fund is the City's sales and use tax (the "Sales and Use Tax"), which is currently imposed at a rate of 3%. See "CURRENT SOURCES OF AVAILABLE REVENUES" for a description of the City's Sales and Use Tax.

Certain statutory and constitutional limitations limit the amount of Sales and Use Tax the City can collect. See "LEGAL MATTERS--Certain Constitutional Limitations" for a discussion of those limitations.

Termination of Lease; Annual Appropriation. The Lease constitutes a one-year lease of the Leased Property which is annually renewable for additional one-year terms as described in the Lease. The City must take action annually in order to renew the Lease term for another year. If the City fails to take such action, the Lease automatically will be terminated. The City's decision to terminate its obligations under the Lease will be determined by the failure of the City Council of the City (the "City Council") to specifically budget and appropriate moneys to pay all Base Rentals and reasonably estimated Additional Rentals for the ensuing Fiscal Year. The City Manager or other officer of the City at any time charged with the responsibility of formulating budget proposals is directed under the Lease to include in the annual budget proposal submitted to the City Council, in any year in which the Lease is in effect, items for all payments required under the Lease for the ensuing Renewal Term until such time, if any, as the City may determine to not renew and terminate the Lease. Notwithstanding this directive regarding the formulation of budget proposals, it is the intention of the City that any decision to effect an appropriation for the Base Rentals and Additional Rentals shall be made solely by the City Council and not by any other official of the City, as further provided in the Lease.

If on or before the December 31 prior to the beginning of any Fiscal Year of the City, the City fails to budget and appropriate sufficient funds to pay all Base Rentals and all reasonably estimated Additional Rentals, the City will be considered to have terminated the Lease (subject to certain waiver and cure provisions). Upon termination of the City's obligations under the Lease, the Trustee may proceed to exercise certain remedies under the Lease and the Indenture, including the lease or sublease of the Leased Property, the sale or assignment of any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property, or one or any combination of the steps described in the Lease. The net proceeds of any such disposition are required to be applied by the Trustee toward the payment of the Certificates. See "CERTAIN

RISK FACTORS--Nonappropriation” and “CERTAIN RISK FACTORS--Effect of a Termination of the Lease Term.” See also Appendix B - Certain Definitions and Document Summaries--The Lease - Nonappropriation. The Net Proceeds of such dispositions are to be applied toward the payment of the Certificates. See “THE CERTIFICATES--Redemption Provisions - Mandatory Redemption Upon the Occurrence of Certain Events.”

The Site Lease; Termination of the Site Lease. The City and UMB Bank, n.a., solely in its capacity as Trustee under the Indenture, will enter into a Site and Improvement Lease dated [_____], 2017] (the “Site Lease”), pursuant to which the City will lease to the Trustee the Site and the premises, buildings and improvements thereon (the “Leased Property,” as more particularly described below).

The Leased Property will be leased by the City to the Trustee pursuant to the Site Lease. At the end of the term of the Site Lease, all right, title and interest of the Trustee, or any sublessee or assignee in and to the Leased Property will vest in the City. The Site Lease will terminate on the earliest to occur of the following: (a) the termination of the Lease Term as provided in the Lease due to the payment of the Purchase Option Price by the City, or upon payment by the City of all Base Rentals and Additional Rentals for the entire Lease Term; or (b) discharge of the Indenture as a result of the fact that all Certificates have been paid or have been deemed to have been paid as provided in the Indenture; or (c) December 31, 2049. The Leased Property will no longer be subject to the provisions of the Site Lease, the Lease or the Indenture upon the termination of the Site Lease. See “CERTAIN RISK FACTORS--Limited Duration of Site Lease” and Appendix B - Certain Definitions and Document Summaries--The Site Lease - Site Lease and Term.

Release of Leased Property. The City will have the option to purchase the Trustee’s leasehold interest in the Leased Property pursuant to the Lease and terminate the Site Lease and the Lease by paying the Purchase Option Price, which is equal to the amount necessary to pay all principal and interest due on all Outstanding Certificates and any other amounts necessary to defease and discharge the Indenture, as provided in the Lease. See Appendix B - Certain Definitions and Document Summaries--The Lease - Purchase Option and Conditions for Purchase Option. The Trustee is required to use the Purchase Option Price to pay the principal, interest, and any premium on the Certificates. See “THE CERTIFICATES--Redemption Provisions.”

Additional Certificates. The Indenture permits the issuance of Additional Certificates without notice to or approval of the owners of the Outstanding Certificates under the circumstances described in “SECURITY FOR THE CERTIFICATES--Additional Certificates.” The Certificates and any Additional Certificates are referred to herein as the “Certificates.”

The Leased Property

Pursuant to the Site Lease, the City will lease the Leased Property to the Trustee. Pursuant to the Lease, the City will lease the Leased Property back from the Trustee as further described herein.

The Leased Property includes approximately [1.4] acres of land within the City (the “Site”) and the premises, buildings and improvements thereon. In addition to the land comprising the Site, the Leased Property includes the

The City currently owns fee title to the Leased Property and the Trustee will have a leasehold interest in the Leased Property, subject to the terms and provisions of the Site Lease, the Lease and the Indenture.

Tax Status

In the opinion of Kline Alvarado Veio, P.C., Special Counsel, assuming continuous compliance with certain covenants described herein, the portion of the Base Rentals which is designated in the Lease as interest and paid by the Trustee as interest on the Certificates is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Certificates (the “Tax Code”), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Certificates. See “TAX MATTERS.”

Notwithstanding the foregoing, Special Counsel has disclaimed any opinion regarding the tax status of the Certificates with respect to termination of the Lease. See “CERTAIN RISK FACTORS--Effect of Termination on Exemption from Taxation and on Exemption from Registration” and “TAX MATTERS.”

Professionals

Kline Alvarado Veio, P.C., Denver, Colorado, has acted as Special Counsel to the City in connection with issuance of the Certificates and in connection with the preparation of this Official Statement. The fees of Kline Alvarado Veio, P.C. will be paid from the proceeds of the Certificates at closing. Certain legal matters pertaining to the City will be passed upon by the City Attorney. The City has appointed UMB Bank, n.a., Denver, Colorado, to serve as Trustee. UMB Bank, n.a. will also serve as the Escrow Bank in connection with the Refunding Project. The basic financial statements of the City included in this Official Statement as Appendix A have been audited by Chadwick, Steinkirchner, Davis & Co., certified public accountants, Grand Junction, Colorado. See “INDEPENDENT AUDITORS.” RBC Capital Markets, LLC, is acting as the Underwriter for the Certificates (the “Underwriter”). See “UNDERWRITING.” Stradling Yocca Carlos & Rauth, P.C., Denver, Colorado, is acting as Underwriter’s Counsel. Certain mathematical computations with respect to the refunding and defeasance of the Refunded Bonds will be verified by the Underwriter. See “SOURCES AND USES OF FUNDS--The Refunding Project - Verification of Mathematical Computations.”

Continuing Disclosure Undertaking

The City will execute a continuing disclosure certificate (the “Disclosure Certificate”) at the time of the closing for the Certificates. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the Certificates and the City will covenant in the Lease to comply with its terms. The Disclosure Certificate will provide that so long as the Certificates remain outstanding, the City will provide the following information to the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access system (“EMMA”): (i) annually, its audited financial statements; (ii) annually, certain financial information and operating

data; and (iii) notice of the occurrence of certain listed events; all as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix D.

The City has not failed to comply with any of its previous undertakings.

Additional Information

This introduction is only a brief summary of the provisions of the Certificates, the Indenture, the Lease, the Site Lease and other documents described herein; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the Refunding Project, the City, the Certificates, the Indenture, the Lease, the Site Lease and other documents are included in this Official Statement. All references herein to the Certificates, the Lease, the Site Lease, the Indenture and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change without notice.*

Additional information and copies of the documents referred to herein are available from the City or the Underwriter as follows:

City of Fruita, Colorado
325 East Aspen Avenue
Fruita, Colorado 81521
Telephone: (970) 858-3663

RBC Capital Markets, LLC
1801 California Street, Suite 3850
Denver, Colorado 80202
Telephone: (303) 595-1222

CERTAIN RISK FACTORS

Investment in the Certificates involves certain risks. Each prospective investor in the Certificates is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below which could affect the payment of rentals under the Lease and could affect the market price of the Certificates to an extent that cannot be determined at this time. The factors set forth below are not intended to provide an exhaustive list of the risks associated with the purchase of the Certificates.

Nonappropriation

Prospective purchasers of the Certificates must look to the ability of the City to pay Base Rentals pursuant to the Lease. Such Base Rentals will provide funds for payment of principal and interest on the Certificates. The City is not obligated to pay Base Rentals or Additional Rentals under the Lease unless funds are budgeted and appropriated for such rentals by the City each year. If, prior to December 31 of each year, the City Council does not specifically budget and appropriate amounts sufficient to pay all Base Rentals for the next Fiscal Year, and to pay such Additional Rentals as are estimated to become due for the ensuing Fiscal Year, an “Event of Nonappropriation” occurs. If an Event of Nonappropriation occurs, the City will not be obligated to make payment of the Base Rentals or Additional Rentals which accrue after the last day of the Original or Renewal Term during which such Event of Nonappropriation occurs.

Various political, legal and economic factors could lead to the nonappropriation of sufficient funds to make the payments under the Lease, and prospective investors should carefully consider any factors which may influence the budgetary process. There is no assurance that the City Council will appropriate sufficient funds to renew the Lease each year and the City has no obligation to do so. In addition, the ability of the City to maintain adequate revenues for its operations and obligations in general (including obligations associated with the Lease) is dependent upon several factors outside the City’s control, such as the economy, collections of Sales Tax and changes in law. See “LEGAL MATTERS--Certain Constitutional Limitations,” “SECURITY FOR THE CERTIFICATES,” and “CITY FINANCIAL OPERATIONS.”

The obligation of the City to pay Base Rentals and Additional Rentals is limited to those City funds that are specifically budgeted and appropriated annually by the City Council for such purpose. The Lease directs the City Manager (or any other officer at any time charged with the responsibility of formulating budget proposals) to include, in the annual budget proposals submitted to the City Council, items for all payments required under the Lease for the ensuing Fiscal Year, until such time (if any) as the City Council determines that it will not renew the Lease. The Lease provides that it is the intention of the City Council that any decision to renew the Lease is to be made solely by the City Council and not by any other official of the City. See Appendix B - Certain Definitions and Document Summaries--The Lease - Nonappropriation by the City.”

Effect of a Termination of the Lease Term

In the event of termination of the City’s obligations under the Lease upon the occurrence of an Event of Nonappropriation or an Event of Lease Default, the City is required to vacate and surrender the Leased Property by March 1 of any Renewal Term in respect of which an Event of Nonappropriation or an Event of Lease Default has occurred. If an Event of Lease Default shall have occurred and remain uncured, the Trustee may take any of the following actions: (i) terminate the Lease Term and give notice to the City to vacate and surrender possession of the Leased

Property which vacates and surrenders the City agrees under the Lease to complete within sixty (60) days from the date of such notice (in the event the City does not vacate and surrender possession on the termination date, the “holdover tenant” provisions of the Lease shall apply); (ii) lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee’s leasehold interest in the Leased Property pursuant to the Site Lease; (iii) recover from the City (a) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the City for such purpose, which would otherwise have been payable under the Lease, during any period in which the City continues to occupy, use or possess the Leased Property; and (b) Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the City for such purpose, which would otherwise have been payable by the City under the Lease during the remainder, after the City vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs; or (iv) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, the Lease and the Indenture.

A potential purchaser of the Certificates should not assume that the amount of money received by the Trustee upon the exercise of its rights under the Site Lease, the Lease and the Indenture after a termination of the Lease Term will be sufficient to pay the aggregate principal amount of the Certificates then outstanding plus accrued interest thereon. This may be due to the inability to recover certain of the costs incurred in connection with the issuance of the Certificates.

IF THE CERTIFICATES ARE REDEEMED SUBSEQUENT TO A TERMINATION OF THE LEASE TERM FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF AND ACCRUED INTEREST THEREON, SUCH PARTIAL PAYMENT WILL BE DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE CERTIFICATES PURSUANT TO THE INDENTURE; AND UPON SUCH A PARTIAL PAYMENT, NO OWNER OF ANY CERTIFICATE WILL HAVE ANY FURTHER CLAIMS FOR PAYMENT UPON THE TRUSTEE OR THE CITY.

Factors that May Cause Insufficiency of Expected Revenues

Economic and Other Factors Beyond the Control of the City. Although the City is not obligated to pay Base Rentals and Additional Rentals from any particular revenue source, it is the current expectation of the City Council that Base Rentals and Additional Rentals will be paid (to the extent funds are appropriated therefor each year) from revenues in the City’s Community Center Fund. See “CURRENT SOURCES OF AVAILABLE REVENUES.” The primary sources of revenue in the Community Center Fund is derived from the City’s Sales and Use Tax. Sales and Use Tax revenues are subject to fluctuation, and may be impacted by adverse changes in national and local economic and financial conditions generally, reductions in the rates of employment and economic growth in the City, the County, the State and the region, a decrease in rates of population growth and rates of residential and commercial development in the City, the County, the State and the region and various other factors. Collections of Sales and Use Tax revenues are subject to fluctuations in consumer spending. Such fluctuations cause Sales and Use Tax revenues to increase along with the increasing prices brought about by inflation, but also cause collections to be vulnerable to adverse economic conditions and reduced spending. Consequently, the rate of Sales and Use Tax collections can be expected to correspond generally to economic cycles. The City has no control over general economic cycles and is unable to predict what general economic factors or cycles will occur while the Certificates remain outstanding.

Existing Obligations Payable from Legally Available Revenues; Additional Bonds. The City has numerous other obligations outstanding that are serviced from the General Fund. Although Sales Tax revenues are not specifically pledged to these obligations, those revenues comprise the vast majority of revenues in the General Fund and are used to pay debt service on various obligations. See “CITY DEBT STRUCTURE” for a description of the obligations payable from legally available revenues in the General Fund.

Factors that Could Impact Value of Property if Lease is Terminated

General. The City will retain fee simple title to the Leased Property and the Trustee will have a leasehold interest in the Leased Property pursuant to the Site Lease. Upon the termination of the Lease, the Trustee will have the right to use and possession of the Leased Property. However, a potential purchaser of the Certificates should not assume that it will be possible for the Trustee to sublease the Leased Property or otherwise sell or dispose of its leasehold interest in the Leased Property, or any portion thereof, for an amount equal to the aggregate principal amount of the Certificates then outstanding plus accrued interest thereon or that such subleasing or disposal can be accomplished in time to pay any installment of principal or interest on the Certificates when due.

[Current Uses of Property; Restrictions; Valuation. No current appraised valuation of the Leased Property is available. The County Assessor has assigned the Site a value of approximately \$[_____]. However, the Trustee is not able to sell the Leased Property upon the occurrence of an Event of Lease Default or an Event of Nonappropriation and the insured value of the facilities may not be indicative of amounts the Trustee may receive in exercising its remedies under the Lease. There is no assurance that the current level of value of the Leased Property will continue in the future and there is no guarantee that the Trustee will be able to sublease or otherwise sell or dispose of its leasehold interest in the Leased Property under the Site Lease in an amount equal to the amount of the outstanding Certificates.]

Limited Duration of Site Lease

The term of the Site Lease is ten years longer than the term of the Certificates. Upon termination of the Lease for any reason (including the occurrence of an Event of Nonappropriation), the Trustee may assign its interest in the Site Lease and may foreclose through the courts on or sell, lease, sublease or otherwise liquidate or dispose of its interest in the Leased Property. The net proceeds received from those activities are to be applied to pay the Certificates. However, due to the limited term of the Site Lease, the Trustee may find it difficult or impossible to locate third parties that are interested in accepting an assignment of the Trustee’s rights in the Leased Property. Further, the limited term of the Site Lease may make it difficult or impossible for the Trustee to collect revenues over the remaining term of the Site Lease that are sufficient to pay the Certificates.

Enforceability of Remedies; Liquidation Delays

Under the Lease and the Site Lease, the Trustee has the right to take possession of and dispose of the Trustee’s leasehold interest in the Leased Property upon an Event of Nonappropriation or an Event of Lease Default and a termination of the Lease. However, the enforceability of the Lease is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors’ rights generally and liens securing such rights, and the police powers of the City. Because of the use of the Leased Property by the City for the public welfare, a court

in any action brought to enforce the remedy of the Trustee to take possession of the Leased Property may delay repossession for an indefinite period, even though the City may have terminated the Lease or be in default thereunder. As long as the Trustee is unable to take possession of the Leased Property or any other projects or property which may subsequently be approved in connection with the issuance of Additional Certificates, it will be unable to sublease or otherwise dispose of its leasehold interests in the Leased Property as permitted under the Site Lease and the Indenture or to redeem or pay the Certificates except from funds otherwise available to the Trustee under the Indenture. See “SECURITY FOR THE CERTIFICATES.”

Effect of Termination on Exemption from Taxation and on Exemption from Registration

Special Counsel has specifically disclaimed any opinion as to the effect that termination of the Lease may have upon the treatment for federal or State income tax purposes of amounts received by the registered owners of the Certificates. There is no assurance that any amounts representing interest received by the registered owners of the Certificates after termination of the Lease as a consequence of an Event of Nonappropriation or an Event of Default will be excludable from gross income under federal or State laws. In view of past private letter rulings by the United States Department of Treasury, registered owners of the Certificates should not assume that payments allocable to interest received from the Certificates would be excludable from gross income for federal or State income tax purposes.

In the event of a termination of the City’s obligations under the Lease, there is no assurance that Owners of Certificates would be able to transfer their interests without compliance with federal securities laws.

Condemnation Risk

In the mid-1990’s, the City of Sheridan, Colorado (“Sheridan”) exercised its eminent domain powers to acquire an administration building it previously had leased under an annually terminable lease purchase agreement. Sheridan sought to use its condemnation power to acquire the property at a fraction of the remaining lease payments (which would be paid to owners of certificates of participation in Sheridan’s lease). Sheridan’s condemnation suit was successful; however, Sheridan was unable to pay the court-determined amount representing the value of the property and eventually vacated the building in favor of the trustee. Sheridan eventually reached a settlement with the trustee and reacquired possession of the building from the trustee. Pursuant to this settlement, certificate holders reportedly received less than half of the amounts due them under the certificates. The City considers the occurrence of a situation such as the one described above to be unlikely; however, there is no assurance that the Leased Property (or portions thereof) would not be condemned in the future.

Casualty Risk

If all, substantially all, or any portion of the Leased Property is damaged or destroyed by any casualty, there is no assurance that casualty insurance proceeds and other available monies of the City will be sufficient either to repair or replace the damaged or destroyed property or to pay all the outstanding Certificates, if the Certificates are called for mandatory redemption as a result of such casualty. See “THE CERTIFICATES--Redemption Provisions.” Although the City believes its casualty insurance coverages are adequate, there is no assurance that such damage or destruction would not have a material adverse effect on the ability of the City to make use of the Leased Property. Delays in the receipt of casualty insurance proceeds pertaining to the Leased

Property or delays in the repair, restoration or replacement of property damaged or destroyed also could have an adverse effect upon the ability of the City to make use of the Leased Property or upon its ability to make timely payment of rental payments under the Lease.

Insurance Risk

The Lease requires that until termination of the Lease Term, the City must provide casualty and property damage insurance for the Leased Property in an amount equal to the estimated replacement cost of the Leased Property. Such insurance policy or policies may have a deductible clause in an amount not to exceed \$100,000. The City currently has a blanket property and casualty insurance policy covering its existing property; however, such policy is subject to annual renewal. There is no guarantee that the City will be able to acquire sufficient casualty insurance at reasonable prices in the future. See “THE CITY--City Insurance Coverage.” Pursuant to the Lease, if the City insures against similar risks by self-insurance, the City may, at its election, provide for public liability insurance in connection with the Project partially or wholly by means of an adequate self-insurance fund. Such a self-insurance fund (if established) would likely be funded annually by appropriation, and there is no assurance that such fund will at any time be adequately funded. There is no assurance that, in the event the Lease is terminated as a result of damage to or destruction or condemnation of the Leased Property, moneys made available from the City’s insurance by reason of any such occurrence will be sufficient to redeem the Certificates at a price equal to the principal amount thereof outstanding plus accrued interest to the redemption date. See “THE CERTIFICATES--Redemption Provisions.”

Future Changes in Laws

Various State laws and constitutional provisions apply to the imposition, collection, and expenditure of sales taxes and other revenues, and the operation of the City. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the City and the imposition, collection, and expenditure of its revenues. Such changes could include, but are not limited to, future restrictions on real estate development and growth in the City and State law changes in the items subject to sales taxes or exemptions therefrom.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be material and could impact the availability of Revenues available to pay Base Rentals and Additional Rentals under the Lease.

Secondary Market

No assurance can be given concerning the future existence of a secondary market for the Certificates or its maintenance by the Underwriter or others, and prospective purchasers of the Certificates should therefore be prepared to hold their Certificates to maturity.

SOURCES AND USES OF FUNDS

Sources and Uses of Proceeds

The City expects to apply the proceeds of the Certificates as shown below:

Sources and Uses of Proceeds

	<u>Total</u>
<u>Sources of Funds</u>	
Par amount of the Certificates	
Plus/(less): net original issue premium/(discount)	
Other available funds (1)	
Total:	
 <u>Uses of Proceeds</u>	
The Refunding Project	
Costs of issuance (including Underwriter's discount)	
Total:	

(1) Represents available City funds and moneys on deposit in the debt service and reserve funds for the Refunded Bonds.

Source: The Underwriter.

The Refunding Project

General. A portion of the proceeds of the Certificates will be used to crossover advance refund the Refunded Bonds. In order to accomplish the Refunding Project, the City will deposit a portion of the Certificate proceeds with the Escrow Bank, pursuant to an Escrow Agreement, on the closing date of the Certificates. The amounts deposited with the Escrow Bank will be deposited into the Escrow Account created under the Indenture and invested in Federal Securities maturing at such times and in such amounts as required to provide funds sufficient to pay for the redemption of the outstanding 2009B Bonds. Under the terms of the Escrow Agreement, the Federal Securities purchased for the escrow will mature in such amounts and at such time as to be available to (i) pay the interest due on the portion of the Certificates used to crossover advance refund the 2009B Bonds and (ii) pay the outstanding principal of the 2009B Bonds.

Verification of Mathematical Computations. The accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the Federal Securities and cash deposited in the Escrow Account to provide for the payment of the principal and interest with respect to the Refunded Bonds when due or upon prior redemption, which computations support the conclusion of Bond Counsel that the Certificates are not "arbitrage bonds" under Section 148 of the Tax Code will be verified by the Underwriter.

THE CERTIFICATES

General

The Certificates are issuable as fully registered certificates and initially will be registered in the name of “Cede & Co.,” as nominee for DTC, the securities depository for the Certificates. Purchases by Beneficial Owners of the Certificates are to be made in book-entry only form. Payments to Beneficial Owners are to be made as described in “Book-Entry Only System” below. The Certificates are dated the date of their execution and delivery, and will mature on the dates and in the amounts and bear interest at the rates set forth on the inside cover page of this Official Statement.

Payment Provisions

Except for any Certificates for which DTC is acting as Depository or for an Owner of \$1,000,000 or more in aggregate principal amount of Certificates, the principal of, premium, if any, and interest on all Certificates shall be payable to the Owner thereof at its address last appearing on the registration books maintained by the Trustee. In the case of any Certificates for which DTC is acting as Depository, the principal of, premium, if any, and interest on such Certificates shall be payable as directed in writing by the Depository. In the case of an Owner of \$1,000,000 or more in aggregate principal amount of Certificates, the principal of, premium, if any, and interest on such Certificates shall be payable by wire transfer of funds to a bank account designated by the Certificate Owner in written instructions to the Trustee.

Interest (based on a 360-day year consisting of twelve 30-day months) shall be paid to the Owner of each Certificate, as shown on the registration books kept by the Trustee, as of the close of business on the 15th day of the calendar month immediately preceding the Interest Payment Date, or the Business Day immediately preceding such 15th day, if such 15th day is not a Business Day (the “Regular Record Date”), irrespective of any transfer of ownership of Certificates subsequent to the Regular Record Date and prior to such Interest Payment Date, or on a special record date, which shall be fixed by the Trustee for such purpose, irrespective of any transfer of ownership of Certificates subsequent to such special record date and prior to the date fixed by the Trustee for the payment of such interest. Notice of the special record date and of the date fixed for the payment of such interest shall be given by providing a copy thereof by first class mail postage prepaid at least ten (10) days prior to the special record date, to the Owner of each Certificate upon which interest will be paid, determined as of the close of business on the day preceding the giving of such notice.

Redemption Provisions*

Optional Redemption.* The Certificates maturing on and before [October 1, 20__], are not subject to redemption prior to maturity. The Certificates maturing on and after [October 1, 20__], are subject to redemption prior to maturity, at the option of the City, on [October 1, 20__], or on any date thereafter, in whole or in part, in integral multiples of \$5,000, from such maturities as are selected by the City and by lot within a maturity (giving proportionate weight to Certificates in denominations larger than \$5,000), in such a manner as the City may determine, at a redemption

* Subject to change.

price equal to the principal amount so redeemed plus accrued interest to the redemption date, without a redemption premium.

Mandatory Sinking Fund Redemption.* The Certificates maturing on [October 1, 20__] and [October 1, 20__] (the “Term Certificates”), are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date. The Certificates subject to mandatory sinking fund redemption shall be selected by lot in such manner as the Trustee shall determine (giving proportionate weight to Certificates in denominations larger than \$5,000).

As a sinking fund for the redemption of the Term Certificates maturing on [October 1, 20__], there shall be redeemed (after any credits described below) from amounts on deposit in the Base Rentals Fund on the following dates, the following principal amounts of the Term Certificates maturing on [October 1, 20__]:

<u>Maturing</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u> \$
(maturity)	

As a sinking fund for the redemption of the Term Certificates maturing on [October 1, 20__], there shall be redeemed (after any credits described below) from amounts on deposit in the Base Rentals Fund on the following dates, the following principal amounts of the Term Certificates maturing on [October 1, 20__]:

<u>Maturing</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u> \$
(maturity)	

On or before the thirtieth day prior to each such sinking fund payment date, the Trustee shall proceed to call the Term Certificates (or any Term Certificate or Term Certificates issued to replace such Term Certificates) for redemption from the sinking fund on the next October 1, and give notice of such call without further instruction or notice from the City.

At its option, to be exercised on or before the sixtieth day next preceding each such sinking fund Redemption Date, the City may (a) deliver to the Trustee for cancellation Term Certificates 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 Certificates of the maturity and interest rate 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 Trustee and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Certificate so delivered or previously redeemed will be credited by the Trustee at the principal amount thereof against the obligation of the City on such sinking fund date and such sinking fund obligation will be accordingly reduced.

Extraordinary Mandatory Redemption. If the Lease is terminated by reason of the occurrence of (a) an Event of Nonappropriation, (b) an Event of Lease Default, or (c) in the event that (1) the Leased Property is damaged or destroyed in whole or in part by fire or other casualty, or (2) title to, or the temporary or permanent use of, the Leased Property has been taken by eminent domain by any governmental body or (3) breach of warranty or any material defect with respect to the Leased Property becomes apparent or (4) title to or the use of all or any part of the Leased Property is lost by reason of a defect in title thereto, and the Net Proceeds of any insurance, performance bond or condemnation award, or Net Proceeds received as a consequence of defaults under contracts relating to the Leased Property, made available by reason of such occurrences, shall be insufficient to pay in full, the cost of repairing or replacing the Leased Property, and the City does not appropriate sufficient funds for such purpose or cause the Lease to be amended in order that Additional Certificates may be executed and delivered pursuant to the Indenture for such purpose, the Certificates are required to be called for redemption, except as described below. If called for redemption as described above, the Certificates are to be redeemed in whole on such date or dates as the Trustee may determine, for a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date (subject to the availability of funds as described below).

If the Net Proceeds, including the Net Proceeds from the exercise of any Lease Remedy under the Lease, otherwise received and other moneys then available under the Indenture are insufficient to pay in full the principal of and accrued interest on all Outstanding Certificates, the Trustee may, or at the request of the Owners of a majority in aggregate principal amount of the Certificates Outstanding, and upon indemnification as to fees, costs and expenses as provided in the Indenture, without any further demand or notice, shall, exercise all or any combination of Lease Remedies as provided in the Lease and the Certificates shall be redeemed by the Trustee from the Net Proceeds resulting from the exercise of such Lease Remedies and all other moneys, if any, then on hand and being held by the Trustee for the Owners of the Certificates.

If the Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are insufficient to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys shall be allocated proportionately among the Certificates, according to the principal amount thereof Outstanding. In the event that such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are in excess of the amount required to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such excess moneys shall be paid to the City as an overpayment of the Purchase Option Price. Prior to any distribution of the Net Proceeds resulting from the exercise of any of such remedies, the Trustee shall be entitled to payment of its reasonable and customary fees for all services rendered in connection with such disposition, as well as reimbursement for all reasonable costs and expenses, including attorneys' fees, incurred thereby, from proceeds resulting from the exercise of such Lease Remedies and other moneys.

IF THE CERTIFICATES, INCLUDING THE CERTIFICATES, ARE REDEEMED FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF PLUS INTEREST ACCRUED TO THE REDEMPTION DATE, SUCH PARTIAL PAYMENT WILL BE DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE CERTIFICATES, AND UPON SUCH A PARTIAL PAYMENT NO OWNER OF SUCH CERTIFICATES, INCLUDING THE CERTIFICATES, SHALL HAVE ANY FURTHER CLAIM FOR PAYMENT AGAINST THE TRUSTEE OR THE CITY.

Notwithstanding the provisions described above or any other provisions to the contrary in the Lease or the Indenture, if the Net Proceeds resulting from the exercise of such Lease Remedies are insufficient to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, the Trustee may, or at the request of the Owners of a majority in aggregate principal amount of the Certificates Outstanding, and upon indemnification as to fees, costs and expenses as provided in the Indenture, shall, determine that the Certificates shall not be subject to extraordinary mandatory redemption as described above, in which event the Trustee will not apply any Net Proceeds or other available moneys to the redemption of any Certificates prior to their respective maturity dates. In such event, the Trustee shall (a) allocate such Net Proceeds (together with any other available moneys held under this Indenture), proportionately among all Outstanding Certificates, and (b) apply such allocation of Net Proceeds to the payment of the principal of and interest on the Certificates on the regularly scheduled maturity and Interest Payment Dates of the Certificates.

Notice of Redemption. Whenever Certificates are to be redeemed, the Trustee is required to, not less than thirty (30) and not more than sixty (60) days prior to the redemption date (except for notice of an Extraordinary Mandatory Redemption, which is required to be immediate), mail notice of redemption to all Owners of all Certificates to be redeemed at their registered addresses, by first class mail, postage prepaid, or in the event that the Certificates to be redeemed are registered in the name of the Depository, such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Depository. Any notice of redemption is to (1) be given in the name of the Trustee, (2) identify the Certificates to be redeemed, (3) specify the redemption date and the redemption price, (4) in the event of optional redemption, state that the City has given notice of its intent to exercise its option to purchase or prepay Base Rentals under the Lease, (5) state that such redemption is subject to the deposit of the funds related to such option by the City on or before the stated redemption date and (6) state that on the redemption date the Certificates called for redemption will be payable at the corporate trust office of the Trustee and that from that date interest will cease to accrue. The Trustee may use "CUSIP" numbers in notices of redemption as a convenience to Certificates Owners, provided that any such notice is required to state that no representation is made as to the correctness of such numbers either as printed on the Certificates or as contained in any notice of redemption and that reliance may be placed only on the identification numbers containing the prefix established under the Indenture.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Certificates 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 Certificates called for redemption in the same manner as the original redemption notice was given.

Tax Covenants

In the Lease, the City covenants for the benefit of the Owners of the Certificates that it will not take any action or omit to take any action with respect to the Certificates, the proceeds thereof, any other funds of the City or any facilities refinanced with the proceeds of the Certificates (except for the possible exercise of the City's right to terminate the Lease as provided therein) if such action or omission (i) would cause the interest on the Certificates to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Certificates to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except to the extent that such interest is required to

be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, or (iii) would cause interest on the Certificates to lose its exclusion from Colorado taxable income or to lose its exclusion from Colorado alternative minimum taxable income under present Colorado law. Subject to the City's right to terminate this Lease as provided herein, the foregoing covenant shall remain in full force and effect, notwithstanding the payment in full or defeasance of the Certificates, until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code and Colorado law have been met.

In addition, the City covenants that its direction of investments pursuant to the Indenture shall be in compliance with the procedures established by the Tax Compliance Certificate entered into by the City with respect to the Lease (the "Tax Certificate") to the extent required to comply with its covenants described in the previous paragraph. The City further agrees in the Lease that, to the extent necessary, it will, during the Lease Term, pay to the Trustee such sums as are required for the Trustee to pay the amounts due and owing to the United States Treasury as rebate payments. Any payments pursuant to the foregoing sentence shall be Additional Rentals for all purposes of the Lease.

Defeasance and Discharge

When the principal or redemption price (as the case may be) of, and interest on, all the Certificates executed and delivered hereunder have been paid or provision has been made for payment of the same (or, in the case of redemption of the Certificates as described in "Redemption Provisions--Extraordinary Mandatory Redemption" above, if full or partial payment of the Certificates and interest thereon is made as described), and all other sums payable hereunder relating to the Certificates, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Trustee to the Owners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall (1) release the Site Lease and transfer and convey the Trustee's leasehold interest in the Leased Property to the City as provided by the Lease, (2) release the Lease and the Indenture, (3) execute such documents to evidence such releases as may be reasonably required by the City, and (4) turn over to the City all balances then held by the Trustee in the Funds or Accounts hereunder except for amounts held in the Rebate Fund, the Escrow Account or any other defeasance escrow accounts. If payment or provision therefor is made with respect to less than all of the Certificates, the particular Certificates (or portion thereof) for which provision for payment shall have been considered made shall be selected by the City.

Provision for the payment of all or a portion of the Certificates shall be deemed to have been made when the Trustee holds in the Base Rentals Fund, or there is on deposit in a separate escrow account or trust account held by a trust bank or escrow agent, either moneys in an amount which shall be sufficient, and/or Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, concurrently deposited in trust, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said Certificates on and prior to the redemption date or maturity date thereof, as the case may be. Prior to any discharge of this Indenture pursuant to this Section or the defeasance of any Certificates pursuant to this Section becoming effective, there shall have been delivered to the Trustee a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow

established to pay the applicable Certificates in full on the maturity or redemption date thereof unless fully funded with cash.

At such time as any Certificate shall be deemed paid as described above, such Certificate shall no longer be secured by or entitled to the benefits of the Indenture, the Lease or the Site Lease, except for the purpose of exchange and transfer and any payment from such cash or Federal Securities deposited with the Trustee.

Book-Entry Only System

The Certificates will be available only in book-entry form in the principal amount of \$5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the Certificates. The ownership of one fully registered Certificate for each maturity of each series as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix C--Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE CERTIFICATES, REFERENCES IN THIS OFFICIAL STATEMENT TO THE OWNERS OR REGISTERED OWNERS OF THE CERTIFICATES WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

Neither the City nor the Trustee will have any responsibility or obligation to DTC's Participants or Indirect Participants, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the DTC Participants, the Indirect Participants or the beneficial owners of the Certificates as further described in Appendix C to this Official Statement.

BASE RENTALS SCHEDULE

The following table sets forth the estimated schedule of Base Rentals due pursuant to the Lease in each year, including the estimated Principal Component and the estimated Interest Component. The City has other obligations (including lease-purchase agreements) which are also payable from legally available revenues. See "CITY DEBT STRUCTURE."

Schedule of Base Rentals(1)(2)*

<u>Calendar Year</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Base Rentals</u>
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
Total			

(1) Totals may not add due to rounding.

(2) The Base Rentals are due semi-annually on March 15 and September 15 of each year that the Lease remains in effect. The Trustee will use the Base Rentals to pay the principal and interest due on the Certificates on April 1 and October 1 of each year.

Source: The Underwriter.

* Subject to change.

SECURITY FOR THE CERTIFICATES

General

Each Certificate evidences a proportionate interest in the right to receive certain designated Revenues, including Base Rentals, under and as defined in the Lease and the Indenture. Under the Site Lease, the Leased Property has been leased by the City to the Trustee, and under the Lease, the Leased Property has been leased by the Trustee back to the City and the City has agreed to pay directly to the Trustee, Base Rentals in consideration of the City's right to possess and use the Leased Property. Certain Revenues, including Base Rentals, are required under the Indenture to be distributed by the Trustee for the payment of the Certificates and interest thereon.

The Lease is subject to annual appropriation, non-renewal and, in turn, termination by the City. The execution and delivery of the Certificates does not directly or contingently obligate the City to make any payments beyond those appropriated for the City's then current Fiscal Year. As more fully described under the caption "CERTAIN RISK FACTORS," the Lease is subject to renewal on an annual basis at the option of the City. The Lease Term and the schedule of payments of Base Rentals are designed to produce moneys sufficient to pay the Certificates and interest thereon when due (if the City elects not to terminate the Lease prior to the end of the Lease Term).

The Certificates shall not constitute a mandatory charge or requirement of the City in any ensuing Fiscal Year beyond the current Fiscal Year, and shall not constitute or give rise to a general obligation or other indebtedness of the City or a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the City, within the meaning of any constitutional, home rule charter or statutory debt provision or limitation. No provision of the Certificates shall be construed or interpreted as creating a delegation of governmental powers nor as a donation by or a lending of the credit of the City within the meaning of Sections 1 or 2 of Article XI of the Colorado Constitution. The execution and delivery of the Certificates shall not directly or indirectly obligate the City to renew the Lease from Fiscal Year to Fiscal Year or to make any payments beyond those appropriated for the City's then current Fiscal Year. Base Rentals and Additional Rentals may be paid from any lawfully available City monies appropriated for that purpose. See "CITY FINANCIAL OPERATIONS."

In the event of termination of the City's obligations under the Lease upon the occurrence of an Event of Nonappropriation or an Event of Lease Default, the City is required to vacate and surrender the Leased Property by March 1 of any Renewal Term in respect of which an Event of Nonappropriation or an Event of Lease Default has occurred. If an Event of Lease Default shall have occurred and remain uncured, the Trustee may take any of the following actions: (i) terminate the Lease Term and give notice to the City to vacate and surrender possession of the Leased Property which vacation and surrender the City agrees under the Lease to complete within sixty (60) days from the date of such notice; (ii) lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property; (iii) recover from the City (a) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the City for such purpose, which would otherwise have been payable under the Lease, during any period in which the City continues to occupy, use or possess the Leased Property; and (b) Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the City for such purpose, which would otherwise have been payable by the City under the Lease during the remainder, after the City vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event

of Lease Default occurs; or (v) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, the Lease and the Indenture. In the event the City does not vacate and surrender possession on the termination date, the “holdover tenant” provisions of the Lease shall apply

Additional Certificates

So long as no Event of Indenture Default, Event of Nonappropriation or Event of Lease Default has occurred and is continuing and the Lease Term is in effect, one or more series of Additional Certificates may be executed and delivered upon the terms and conditions set forth in the Indenture. The principal of any Additional Certificates shall mature on October 1 and the interest payment dates therefore shall be the same as the interest payment dates for the Certificates; otherwise the times and amounts of payment of Additional Certificates shall be as provided in the supplemental ordinance or indenture and amendment to the Lease entered into in connection therewith.

Additional Certificates may be executed and delivered without the consent of or notice to the Owners of Outstanding Certificates, to provide moneys to pay any one or more of the following:

- (a) the costs of acquiring, constructing, improving, installing and equipping any New Facility, or of acquiring a Site for any New Facility (and costs reasonably related thereto);
- (b) the costs of completing the Leased Property Improvements or making, at any time or from time to time, such substitutions, additions, modifications and improvements for or to the Leased Property as the City may deem necessary or desirable, and as in accordance with the provisions of the Lease; or
- (c) for the purpose of refunding or refinancing all or any portion of Outstanding Certificates.

Each of the Additional Certificates issued pursuant to the Indenture will evidence a proportionate interest in the rights to receive Revenues under the Indenture and shall be ratably secured with all Outstanding Certificates and in respect of all Revenues, and shall be ranked *pari passu* with such Outstanding Certificates and with Additional Certificates that may be executed and delivered in the future, if any.

For additional information on the issuance of Additional Certificates, see Appendix B - Certain Definitions and Document Summaries - Additional Certificates.

CURRENT SOURCES OF AVAILABLE REVENUE

General

Although no particular funds or sources of revenue are pledged to make payments under the Lease, the City currently intends to budget, appropriate and pay the Base Rentals (and Additional Rentals, if any) allocable to the Certificates from its General Fund. Notwithstanding the foregoing, such Base Rentals and Additional Rentals may be budgeted, appropriated and paid from any of the City's available funds in the future.

The City overall financial operations, budgeting process and information and historical General Fund financial statement comparisons are discussed in "CITY FINANCIAL OPERATIONS."

Sources of General Fund Revenues

Sales and Use Tax revenues comprise the majority of the City's General Fund revenues, accounting for approximately [__]% of General Fund revenues in fiscal year 2016. The Sales and Use Tax is described in more detail below.

Other sources of revenue in the General Fund include: vehicle use tax, franchise taxes, sidewalk and special assessments; license and permit revenues; intergovernmental revenues; charges for services; fines and forfeits; investment income; contributions; and miscellaneous other income.

Collection and Enforcement of the City Sales and Use Tax

The Sales and Use Tax is imposed pursuant to Chapter 3 of the City Municipal Code (the "Sales and Use Tax Code"). The City currently imposes a voter-approved sales and use tax at the rate of 3.0%, which commenced January 1, 2009, which is an increase of 1% pursuant to the 2008 Election. The 1% increase, the Pledged Sales and Use Tax, is required to be deposited to the Community Center Fund established solely for payment and refinancing of the Refunded Bonds and the Parity Lien Bonds, if any. Such Pledged Sales and Use Tax shall be reduced from a rate of 1.0% to a rate of 0.4% on January 1st following the date on which the Refunded Bonds are paid in full (but in no event shall such reduction occur later than January 1, 2039) to provide for the constructing, improving, equipping, operating and maintaining of the Project.

The City also has a separate 3.0% accommodations tax which is imposed in addition to the Sales and Use Tax.

Sales Tax. Pursuant to the Sales and Use Tax Code, the City's sales tax is imposed upon: the purchase price paid or charged upon all sales and purchases of tangible personal property at retail in the City; the purchase price paid or charged upon property exchanged; the price paid for telephone or telegraph services, the price paid for gas and electric service, the price paid for all meals and cover charges sold to the public, the price charged for rooms or accommodations, and the full purchase price of articles sold after manufacture or having been made to order (with the sales price being the gross value of all the materials, labor, service and the profit thereon, included in the price charged to the consumer).

The Sales and Use Tax Code provides that the following classes of tangible personal property and the following sales transactions, among others as more particularly described therein, are exempt from taxation: food and prescription drugs; occasional sales by a charitable organization; farm equipment used for agricultural purposes; and the sales and purchase of pesticides used for agricultural purposes.

The Sales and Use Tax Code additionally designates exemptions for: (A) all sales of personal property on which a specific ownership tax has been paid or is payable are to be exempt from sales tax when such sales meet both the following conditions: (i) the purchaser is a nonresident of, or has its principal place of business outside of, the City and (ii) such personal property is registered or required to be registered outside the City limits of the City under the laws of the State. Further, every vendor vending individual items of personal property through coin-operated vending machines are to be exempt from the provisions of the Sales and Use Tax Code, but nevertheless such vendor is to pay sales tax of 3 % on the personal property sold in excess of ten cents so vend er is to pay sales tax of 3 % on the personal property sold in excess of ten cents so bended in the coin-operated machines unless the sales it otherwise exempt under the provisions of the Sales and Use Tax Code.

Use Tax. The Use Tax is levied and collected for using or consuming in the City any construction or building materials, or storing, using and consuming in the City, motor vehicles, other vehicles on which registration is required, and mobile homes on which ad valorem property taxes have not been paid.

The Sales and Use Tax Code also provides that the following classes of tangible personal property and the following transactions are exempt from use tax: the storage, use or consumption of any tangible personal property, the sale of which is subject to the City retail sales tax as provided in the Sales and Use Tax Code; the storage, use or consumption of any tangible personal property purchased for resale in the City, either in its original form or as an ingredient of a manufactured or compounded product, in the regular course of a business; the storage , use or consumption of tangible personal property brought into the City by a nonresident thereof for his own storage, use or consumption while temporarily within the City, the storage, use of consumption of tangible personal property of the United States or the State or its institutions or its political subdivisions, in their governmental capacities only or by religious or charitable corporations, in the conduct of their regular religious or charitable functions; the storage, use or consumption of tangible personal property for use in the business of manufacturing or compounding for sale, profit or use, any article, substance or commodity which tangible personal property enters into the processing of or becomes an ingredient or component part of the product or service which is manufactured, compounded or furnished and the container, label or the furnished shipping case thereof; the storage, use or consumption of tangible personal property and household effect acquired outside the City and brought into it by a nonresident acquiring residency; the storage or use of a motor vehicle, other vehicle on which registration is required, or mobile home if the owner is or was, at the time of purchase, a nonresident of the City and he purchased the vehicle outside of the City for use outside the City and actually so used it for the primary purpose for which it was acquired and be registered, titled and licensed the motor vehicle, other vehicle on which registration is required, or mobile home outside the City; the use or consumption of any construction and building materials, and the storage, use and consumption of motor and other vehicles on which registration is required, and mobile home if a written contract for purchase thereof was entered into prior to November 10, 1980; the use or consumption of any construction and building materials required or made necessary in the performance of any construction contract bid, let or entered into at any time prior to November 10, 1980; the purchase by tax-exempt entities which would be otherwise

taxable the Sales and Use Tax Code; for transactions consummated on or after January 1, 1986 the storage of construction and building material; and for transactions consummated on or after January 1, 1986, the City's use tax is not to be imposed with respect to the use or consumption of tangible personal property within the City which occurs more than three years after the most recent sale of the property if, within the three years following such sale, the property has been significantly used within the State for the principal purpose for which it was purchased. In addition, the Use Tax does not apply to the storage, use, or consumption of any article of tangible personal property the sale or use of which has already been subject to a sales or use tax of another statutory or home rule municipality.

Manner of Collection of the Sales and Use Tax

The collection, administration and enforcement of the Sales and Use Tax is performed by the City "Director of Revenue"; who is to prescribe forms and reasonable rules and regulation for making of returns, for the ascertainment, assessment, and collection of the taxes imposed under the Sales and Use Tax Code, and for the proper administration and enforcement of the Sales and Use Tax Code. All money collected by the Director of Revenue is to be remitted monthly to the City Clerk by the Director of Revenue.

Sales Tax. Every retailer or vendor is, irrespective of the provisions as provided by the Sales and Use Tax Code, liable and responsible for the payment of an amount equivalent to 3% of all sales made by him of commodities or services as provided by the Sales and Use Tax Code (see "—Authority for the Imposition of the Sales and Use Tax" above), and before the fifteenth day of each calendar month make a return to the Director of Revenue for the preceding calendar month and remit an amount equivalent to said 3% on such sales to said director, less 3.3% of the sum so remitted to cover the vendor's expense in the collection and remittance of said tax. If any part of the payment is deficient due to negligence or intentional disregard of authorized rules and regulations with the knowledge thereof, but without the intent to defraud, there is to be added 10% of the total amount of the deficiency, and interest in such case is to be collected at a rate of 0.5% per month, in addition to the interest provided by State statute, on the amount of such deficiency from the time the return was due, from the person required to file the return, which interest and addition is to become due and payable ten days after written notice and demand to him by the Director of Revenue. Penalties and interest are increased for cases of deliberate fraud as set forth in the Sales and Use Tax Code.

Use Tax. If any amount of Use Tax is not paid on or before the last date prescribed for payment, there is to be added 10% of the total amount of the deficiency and interest is to be collected at an annual rate established by the State commissioner of banking pursuant to the Sales and Use Tax Code. Penalties and interest are increased for cases of deliberate fraud as set forth in the Sales and Use Tax Code.

Notice of Deficiency. If taxes, penalty or interest imposed by the Sales and Use Tax Code are not paid within five days on Sales Tax, and ten days on Use Tax, after the same date due, the Director of Revenue is to issue a notice setting forth, among others, the name of the taxpayer and amounts due, and that the City claims a first and prior lien therefor on the real and tangible personal property. After said notice has been filed, the Director of Revenue may issue a warrant directed to any duly authorized revenue collector, demanding him to levy upon, seize and sell sufficient for payment of amounts due, together with interest, penalties and costs, as may be provided by law.

City Sales and Use Tax Collection Data

History of Sales and Use Tax Collections. The following table sets forth a history of City Sales Tax collections at a rate of 3.0%. The information for fiscal years 2012 through 2016. The 2017 year-to-date information was derived from reports maintained by the City.

History of City Sales and Use Tax Collections

<u>Year</u>	<u>Sales Tax Collections</u>	<u>% Change</u>
2012	\$2,065,576	--
2013	2,169,958	5.05%
2014	2,275,789	4.87
2015	2,121,702	6.80
2016	2,042,998	3.80
2017(1)		

(1) Represents collections for January through [_____] 2017, on an accrual basis (i.e., amounts are recorded in the month in which the underlying sale occurred, rather than the month in which the tax was received by the City). This figure represents an increase of approximately [__]% from collections in the same five-month period in 2016.

Monthly Collection Comparisons. The following table presents a comparison of monthly Base Sales and Use Tax receipts for the 12-month periods ended [_____] __, 2016 and 2017]. Sales and Use Tax receipts generally lag retail sales by one month.

Comparison of Monthly Sales and Use Tax Collections

Month	12-Month Period Ended		12-Month Period Ended	
	[_____] __, 2016]		[_____] __, 2017]	
	Current Month	Period to Date	Current Month	Period to Date

¹ The City's Base Sales and Use Tax rate was 2.0% through December 31, 2008 with the additional voter approved 1% Pledged Sales and Use Tax going into effect on January 1, 2009, increasing the total City Sales and Use Tax to 3.0%.

Source: City Finance Department

Principal Sales and Use Tax Generators. Set forth in the following table are the City's principal Base Sales and Use Tax generators for 2016. Because of the confidential nature of the gross sales of the individual entities, the identity of vendors cannot be divulged by state law.

Sales Tax by Industry - 2016

Business Type	Sales and Use Tax Receipts	Percent of Total Collections²
Utility		
Food and Beverage Store		
Wholesale Trade		
Motor Vehicle and Parts Dealer		
Motor Vehicle and Parts Dealer		
Food and Beverage Store		
Telecommunications/Broadcasting		
Food Services and Beverage Establishment		
Accommodation		
Accommodation		
Total		

¹ The City's Base Sales and Use Tax rate was 2.0% through December 31, 2008 with the additional voter approved 1% Pledged Sales and Use Tax going into effect on January 1, 2009, increasing the total City Sales and Use Tax to 3.0%.

² Based on total 2016 Sales and Use Tax collections of \$[_____].

Source: City Finance Department

City General Fund Budget Summary and Comparison

Set forth in the following table is a comparison of the City's General Fund budgets for 2016 and 2017, as amended, as compared to the 2017 actual year-to-date unaudited figures. The table is presented in budgetary (legal) format and is not intended to conform to GAAP. In addition, this table does not indicate beginning or ending fund balances, a portion of which is available and may be appropriated for expenditure in each year. For a representation of fund balances, see the "General Fund" table in "Summaries of Historical Revenues, Expenditures and Changes in Fund Balances" below.

Budget to Actual Comparison - City General Fund [Needs to be Discussed]

	2016 Budget	2017 Budget	2017 Actual Year-to-Date (unaudited) ¹
REVENUES			
Taxes:			
Property	\$1,097,500	\$1,125,200	
City sales	1,525,000	1,525,000	
County sales	2,040,000	1,963,500	
Use tax	595,000	710,000	
Other	561,600	554,350	
Licenses and permits	30,000	30,500	
Intergovernmental revenues	624,125	520,500	
Charges for services	157,625	164,500	
Fines, forfeitures, assessments	42,000	40,500	
Investment earnings	8,000	15,000	
Rents and royalties	30,800	31,300	
Donations	28,375	13,775	
Miscellaneous	3,000	3,000	
Total revenues	<hr/> 6,743,025	<hr/> 6,697,125	
EXPENDITURES			
Current:			
General government	399,900	342,975	
Administration	652,000	678,500	
Community Development	271,275	260,050	
Public safety	2,223,175	497,650	
Public works	1,731,475	1,719,625	
Parks and recreation	1,015,230	1,130,525	
Non-departmental	1,219,00	1,129,250	
Capital equipment	646,270		
Total expenditures	<hr/> 7,389,925		
Excess (deficiency) of revenues over (under) expenditures	<hr/> (646,900)		
OTHER FINANCING SOURCES (USES)			
Transfers in	281,000		
Transfers (out)	(830,800)		
Insurance rebates and damage awards	2,675		
Sale of capital assets	--		
Total other financing sources and (uses)	<hr/> (547,125)		
Change in fund balance – budgetary basis	<hr/> \$(1,194,025)		

¹ Unaudited actual figures through [_____, 2017].

Source: City 2016 and 2017 Budgets and the City.

History of City General Fund Revenues, Expenditures and Changes in Fund Balances

The following table provides a comparative history of revenues, expenditures and changes in fund balance in the City's General Fund for fiscal years 2012 through 2016. The information in this table has been derived from the audited financial statements of the City. The information should be read together with the City's fiscal year 2016 basic financial statements (and accompanying notes) appearing in Appendix A. Financial statements for preceding years may be obtained from the sources noted in "INTRODUCTION--Additional Information."

Prospective investors should be aware that the Certificates are payable solely from the Trust Estate. Inclusion of the following material is for informational purposes only and does not imply that the Certificates constitute a general obligation of the City or a lien on any City revenues. *The General Fund is not pledged to pay debt service on the Certificates. The City has other obligations payable from legally available revenues. See "CITY DEBT STRUCTURE." In addition, the City may use legally available revenues in the General Fund to appropriate funds pursuant to the Moral Obligation Resolution, to the extent it chooses to do so.*

General Fund-Statement of Revenues, Expenditures and Changes in Fund Balances

	2012	2013	2014	2015	2016
REVENUES					
Taxes:					
Property	\$1,099,168	\$1,145,456	\$1,078,635	\$1,062,935	\$1,096,363
City sales	1,403,644	1,473,646	1,569,025	1,463,743	1,508,961
County sales	1,842,108	1,854,112	1,913,811	1,979,551	1,924,355
Use tax	661,932	696,312	706,764	657,959	736,433
Other	543,863	579,060	594,571	561,077	534,037
Licenses and permits	26,719	30,875	26,636	30,497	31,212
Intergovernmental revenues	888,140	684,755	826,920	770,154	632,678
Charges for services	175,502	165,071	161,157	152,706	212,689
Fines, forfeitures, assessments	41,126	46,695	42,574	44,044	32,411
Development impact fees	140,366	30,507	--	--	--
Investment earnings	20,383	6,974	6,522	12,430	30,612
Rents and royalties	31,550	28,296	32,062	32,131	34,428
Donations	14,146	20,254	17,690	18,171	29,420
Miscellaneous	30,218	14,356	3,149	7,629	96,022
Total revenues	<u>6,918,865</u>	<u>6,776,369</u>	<u>6,979,516</u>	<u>6,793,027</u>	<u>6,899,621</u>
EXPENDITURES					
Current:					
General government Administration	362,408	359,642	332,925	329,617	345,148
Community development	538,933	567,680	597,037	616,227	624,371
Marketing and promotion	222,917	273,227	218,132	242,934	259,290
Public safety	--	--	--	--	--
Public works	798,661	1,983,266	1,967,995	2,078,108	2,116,774
Parks and recreation	1,881,446	1,633,555	1,521,013	1,527,343	1,641,458
Non-departmental	1,601,893	875,872	913,398	925,121	961,495
Debt service	244,878	261,626	272,685	274,943	265,562
Principal retirement	--	--	--	--	--
Interest and fiscal charges	--	--	--	--	--
Capital outlay	129,943	428,145	268,856	229,785	572,293
Total expenditures	<u>5,781,079</u>	<u>6,383,013</u>	<u>6,092,041</u>	<u>6,224,078</u>	<u>6,786,391</u>
Excess (deficiency) of revenues over expenditures	<u>1,137,786</u>	<u>393,356</u>	<u>887,475</u>	<u>568,949</u>	<u>113,230</u>
OTHER FINANCING SOURCES (USES)					
Insurance rebates and awards	--	166,763	79,128	12,289	8,319
Sale of capital assets	170	1,338	1,402	3,480	3,442
Transfers in	229,000	229,000	260,109	233,800	221,000
Transfers (out)	(1,410,158)	(1,463,065)	(1,225,442)	(1,153,832)	(569,447)
Total other financing sources (uses)	<u>(1,180,988)</u>	<u>(1,065,964)</u>	<u>(884,803)</u>	<u>(904,263)</u>	<u>(336,686)</u>
Net change in fund position	<u>(43,202)</u>	<u>(672,608)</u>	<u>2,672</u>	<u>(335,314)</u>	<u>(223,456)</u>
Fund balances – beginning	<u>7,852,503</u>	<u>7,809,301</u>	<u>7,136,693</u>	<u>7,139,365</u>	<u>6,804,051</u>
Fund balances – ending	<u>\$7,809,301</u>	<u>\$7,136,693</u>	<u>\$7,139,365</u>	<u>\$6,804,051</u>	<u>\$6,580,595</u>

Source: City Audited Basic Financial Statements, 2012-2016

Community Center Fund Budget Summary and Comparison

Although the City is not obligated to pay Base Rentals and Additional Rentals from any particular revenue source, it is the current expectation of the City Council that Base Rentals and Additional Rentals will be paid (to the extent funds are appropriated therefor each year) from revenues in the City's Community Center Fund. The City currently imposes a voter-approved sales and use tax at the rate of 3.0%, which commenced January 1, 2009, which is an increase of 1% pursuant to the 2008 Election. The 1% increase, the Pledged Sales and Use Tax, is required to be deposited to the Community Center Fund established solely for payment and refinancing of the Refunded Bonds and the Parity Lien Bonds, if any.

Set forth in the following table is a comparison of the City's General Fund budgets for 2016 and 2017, as amended, as compared to the 2017 actual year-to-date unaudited figures. The table is presented in budgetary (legal) format and is not intended to conform to GAAP. In addition, this table does not indicate beginning or ending fund balances, a portion of which is available and may be appropriated for expenditure in each year. For a representation of fund balances, see the "General Fund" table in "Summaries of Historical Revenues, Expenditures and Changes in Fund Balances" below.

Budget to Actual Comparison – Community Center Fund

	2016 Budget	2017 Budget	2017 Actual Year-to-Date (unaudited) ¹
REVENUES			
Taxes	1,100,000	1,098,000	
Intergovernmental revenues	2,000	--	
Charges for services	1,041,350	1,054,500	
Fines, forfeitures, assessments	--	--	
Interest and Rentals	45,600	43,000	
Rents and royalties	30,800	31,300	
Other Financing Sources	24,800	--	
Transfer from Other Funds	95,000	95,000	
Total revenues	<u>2,308,750</u>	<u>2,290,500</u>	
EXPENDITURES			
Current:			
Personnel Services, Salaries	399,900	342,975	
Personnel Services, Benefits	652,000	678,500	
Purchased Professional Services	271,275	260,050	
Purchased Property Services	2,223,175	497,650	
Other Purchase Services	1,731,475	1,719,625	
Parks and recreation	1,015,230	1,130,525	
Supplies	298,725	268,900	
Operating Expenses	<u>1,593,800</u>	<u>1,579,675</u>	
Capital	108,400	84,000	
Transfer to Capital Projects	42,850	--	
Transfer to Debt Service	695,350	704,700	
Total Expenditure	<u>2,440,400</u>	<u>2,368,375</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(131,650)</u>	<u>(77,875)</u>	
Fund balances - beginning	1,105,200	973,500	
Fund balances – ending	973,550	895,675	

¹ Unaudited actual figures through [_____, 2017].

Source: City 2016 and 2017 Budgets and the City.

History of Community Center Fund Balances

The following table provides a comparative history of revenues, expenditures and changes in fund balance in the City's Community Center Fund for fiscal years 2012 through 2016. The information in this table has been derived from the audited financial statements of the City. The information should be read together with the City's fiscal year 2016 basic financial statements (and accompanying notes) appearing in Appendix A. Financial statements for preceding years may be obtained from the sources noted in "INTRODUCTION--Additional Information."

Community Center Fund-Statement of Revenues, Expenditures and Changes in Fund Balances

	2012	2013	2014	2015	2016
REVENUES					
Taxes:					
City sales	701,822	736,823	784,513	731,871	754,480
Use tax	330,966	348,156	353,382	328,980	368,217
Intergovernmental revenues	--	--	--	--	2,000
Charges for services	938,439	985,002	1,011,300	1,038,301	1,065,847
Investment earnings	--	--	13	20	619
Rents and royalties	34,685	34,655	34,950	43,927	43,660
Donations	--	--	17,690	1,239	2,100
Miscellaneous	5,219	3,554	1,029	16,796	1,479
Total revenues	<u>2,011,311</u>	<u>2,108,190</u>	<u>2,185,187</u>	<u>2,161,134</u>	<u>2,238,402</u>
EXPENDITURES					
Current:					
Recreation	1,244,478	1,299,932	1,415,908	1,465,083	1,577,472
Capital Expenses	2,825	29,822	21,301	16,175	89,371
Total expenditures	<u>1,247,303</u>	<u>1,329,754</u>	<u>1,437,209</u>	<u>1,481,258</u>	<u>1,666,843</u>
Excess revenues over expenditures	<u>764,008</u>	<u>778,436</u>	<u>747,978</u>	<u>679,876</u>	<u>571,559</u>
OTHER FINANCING SOURCES (USES)					
Insurance rebates and awards	--	17,911	--	--	24,839
Reserves	--	(20,450)	(5,800)	(25,000)	--
Transfers in	97,500	95,000	95,000	95,000	95,000
Transfers (out)	(596,196)	(692,782)	(685,445)	(713,925)	(734,741)
Total other financing sources (uses)	<u>(498,696)</u>	<u>(600,321)</u>	<u>(596,245)</u>	<u>(643,925)</u>	<u>(614,902)</u>
Net change in fund position	<u>265,312</u>	<u>(178,115)</u>	<u>151,733</u>	<u>35,951</u>	<u>(43,343)</u>
Fund balances – beginning	<u>422,839</u>	<u>688,151</u>	<u>866,266</u>	<u>1,017,999</u>	<u>1,053,950</u>
Fund balances – ending	<u>\$688,151</u>	<u>\$866,266</u>	<u>\$1,017,999</u>	<u>\$1,053,950</u>	<u>\$1,010,607</u>

THE CITY

General

The City is located along Interstate 70 in the northwest portion of the County in the west central portion of the State, and is approximately 13 miles west of Grand Junction. The area's economy is based primarily on tourism, recreation, ranching and farming. The City encompasses approximately seven square miles and has a current estimated population of 12,795. The City was established in 1884, and upon voter approval of the Charter in 1981, became a home rule City form of government.

Services Available to City Residents

The City provides a broad range of municipal services to the community including police; sidewalk repair services; wastewater collection and treatment; irrigation water; parks and recreation; and trash and recycling services. Fire protection is provided by the Lower Valley Fire Protection District. Utilities not provided by the City, including gas and phone service, are provided by public and private entities.

In addition, the City owns the Devils Canyon Center, a 22,000 square-foot facility, which is leased to the Museum of Western Colorado for the operation of a dinosaur museum. The Devils Canyon Center is operated as an Enterprise Fund and is not supported through the General Funds.

City Council

The City operates under a council-manager form of government whereby, except as otherwise provided by the Charter or statute, the Council exercises all powers conferred upon or possessed by the City and has the power and authority to adopt such laws, ordinances and resolutions as it deems proper in the exercise thereof. The City Manager serves as the chief administrative officer of the City government. The Council consists of six members, all of whom are elected at large by the registered voters of the City. The terms of all Council members are to be four years. At each regular election, three council members are elected. The Mayor, who is chosen by regular election for a term of two years, is the presiding officer of the Council, with voting powers only in the event of a tie vote of the Council. The Council elects from its membership a Mayor Pro Tem to serve during the Mayor's absence or disability, also to serve a two-year term. Pursuant to statute, with certain exceptions, no nonjudicial elected official of any political subdivision of the State can serve more than two consecutive terms in office; however, such term limitation may be lengthened, shortened or eliminated pursuant to voter approval.

The current Mayor and members of the Council, their principal occupations, length of service on the Council, and terms of office are set forth in the following table.

Name	Principal Occupation	Years of Service	Term Expires (April)
Lori Buck, Mayor	Small Business Owner		
R. Bruce Bonar, Mayor Pro Tem	Chemist		
Joel Kincaid	Small Business Owner artist, songwriter and writer		
Kyle Harvey	Retired Educator		
Dave Karisny	Scientist		
Ken Kreie	Retired Army Colonel		

The Council effects its decisions through the passage of ordinances, resolutions, and motions. All legislative enactments must be in the form of an ordinance. Legislative enactments include, but are not limited to, adopting or amending an administrative code or establishing, altering or abolishing any department, office or agency; providing for a fine or other penalty or establishing a rule or regulation, for which a fine or other penalty may be imposed; levying a tax; conveying or authorizing the conveyance of any real property of the City and the lease of any real estate for a period of more than one year; and granting a franchise.

Administration

The council-manager form of government vests responsibility for day-to-day City operations in the City Manager and his staff. The Charter provides that, all the powers of the City are to be exercised by direction of the Council, with the City Manager being the chief administrative officer and the Mayor having separate powers and duties, as set forth therein. The City Manager and the City Attorney serve at the pleasure of the Council, with the City Manager responsible for appointing the City Clerk.

City Manager. The City Manager is the chief executive officer of the City. The City Manager is responsible to the Council for all City affairs placed in its charge by the Charter, the Council, or by law, including the oversight of all departments, offices and agencies of the City and directing the preparation of the City’s annual budget. Michael Bennett was appointed City Manager in 2014. Mr. Bennett received his Master of Public Administration degree from Brigham Young University in Provo, Utah. He also holds a Bachelor of Science degree in Journalism, emphasis in Public Relations and Marketing, from Utah State University in Logan, Utah. Mr. Bennett’s prior experience includes working for the City of Hickory, North Carolina for over eight years. While in Hickory, Mike held various positions overseeing multiple departments, projects and regional efforts.

Mr. Bennett is a member of the International City/County Management Association (ICMA) and graduate of Leadership ICMA and the Senior Executive Institute (SEI) at the Weldon Cooper Center for Public Service at the University of Virginia

City Clerk and Finance Director. The City Clerk is the custodian of the City’s records, issues City licenses, conducts elections and performs such other duties as directed by the Charter, the Council or the City Manager. The Finance Director is responsible for providing accurate financial data for use in making informed decisions on the management of the City, and is responsible for preparation of the City’s financial statements, investment of public funds and

assisting the City Manager in preparation of the City's annual budget. The Finance Department provides general accounting services for the City, including accounts payable, payroll and utility billing.

Margaret Sell was appointed City Clerk in 1984. She received certification as a city clerk from the University of Colorado. She also attended Mesa College in Grand Junction. Ms. Sell was appointed as acting Finance Director in 1985, becoming the Finance Director in 1992. She attended Mesa College in Grand Junction. She has also served as Acting City Manager on numerous occasions. Ms. Steelman is a member of the Colorado Government Finance Officers Association, the Government Finance Officers Association, the Colorado Municipal Clerks Association and the International Institute of Municipal Clerks Association.

City Attorney. Edward P. Sands was appointed as the City Attorney in 1994. He received his Artium Baccalaureus (A.B.) degree in Political Science and History from Duke University and received his Juris Doctorate from the University of Nebraska. Mr. Sands has practiced law in the State of Colorado since 1977, specializing in real estate, commercial, probate and local government law. Mr. Sands is a member of the Colorado Municipal League and the Colorado Bar Association. Mr. Sands is also the attorney for the Towns of Eagle, Palisade, Dinosaur and Colbran, Colorado.

Employees; Benefits and Pension Matters

[The City has [67] permanent full time employees, [9] part-time employees and [33] seasonal employees. According to City officials, the City has experienced significant growth in population in the last several years, requiring additional staff to provide service. Specifically, the City has expanded its park maintenance operations with the addition of trails and the 18 acre Little Salt Wash Park, resulting in the need for additional seasonal employees for parks maintenance. The police department has also increased part time staff to assist with clerical and records management functions of the department. Engineering staff has increased to provide project management and inspections for both capital projects and new residential and commercial development in the community. Recreation programs have expanded to provide more opportunities for the community, requiring additional instructors and staff to oversee the programs.

The City has worked to develop a comprehensive compensation package for its staff members. Full time employees earn vacation at rates which increase as the length of the employees' service increases and receive sick leave at the rate of one day per month. City employees have [11] paid holidays each year. The City provides health insurance for employees. City employees also receive workers compensation, unemployment and social security benefits. None of the employees are unionized, and City management believes employee relations to be good.]

City Insurance Coverage

In the opinion of the City's management, the City's present insurance coverage is adequate. However, there can be no assurance that the City will maintain its present level of coverage. See also Note 7 to the City's financial statements appended hereto.

CITY FINANCIAL OPERATIONS

Budget and Appropriation Process

All City spending is in accordance with its annual budget, adopted pursuant to the procedure prescribed in the Charter. The City's fiscal year runs from January 1 through December 31. Pursuant to the Charter, on or before October 1 of each year, the City Manager must submit to the Council a complete City budget for the ensuing fiscal year. The budget must be a complete financial plan, including: (a) anticipated revenue from all sources other than the tax levy for the ensuing year, (b) general fund surplus or deficit at the end of the current fiscal year, (c) proposed expenditures for the operation of the City, (d) debt service requirements, (e) proposed capital projects and financing thereof for the ensuing year and five years thereafter, and (f) a balance between the proposed expenditures and the proposed available capital. The Council sets a public hearing on the budget, providing notice by publication ten days prior to such hearing. After the hearing, and on or before the first regular meeting in November, the Council adopts the budget by resolution, and on or before the first regular meeting in December, the Council adopts the tax levy. Subsequent to the adoption of the budget and on or before their first regular meeting in November, the Council passes the annual appropriation ordinance for the next fiscal year.

The Council, may, by ordinance, make additional appropriations during the fiscal year for unforeseen expenditures; however, such appropriations may not exceed the amount by which actual revenues are surpassing revenues proposed in the budget, except in emergency situations. By an affirmative vote of five or more, the Council may transfer unencumbered funds from one department to another; however, they may not transfer funds from any sinking fund, encumbered fund, or the capital project fund. The Council timely adopted the City's 2016 budget and appropriation resolution pursuant to the above described procedure and timely filed such budget with the State division of local government

City Financial Statements

The City's audited basic financial statements for the year ended December 31, 2016, are attached to this Official Statement as Appendix A. Those financial statements represent the most current audited financial information available for the City.

Funds and Accounts; City Revenues

General. The General Fund is the general operating fund of the City and is used to account for operations traditionally associated with a city and which are not required to be accounted for in another fund. In the General Fund, portions of the ending fund balance in each year are reserved and not available for use. Fund reservations that are considered non-spendable include inventory and prepayments. The City has a category within the fund balance called "restricted"; that category includes debt reserves and the emergency reserve required by Article X, Section 20 of the State Constitution ("TABOR"). "Committed" fund balance includes items that can only be used for a specific purpose determined by formal action of the City Council and this includes funds that have been collected from municipal fines that must be used for police training and a fenced dog park. The City Council's current General Fund Fiscal Policy requires that unappropriated contingency and emergency reserves equal [__]% of General Fund prior annual expenditures less transfers out.

The sources of revenue in the General Fund include: city sales tax, county sales tax, vehicle use tax, franchise taxes, sidewalk and special assessments; license and permit revenues; intergovernmental revenues; charges for services; fines and forfeits; investment income; contributions; and miscellaneous other income.

Sales and Use Tax revenues comprise the majority of the City's General Fund revenues, accounting for approximately 50.1% of General Fund revenues in fiscal year 2016. Information regarding the imposition, collection and enforcement of the City's Sales and Use Tax is discussed in "REVENUES AVAILABLE FOR DEBT SERVICE--Collection and Enforcement of the City Sales and Use Tax."

CITY DEBT STRUCTURE

The following is a discussion of the City's authority to incur general obligation indebtedness and other financial obligations and the amount of such obligations presently outstanding.

Required Elections

Article X, Section 20 of the Colorado Constitution requires that, except for refinancing bonded debt at a lower interest rate, the City must have voter approval in advance for the creation of any multiple-fiscal year direct or indirect City debt or other financial obligation whatsoever without adequate present cash reserves pledged in-evocable and held for payments in all future fiscal years. Enterprises, as defined in Article X, Section 20 of the Colorado Constitution, are excluded from the application of said Section and the voter approval requirements established therein. For a discussion of Article X, Section 20 of the Colorado Constitution, see the caption "CITY FINANCIAL INFORMATION—Constitutional Amendment Limiting Taxes and Spending."

General Obligation Indebtedness

Pursuant to the Charter, no securities payable in whole or in part from the proceeds of ad valorem taxes of the City may be issued until the question of their issuance has been submitted to a vote of the electors of the City at a special or regular election and approved by a majority of those voting on the question. The City currently has no general obligation indebtedness outstanding and does not have authority from its electors to issue general obligation indebtedness. Any future general obligation indebtedness would be subject to voter approval.

Revenue Obligations

An election was held on November 4, 2008, in accordance Article X, Section 20 of the Colorado Constitution, and the voters approved a measure allowing the City to issue bonds in amount not to exceed \$15,000,000 for the purposes of constructing, improving, equipping, operating and maintaining a community center (the "2008 Election"). The City then issued its Sales and Use Tax Revenue Bonds, Series 2009A (the "Series 2009A Bonds") in the aggregate principal amount of \$2,440,000, and currently outstanding in the aggregate principal amount of \$2,230,000, along with its Series 2009B Bonds. Contemporaneously with the issuance of the Certificates, the City intends to issue its Sales Use Tax Revenue Refunding and Improvement Bonds, Series 2017 in the aggregate principal amount of \$[_____] (the "Series 2017 Bonds") for the purpose of advance refunding all of the City's Series 2009A Bonds maturing on and after October 1, 2017.

Other Financial Obligations

The City has the power to issue revenue obligations, subject to the election requirements described above, payable from the net revenue of City facilities, or payable in whole or in part from the proceeds of sales taxes. The City provides for the operation of certain of its services, such as irrigation water, sewer collection and treatment, trash collection and lease of the Devils Canyon Center, as enterprises which are not subject to the provisions of TABOR, see "CITY FINANCIAL INFORMATION—Constitutional Amendment Limiting Taxes and Spending." Upon the issuance of the Series 2017 Bonds, the City will have authorization to issue an additional \$[2,335,000] of

revenue bonds for the financing of the Project.

Colorado Water Resources & Power Development Authority Loan (“CWRPDA”). On November 1, 2009, the City, acting by and through its sewer fund enterprise, entered into a loan agreement with the CWRPDA in the aggregate principal amount of \$21,830,000 for construction of a new wastewater treatment facility (the “2009 Loan”). The City is obligated under the agreement to make semi-annual payments each March 1, and September 1 through September 1, 2032. The outstanding balance on the 2009 Loan as of September 1, 2017 was \$[_____] and is included in the Sewer Fund. The City is to repay the 2009 Loan from income and revenues earned by the City or attributable to the ownership of the City’s sewer system less all actual maintenance and operations costs of the City’s sewer system.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding the City. It is intended only to provide prospective investors with general information regarding the City’s community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The City makes no representation as to the accuracy or completeness of data obtained from parties other than the City.

Population

The following table sets forth population statistics for the City of Fruita, Mesa County and the State of Colorado. [Between 2000 and 2010, the City’s population increased [_____]%, that of Mesa County increased [_____]%, and the State’s population increased 16.9%.

<u>Population</u>						
<u>Year</u>	<u>City of Fruita</u>	<u>Percent Change</u>	<u>Mesa County</u>	<u>Percent Change</u>	<u>Colorado</u>	<u>Percent Change</u>
1970					2,207,259	--
1980					2,889,735	30.9%
1990					3,294,394	14.0
2000					4,301,261	30.6
2010					5,029,196	16.9
2011					5,120,686	--
2012					5,193,097	1.4%
2013					5,272,677	1.5
2014					5,356,626	1.6
2015					5,456,584	1.9

Sources: United States Department of Commerce, Bureau of the Census (1970-2010), and Colorado State Demography Office (2011-2015 estimates, which are subject to periodic revisions).

Income

The following table sets forth the annual per capita personal income levels for the residents of Mesa County, the State and the nation.

Annual Per Capita Personal Income

<u>Year⁽¹⁾</u>	<u>Mesa County</u>	<u>Colorado</u>	<u>United States</u>
2010		\$39,929	\$40,277
2011		42,946	42,453
2012		45,073	44,267
2013		46,792	44,462
2014		49,768	46,414
2015		50,899	48,112

(1) County figures updated November 19, 2015; state and national figures updated September 28, 2016. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

Employment

The following table presents information on employment within Mesa County, the State and the nation for the time period indicated.

Labor Force and Employment

<u>Year</u>	<u>Mesa County⁽¹⁾</u>		<u>Colorado⁽¹⁾</u>		<u>United States</u>
	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Percent Unemployed</u>
2011			2,736,079	8.4%	8.9%
2012			2,759,437	7.9	8.1
2013			2,780,536	6.8	7.4
2014			2,815,200	5.0	6.2
2015			2,828,529	3.9	5.3
<u>Month of August</u>					
2015	14,267	2.8%	2,837,374	3.5%	5.1%
2016 ⁽²⁾	14,976	2.6	2,903,499	3.3	4.9

(1) Figures for Mesa County and the State are not seasonally adjusted.

(2) August 2017 figures for Mesa County and the State are preliminary.

Sources: State of Colorado, Department of Labor and Employment, Labor Market Information, Labor Force Data, and United States Department of Labor, Bureau of Labor Statistics.

The following table shows the number of individuals employed within selected Mesa County industries which are covered by unemployment insurance. In 2016, the largest employment sector in the County was _____ (comprising approximately _____% of the county's work force), followed, in order, by _____. For the twelve-month period ended December 31, 2016, total average employment in Mesa County [increased] [decreased] _____% as compared to the same period ending December 31, 2015, and

total average weekly wages [increased] [decreased] by approximately ([____])% during the same period.]

Average Number of Employees Within Selected Industries - Mesa County

Industry	2011	2012	2013	2014	2015	2016 ⁽¹⁾
Accommodation and Food Services						
Administrative and Waste Services						
Agriculture, Forestry, Fishing, Hunting						
Arts, Entertainment and Recreation						
Construction						
Educational Services						
Finance and Insurance						
Government						
Health Care and Social Assistance						
Information						
Management of Companies/Enterprises						
Manufacturing						
Mining						
Non-classifiable						
Other Services						
Professional and Technical Services						
Real Estate, Rental and Leasing						
Retail Trade						
Transportation and Warehousing						
Utilities						
Wholesale Trade						
Total ⁽³⁾						

(1) Averaged figures through first quarter of 2016.

(2) Figures were not released due to confidentiality.

(3) Figures may not equal totals due to the rounding of averages or the inclusion of employees that were not disclosed in individual classifications.

Source: State of Colorado, Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

A selection of the major employers located in Mesa County is set forth below. No independent investigation has been made of the stability or financial condition of the employers listed hereafter, and consequently, no representation can be made that such employers will maintain their status as major employers in the area.

Selected Major Employers in the City of Fruita Area – 2016

<u>Employer</u>	<u>Service or Product</u>	<u>Estimated Number of Employees⁽¹⁾</u>
-----------------	---------------------------	--

(1) Includes full time and part time employees.

Source: Individual employers.

Retail Sales

The following table sets forth annual retail sales figures for the City of Fruita, Mesa County and the State.

Retail Sales
(in thousands)

<u>Year</u>	<u>City of Fruita</u>	<u>Percent Change</u>	<u>Mesa County</u>	<u>Percent Change</u>	<u>Colorado</u>	<u>Percent Change</u>
2011					\$154,697,943	--
2012					164,387,648	6.3%
2013					172,784,033	5.1
2014					182,461,920	5.6
2015					182,845,695	0.2

Source: State of Colorado Department of Revenue, “Sales Tax Statistics,” 2011-2015.

Recreation and Tourism

[TO COME – not sure if we need this for Fruita? Fruita’s local economy is based on a mixture of tourism, recreation, ranching and farming.]

Building Permit Activity

The following table provides a history of building permits issued for residential and commercial construction in the City of Fruita.

Building Permits Issued for New Structures in City of Fruita

Year	<u>Single Family</u>		<u>Multi-Family⁽¹⁾</u>		<u>Commercial/Industrial</u>	
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>
2011						
2012						
2013						
2014						
2015						
2106 ⁽²⁾						

(1) Includes duplexes and multi-family complexes.

(2) Figures are for January 1 through September 30, 2016.

Source: Mesa County Building Department.

Building Permits Issued for New Structures in Mesa County⁽¹⁾

Year	<u>Single Family</u>		<u>Multi-Family⁽²⁾</u>		<u>Commercial/Industrial</u>	
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>
2011						
2012						
2013						
2014						
2015						
2016 ⁽³⁾						

(1) Includes Mesa County and the municipalities of [_____].

(2) Includes duplexes and multi-family complexes.

(3) Figures are for January 1 through September 30, 2016.

Source: Mesa County Building Department.

Foreclosure Activity

The following table sets forth data on the number of foreclosures filed in Mesa County for the time period indicated. Such information does not take into account the number of foreclosures which were filed and subsequently redeemed or withdrawn.

History of Foreclosures - Mesa County

<u>Year</u>	<u>Number of Foreclosures Filed</u>	<u>Percent Change</u>
2011		
2012		
2013		
2014		
2015		
2016 ⁽¹⁾		

(1) Figures are for January 1 through September 30, 2016.

Sources: Colorado Division of Housing (2011-2015) and Mesa County Treasurer's Office (2016).

TAX MATTERS

In the opinion of Special Counsel, assuming continuous compliance with certain covenants described below, the portion of the Base Rentals which is designated in the Lease and paid by the Trustee as interest on the Certificates, is excludable from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Certificates.

The opinion of Special Counsel does not cover the treatment for federal or Colorado income tax purposes of any monies received in payment of or in respect to the Certificates subsequent to the occurrence of an Indenture Event of Default, an Event of Lease Default or an Event of Nonappropriation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation’s “adjusted current earnings” over the corporation’s alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation’s alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. “Adjusted current earnings” includes interest on the Certificates.

The Tax Code and Colorado law impose several requirements which must be met with respect to the Certificates in order for the interest thereon to be excludable from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the Certificates. These requirements include: (a) limitations as to the use of proceeds of the Certificates; (b) limitations on the extent to which proceeds of the Certificates may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Certificates above the yield on the Certificates to be paid to the United States Treasury. The City covenants and represent in the Lease that it will, during the Lease Term, take all steps to comply with the requirements of the Tax Code and Colorado law (in effect on the date of delivery of the Certificates) to the extent necessary to maintain the exclusion of interest on the Certificates from gross income and alternative minimum taxable income under such federal income tax laws and Colorado taxable income and Colorado alternative minimum taxable income under such Colorado income tax laws. Special Counsel’s opinion as to the exclusion of interest on the Certificates from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income is rendered in reliance on these covenants and assumes continuous compliance therewith. (The foregoing covenant does not, however, preclude the City from exercising its right to terminate the Lease at the times and in the manner previously described in this Official Statement.) The failure or inability of the City to comply with these requirements could cause the interest on the Certificates to be included in gross income, alternative minimum taxable income, Colorado taxable income or Colorado alternative minimum taxable income, or a combination thereof, from the date of issuance. Special Counsel’s opinion also is rendered in reliance upon certifications of the City

and other certifications furnished to Special Counsel. Special Counsel has not undertaken to verify such certifications by independent investigation.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Certificates. Owners of the Certificates should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and Colorado tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Certificates made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. The Certificates were sold at a premium, representing a difference between the original offering price of those Certificates and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such Certificates (if any) may realize a taxable gain upon their disposition, even though such Certificates are sold or redeemed for an amount equal to the owner's acquisition cost. Special Counsel's opinion relates only to the exclusion of interest on the Certificates from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal or Colorado tax consequences arising from the receipt or accrual of interest on or ownership of the Certificates. Owners of the Certificates should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Special Counsel are based on existing law as of the delivery date of the Certificates. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or State tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Certificates, the exclusion of interest on the Certificates from gross income or alternative minimum taxable income or both from the date of issuance of the Certificates or any other date, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the market value of the Certificates. Owners of the Certificates are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Certificates. If an audit is commenced, the market value of the Certificates may be adversely affected. Under current audit procedures, the Service will treat the City as the taxpayer and the Owners may have no right to participate in such procedures. The City has covenanted in the Lease not to take any action that would cause the interest on the Certificates to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the City, the

Underwriter, the Financial Advisor or Special Counsel is responsible for paying or reimbursing any Registered Owner or Beneficial Owner for any audit or litigation costs relating to the Certificates.

LEGAL MATTERS

Litigation

The City Attorney states that to the best of his knowledge, there are no pending lawsuits or claims that have been filed or threatened against the City in which an unfavorable decision, finding or ruling would materially adversely affect the financial position of the City or its ability to enter into the Lease or to pay Base Rentals under the Lease as set forth therein. The City Attorney states that, as of the date hereof, to the best of his knowledge, there is no pending or threatened litigation which would restrain or enjoin the issuance of the Certificates, or the collection of any City revenues. The City is, however, subject to certain pending and threatened litigation regarding various other matters arising in the ordinary course of the City's business. It is the opinion of the City Attorney that the City's level of insurance coverage is adequate and that the pending litigation will not result in final judgments against the City which would, individually or in the aggregate, materially adversely affect the City's financial position or its ability to perform its obligations under the Lease.

Sovereign Immunity

The Governmental Immunity Act, Title 24, Article 10, of the Colorado Revised Statutes, as amended (the "Immunity Act"), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the City, for injuries which lie in tort or could lie in tort.

The Immunity Act provides that sovereign immunity does not apply to injuries occurring as a result of certain specified actions or conditions. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment. The maximum amounts that may be recovered under the Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, \$150,000; and (b) for an injury to two or more persons in any single occurrence, \$150,000 per person not to exceed the sum of \$600,000. Suits against both the City and a public employee do not increase such maximum amounts which may be recovered. The City may not be held liable either directly or by indemnification for punitive or exemplary damages. In the event that the City is required to levy an ad valorem property tax to discharge a settlement or judgment, such tax may not exceed a total often mills per annum for all outstanding settlements or judgments.

The City may be subject to civil liability and may not be able to claim sovereign immunity for actions founded upon various federal laws. Examples of such civil liability include, but are not limited to, suits filed pursuant to 42 U.S.C. § 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the City may be enjoined from engaging in anti-competitive practices which violate the antitrust laws. However, the Immunity Act provides that it applies to any action brought against a public entity or a public employee in any Colorado state court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

Approval of Certain Legal Proceedings

The approving opinion of Kline Alvarado Veio, P.C., as Special Counsel, will be delivered with the Certificates. A form of the Special Counsel opinion is attached to this Official Statement as Appendix E. Kline Alvarado Veio, P.C., Denver, Colorado, has also acted as Special Counsel to the City in connection with this Official Statement. Certain matters will be passed upon for the City by the City Attorney. Certain legal matters will be passed on for the Underwriter by Stradling, Yocca Carlos & Rauth, P.C., Denver, Colorado.

Certain Constitutional Limitations

General. In 1992, the voters of Colorado approved a constitutional amendment which is codified as Article X, Section 20, of the Colorado Constitution (the Taxpayers Bill of Rights or “TABOR”). In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the City (“local governments”), but does not apply to “enterprises,” defined as government-owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined.

Because some provisions of TABOR are unclear, litigation seeking judicial interpretation of its provisions has been commenced on numerous occasions since its adoption. Additional litigation may be commenced in the future seeking further interpretation of TABOR. No representation can be made as to the overall impact of TABOR on the future activities of the City, including its ability to generate sufficient revenues for its general operations, to undertake additional programs or to engage in any subsequent financing activities.

Voter Approval Requirements and Limitations on Taxes, Spending, Revenues, and Borrowing. TABOR requires voter approval in advance for: (a) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase, extension of an expiring tax, or a tax policy change causing a net tax revenue gain; (b) any increase in a local government’s spending from one year to the next in excess of the limitations described below; (c) any increase in the real property tax revenues of a local government from one year to the next in excess of the limitations described below; or (d) creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever, subject to certain exceptions such as the refinancing of obligations at a lower interest rate. In the opinion of Special Counsel, based upon decisions of the Colorado appellate courts, the Lease does not constitute a “multiple fiscal year obligation” which requires an election under the terms of TABOR.

TABOR limits increases in government spending and property tax revenues to, generally, the rate of inflation and a local growth factor which is based upon, for school districts, the percentage change in enrollment from year to year, and for non-school districts, the actual value of new construction in the local government. Unless voter approval is received as described above, revenues collected in excess of these permitted spending limitations must be rebated. Debt service can be paid without regard to any spending limits, assuming revenues are available to do so.

At the election held on April 4, 2006, for the purpose of implementing the City’s capital improvements, including the maintenance of capital improvements, voters of the City approved an election question allowing the City, without increasing existing tax rates or adding new taxes of any kind, from January 1, 2006 through December 31, 2012, to receive and expend all State grants

and to collect, retain and expend all revenues generated, without regard to any limitations under TABOR.

An election was held in April 2012 and voters approved a measure to allow the City to keep and retain all revenues, including grants, in excess of the fiscal year spending limit for the purpose of implementing the City's capital improvement plan, including the maintenance of capital improvements until December 31, 2018.

Emergency Reserve Funds. TABOR also requires local governments to establish emergency reserve funds. The reserve fund must consist of at least 3% of fiscal year spending. TABOR allows local governments to impose emergency taxes (other than property taxes) if certain conditions are met. Local governments are not allowed to use emergency reserves or taxes to compensate for economic conditions, revenue shortfalls, or local government salary or benefit increases. The City has set aside emergency reserves as required by TABOR.

Other Limitations. TABOR also prohibits new or increased real property transfer tax rates and local government income taxes. TABOR allows local governments to enact exemptions and credits to reduce or end business personal property taxes; provided, however, the local governments' spending is reduced by the amount saved by such action. With the exception of K-12 public education and federal programs, TABOR also allows local governments (subject to certain notice and phase-out requirements) to reduce or end subsidies to any program delegated for administration by the general assembly; provided, however, the local governments' spending is reduced by the amount saved by such action.

Police Power

The obligations of the City are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the federal constitution, including bankruptcy.

FINANCIAL ADVISOR

Ehlers and Associates, Inc., Denver, Colorado (the "Financial Advisor") has served as financial advisor to the City with respect to the Certificates. As the City's financial advisor, the Financial Advisor has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, rating and issuance of the Certificates. In its role of financial advisor to the City, the Financial Advisor has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in the Official Statement and the appendices hereto.

INDEPENDENT AUDITORS

The financial statements of the City as of December 31, 2016, and for the year then ended, included herein as Appendix A, have been audited by Chadwick, Steinkirchner, Davis & Co., certified public accountants, Grand Junction, Colorado, as stated in their report appearing herein.

The City will not obtain a consent letter from its auditor for the inclusion of the audit report in this Official Statement. Chadwick, Steinkirchner, Davis & Co., the City's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included

herein, any procedures on the financial statements addressed in that report. Chadwick, Steinkirchner, Davis & Co. also has not performed any procedures relating to this Official Statement.

RATING

[_____] is expected to assign the rating to the Certificates as shown on the cover page hereof[, with the understanding that, upon delivery of the Certificates, the Certificate Insurance Policy will be issued. by Assured Guaranty]. Such ratings reflect only the view of such rating agencies. Any explanations of the significance of such rating should be obtained from S&P at 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the applicable rating agency if in the judgment of such rating agency circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Certificates.

[[_____]] has also assigned the underlying rating shown on the cover page, which is reflective of the capacity of the City to fulfill its payment obligations for the Certificates without giving effect to Bond Insurance Policy.].

UNDERWRITING

RBC Capital Markets, LLC, Denver, Colorado (the “Underwriter”) has agreed to purchase the Certificates from the City pursuant to a Certificate Purchase Agreement at a purchase price equal to \$_____ (which is equal to the par amount of the Certificates, less Underwriter’s discount of \$_____). The Underwriter is committed to take and pay for all of the Certificates if any are taken.

The Underwriter intends to offer the Certificates to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may allow concessions from the public offering price to certain dealers who may realow concessions to other dealers. After the initial public offering price, prices may be varied from time to time by the Underwriter, and the Certificates may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such Certificates into investment accounts.

OFFICIAL STATEMENT CERTIFICATION

The preparation of this Official Statement and its distribution has been authorized by the City. This Official Statement is hereby duly approved by the City as of the date on the cover page hereof.

CITY OF FRUITA, COLORADO

By: /s/ Lori Buck
Mayor

APPENDIX A

**AUDITED BASIC FINANCIAL STATEMENTS OF THE
CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

APPENDIX B
CERTAIN DEFINITIONS AND DOCUMENT SUMMARIES

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Certificates, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial

Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee, acting as registrar and paying agent, as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Certificates will be made to Cede& Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Certificates are required to be printed and delivered.

The Trustee may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Trustee believes to be reliable, but the Trustee takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CITY OF FRUITA, COLORADO CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Fruita, Colorado (the “City”), in connection with its authorization, execution and delivery of a Lease Purchase Agreement, dated as of [_____], 2017 (the “Lease”), between UMB Bank, n.a., solely in its capacity as trustee under the Indenture described herein (the “Trustee”), as lessor, and the City, as lessee, and the execution and delivery of the Certificates of Participation, Series 2017 in the aggregate principal amount of \$[_____] (the “2017 Certificates”) evidencing proportionate interests in the base rentals and other revenues under the Lease. The 2017 Certificates are being executed and delivered pursuant to an Indenture of Trust, dated as of [_____], 2017 (the “Indenture”), executed by the Trustee. The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the 2017 Certificates and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Material Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Participating Underwriter” shall mean the original underwriter of the 2017 Certificates required to comply with the Rule in connection with an offering of the 2017 Certificates.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

a. The City shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the City’s fiscal year of each year, commencing nine (9) months following the end of the City’s fiscal year ending December 31, 2017, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report. The information to be updated may be reported in any format chosen by the City; it is not required that the format reflected in this Official Statement be used in future years.

b. If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall file or cause to be filed with the MSRB a notice in substantially the form attached as Exhibit “A.”

c. The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(2) if the Dissemination Agent is other than the City, send written notice to the City at least forty-five (45) days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or incorporate by reference the following:

a. A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, audited financial statements will be provided when and if available.

b. An update of the type of information identified in Exhibit “B” hereto, which is contained in the tables in the Official Statement with respect to the 2017 Certificates.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The City shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The City shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the events listed below with respect to the 2017 Certificates:

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults, if material;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers or their failure to perform;
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2017A Certificates, or other material events affecting the tax status of the 2017A Certificates;
- g. Modifications to rights of bondholders, if material;
- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution or sale of property securing repayment of the 2017 Certificates, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person;⁷

⁷ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

m. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the 2017 Certificates; (ii) the date that the City shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the 2017 Certificates.

SECTION 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist the City in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the 2017 Certificates, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The City will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to

that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the 2017 Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Lease or the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the 2017 Certificates, and shall create no rights in any other person or entity.

DATE: [_____], 2017

CITY OF FRUITA, COLORADO

By _____
Mayor, City of Fruita

EXHIBIT "A"

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Fruita, Colorado

Name of Issue: (a) \$_____ aggregate principal amount of Certificates of Participation, Series 2017, Evidencing Proportionate Interests in the Right to Receive Base Rentals and Other Revenues Under a Lease Purchase Agreement between UMB Bank, n.a., as lessor, and the City, as lessee.

Date of Issuance: [_____], 2017.

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the 2017 Certificates as required by Section 11.6 of the Lease Purchase Agreement, dated as of [_____], 2017, and the Continuing Disclosure Certificate executed on [_____], 2017, by the City. The City anticipates that the Annual Report will be filed by _____, 20____.

Dated: _____, _____

CITY OF FRUITA, COLORADO

By: _____
Mayor, City of Fruita

EXHIBIT “B”

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

History of City Sales Tax Collections

Sales Tax by Industry - 2016

Budget to Actual Comparison - City General Fund (*current year budget information found in audited financial statements only; no budget documents required to be filed*)

General Fund-Statement of Revenues, Expenditures and Changes in Fund Balances

APPENDIX E
FORM OF OPINION OF SPECIAL COUNSEL