

ORDINANCE NO. 37

SERIES 1986

AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE TOWN OF BRECKENRIDGE, COLORADO OF ITS EXCISE TAX REFUNDING REVENUE BONDS, SERIES 1986, FOR THE PURPOSE OF REFUNDING A PORTION OF ITS OUTSTANDING EXCISE TAX REFUNDING REVENUE BONDS, SERIES 1985; PROVIDING FOR THE PLEDGE OF THE INCOME DERIVED FROM CERTAIN TOWN EXCISE TAXES AND OTHER REVENUES; PRESCRIBING THE FORM OF THE BONDS; PROVIDING OTHER DETAILS AND COVENANTS CONCERNING THE BONDS AND SUCH EXCISE TAXES AND OTHER REVENUES; REPEALING ALL ORDINANCES, IF ANY, IN CONFLICT THEREWITH; DECLARING AN EMERGENCY; AND RATIFYING ALL ACTION HERETOFORE TAKEN IN CONNECTION THEREWITH.

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF BRECKENRIDGE, COLORADO THAT:

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

"Accommodations Tax" means the tax established by Ordinance No. 9, Series 1984, upon the price paid for accommodations of less than thirty days within the Town and any municipal accommodations tax which hereafter may be imposed by the Town in addition thereto or in substitution therefor.

"Accounting Memorandum" means the Accounting Memorandum attached hereto as Exhibit A.

"Additional Bonds" means the one or more series of Bonds authorized to be issued by the Town pursuant to Section 21A hereof.

"Average Annual Debt Requirement" means the aggregate of all future payments of principal of and interest on any series of Bonds, excluding the amount of interest on any series of Bonds payable from the proceeds of such Bonds deposited in the Interest Account for such purpose, to become due, from the date of computation to the date of maturity of the latest maturing obligation of any series of Bonds, divided by the number of years between said dates; provided that if any particular issue of Bonds has a single principal payment date which is no later than three years from its date of issuance and is issued as interim notes or securities in anticipation of permanent financing, such principal amount shall be excluded from this computation; provided further that such computation shall assume the redemption and payment of Bonds subject to mandatory redemption, but shall be made without regard to optional redemption. In addition, if interest on any Bonds is payable pursuant to a variable interest rate formula or is otherwise incapable of determination, such Bonds shall be assumed to bear interest at a fixed rate equal to the rate set forth in the Bond Buyer Revenue Bond Index most recently published in The Bond Buyer or, if such Index is no longer published, as set forth in such other index acceptable to MBIA.

"Bond Fund" means the fund created by Section 18B hereof.

"Bond Purchase Agreement" means the Purchase Contract dated October 14, 1986, between the Purchaser and the Town for the sale and purchase of the Series 1986 Bonds.

"Bonds" means the Series 1986 Bonds and any Additional Bonds authorized to be issued by the Town.

"Charter" means the Home Rule Charter of the Town, approved by the electors of the Town on April 1, 1980, and filed in the office of the Colorado

Secretary of State on April 15, 1980, including all amendments thereto prior to the date hereof.

"Cigarette Tax" means the revenues derived by the Town from the State pursuant to § 39-22-623, Colorado Revised Statutes, or any other tax on cigarettes which may be hereafter imposed by the Town or imposed by the State and shared with the Town.

"Code" means the Town Code of the Town.

"Commercial Bank" means any depository for public funds permitted by the laws of the State for political subdivisions of the State which has a capital and surplus of \$10,000,000 or more, and which is located within the United States.

"County" means Summit County, Colorado.

"County Sales Tax" means that portion of the sales tax levied by the County pursuant to the County Sales Tax Resolution and distributed to the Town as provided therein or that portion of any county sales tax which hereafter may be imposed by the County in addition thereto or substitution therefor.

"County Sales Tax Resolution" means Resolution No. 70-34 adopted by the Board of County Commissioners of the County on September 18, 1970, and approved by the qualified electors on November 3, 1970, as the same has been and may hereafter be amended or supplemented from time to time.

"Escrow Account" means the "Town of Breckenridge, Colorado, Excise Tax Refunding Revenue Bonds, Series 1986, Escrow Account" created in Section 13C hereof.

"Escrow Agent" means Central Bank of Denver, a banking corporation, Denver, Colorado, or its successors.

"Escrow Agreement" means the "Town of Breckenridge, Colorado, Excise Tax Refunding Revenue Bonds, Series 1986, Escrow Agreement" dated as of November 1, 1986, between the Town and the Escrow Agent.

"Escrow Supplement" means an amount not to exceed \$350,000 of available Town funds to be placed in the Escrow Account pursuant to Section 14 hereof.

"Excise Tax Fund" means the "Town of Breckenridge Excise Tax Fund," created pursuant to the 1985 Bond Ordinance and authorized to be continued pursuant to Section 18 hereof.

"Excise Taxes" shall mean any one or more of the Accommodations Tax, Cigarette Tax, County Sales Tax, Franchise Tax, Real Estate Transfer Tax, or Sales Tax.

"Federal Securities" means bills, certificates of indebtedness, notes, bonds or similar securities (or interests therein) which are direct obligations of, or the principal and interest of which obligations are unconditionally guaranteed by, the United States of America or such other forms of investments which pursuant to the provisions of laws of the State then in effect shall be lawful investments for the Town and eligible and sufficient under such laws to create or cause a defeasance of outstanding obligations similar to the Bonds.

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

"Franchise Tax" means the tax, taxes, fees or impositions now in effect pursuant to the Franchise Tax Ordinances and charged by the Town on Persons using the public streets and ways of the Town for business purposes, including any such tax, fee, or imposition which may hereafter be imposed by the Town in addition thereto or in substitution therefor.

"Franchise Tax Ordinances" means Ordinance No. 11, Series 1963, Ordinance No. 3, Series 1970, and Ordinance No. 6, Series 1979, codified as Chapter 2 of Title 3 of the Code, each of which provides for the imposition of a Franchise Tax within the Town, as the

same may hereafter be amended or supplemented from time to time.

"Interest Account" means the account within the Bond Fund utilized for the payment of interest due on any series of Bonds.

"1985 Bond Ordinance" means Ordinance No. 5, Series 1985, of the Town, which provided for the issuance of the Refunded Bonds.

"MBIA" means the Municipal Bond Insurance Association.

"Ordinance" means this Ordinance of the Town, which provides for the issuance and delivery of the Series 1986 Bonds.

"Ordinance No. 7" means Ordinance No. 7, Series 1975, Ordinance No. 8, Series 1977, and Ordinance No. 7, Series 1984, of the Town, codified as Chapter 1 of Title 3 of the Code, which provide for the imposition of the Sales Tax within the Town, as the same may hereafter be amended or supplemented from time to time.

"Ordinance No. 9" means Ordinance No. 9, Series 1984, of the Town, codified as Chapter 4 of Title 3 of the Code, which provides for the imposition of the Accommodations Tax within the Town, as the same may hereafter be amended or supplemented from time to time.

"Ordinance No. 20" means Ordinance No. 20, Series 1980, of the Town, codified as Chapter 3 of Title 3 of the Code, which provides for the imposition of the Real Estate Transfer Tax within the Town, as the same may hereafter be amended or supplemented from time to time.

"Owner" or "registered owner" shall mean the registered owner of any Series 1986 Bond as shown on the registration books kept by the Registrar.

"Paying Agency Agreement" means the Paying Agent and Registrar Agreement between the Town and the Paying Agent, dated as of November 1, 1986.

"Paying Agent" means Central Bank of Denver, a banking corporation, Denver, Colorado, being the

agent for the Town for the payment of the Series 1986 Bonds and interest thereon, or its successors.

"Person" means any individual, firm, partnership, corporation, company, association, joint-stock association or body politic; and the term includes any trustee, receiver, assignee or other similar representative thereof.

"Pledged Revenues" means:

(i) all of the proceeds to be derived by the Town from the Accommodations Tax, the Cigarette Tax, the County Sales Tax, the Franchise Tax, the Real Estate Transfer Tax and the Sales Tax (including, without limitation, interest and penalties paid to the Town on delinquent collections of the foregoing taxes),

(ii) all proceeds derived by the Town from any legally available tax or taxes or fees (other than a general ad valorem tax) which replace or supersede the Accommodations Tax, the Cigarette Tax, the Franchise Tax, the County Sales Tax, the Real Estate Transfer Tax, or the Sales Tax, or any combination of the foregoing regardless of whether such tax or taxes or fees are imposed by the Town or the State or other political subdivision thereof,

(iii) proceeds of Bonds or other legally available moneys deposited into and held in the Bond Fund and the Reserve Fund, and

(iv) interest or investment income on the Excise Tax Fund, the Bond Fund and the Reserve Fund;

all to the extent that such moneys are at any time required by Section 18 hereof to be deposited into and held in the Excise Tax Fund, the Bond Fund and the Reserve Fund. "Pledged Revenues" does not include amounts withheld by retailers and vendors to cover their expenses in collecting and remitting the Sales

Tax, pursuant to Ordinance No. 7; and Pledged Revenues does not include amounts collected by the Town and subsequently determined, pursuant to the applicable Tax Ordinance, to be subject to valid claims for refunds.

"Principal Account" means the account within the Bond Fund utilized for payment of principal of any series of Bonds.

"Purchaser" means Kirchner Moore & Company, Denver, Colorado.

"Real Estate Transfer Tax" means the real estate transfer tax established by Ordinance No. 20 upon the transfer of interests in real property in the Town and any real estate transfer tax which may hereafter be imposed by the Town in addition thereto or substitution therefor.

"Rebate Fund" means the fund created by Section 18H hereof.

"Refunded Bonds" means that portion of the Town's Series 1985 Bonds maturing on and after December 1, 1993.

"Refunding Project" means the payment of the principal of, interest on and redemption premium due in connection with the Refunded Bonds, as provided herein and in the Escrow Agreement.

"Registrar" means Central Bank of Denver, a banking corporation, Denver, Colorado, being the agent for the Town for the registration, transfer and exchange of the Series 1986 Bonds, or its successors.

"Regular Record Date" means the fifteenth day of the calendar month next preceding each interest payment date for the Series 1986 Bonds (other than a special interest payment date hereafter fixed for the payment of defaulted interest).

"Reserve Fund" means the fund created by Section 18C hereof.

"Sales Tax" means the municipal sales tax imposed by Ordinance No. 7, and any municipal sales tax which hereafter may be imposed by the Town in addition thereto or in substitution therefor.

"Series 1985 Bonds" means the Town's Excise Tax Refunding Revenue Bonds, Series 1985.

"Series 1986 Bonds" means the Town's Excise Tax Refunding Revenue Bonds, Series 1986 in the aggregate principal amount of \$8,565,000, as herein described and authorized.

"Special Record Date" means a special date fixed to determine the names and addresses of registered owners for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in Section 6 hereof.

"State" means the State of Colorado.

"Tax Ordinance" means any of Ordinance No. 7, Ordinance No. 9, Ordinance No. 20, the Franchise Tax Ordinances or the County Sales Tax Resolutions.

"Town" means the Town of Breckenridge, Colorado.

"Town Council" means the Town Council of the Town or any successor in functions thereto.

"Trust Bank" means a Commercial Bank which is authorized to exercise and is exercising trust powers.

Section 2. Findings. The Town Council hereby finds and determines that:

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

B. Section 11.6 of the Charter provides in relevant part:

Revenue bonds issued for any public purpose of the Town . . . may be made payable solely from the proceeds of any tax, other than a general ad valorem tax, imposed by the Town or the State of Colorado or any agency thereof. Neither a failure of the Town historically to have maintained special funds into which the proceeds of such existing taxes are deposited nor a previous commingling of such tax proceeds with the general fund of the Town shall prevent a pledge of such revenues for the payment of revenue bonds issued pursuant to this

Section, provided that such special funds are created prior to or contemporaneously with the issuance of such revenue bonds and thereafter maintained separate and apart from the general fund.

C. The Town has heretofore issued the Refunded Bonds for the purpose of refunding prior outstanding obligations of the Town.

D. The Refunded Bonds are callable for redemption at the option of the Town, in whole or in part, in inverse order of maturity, on December 1, 1992, and on any interest payment date thereafter, at the redemption prices set forth below (expressed as percentages of principal amount), plus accrued interest thereon to the redemption date.

<u>Redemption Dates</u>	<u>Redemption Prices</u>
December 1, 1992 to June 1, 1995	101%
December 1, 1995 and thereafter	100%

E. The Town is not delinquent in the payment of the principal of or interest on the Series 1985 Bonds.

F. Section 11.9 of the Charter provides:
General obligation refunding bonds and
refunding revenue
bonds may be issued as provided by Colorado
Statute.

G. By undertaking the Refunding Project pursuant to Title 11, Article 56, Colorado Revised Statutes, the Town may reduce the net effective interest rate of the Refunded Bonds and reduce the total interest payable over the life of the Refunded Bonds by issuing the Series 1986 Bonds at a lower net interest cost.

H. Section 11.11 of the Charter provides in relevant part:

. . . there shall be no limitation on the amount of bonds or other securities the Town may issue except as may be stated in the documents pertaining thereto.

I. The Refunding Project serves a valid governmental purpose and is necessary, expedient and in the best interests of the Town and its inhabitants.

J. Each of the applicable provisions and limitations in Title 11, Article 56, Colorado Revised Statutes, and any other applicable law imposed upon the issuance of the Series 1986 Bonds has been met; and this determination shall be conclusive in the absence of fraud or arbitrary and gross abuse of discretion, pursuant to § 11-56-114, Colorado Revised Statutes.

K. Upon issuance of the Series 1986 Bonds, the Series 1986 Bonds will constitute an irrevocable lien (but not necessarily an exclusive lien) on the Pledged Revenues, subject to the prior and superior lien thereon of the outstanding Series 1985 Bonds.

Section 3. Ratification. All actions heretofore taken (not inconsistent with the provisions of this Ordinance) by the Town Council and other officers of the Town in the imposition and collection of the Accommodations Tax, Cigarette Tax, County Sales Tax, Franchise Tax, Real Estate Transfer Tax and the Sales Tax, in effecting the Refunding Project, and in selling and issuing the Series 1986 Bonds for that purpose be, and the same hereby are, ratified, approved and confirmed.

Section 4. Authorization of Refunding Project. The Refunding Project is hereby authorized at a cost of not exceeding \$8,565,000 (excluding costs to be paid from sources other than the original proceeds of the Series 1986 Bonds).

Section 5. Authorization of the Series 1986 Bonds. There are hereby authorized to be issued the fully registered excise tax revenue bonds of the Town, to be designated "Town of Breckenridge, Colorado, Excise Tax Refunding Revenue Bonds, Series 1986" in the aggregate principal amount of \$8,565,000 to be payable and collectible, both as to principal and interest, solely from the Pledged Revenues. The Series 1986 Bonds as herein authorized shall be sold

to the Purchaser at a price consisting of the principal amount thereof, accrued interest from their date to the date of delivery, less a discount of \$238,165.45 (of which \$66,865.45 is original issue discount on the Series 1986 Bonds, resulting in net compensation to Purchaser of \$171,300.00).

Section 6. Series 1986 Bond Details. The Series 1986 Bonds shall be issued in fully registered form, i.e., registered as to both principal and interest, in compliance with § 103(j) of the Internal Revenue Code of 1954, as amended, and the regulations of the Secretary of the Treasury thereunder. The Series 1986 Bonds shall be dated as of November 1, 1986, shall be issued in denominations of \$5,000 each and any integral multiple thereof (provided that no Series 1986 Bond may be in a denomination which exceeds the principal coming due on any maturity date, and no individual Series 1986 Bond will be issued for more than one maturity) and shall be numbered in such manner as the Registrar may determine. The Series 1986 Bonds shall bear interest from date until maturity at the rates per annum shown below, payable semiannually on June 1 and December 1 in each year, commencing on June 1, 1987, except that any Series 1986 Bond which is reissued upon transfer, exchange or other replacement shall bear interest from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Series 1986 Bonds. The Series 1986 Bonds shall mature on December 1 in each of the years and amounts hereinafter designated, as follows:

<u>Years Maturing</u>	<u>Principal Amount</u>	<u>Interest Rate (Per Annum)</u>
1987	\$ 50,000	4.25%
1988	100,000	4.75%
1989	105,000	5.20%
1990	110,000	5.40%
1991	115,000	5.60%
1992	120,000	5.80%
1993	570,000	6.00%
1994	595,000	6.15%

<u>Years Maturing</u>	<u>Principal Amount</u>	<u>Interest Rate (Per Annum)</u>
1995	635,000	6.30%
1996	675,000	6.50%
1997	715,000	6.60%
1998	760,000	6.70%
1999	805,000	6.75%
2000	860,000	6.75%
2001	915,000	6.75%
2002	980,000	6.75%
2003	455,000	6.75%

The principal of any Series 1986 Bond shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity thereof and upon presentation and surrender at the Paying Agent. If any Series 1986 Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the same interest rate borne by said Series 1986 Bond until the principal thereof is paid in full. Payment of interest on any Series 1986 Bond shall be made by check or draft mailed by the Paying Agent, on or before each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the registered owner thereof at the address shown on the registration records kept by the Registrar at the close of business on the Regular Record Date for such interest payment date; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Series 1986 Bonds not less than ten days prior to the Special Record Date by first-class mail to each such registered owner as shown on the Registrar's registration records on a

date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Series 1986 Bond by such alternative means as may be mutually agreed to between the owner of such Series 1986 Bond and the Paying Agent (provided, however, that the Town shall not be required to make funds available to the Paying Agent prior to the interest payment dates stated in this Section). All such payments shall be made in lawful money of the United States of America without deduction for the services of the Paying Agent or Registrar.

Section 7. Prior Redemption.

A. Series 1986 Bonds maturing on or before December 1, 1994, are not subject to prior redemption. Series 1986 Bonds maturing on and after December 1, 1995, shall be subject to prior redemption, at the option of the Town, in whole, or in part, in integral multiples of \$5,000, in inverse order of maturity and by lot within a maturity (giving proportionate weight to Series 1986 Bonds in denominations larger than \$5,000), in such manner as the Paying Agent may determine, on December 1, 1994, or on any interest payment date thereafter, at the redemption prices set forth below (expressed as a percentage of principal amount) plus accrued interest to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
December 1, 1994 and June 1, 1995	101.00%
December 1, 1995 and June 1, 1996	100.50%
December 1, 1996 and thereafter	100.00%

B. In the case of Series 1986 Bonds of a denomination larger than \$5,000, a portion of such Series 1986 Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Registrar shall, without charge to the owner of such Series 1986 Bond, authenticate and issue a replacement Series 1986 Bond or Bonds for the unredeemed portion thereof.

C. The Director of Finance of the Town shall give written instructions concerning any prior

redemption to the Registrar at least sixty days prior to such redemption date. Notice of redemption shall be given by the Registrar in the name of the Town, by sending a copy of such notice by certified, first-class postage prepaid mail, not more than sixty nor less than thirty days prior to the redemption date, to the Purchaser, to MBIA, and to each registered owner of any Series 1986 Bond, all or a portion of which is called for prior redemption, at his address as it last appears on the registration records kept by the Registrar. Failure to give such notice by mailing to the registered owner of any Series 1986 Bond or to the Purchaser or to MBIA, of any defect therein, shall not affect the validity of the proceedings for the redemption of any other Series 1986 Bonds.

Such notice shall identify the Series 1986 Bonds or portions thereof to be redeemed (if less than all are to be redeemed) and the date fixed for redemption, and shall further state that on such redemption date the principal amount thereof and the designated premium thereon, if any, will become due and payable at the Paying Agent, and that from and after such date interest will cease to accrue. Accrued interest to the redemption date will be paid by check or draft mailed to the registered owner (or by alternative means if so agreed to by the Paying Agent and the registered owner). Notice having been given in the manner hereinabove provided, the Series 1986 Bond or Bonds so called for redemption shall become due and payable on the redemption date so designated; and upon presentation and surrender thereof at the Paying Agent, the Town will pay the principal of and premium on, if any, the Series 1986 Bond or Bonds so called for redemption.

Section 8. Special Obligations. All of the Series 1986 Bonds, together with the interest accruing thereon, shall be payable and collectible solely out of the Pledged Revenues, which are hereby irrevocably so pledged; the owner or owners thereof may not look to any general or other fund for the payment of

principal and interest on the Series 1986 Bonds, except the designated special funds pledged therefor; and the Series 1986 Bonds shall not constitute an indebtedness nor a debt within the meaning of any applicable charter, constitutional or statutory provision or limitation; nor shall they be considered or held to be general obligations of the Town; and each of the Series 1986 Bonds herein authorized to be issued shall recite on its face that it is payable and collectible solely from the Pledged Revenues, and that the owners thereof may not look to any general or other fund for the payment of principal and interest on the Series 1986 Bonds.

Section 9. Negotiability. Subject to the registration provisions hereof, the Series 1986 Bonds 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 negotiable instruments under the provisions of the Uniform Commercial Code-Investments Securities. The principal of and interest on the Series 1986 Bonds shall be paid, and the Series 1986 Bonds shall be transferable, free from and without regard to any equities between the Town and the original or any intermediate owner of any Series 1986 Bonds or any setoffs or crossclaims.

Section 10. Execution. The Series 1986 Bonds shall be executed in the name and on behalf of the Town by the signature of the Mayor, shall be sealed with a manual or facsimile impression of the seal of the Town and attested by the signature of the Town Clerk. Each Series 1986 Bond shall be authenticated by the manual signature of an authorized officer or employee of the Registrar as hereinafter provided. The signatures of the Mayor and the Town Clerk may be by manual or facsimile signature. The Series 1986 Bonds bearing the manual or facsimile signatures of the officers in office at the time of the authorization thereof shall be the valid and binding obligations of the Town (subject to the

requirement of authentication by the Registrar as hereinafter provided), notwithstanding that before the delivery thereof and payment therefor or before the issuance of the Series 1986 Bonds upon transfer or exchange, any or all of the persons whose manual or facsimile signatures appear thereon shall have ceased to fill their respective offices. The Mayor and the Town Clerk shall, by the execution of a signature certificate pertaining to the Series 1986 Bonds, adopt as and for their respective signatures any facsimiles thereof appearing on the Series 1986 Bonds. At the time of the execution of the signature certificate, the Mayor and the Town Clerk may each adopt as and for his or her facsimile signature the facsimile signature of his or her predecessor in office in the event that such facsimile signature appears upon any of the Series 1986 Bonds.

No Series 1986 Bond shall be valid or obligatory for any purpose unless the certificate of authentication, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by the Registrar if manually signed by an authorized officer or employee of the Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Series 1986 Bonds issued hereunder. By authenticating any of the Series 1986 Bonds initially delivered pursuant to this Ordinance, the Registrar shall be deemed to have assented to the provisions of this Ordinance.

Section 11. Registration, Transfer and Exchange.

A. Records for the registration and transfer of the Series 1986 Bonds shall be kept by the Registrar, which is hereby appointed by the Town as registrar (i.e., transfer agent) for the Series 1986 Bonds. Upon the surrender for transfer of any Series 1986 Bond at the Registrar, duly endorsed for transfer

or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Registrar shall enter such transfer on the registration records and shall authenticate and deliver in the name of the transferee or transferees a new Series 1986 Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. Series 1986 Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Series 1986 Bonds of the same maturity of other authorized denominations. The Registrar shall authenticate and deliver a Series 1986 Bond or Bonds which the registered owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. The Registrar may impose reasonable charges in connection with such exchanges and transfers of Series 1986 Bonds, which charges (as well as any tax or other governmental charge required to be paid with respect to such exchange or transfer) shall be paid by the registered owner requesting such exchange or transfer.

B. The Registrar shall not be required to transfer or exchange (1) any Series 1986 Bond or portion thereof during a period beginning at the opening of business fifteen days before the day of the mailing of notice of prior redemption as herein provided and ending at the close of business on the day of such mailing, or (2) any Series 1986 Bond or portion thereof after the mailing of notice calling such Series 1986 Bond or any portion thereof for prior redemption, except for the unredeemed portion of the Series 1986 Bonds being redeemed in part.

C. The person in whose name any Series 1986 Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes, except as may be otherwise provided in Section 6 hereof with respect to payment of interest; and, subject to such

exception, payment of or on account of either principal or interest on any Series 1986 Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative, but such registration may be changed upon transfer of such Series 1986 Bond in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon such Series 1986 Bond to the extent of the sum or sums so paid.

D. If any Series 1986 Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it and the Town may reasonably require, authenticate and deliver a replacement Series 1986 Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Series 1986 Bond shall have matured or is about to become due and payable, the Registrar may direct the Paying Agent to pay such Series 1986 Bond in lieu of replacement.

E. The officers of the Town are authorized to deliver to the Registrar fully executed but unauthenticated Series 1986 Bonds in such quantities as may be convenient to be held in custody by the Registrar pending use as herein provided.

F. Whenever any Series 1986 Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such Series 1986 Bond shall be promptly cancelled by the Paying Agent or Registrar, and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or Registrar to the Town.

Section 12. Form of Series 1986 Bonds, Certificate and Registration Panel. The Series 1986 Bonds, the registration panel and the legal opinion certificate to appear on the Series 1986 Bonds shall be substantially as follows (provided that any portion

of the Series 1986 Bond text may, with appropriate references, be printed on the back of the Series 1986 Bonds), with such omissions, insertions, endorsements, and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by this Ordinance, or be consistent with this Ordinance and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF COLORADO

COUNTY OF SUMMIT

TOWN OF BRECKENRIDGE

EXCISE TAX REFUNDING REVENUE BOND

SERIES 1986

NO. R- _____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED AS OF</u>	<u>CUSIP</u>
-	DECEMBER 1, _____	NOVEMBER 1, 1986	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

Solely from the special funds provided therefor, the Town of Breckenridge, in the County of Summit and State of Colorado (the "Town"), for value received, promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless called for earlier redemption), and to pay from said special funds interest thereon on June 1 and December 1 of each year, commencing on June 1, 1987, at the interest rate per annum specified above, until the principal sum is paid or payment has been provided therefor. This bond will bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the date of this bond. The principal of this bond is payable upon presentation and surrender hereof at the principal

corporate trust office of the Town's registrar and paying agent (the "Registrar" or the "Paying Agent"), presently Central Bank of Denver, a banking corporation, in Denver, Colorado. Interest on this bond will be paid on or before each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), by check or draft mailed to the person in whose name this bond is registered (the "registered owner") in the registration records of the Town maintained by the Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the bonds of the series of which this is one (the "Bonds") not less than ten days prior to the Special Record Date. Alternative means of payment of interest may be used if mutually agreed to between the owner of any Bond and the Paying Agent, as provided in the ordinance of the Town authorizing the issuance of the Bonds (the "Bond Ordinance"). All such payments shall be made in lawful money of the United States of America without deduction for the services of the Paying Agent or Registrar.

Bonds of the series of which this bond is a part maturing on and after December 1, 1995, are subject to prior redemption, at the option of the Town, in whole, or in part, in integral multiples of \$5,000, in inverse order of maturity and by lot within

a maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), in such manner as the Paying Agent may determine, on December 1, 1994, or on any interest payment date thereafter, at the redemption prices set forth below (expressed as a percentage of principal) plus accrued interest to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
December 1, 1994 and June 1, 1995	101.00%
December 1, 1995 and June 1, 1996	100.50%
December 1, 1996 and thereafter	100.00%

In the case of redemption of Bonds of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Registrar shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. Redemption shall be made upon not more than sixty days and not less than thirty days mailed notice to the original purchasers and to each registered owner of Bonds to be redeemed as shown on the registration records kept by the Registrar, in the manner and upon the conditions provided in the Bond Ordinance.

The Bonds are issuable only as fully registered Bonds in denominations of \$5,000 and integral multiples thereof and are exchangeable for fully registered Bonds of the same maturity in equal aggregate principal amounts and in authorized denominations at the aforesaid office of the Registrar, but only in the manner, subject to the limitations and conditions, and upon payment of the charges provided in the Bond Ordinance.

This bond is fully transferable by the registered owner hereof in person or by his duly authorized attorney on the registration records kept by the Registrar upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Registrar upon surrender of this

bond together with a duly executed written instrument of transfer satisfactory to the Registrar. Upon such transfer a new fully registered bond of authorized denomination or denominations of the same aggregate principal amount and maturity will be issued to the transferee in exchange for this bond, subject to such terms and conditions and on payment of the charges as set forth in the Bond Ordinance. The Town and the Registrar and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of making payment and for all other purposes, except to the extent otherwise provided hereinabove and in the Bond Ordinance with respect to Regular and Special Record Dates for the payment of interest.

The Registrar will not be required to transfer or exchange (i) any Bond or portion thereof during a period beginning at the opening of business fifteen days before the day of the mailing by the Registrar of notice of prior redemption and ending at the close of business on the day of such mailing, or (ii) any Bond or portion thereof after the mailing of notice calling such Bond or any portion thereof for prior redemption, except the unredeemed portion of Bonds being redeemed in part.

The Bonds are authorized for the purpose of defraying wholly or in part the costs of the Refunding Project, as defined in the Bond Ordinance, and the payment of costs and expenses incidental thereto and to the issuance of the Bonds, all under the authority of and in full conformity with the Constitution of the State of Colorado, the Town Charter, and Article 56 of Title 11, Colorado Revised Statutes (the "Refunding Act") and pursuant to the Bond Ordinance duly adopted, published and made a law of the Town, all prior to the issuance of this bond. Pursuant to Section 11-56-107(6), Colorado Revised Statutes, this recital conclusively imparts full compliance with the applicable provisions and limitations of the Refunding Act; and this bond so issued containing such recital

is incontestable for any cause whatsoever after the delivery of the bond for value. The Town Council has determined in the Bond Ordinance that each of the provisions and limitations in the Refunding Act and any other applicable law, imposed upon the issuance of the Bonds under the Refunding Act, has been met; and such determination shall be conclusive in the absence of fraud or arbitrary and gross abuse of discretion, pursuant to section 11-56-114, Colorado Revised Statutes.

The Bonds do not constitute a debt or an indebtedness of the Town within the meaning of any applicable charter, constitutional or statutory provision or limitation, shall not be considered or held to be a general obligation of the Town, and are payable solely from, and constitute a pledge of, and an irrevocable lien (but not necessarily an exclusive lien) on, all of the proceeds to be derived by the Town from the Accommodations Tax, the Cigarette Tax, the County Sales Tax, the Franchise Tax, the Real Estate Transfer Tax, and the Sales Tax (as all are defined in the Bond Ordinance) and from any taxes which hereafter may be imposed by the Town in addition thereto or in substitution therefor (collectively the "Excise Taxes"), certain other moneys held in the Bond Fund and the Reserve Fund (as both such funds are defined in the Bond Ordinance), and investment income on certain funds, all to the extent that such moneys are at any time required to be deposited into and held in the Excise Tax Fund, the Bond Fund, and the Reserve Fund created or continued by, and as provided in, the Bond Ordinance, subject to certain exceptions and exclusions as provided in the Bond Ordinance (the "Pledged Revenues") and subject to the prior and superior lien of the Town's outstanding Excise Tax Refunding Revenue Bonds, Series 1985, on the Pledged Revenues. This bond is payable solely from the Pledged Revenues, and the owner hereof may not look to any general or other fund for the payment of the principal of and interest on this bond except the Pledged

Revenues. Reference is made to the Bond Ordinance for the provisions, among others, with respect to the custody and application of the proceeds of the bonds, the receipt and disposition of the Pledged Revenues, the nature and extent of the security, the terms and conditions under which additional bonds payable from the Pledged Revenues may be issued, the rights, duties and obligations of the Town, and the rights of the owners of the Bonds; and by the acceptance of this bond the owner hereof assents to all provisions of the Bond Ordinance. The principal of and the interest on this bond shall be paid, and this bond is transferable, free form and without regard to any equities between the Town and the original or any intermediate owner hereof or any setoffs or cross-claims.

This bond must be registered in the name of the owner as to both principal and interest on the registration records kept by the Registrar in conformity with the provisions stated herein and endorsed herein and subject to the terms and conditions set forth in the Bond Ordinance. No transfer of this bond shall be valid unless made on the registration records maintained at the principal office of the Registrar by the registered owner or his attorney duly authorized in writing.

For the purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986 as contained in H.R. 3838, 99th Congress 2d Session, as passed by the United States House of Representatives and the United States Senate, the Town has designated the Bonds, in the Bond Ordinance, as a qualified tax-exempt obligation.

It is further certified and recited that all the requirements of law have been fully complied with by the proper Town officers in the issuance of this bond.

This bond shall not be valid or obligatory for any purpose until the Registrar shall have

manually signed the certificate of authentication herein.

IN TESTIMONY WHEREOF, the Town Council of the Town of Breckenridge has caused this bond to be signed and executed in its name with a manual or facsimile signature of the Mayor of the Town, and to be signed, executed and attested with a manual or facsimile signature of the Town Clerk of the Town, with a manual or facsimile impression of the seal of the Town affixed hereto, all as of the date specified above.

(Manual or Facsimile Signature)
Mayor

(MANUAL OR FACSIMILE SEAL)

Attest:

(Manual or Facsimile Signature)
Town Clerk

(End of Form of Bond)

(Form of Registrar's Certificate of Authentication)

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

CENTRAL BANK OF DENVER, a
banking corporation, as
Registrar

Date of Authentication By: _____
and Registration: Authorized Officer or
 Employee

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

(Form of Assignment)

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

Dated: _____

Signature Guaranteed:

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 of Form of Assignment)

(Form of Legal Opinion Certificate)

STATE OF COLORADO)
COUNTY OF SUMMIT) SS. LEGAL OPINION
TOWN OF BRECKENRIDGE) CERTIFICATE

I, the undersigned Town Clerk of the Town of Breckenridge, in the County of Summit and State of Colorado, do hereby certify that the following approving legal opinion of Sherman & Howard, Attorneys at Law, Denver, Colorado:

[Insert text of legal opinion]

is a true, perfect and complete copy of a manually executed and dated copy thereof on file in the records of the Town in my office; that a manually executed and dated copy of the opinion was forwarded to a representative of the original purchasers for retention in their records; and that the opinion was dated and issued as of the date of the delivery of and payment for the Bonds of the series of which this is one.

IN WITNESS WHEREOF, I have caused to be hereunto set my manual or facsimile signature.

(Manual or Facsimile Signature)
Town Clerk

(End of Form of Legal Opinion Certificate)

Section 13. Delivery of Series 1986 Bonds and Disposition of Proceeds. When the Series 1986 Bonds have been duly executed by appropriate Town officers and authenticated by the Registrar, the Director of Finance of the Town shall cause the Series 1986 Bonds to be delivered, at one time or from time to time, to the Purchaser, on receipt of the agreed purchase price. The Series 1986 Bonds shall be delivered in such denominations as the Purchaser shall direct (but subject to the provisions of Section 6 hereof); and the Registrar shall initially register the Series 1986 Bonds in such name or names as the Purchaser shall direct.

The proceeds of the Series 1986 Bonds, including without limitation the accrued interest thereon, shall be deposited promptly by the Director of Finance of the Town and shall be accounted for in the following manner and are hereby pledged therefor, but the Purchaser of the Series 1986 Bonds or any subsequent Owner in no manner shall be responsible for the application or disposal by the Town or any of its officers of any of the funds derived from the sale:

A. All accrued interest, if any, received in respect of the Series 1986 Bonds shall be credited to the Interest Account to be applied to the payment of interest on the Series 1986 Bonds.

B. An amount equal to \$600,000 of the proceeds of the Series 1986 Bonds shall be credited to the Reserve Fund to be applied as herein provided.

C. There shall then be credited to the following special and separate account, hereby created and established, which account shall be under the control of the Escrow Agent in accordance with the terms of the Escrow Agreement, to be known as the "Town of Breckenridge, Colorado, Excise Tax Refunding Revenue Bonds, Series 1986, Escrow Account," an amount not to exceed \$7,950,000 sufficient, together with the Escrow Supplement, to establish any initial cash balance remaining uninvested and to buy the Federal Securities designated in the Escrow Agreement for

purchase by the Town and credit to the Escrow Account with the Escrow Agent, to effect the Refunding Project pursuant to the Escrow Agreement.

D. All moneys, if any, remaining from the sale of the Series 1986 Bonds, together with any other money available therefor shall be used for the purpose of paying, together with any other money made available therefor, the incidental expenses incurred by the Town as a part of the cost of the Refunding Project and relating to the issuance of the Bonds.

E. After completion of the Refunding Project, including payment of all issuance expenses, or after adequate provision therefor is made, any unexpended balance of Series 1986 Bond proceeds shall be deposited in the Bond Fund and applied to the payment of the principal of and interest on the Series 1986 Bonds.

Section 14. Additional Deposits. Simultaneous with the issuance of the Series 1986 Bonds the Director of Finance of the Town shall, from available Town funds, transfer to the Escrow Account, such portion of the Escrow Supplement as shall be necessary to effect the Refunding Project.

Section 15. Maintenance of Escrow Account. The Escrow Account shall be maintained in an amount at the time of the initial deposits therein and at all times subsequently at least sufficient, together with the known minimum yield to be derived from the initial investment and any temporary reinvestment of the deposits therein or any part thereof in Federal Securities, to effect the Refunding Project. Moneys shall be withdrawn by the Escrow Agent from the Escrow Account in sufficient amounts and at such times to permit the payment without default of (i) the interest due in connection with the Refunded Bonds on the interest payment dates on and after December 1, 1986 and on and before December 1, 1992, and (ii) the principal, premium and interest due on December 1, 1992, the prior redemption date of all Refunded Bonds. Any moneys remaining in the Escrow Account after

provision shall have been made for the redemption in full of the Refunded Bonds shall be deposited in the Bond Fund.

If for any reason the amount in the Escrow Account shall at any time be insufficient for the purpose thereof, the Town shall forthwith from the first moneys available therefor deposit in such account such additional moneys as shall be necessary to permit the payment in full of the principal of, interest on, and redemption premium, if any, of the Refunded Bonds as herein provided.

Section 16. Redemption of Refunded Bonds. The Town Council has elected and does hereby declare its intent to exercise on the behalf and in the name of the Town its option to redeem on December 1, 1992, all of the Refunded Bonds at a price (expressed as a percentage of principal amount) of 101% plus accrued interest thereon to December 1, 1992. The Town is hereby obligated so to exercise such option, which option shall be deemed to have been exercised when the notice is duly given not more than sixty days nor less than thirty days prior to December 1, 1992, as herein provided.

Section 17. Notice of Refunding and Redemption. The registrar for the Refunded Bonds, be and hereby is authorized and directed to give forthwith upon the issuance of the Series 1986 Bonds and again not more than sixty nor less than thirty days prior to December 1, 1992, a notice of defeasance and prior redemption of the Refunded Bonds.

The notice shall be given by certified or registered first-class, postage prepaid mail, forthwith upon the issuance of the Series 1986 Bonds and again not more than sixty nor less than thirty days prior to December 1, 1992, to the registered owners of each of the outstanding Refunded Bonds, to the Purchaser, and to MBIA.

The notice shall be in substantially the following form:

(Form of Notice)

NOTICE OF DEFEASANCE
AND PRIOR REDEMPTION
OF
TOWN OF BRECKENRIDGE, COLORADO
EXCISE TAX REFUNDING REVENUE BONDS,
SERIES 1985
MATURING ON OR AFTER DECEMBER 1, 1993

NOTICE IS HEREBY GIVEN that the Town of Breckenridge, Colorado (the "Town") has caused to be deposited in escrow with CENTRAL BANK OF DENVER, a banking corporation, in Denver, Colorado, refunding bond proceeds and other moneys which have been invested (except for a small initial cash balance remaining uninvested) in bills, notes, bonds and similar securities which are direct obligations of, or the principal and interest of which securities are unconditionally guaranteed by, the United States of America, to refund, pay, and discharge the principal, prior redemption premium, and interest on that portion of its outstanding Excise Tax Refunding Revenue Bonds, Series 1985 maturing on or after December 1, 1993 (the "Refunded Bonds") as such becomes due on and after December 1, 1986.

The Refunded Bonds maturing from December 1, 1993 to December 1, 2003, both inclusive, in the aggregate principal amount of \$6,860,000, will be called for redemption on December 1, 1992. On such date, the principal amount thereof, prior redemption premium of 1% of the principal amount so redeemed, and accrued interest thereon to the redemption date will become due and payable at the paying agent, the Central Bank of Denver, a banking corporation, Denver, Colorado, and thereafter interest will cease to accrue.

According to a report pertaining to such escrow, of Price Waterhouse, certified public

accountants in Denver, Colorado, the escrow, including the known minimum yield from such investments and any temporary reinvestments and the initial cash balance remaining uninvested, is fully sufficient at the time of the deposit and at all times subsequently, to pay the interest on the Refunded Bonds as such becomes due on and after December 1, 1986, and on and before December 1, 1992, and to pay the principal, premium and interest due in connection with the Refunded Bonds called for prior redemption on December 1, 1992.

DATED this _____, 1986.

TOWN OF BRECKENRIDGE,
COLORADO

By: /s/ Donald Taylor
Director of Finance

(End of Form of Notice)

Section 18. Application of Pledged Revenues. So long as any of the Series 1986 Bonds shall be outstanding, either as to principal or interest, all of the proceeds of the Pledged Revenues immediately upon receipt from time to time by the Town, shall be deposited into a fund heretofore created by the 1985 Bond Ordinance and known as the "Town of Breckenridge Excise Tax Fund" and hereby ordered to be continued and the following payments shall be made from the Excise Tax Fund :

A. 1985 Funds. First, there shall be credited from the Excise Tax Fund to the bond fund and the reserve fund for the Series 1985 Bonds all amounts required to be paid thereto pursuant to the 1985 Bond Ordinance.

B. Bond Fund. Second, there shall be credited from the Excise Tax Fund to a fund hereby created and to be known as the "Town of Breckenridge, Excise Tax Interest and Bond Retirement Fund" (the "Bond Fund"), which shall consist of an Interest Account and a Principal Account, the following amounts:

1. Interest Payments. Except as otherwise required by paragraph H of this section, monthly to the Interest Account, commencing on the first day of the month immediately succeeding the delivery of any series of Bonds, an amount in equal monthly installments necessary, together with any moneys therein and available therefore, to pay the interest due and payable on the outstanding Bonds on the next succeeding interest payment date.

2. Principal Payments. Except as otherwise required by paragraph H of this section, monthly to the Principal Account, commencing on the first day of the month immediately succeeding the delivery of any series of Bonds, an amount in equal monthly installments necessary, together with any moneys therein and available therefore, to pay the principal due and payable on the outstanding Bonds on the next

succeeding principal payment date (whether at maturity or upon a sinking fund redemption)

C. Reserve Fund. Third, except as otherwise required by paragraph H of this section, there shall be credited to a separate fund hereby created and to be known as the "Town of Breckenridge, Excise Tax Reserve Fund" monthly, commencing on the first day of the month immediately succeeding the delivery of any series of Bonds such amount or amounts, if any, as may be necessary to restore not less than one-sixth of any deficiency in the Reserve Fund, except as provided in the last paragraph of this paragraph C. The Reserve Fund shall be maintained in an amount equal to the Average Annual Debt Requirement as a continuing reserve to secure the payment of all outstanding Bonds by meeting possible deficiencies in the Bond Fund, provided however, that for purposes of calculating this amount at any time prior to December 1, 1992 (including, without limitation, the calculation of such amount upon the issuance of Additional Bonds prior to December 1, 1992), the \$600,000 deposited into the Reserve Fund from the proceeds of the Series 1986 Bonds on the date of delivery thereof shall be deemed to equal the Average Annual Debt Requirement with respect to the Series 1986 Bonds. No payment need be made into the Reserve Fund so long as the moneys therein shall equal not less than the Average Annual Debt Requirement. The moneys in the Reserve Fund shall be accumulated and maintained as a continuing reserve to be used, except as hereinafter provided, only to prevent deficiencies in the payment of the principal of and the interest on the Bonds resulting from the failure to deposit into the Bond Fund sufficient funds to pay said principal and interest as the same accrue. Except as provided in the last paragraph of this paragraph C if at any time the balance in the Reserve Fund is less than the Average Annual Debt Requirement, then the Town covenants that it will make deposits, in not less than six equal monthly installments, beginning with the

month immediately succeeding such withdrawal, to the Reserve Fund in amounts sufficient to restore the Average Annual Debt Requirement. No payment need be made by the Town into the Reserve Fund if the Town shall secure bond insurance (in a form acceptable to MBIA as long as any Series 1986 Bonds are outstanding) to fund the Average Annual Debt Requirement.

Notwithstanding anything contained in this paragraph C to the contrary, to the extent compliance with the covenant contained in Section 23K or L hereof does not permit the use of bond proceeds for a full funding of the Average Annual Debt Requirement, 1/24th of the difference between the Average Annual Debt Requirement and the amount in the Reserve Fund after the issuance of any series of Additional Bonds shall be deposited by the Town into the Reserve Fund on the first day of each month succeeding the issuance of any series of Additional Bonds until the amount therein equals the Average Annual Debt Requirement.

D. Termination Upon Deposits to Maturity or Redemption Date. No payment need be made into the Bond Fund, the Reserve Fund, or both, if the amount in the Bond Fund and the amount in the Reserve Fund total a sum at least equal to the entire amount of the outstanding Bonds, both as to principal and interest to their respective maturities, in which case moneys in said two funds in an amount at least equal to such principal and interest requirements shall be used solely to pay such as the same accrue (except as otherwise required by paragraph H of this section), and any moneys in excess thereof in said two funds may be withdrawn and used for any lawful purpose.

E. Defraying Delinquencies in Bond and Reserve Funds. If on any required monthly payment date the Town shall for any reason fail to pay into the Bond Fund the full amount above stipulated, then an amount shall be paid into the Bond Fund on such date from the Reserve Fund equal to the difference between the amount paid and the full amount so stipulated. The moneys so used shall be replaced in

the Reserve Fund in the manner provided in paragraph C of this Section from the first Pledged Revenues thereafter received in the Excise Tax Fund which are not required to be otherwise applied by this section, but excluding any payments required for any subordinate obligations. If on any monthly payment date the Town shall for any reason fail to pay into the Reserve Fund the amount required by paragraph C of this section, such amount shall in a like manner be paid therein from the first Pledged Revenues thereafter received in the Excise Tax Fund which are not required to be applied otherwise by this section. Except as otherwise required by paragraph H of this section, the moneys in the Bond Fund and in the Reserve Fund shall be used solely and only for the purpose of paying the principal, and prior redemption premium, if any, on the Bonds; provided, however, that any moneys at any time in excess of the Average Annual Debt Requirement in the Reserve Fund may be withdrawn therefrom and used for any lawful purpose; and provided, further, that any moneys in the Bond Fund and in the Reserve Fund in excess of accrued and unaccrued principal and interest requirements to the respective maturities of the outstanding Bonds may be used as provided in Paragraph D of this section.

F. Payment for Subordinate Obligations. After the payment required by Paragraphs B, C and E of this section, the Pledged Revenues shall be used by the Town for the payment of interest on and principal of any subordinate lien obligations hereafter authorized to be issued and payable from the Pledged Revenues, including reasonable reserves therefor.

G. Use of Remaining Revenues. After making the payments required to be made by this Section, any remaining Pledged Revenues may be used for any lawful purpose, including, at the option of the Town, additional deposits to the Bond Fund to pay the principal of, premium, if any, and interest on the Series 1986 Bonds upon optional redemption.

Nothing in this Ordinance shall prevent the Town from withdrawing from the Excise Tax Fund amounts collected by the Town and subsequently determined, pursuant to the applicable Tax Ordinances, to be subject to valid claims for refunds.

H. Rebate Fund. There is hereby created the "Town of Breckenridge, Colorado, Excise Tax Rebate Fund." To the extent required by Section 23 L hereof, all of the amounts on deposit in the funds and accounts created and established by this Ordinance and all amounts pledged to the payment of debt service for the Bonds (i) shall be invested in compliance with the procedures established by the Accounting Memorandum, and (ii) to the extent required by the Accounting Memorandum, the investment earnings thereon shall be deposited from time to time into the Rebate Fund for timely payment of all amounts due and owing to the United States Treasury. Amounts on deposit in the Rebate Fund shall not be subject to the lien and pledge of this Ordinance to the extent such amounts are required to be paid to the United States Treasury. The Town shall verify or cause to be verified at least annually from the date of delivery of the Series 1986 Bonds that (i) all of requirements of this paragraph have been met on a continuing basis, (ii) the proper amounts are deposited into the Rebate Fund, and (iii) the timely payment of all amounts due and owing to the United States Treasury from the Rebate Fund have been made.

If, to the extent required by the Accounting Memorandum, the balance in the Rebate Fund is insufficient for the purposes thereof, the Town shall transfer moneys to the Rebate Fund from the following funds and accounts in the following order of priority: the Excise Tax Fund (except to the extent moneys in such Fund are needed to make any payments required by Section 18A hereof), the Reserve Fund, the Principal Account and the Interest Account. Upon receipt of an opinion of Bond Counsel that the balance in the Rebate Fund is in excess of the amount required by the

Accounting Memorandum to be included therein, such excess shall be transferred to the Excise Tax Fund.

The Town hereby irrevocably elects pursuant to the method described in Temporary Regulations § 1.103-15AT(d)(4) to take into account the aggregate amounts earned on any bona fide debt service fund established herein (including, but not exclusively, investment earnings in the Bond Fund) notwithstanding the fact that such earnings may otherwise be entitled to be excluded pursuant to the aforementioned regulation, in determining the amount of the rebate required to be paid to the United States Treasury as provided in the Accounting Memorandum.

Section 19. General Administration of Funds. The funds designated in Sections 13 and 18 hereof shall be administered as follows subject to the limitations stated in Section 23K or L hereof:

A. Budget and Appropriation of Funds. The sums provided to make the payments specified in Section 18 hereof are hereby appropriated for said purposes, and said amounts for each year shall be included in the annual budget and the appropriation ordinance or measures to be adopted or passed by the Town Council in each year respectively while any of the Series 1986 Bonds, either as to principal or interest, are outstanding and unpaid. No provision of any constitution, statute, charter, ordinance, resolution or other order or measure enacted after the issuance of the Series 1986 Bonds shall in any manner be construed as limiting or impairing the obligation of the Town to keep and perform the covenants contained in this Ordinance so long as any of the Series 1986 Bonds remain outstanding and unpaid. Nothing herein shall prohibit the Town Council, at its sole option, from appropriating and applying other funds of the Town legally available for such purpose to the Bond Fund or Reserve Fund for the purpose of providing for the payment of the principal of, interest on or any premiums due with respect to the Bonds.

B. Places and Times of Deposits. Each of the special funds created in Section 18 hereof shall be maintained in a Commercial Bank as a book account kept separate and apart from all other accounts or funds of the Town as trust accounts solely for the purposes herein designated therefor. For purposes of investment of moneys, nothing herein prevents the commingling of moneys accounted for in any two or more such book accounts pertaining to the Pledged Revenues or to such funds and any other funds of the Town to be established under this Ordinance, except as otherwise provided in the Accounting Memorandum. Such book account shall be continuously secured to the fullest extent required by the laws of the State for the securing of public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes of such funds or accounts. Each periodic payment shall be credited to the proper book account not later than the date therefor herein designated, except that when any such date shall be a Saturday, a Sunday or a legal holiday, then such payment shall be made on or before the next preceding business day.

C. Investment of Funds. Any moneys in any fund established by Section 18 of this Ordinance may be deposited, invested or reinvested in any manner permitted by law. Securities or obligations purchased as such an investment shall either be subject to redemption at any time at face value by the holder thereof at the option of such holder, or shall mature at such time or times as shall most nearly coincide with the expected need for moneys from the fund in question. Securities or obligations so purchased as an investment of moneys in any such fund shall be deemed at all times to be a part of the applicable fund; the interest accruing on such investments in the Excise Tax Fund, the Bond Fund or the Reserve Fund and any profit realized therefrom shall be deemed to be Pledged Revenues. The Town shall present for redemption or sale on the prevailing market any

securities or obligations so purchased as an investment of moneys in a given fund whenever it shall be necessary to do so in order to provide moneys to meet any required payment or transfer from such fund. The Town shall have no obligation to make any investment or reinvestment hereunder, unless any moneys on hand and accounted for in any one account exceed \$5,000 and at least \$5,000 therein will not be needed for a period of not less than sixty days. In such event the Town shall invest or reinvest not less than substantially all of the amount which will not be needed during such sixty day period, except for any moneys on deposit in an interest bearing account in a Commercial Bank, without regard to whether such moneys are evidenced by a certificate of deposit or otherwise, pursuant to this Section 19C and Section 19B hereof; but the Town is not required to invest, or so to invest in such a manner, any moneys accounted for hereunder if any such investment would contravene the covenant concerning arbitrage in Section 23K or L hereof.

D. No Liability for Losses Incurred in Performing Terms of Ordinance. Neither the Town nor any officer of the Town shall be liable or responsible for any loss resulting from any investment or reinvestment made in accordance with this Ordinance.

E. Character of Funds. The moneys in any fund or account herein authorized shall consist of lawful money of the United States or investments permitted by Section 19C hereof or both such money and such investments. Moneys deposited in a demand or time deposit account in or evidenced by a certificate of deposit of a Commercial Bank pursuant to Sections 19C and 19B hereof, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States.

Section 20. Lien on Pledged Revenues. The Series 1986 Bonds constitute a pledge of, and an irrevocable lien (but not necessarily an exclusive lien) on all of the Pledged Revenues, subject to the

prior and superior lien of the outstanding Series 1985 Bonds on the Pledged Revenues.

Section 21. Additional Bonds.

A. Limitations Upon Issuance of Additional Bonds. Nothing in this Ordinance shall be construed in such a manner as to prevent the issuance by the Town of additional bonds or other obligations, payable from and constituting a lien upon the Pledged Revenues on a parity with the lien of the Series 1986 Bonds (the "Additional Bonds"), provided, however, that before any such bonds or other obligations are authorized or actually issued the following condition shall be satisfied: for the past five Fiscal Years of the Town immediately preceding the issuance of any Additional Bonds, the amount of Pledged Revenues in any such Fiscal Year must equal or exceed 150% of the maximum annual debt service due in subsequent years on the Series 1985 Bonds and the Bonds (including the Additional Bonds proposed to be issued). For the purpose of satisfying the aforementioned 150% test, any tax, now existing or hereafter imposed, which legally becomes one of the Pledged Revenues during the five Fiscal Years preceding the issuance of Additional Bonds, or any tax which is to legally become one of the Pledged Revenues immediately prior to the issuance of Additional Bonds, or any increase in the rate of any of the taxes constituting the Pledged Revenues which increase is imposed during the five Fiscal Years preceding the issuance of Additional Bonds or any such increase which is to be imposed immediately prior to the issuance of Additional Bonds can be considered for its estimated effect on the amount of the Pledged Revenues as if such tax or increase had been in effect for each of the five Fiscal Years immediately preceding the issuance of such Additional Bonds. Any tax which is no longer in effect at the time of issuance of the Additional Bonds shall not be considered for purposes of satisfying the 150% test.

B. Certificate of Revenues. A written certification by a certified public accountant who is

not an employee of the Town that the requirements of paragraph A of this section have been met shall be conclusively presumed to be accurate in determining the right of the Town to authorize, issue, sell and deliver said Additional Bonds on a parity with the Series 1986 Bonds herein authorized.

C. Subordinate Obligations Permitted.

Nothing in this Ordinance shall be construed in such a manner as to prevent the issuance by the Town of additional obligations payable from and constituting a lien upon the Pledged Revenues subordinate or junior to the lien of the Series 1986 Bonds.

D. Superior Obligations Prohibited.

Nothing in this Ordinance shall be construed so as to permit the Town to issue obligations payable from the Pledged Revenues having a lien thereon prior or superior to the Series 1986 Bonds.

Section 22. Refunding Obligations.

A. Generally. If at any time after the Series 1986 Bonds, or any part thereof, shall have been issued and remain outstanding, the Town shall find it desirable to refund any outstanding obligations payable from the Pledged Revenues, said obligations, or any part thereof, may be refunded, subject to the provisions of Paragraph B of this Section, if (1) the obligations to be refunded, at the time of their required surrender for payment, shall then mature or shall then be callable for prior redemption at the Town's option upon proper call, or (2) the owners of the obligations to be refunded and MBIA, if MBIA insured such obligations, consent to such surrender and payment.

B. Protection of Obligations Not Refunded. Any refunding obligations payable from the Pledged Revenues shall be issued with such details as the Town Council may provide, so long as there is no impairment of any contractual obligation imposed upon the Town by any proceedings authorizing the issuance of any unrefunded portion of obligations payable from the Pledged Revenues; but so long as any Series 1986 Bonds are outstanding, refunding obligations payable from the Pledged Revenues may be issued on a parity with the unrefunded Bonds only if:

(a) Prior Consent. The Town first receives the consent of the owner or owners of the unrefunded Bonds and MBIA, if MBIA insured such obligations; or

(b) Requirements Not Increased. The refunding obligations do not increase, for any Fiscal Year prior to and including the last maturity date of any unrefunded Bonds, the aggregate principal and interest requirements evidenced by such refunding obligations and by any outstanding Bonds not refunded, and the lien of any refunding parity obligations on the Pledged Revenues is not raised to a higher priority than the lien thereon of any obligations thereby refunded; or

(c) Earnings Test. The refunding obligations are issued in compliance with paragraphs A and B of Section 21 hereof.

Section 23. Protective Covenants. The Town hereby additionally covenants and agrees with each and every owner of the Series 1986 Bonds that:

A. Use of Series 1986 Bond Proceeds. The Town will proceed with the Refunding Project and the Project without delay and with due diligence.

B. Payment of Series 1986 Bonds. The Town will promptly pay the principal of and the interest on every Series 1986 Bond issued hereunder and secured hereby on the dates and in the manner specified herein and in said Series 1986 Bonds according to the true intent and meaning hereof. Such principal and interest are payable solely from the Pledged Revenues.

C. Amendment of Certain Ordinances; Duty to Impose Excise Taxes; Impairment of Contract. The Tax Ordinances are in full force and effect and have not been repealed or amended. The Town will not repeal or amend said Tax Ordinances in any manner which would diminish the proceeds of the Sales Tax, the Accommodations Tax, the Real Estate Transfer Tax or the Franchise Tax.

If the Tax Ordinances or any modifying or supplemental ordinance not contravening the limitations of this Paragraph, or any part of said ordinances, shall ever be held to be invalid or unenforceable, it shall be the duty of the Town to adopt immediately another ordinance, to seek such voter approval, if any, as may then be required by law, or take any action necessary to produce the Pledged Revenues in an amount at least equal to 150% of the average annual debt service due on the Series 1985 Bonds, the Series 1986 Bonds and any outstanding Additional Bonds. To the extent that any changes in the Sales Tax, the County Sales Tax, the Real Estate Transfer Tax, the Franchise Tax, the Cigarette Tax or the Accommodations Tax or the Tax Ordinances may lawfully be imposed by the State or the County, the

Town covenants to take such action as may be necessary or appropriate to produce the Pledged Revenues in an amount at least equal to 150% of the average annual debt service due on the Series 1985 Bonds, the Series 1986 Bonds and any outstanding Additional Bonds. The Town agrees that any law, ordinance or resolution of the Town, in any manner affecting the Excise Taxes, the Pledged Revenues, or the Series 1986 Bonds, or otherwise appertaining thereto, shall not be repealed or otherwise directly or indirectly modified in such manner as to materially adversely affect any Series 1986 Bonds outstanding, unless the required consent of the owners of sixty-six percent (66%) in aggregate principal amount of the then outstanding Series 1986 Bonds and of MBIA is obtained, all as provided in Section 32 of this Ordinance.

Notwithstanding any other provision of this Section or this Ordinance, the Town shall retain the right to make changes, without any consent of Bond owners or MBIA, in the Tax Ordinances, or any ordinance supplemental thereto or in substitution therefor, concerning the use of proceeds of the Excise Tax remaining after the current requirements of all ordinances authorizing bonds or other securities payable from the Excise Taxes, or any portion thereof, have been met; or concerning changes in applicability, exemptions, administration, collection or enforcement of the Excise Taxes, if such changes do not materially adversely affect the security for the Series 1986 Bonds; but the Town shall not reduce the present rates of the Excise Taxes, without the consent of the owners of sixty-six percent (66%) in aggregate principal amount of the then outstanding Series 1986 Bonds and of MBIA, as provided in Section 32 of this ordinance.

The Town shall maintain the Excise Tax Fund as a fund of the Town separate and distinct from all other funds of the Town and shall place the Pledged Revenues therein. The Excise Tax Fund shall be subject to appropriation only as authorized by this Ordinance and the 1985 Bond Ordinance.

The foregoing covenants are subject to compliance by the Town with orders of courts of competent jurisdiction concerning the validity, constitutionality or collection of such tax revenues, any legislation of the United States or the State or any regulation or other action taken by the federal government or any State agency or any political subdivision of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation or action applies to the Town as a Colorado home rule town and limits or otherwise inhibits the amount of such tax revenues due to the Town. All of the Pledged Revenues resulting from the imposition and collection of the Excise Taxes shall be subject to the payment of the principal of, interest on, and redemption premium, if any, of all securities payable from the Pledged Revenues, including reserves therefor, as provided herein or in any instrument supplemental or amendatory hereof.

D. Defense of Legality of Pledged Revenues.

There is not pending or threatened any suit, action or proceeding against or affecting the Town before or by any court, arbitrator, administrative agency or other governmental authority which affects the validity or legality of this Ordinance, or the Tax Ordinances or the imposition and collection of the Excise Taxes, any of the Town's obligations under this Ordinance or any of the transactions contemplated by this Ordinance or the Tax Ordinances.

The Town shall, to the extent permitted by law, defend the validity and legality of this Ordinance, the Excise Taxes and the Tax Ordinances against all claims, suits and proceedings which would diminish or impair the Pledged Revenue security for the Bonds. Furthermore, the Town shall amend from time to time the provisions of Ordinance No. 7, Ordinance No. 20, Ordinance No. 9, and the Franchise Tax Ordinances and any other ordinance or resolution of the Town, as necessary to prevent impairment of the

Pledged Revenues as required to meet the principal of, interest on, and prior redemption premium, if any, of the Series 1986 Bonds when due.

E. Further Assurances. At any and all times the Town shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Pledged Revenues and other funds and accounts hereby pledged or assigned, or intended so to be, or which the Town may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Ordinance. The Town, acting by and through its officers, or otherwise, shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of said Pledged Revenues and other funds and accounts pledged hereunder and all the rights of every owner of any of the Series 1986 Bonds against all claims and demands of all Persons whomsoever.

F. Conditions Precedent. Upon the issuance of any of the Series 1986 Bonds, all conditions, acts and things required by the Constitution or laws of the United States, the Constitution or laws of the State, the Charter or this Ordinance, to exist, to have happened, and to have been performed precedent to or in the issuance of the Series 1986 Bonds shall exist, have happened and have been performed, and the Series 1986 Bonds, together with all other obligations of the Town, shall not contravene any debt or other limitation prescribed by the Constitution or laws of the United States, the Constitution or laws of the State or the Charter.

G. Records. So long as any of the Series 1986 Bonds remain outstanding, proper books of record and account will be kept by the Town, separate and apart from all other records and accounts, showing

complete and correct entries of all transactions relating to the Pledged Revenues and the funds created or continued by this Ordinance.

H. Audits. The Town further agrees that it will, following the close of each fiscal year, cause an audit of such books and accounts to be made by a certified public accountant, who is not an employee of the Town, showing the revenues and expenditures of the Pledged Revenues. The Town agrees to furnish forthwith a copy of each of such audits and reports to the owner of any of the Series 1986 Bonds at his request, to MBIA at its request, and without request to the Purchaser. Any such owner shall have the right to discuss, with the accountant or person making the audit, the report and the contents thereof and to ask for such additional information as he may reasonably require.

I. Performing Duties. The Town will faithfully and punctually perform all duties with respect to the Pledged Revenues required by the Charter and the Constitution and laws of the State and the ordinances and resolutions of the Town, including but not limited to the proper collection and enforcement of the Excise Taxes and the segregation of the Pledged Revenues and their application to the respective funds herein designated.

J. Other Liens. Other than the Series 1986 Bonds and the Series 1985 Bonds, there are no liens or encumbrances of any nature whatsoever on or against the Pledged Revenues.

K. Tax Covenant. The Town covenants for the benefit of the registered owners of the Series 1986 Bonds that it will not make any use of the proceeds of the Series 1986 Bonds, any funds reasonably expected to be used to pay the principal of or interest on the Series 1986 Bonds, or any other funds of the Town, and will not make any use of any facilities financed with the proceeds of the Series 1986 Bonds or the Refunded Bonds which would cause the interest on the Series 1986 to become subject to

federal income taxation under present federal law, and that it will not take any action or omit to take any action with respect to the Series 1986 Bonds, the proceeds thereof or any facilities financed thereby or by the Refunded Bonds if such action or omission would cause the interest on the Series 1986 Bonds to become subject to federal income taxation under present federal law. The foregoing covenants shall remain in full force and effect notwithstanding the defeasance of the Series 1986 Bonds pursuant to Section 24 hereof or any other provision hereof until the final maturity date or earlier prior redemption date thereof.

L. Pending Tax Legislation Covenant. The Town covenants for the benefit of the registered owners of the Series 1986 Bonds that it will take all steps necessary to comply with those requirements applicable to the Series 1986 Bonds to the extent necessary to maintain the exemption of interest on the Series 1986 Bonds from federal income taxation (or to avoid the application of any penalties) imposed under (i) H.R. 3838, 99th Congress, 2nd Session, passed by the House of Representatives of the United States of America on September 25, 1986 and as passed by the United States Senate on September 27, 1986 (the "Conference Bill") in its form as of the date of delivery of the Series 1986 Bonds (except the alternative minimum tax imposed on certain corporations by Section 701 of the Conference Bill and except for the environmental tax imposed by Section 516 of H.R. 2005, the "Superfund Amendments and Reauthorization Act of 1986, in the form printed in the Congressional Record on October 3, 1986); and (ii) H.R. 3838 as enacted into law (except the alternative minimum and environmental taxes noted above) (the "Final Legislation"); provided, however, that this covenant does not require the Town to comply with any requirement of the Conference Bill in the event that compliance with that requirement is not necessary in order to maintain the exemption of the interest on the Series 1986 Bonds from federal income

taxation (or to avoid the application of any penalties) under the Final Legislation that is enacted into law (except the alternative minimum and environmental taxes noted above).

The Town further covenants, represents and warrants that the procedures set forth in an Accounting Memorandum describing and implementing the aforementioned covenants (executed by the Town as of the date of delivery of the Series 1986 Bonds) shall be complied with to the extent necessary to maintain the exemption for interest on the Series 1986 Bonds from federal income taxation or to avoid the application of any penalties under the Conference Bill or the Final Legislation (except to the extent noted in the previous paragraph).

The foregoing covenants shall remain in full force and effect notwithstanding the defeasance of the Series 1986 Bonds pursuant to Section 24 hereof or any other provision hereof until the final maturity date or earlier prior redemption date thereof.

For the purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986 contained in H.R. 3838, 99th Congress 2d Session, the Town hereby designates the Series 1986 Bonds as a qualified tax-exempt obligation.

M. Town's Existence. The Town will maintain its corporate identity and existence so long as any of the Series 1986 Bonds remain outstanding, unless another political subdivision by operation of law succeeds to the duties, privileges, powers, liabilities, disabilities, immunities and rights of the Town and is obligated by law to receive and distribute the Pledged Revenues in place of the Town, without materially adversely affecting the privileges and rights of any owner of any outstanding Series 1986 Bonds.

Section 24. Defeasance. When the Series 1986 Bonds have been fully paid both as to principal and interest, all obligations hereunder shall be discharged, and the Series 1986 Bonds shall no longer

be deemed to be outstanding for any purpose of this Ordinance, except as set forth in Section 23K or L hereof. Payment of any Series 1986 Bonds shall be deemed made when the Town has placed in escrow with a Trust Bank an amount sufficient (including the known minimum yield from Federal Securities) to meet all requirement of principal, interest, and any prior redemption premiums on such Series 1986 Bonds as the same become due to maturity or a designated prior redemption date; and, if Series 1986 Bonds are to be redeemed prior to maturity pursuant to Section 7A hereof, when the Town has given to the Registrar irrevocable written instructions to give notice of prior redemption in accordance with Section 7D hereof. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule agreed upon between the Town and such Trust Bank at the time of creation of the escrow and shall not be callable prior to their scheduled maturities by the issuer thereof.

In the event that there is a defeasance of only part of the Series 1986 Bonds of any maturity, the Registrar shall, if requested by the Town, institute a system to preserve the identity of the individual Series 1986 Bonds or portions thereof so defeased, regardless of changes in bond numbers attributable to transfers and exchanges of Series 1986 Bonds; and the Registrar shall be entitled to reasonable compensation and reimbursement of expenses from the Town in connection with such system.

Section 25. Delegated Powers. The officers of the Town be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limiting the generality of the foregoing, the printing of the Series 1986 Bonds with the opinion of bond counsel thereon, the procuring of bond insurance, entering into and executing appropriate agreements with the Registrar and Paying Agent as to its services hereunder, and the execution

of such certificates as may be required by the Purchaser, including, but not necessarily limited to, the absence and existence of factors affecting the exemption of interest on the Series 1986 Bonds from federal income taxation.

The forms, terms and provisions of the Bond Purchase Agreement, the Paying Agency Agreement, and Escrow Agreement hereby are approved, and the Town shall enter into and perform its obligations under the Bond Purchase Agreement, the Paying Agency Agreement, and Escrow Agreement in substantially the form of such documents presented to the Town Council at this meeting, with only such changes therein as are required by the circumstances and are not inconsistent herewith; and the Mayor and Town Clerk are hereby authorized and directed to execute and deliver the Bond Purchase Agreement, the Paying Agency Agreement, and Escrow Agreement as required hereby.

Section 26. Events of Default. Each of the following events is hereby declared an "event of default:"

A. Nonpayment of Principal. If payment of the principal of any of the Series 1986 Bonds, or any prior redemption premium in connection therewith, shall not be made when the same shall become due and payable at maturity or by proceedings for prior redemption; or

B. Nonpayment of Interest. If payment of any installment of interest on the Series 1986 Bonds shall not be made when the same becomes due and payable; or

C. Incapable to Perform. If the Town shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

D. Default of any Provision. If the Town shall default in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the Series 1986 Bonds or in this Ordinance on its part to be performed, other than those delineated in Paragraphs A, B and C of this

section, and if such default shall continue for sixty days after written notice specifying such default and requiring the same to be remedied shall have been given to the Town by the owners of twenty-five percent (25%) in aggregate principal amount of the Series 1986 Bonds then outstanding or MBIA.

Section 27. Remedies for Defaults. Upon the happening and continuance of any of the events of default as provided in Section 26 of this Ordinance, then and in every case the owner or owners of not less than twenty-five percent (25%) in aggregate principal amount of the Series 1986 Bonds then outstanding, including but not limited to a trustee or trustees therefor, may proceed against the Town, its Town Council, and its agents, officers and employees to protect and enforce the rights of any owner of Series 1986 Bonds under this Ordinance by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the specific performance of any covenant or agreement contained herein or an award of execution of any power herein granted for the enforcement of any proper legal or equitable remedy as such owner or owners may deem most effectual to protect and enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any owner, or to require the governing body of the Town to act as if it were the trustee of an express trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of the Series 1986 Bonds then outstanding. The failure of any such owner so to proceed shall not relieve the Town or any of its officers, agents or employees of any liability for failure to perform any duty. Each right or privilege of any such owner (or trustee therefor) is in addition and cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any owner shall not be deemed a waiver of any other

right or privilege thereof. MBIA shall also have the right to proceed under this Section, independently of any Bond owners, to enforce any rights of MBIA under this Ordinance.

Section 28. Duties Upon Default. Upon the happening of any of the events of default as provided in Section 26 of this Ordinance, the Town, in addition, will do and perform all proper acts on behalf of and for the owners of the Series 1986 Bonds to protect and preserve the security created for the payment of the Series 1986 Bonds and to insure the payment of the principal of and interest on said Series 1986 Bonds promptly as the same become due. Proceeds derived from the Pledged Revenues, so long as any of the Series 1986 Bonds herein authorized, either as to principal or interest, are outstanding and unpaid, shall be paid into the Bond Fund and the Reserve Fund, pursuant to the terms hereof and to the extent provided herein, and used for the purposes herein provided. In the event the Town fails or refuses to proceed as in this section provided, the owner or owners of not less than twenty-five percent (25%) in aggregate principal amount of the Series 1986 Bonds then outstanding, after demand in writing, may proceed to protect and enforce the rights of such owners as hereinabove provided. MBIA shall also have the right to proceed under this Section, independently of any Bond owners, to enforce any rights of MBIA under this Ordinance.

Section 29. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Town shall reasonably determine that said Registrar or Paying Agent has become incapable of performing its duties hereunder, the Town may, upon notice mailed to MBIA and each owner of any Series 1986 Bond at his address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is

appointed. Every such successor Registrar or Paying Agent shall be a bank or trust company having a shareowners' equity (e.g., capital, surplus, and undivided profits), however denominated, of not less than \$10,000,000. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the Town shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Section 30. Severability. If any one or more sections, sentences, clauses or parts of this Ordinance shall for any reason be held invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this Ordinance, but shall be confined in its operation to the specific sections, sentences, clauses or parts of this Ordinance so held unconstitutional or invalid, and the inapplicability and invalidity of any section, sentence, clause or part of this Ordinance in any one or more instances shall not affect or prejudice in any way the applicability and validity of this Ordinance in any other instances.

Section 31. Repealer. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revise any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 32. Amendment.

A. The Town may, without the consent of, or notice to the owners of the Series 1986 Bonds or MBIA, adopt such ordinances supplemental hereto (which supplemental amendments shall thereafter form a part hereof) for any one or more or all of the following purposes:

1. To cure any ambiguity, or to cure, correct or supplement any defect or inconsistent provision contained in this Ordinance, or to make any provisions with respect to matters arising under this

Ordinance or for any other purpose if such provisions are necessary or desirable and do not adversely affect the interests of the owners of the Series 1986 Bonds or MBIA; or

2. To subject to this Ordinance additional revenues, properties or collateral.

B. Exclusive of the amendatory ordinances permitted by Paragraph A of this Section, this Ordinance may be amended or supplemented by ordinance adopted by the Town Council in accordance with the law, without receipt by the Town of any additional consideration but with the written consent of MBIA and the owners of sixty-six percent (66%) in aggregate principal amount of the Series 1986 Bonds outstanding at the time of the adoption of such amendatory or supplemental ordinance; provided, however, that, without the written consent of MBIA and the owners of all of the Series 1986 Bonds adversely affected thereby, no such ordinance shall have the effect of permitting:

1. An extension of the maturity of any Series 1986 Bond authorized by this Ordinance; or

2. A reduction in the principal amount of any Series 1986 Bond, the rate of interest thereon, or the prior redemption premium thereon; or

3. The creation of a lien upon or pledge of Pledged Revenues ranking prior to the lien or pledge created by this Ordinance; or

4. A reduction of the principal amount of Series 1986 Bonds required for consent to such amendatory or supplemental ordinance; or

5. The establishment of priorities as between Series 1986 Bonds issued and outstanding under the provisions of this Ordinance; or

6. The modification of or otherwise affecting the rights of the owners of less than all of the Series 1986 Bonds then outstanding.

Section 33. Notice to MBIA. Any notice herein required to be given to MBIA shall be in writing and sent by registered or certified mail to

MBIA, 445 Hamilton Avenue, White Plains, New York 10601 or to such other address that MBIA shall notify the Town of in writing.

Section 34. Ordinance Irrepealable. After any of the Series 1986 Bonds herein authorized are issued, this Ordinance shall constitute a contract between the Town and the owners of the Series 1986 Bonds, and shall be and remain irrepealable until the Series 1986 Bonds and interest thereon shall be fully paid, cancelled and discharged as herein provided.

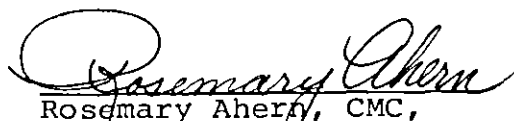
Section 35. Official Statement. The Official Statement dated October 14, 1986, in substantially the form presented at this meeting, with only such changes as the Mayor approves, is in all respects hereby ratified, approved and confirmed. The execution of the Official Statement by the Mayor shall be conclusively deemed to evidence the approval of the form and contents thereof by the Town.

Section 36. Declaration of Emergency and Effective Date. In order to complete the issuance and sale of the Series 1986 Bonds while favorable market conditions exist to effect the Refunding Project, it is hereby declared that an emergency exists and that this Ordinance is necessary for the preservation of the public property, health, welfare, peace and safety. This Ordinance shall be effective upon final adoption and shall be published within ten days following final adoption, or as soon thereafter as possible.

Section 37. Recordation. A true copy of this Ordinance, as adopted by the Town Council, shall be numbered and recorded on the official records of the Town and its adoption and publication shall be authenticated by the signatures of the Mayor and the Town Clerk, and by a certification of publication.

ADOPTED and APPROVED as an Emergency Ordinance this 14th day of October, 1986.

ATTEST:


Rosemary Ahern, CMC,
Town Clerk

TOWN OF BRECKENRIDGE


Stephen C. West, Mayor