

ORDINANCE NO. 35
SERIES 1998

AN ORDINANCE CONCERNING GENERAL OBLIGATION BONDS OF THE TOWN OF BRECKENRIDGE, COLORADO; AUTHORIZING THE ISSUANCE AND SALE OF THE TOWN'S GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF \$4,125,000 FOR THE PURPOSE OF PROVIDING NEW RECREATION FACILITIES; PROVIDING DETAILS CONCERNING THE BONDS, THEIR FORM, THEIR SALE AND FUNDS RELATING THERETO; PROVIDING FOR THE LEVY OF GENERAL AD VALOREM TAXES TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; RATIFYING ACTION HERETOFORE TAKEN AND RELATING TO SUCH BONDS; PROVIDING OTHER MATTERS RELATING THERETO; AND REPEALING ALL ORDINANCES IN CONFLICT HEREWITH.

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

Section 1. Definitions. The terms defined in this section shall have the designated meanings for all purposes of this ordinance and of any amendatory or supplemental ordinances, except where the context by clear implication requires otherwise. Other terms are parenthetically defined elsewhere in this ordinance.

- (a) "Beneficial Owner" means any Person for which a Participant acquires an interest in the Bonds.
- (b) "Bond Insurer" means MBIA Insurance Corporation or its successors.
- (c) "Bonds" means the Town's General Obligation Bonds, Series 1998 in the aggregate principal amount of \$4,125,000.
- (d) "Business Day" means a day on which banks located in the city in which the Principal Office of the Paying Agent are not required or authorized to be closed and on which the New York Stock Exchange is not closed.
- (e) "Charter" means the Home Rule Charter of the Town.
- (f) "Code" means the Internal Revenue Code of 1986 as in effect on the date of delivery of the Bonds.
- (g) "Continuing Disclosure Certificate" means the undertaking executed by officers of the Town simultaneously with the delivery of the Bonds which enables the Underwriter to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission.
- (h) "Council" means the Town Council of the Town.
- (i) "Depository" means any securities depository as the Town may provide and appoint, in accordance with the guidelines of the Securities and Exchange Commission, which shall act as securities depository for the Bonds.
- (j) "DTC" means The Depository Trust Company, New York, New York, and

its successors and assigns.

(k) "Federal Securities" means only direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States (or ownership interests in any of the foregoing) and which are not callable prior to their scheduled maturities by the issuer thereof (or an ownership interest in any of the foregoing).

(l) "Letter of Representations" means the letter of representations from the Town to DTC to induce DTC to accept the Bonds as eligible for deposit at DTC.

(m) "Mayor" means the Mayor of the Town or, in his absence, the Mayor Pro Tem.

(n) "Official Statement" means the Official Statement delivered in connection with the original issue and sale of the Bonds.

(o) "Owner" or "Registered Owner" means any person who is the registered owner of any Bond as shown on the registration books kept by the Registrar.

(p) "Participants" mean any broker-dealer, bank, or other financial institution from time to time for which the Depository holds the Bonds.

(q) "Paying Agent" means The Bank of Cherry Creek, N.A., in Denver, Colorado, the paying agent for the Bonds, or its successors or assigns.

(r) "Preliminary Official Statement" means the Preliminary Official Statement dated November 24, 1998.

(s) "Principal Office" means the principal operations office of the Registrar or the Paying Agent as designated in writing to the Town from time to time. The Principal Office of the Registrar and Paying Agent currently is Denver, Colorado.

(t) "Project" means the expansion of the golf course and construction of an indoor ice rink as described in the election question.

(u) "Proposal" means the Bond Purchase Agreement submitted by the Underwriter to the Town which contains the terms and conditions relating to the purchase, sale and delivery of the Bonds.

(v) "Record Date" means the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding an interest payment date.

(w) "Registrar" means The Bank of Cherry Creek, N.A., in Denver, Colorado, the registrar for the Bonds, or its successors or assigns.

(x) "Registrar and Paying Agent Agreement" means the Registrar and Paying Agent Agreement between the Town and The Bank of Cherry Creek, N.A. dated as of December 1, 1998.

(y) "Special Record Date" means a special date fixed to determine the names and addresses of registered owners of the Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest.

(z) "State" means the State of Colorado.

- (aa) "Town" means the Town of Breckenridge, Summit County, Colorado.
- (bb) "Town Clerk" means the Clerk of the Town or, in her absence, her Deputy.
- (cc) "Underwriter" means Bigelow & Company.

Section 2. Recitals.

A. The Town is a municipal corporation duly organized and existing under the laws of the State of Colorado and in particular under the provisions of Article XX of the Constitution of the State of Colorado and the Charter.

B. Section 11.5 of the Charter provides, in pertinent part:

"Section 11.5 General Obligation Bonds.

No bonds or other obligations to which the full faith and credit of the town is pledged or which are payable in whole or in part from the proceeds of general property taxes shall be issued until the question of their issuance shall be submitted to a vote of the qualified electors of the town at a regular or special election and approved by a majority of those voting thereon.

C. Section 11.11 of the Charter further provides:

"Section 11.11 Limitations.

Taking into consideration the provisions of Section 11.5 of the Charter, which require an election and disclosure of the current assessed valuation and outstanding general obligation indebtedness of the town prior to the issuance of general obligation bonds, 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; and

D. The following question was submitted to and approved by a majority of the electors of the Town voting on the question at the general election held on November 3, 1998:

SHALL TOWN OF BRECKENRIDGE DEBT BE INCREASED \$11,000,000, WITH A REPAYMENT COST OF \$17,550,000 AND SHALL TOWN TAXES BE INCREASED \$1,150,000 ANNUALLY TO PAY SUCH DEBT; SUCH DEBT TO BE USED FOR THE PURPOSE OF PROVIDING NEW RECREATION FACILITIES TO MEET THE NEEDS OF THE TOWN'S RESIDENTS AND VISITORS AS FOLLOWS:

\$6,700,000 FOR THE EXPANSION OF THE GOLF COURSE TO INCLUDE CONSTRUCTION OF AN ADDITIONAL NINE HOLES, INCLUDING RELATED SUPPORT AND MAINTENANCE FACILITIES, ACQUISITION OF EQUIPMENT AND CONSTRUCTION OF AN ADDITION TO THE CLUB HOUSE;

\$4,300,000 FOR CONSTRUCTION OF AN INDOOR ICE RINK AND ACQUISITION OF RELATED EQUIPMENT; AND

SHALL THE MILL LEVY BE INCREASED IN ANY YEAR WITHOUT LIMITATION AS TO RATE BUT ONLY IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON SUCH DEBT OR ANY REFUNDING DEBT; SUCH DEBT TO BE EVIDENCED BY THE ISSUANCE OF GENERAL OBLIGATION

BONDS BEARING INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 6.5%; SUCH BONDS TO BE SOLD IN ONE SERIES OR MORE, ON TERMS AND CONDITIONS AS THE TOWN COUNCIL MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE BONDS PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF THE PREMIUM?

E. The Council has determined, and does hereby declare, that the Proposal submitted by the Underwriter, prior to the final passage of this ordinance, for the purchase of the Bonds is to the best advantage of the Town.

F. The Council has determined, and does hereby determine, that the interest of the Town and the public interest and necessity require the Project.

G. The Council has determined, and does hereby declare:

A. The Project serves a valid governmental purpose and is necessary, expedient and in the best interests of the Town; and

B. The Bonds shall be issued for the Project in the aggregate principal amount of \$4,125,000; and

C. All action preliminary to the authorization of the issuance of the Bonds has been taken.

H. There has been presented to the Council the proposed forms of the following documents: (i) the Proposal; (ii) Registrar and Paying Agent Agreement; (iii) Continuing Disclosure Certificate; and (iv) the Preliminary Official Statement.

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

Section 3. Terms of Bond Sale. The Underwriter's offer to purchase the Bonds as provided in the Proposal is hereby formally ratified and accepted; and the Bonds shall be sold and delivered to the Underwriter in accordance therewith.

Section 4. Authorization of the Project. The Project hereby is authorized at a cost not to exceed \$11,000,000 (excluding costs to be paid from sources other than the proceeds of the Bonds).

Section 5. Authorization of the Bonds. For the purpose of providing funds to defray a portion of the costs of the Project (including costs of issuance of the Bonds), the Council, on behalf of the Town and upon the credit thereof, shall issue its "Town of Breckenridge, Colorado, General Obligation Bonds, Series 1998" in the aggregate principal amount of \$4,125,000.

Section 6. Bond Details.

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

B. The Bonds shall be dated as of December 1, 1998 and shall bear interest payable to the Registered Owners of the Bonds from their date to maturity at the rates per annum shown below, payable semiannually on June 1 and December 1 in each year, commencing June 1, 1999, except that Bonds which are reissued upon transfer, exchange or other replacement shall bear interest from the most recent interest payment date to which interest has been paid, or if no interest has been paid, from the date of the Bonds. The Bonds shall mature serially on December 1, in each of the years and amounts set forth below:

Maturity Date (December 1)	Principal Amount	Interest Rate (Per Annum)
2000	\$ 225,000	3.50%
2001	235,000	3.60%
2002	245,000	3.70%
2003	255,000	3.75%
2004	260,000	3.85%
2005	270,000	3.95%
2006	285,000	4.30%
2007	295,000	4.05%
2008	305,000	4.15%
2009	320,000	4.25%
2010	335,000	4.25%
2011	350,000	4.30%
2012	365,000	4.35%
2013	380,000	4.50%

C. The principal of and premium, if any, on any 1998 Bond shall be payable to the Registered Owner thereof as shown on the registration records kept by the Registrar upon maturity or prior redemption thereof and upon presentation and surrender at the at the Principal Office of the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to bear interest at its stated interest rate until the principal thereof is paid in full. Payment of interest on any Bond shall be made to the Registered Owner thereof 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 the next succeeding business day), to the Registered Owner thereof at his or her address as it last appears on the registration records kept by the Registrar on the close of business on the Record Date; but any such interest not so timely paid shall cease to be payable to the person who is the Registered Owner thereof at the close of business on the 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 Bonds and the Bond Insurer 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 Bond by such alternative means as may be mutually agreed to by the Registered Owner of such 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 date specified in the Registrar and Paying Agent Agreement. All such payments shall be made in lawful money of the United States of America, without deduction for the services of the Registrar or Paying Agent.

Section 7. Prior Redemption.

A. The Bonds maturing on or before December 1, 2008 are not subject to redemption prior to their respective maturities. The Bonds maturing on and after December 1, 2009 are subject to redemption prior to their maturity, at the option of the Town, in whole or in part, in integral multiples of \$5,000, and if less than all of the Bonds are to be redeemed, by maturity or maturities selected by the Town and by lot within a maturity as the Paying Agent shall determine (giving proportionate weight to Bonds in denominations larger than \$5,000), on December 1, 2008 or on any date thereafter, upon payment of the principal amount of each Bond or portion thereof so redeemed, plus accrued interest to the redemption date.

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

C. The Town shall give written instructions of any optional prior redemption to the Registrar at least sixty days prior to such redemption date (provided that the Registrar may waive the right to receive such instructions more than thirty days prior to such redemption date). Notice of any prior redemption shall be given by the Registrar in the name of the Town by sending a copy of such notice by first-class mail, postage prepaid, not more than sixty days and not less than thirty days prior to the redemption date, to the Registered Owner of any Bond all or a portion of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Registrar and to the Bond Insurer. Failure to give such notice by mail to the Registered Owner of any Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bonds. Such notice shall identify the 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 premium, 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 Bond or Bonds so called for redemption shall become due and payable on the redemption date so designated; and upon presentation thereof at the Principal Office of the Paying Agent, the Town will pay the Bond or Bonds so called for redemption. No further interest shall accrue on the principal of any Bond (or portion thereof) called for redemption from

and after the redemption date, provided sufficient funds are on deposit with the Paying Agent on the redemption date.

Section 8. Execution and Authentication. The Bonds shall be executed in the name of the Town by the manual or facsimile signature of the Mayor, shall be sealed with the manual or facsimile impression of the seal of the Town, and shall be attested by the manual or facsimile signature of the Town Clerk. Bonds bearing the manual or facsimile signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of the Town, notwithstanding that before the delivery of the Bonds or before the reissuance of the Bonds upon transfer or exchange, any or all of the persons whose signatures appear on the Bonds 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 Bonds, adopt as and for their respective signatures the facsimiles thereof appearing on the Bonds. 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 Bonds.

No 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 it if manually signed by an authorized representative of the Registrar, but it shall not be necessary that the same representative sign the certificate of authentication on all of the Bonds issued hereunder. By authenticating any of the Bonds initially delivered pursuant to this ordinance, the Registrar shall be deemed to have assented to the provisions of this ordinance.

Section 9. Registration, Transfer and Exchange of Bonds

A. Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender for transfer of any Bond at the Registrar, with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or his duly authorized attorney, the Registrar shall enter such transfer in the registration records and shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and of the same maturity, as the case may be, bearing a number or numbers not previously assigned. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same maturity of other authorized denominations. The Registrar shall authenticate and deliver a 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 exchanges or transfers of Bonds, which charges (as well as any tax or other governmental charge required to be paid with respect to such transfer) shall be paid by the Registered Owner requesting such exchange or transfer.

B. The Registrar shall not be required to transfer or exchange (i) all or any portion of any Bond subject to prior redemption during the period beginning at the opening of business fifteen days before the mailing of notice calling any Bonds or portions thereof for prior

redemption and ending at the close of business on the date of such mailing, or (ii) all or any portion of any Bond after the mailing of notice calling such Bond or any portion thereof for prior redemption.

C. Except as herein provided with respect to Record Dates and Special Record Dates for the payment of interest, the person in whose name any 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; and payment of either principal or interest on any Bond shall be made only upon the written order of the Registered Owner thereof or his legal representative, but such registration may be changed in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

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

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

F. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such Bond shall be promptly canceled 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 10. Book Entry.

A. Notwithstanding any contrary provision of this ordinance, the Bonds initially shall be evidenced by one Bond for each series and maturity in denominations equal to the aggregate principal amount of the Bonds of such series and maturity. Such initially delivered Bonds shall be registered in the name of "Cede & Co." as nominee for DTC, the initial depository for the Bonds. The Bonds may not thereafter be transferred or exchanged except:

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

(2) upon the resignation of DTC or a successor or new depository under clause (1) or this clause (2) of this paragraph A, or a determination by the Council that DTC or such successor or new depository is no longer able to carry out its functions, and the

designation by the Council of another depository acceptable to the Council and to the depository then holding the Bonds, which new depository must be both a "clearing corporation" as defined in Section 4-8-102(5), Colorado Revised Statutes and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of DTC or such successor or new depository; or

(3) upon the resignation of DTC or a successor or new depository under clause (1) or clause (2) of this paragraph A, or a determination of the Council that DTC or such successor or new depository is no longer able to carry out its functions, and the failure by the Council, after reasonable investigation, to locate another depository under clause (2) to carry out such depository functions.

B. In the case of a transfer to a successor of DTC or its nominee as referred to in clause (1) of paragraph A hereof, upon receipt of the outstanding Bonds by the Registrar together with written instructions for transfer satisfactory to the Registrar, a new Bond for each maturity of the Bonds shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (3) of paragraph A hereof and the failure after reasonable investigation to locate another qualified depository for the Bonds as provided in clause (3) of paragraph A hereof, and upon receipt of the outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, new Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof, as provided in and subject to the limitations of Section 6 hereof, registered in the names of such persons, and in such authorized denominations as are requested in such written transfer instructions; however, the Registrar shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

C. The Council and the Registrar shall be entitled to treat the Registered Owner of any Bond, as the case may be, as the absolute owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the Council and the Registrar shall have no responsibility for transmitting payments or notices to the Beneficial Owners of the Bonds held by DTC or any successor or new depository named pursuant to paragraph A hereof.

D. The Council and the Registrar shall endeavor to cooperate with DTC or any successor or new depository named pursuant to clause (1) or (2) of paragraph A hereof in effectuating payment of the principal amount of the Bonds upon maturity or prior redemption by arranging for payment in such a manner that funds representing such payments are available to the depository on the date they are due.

E. Upon any partial redemption of any maturity of the Bonds, Cede & Co. (or its successor) in its discretion may request the Town to issue and authenticate a new Bond or shall make an appropriate notation on the Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case the Bond must be presented to the Registrar

prior to payment. The records of the Paying Agent shall govern in the case of any dispute as to the amount of any partial prepayment made to Cede & Co. (or its successor).

Section 11. Negotiability; General Obligation. Subject to the registration provisions hereof, the Bonds shall be fully negotiable and shall have all the qualities of negotiable paper, and the Registered Owner or Owners thereof shall possess all rights enjoyed by the holders of negotiable instruments under the provisions of the Uniform Commercial Code. The Bonds shall constitute the general obligations of the Town and the full faith and credit of the Town shall be, and hereby is, pledged to the payment thereof.

Section 12. Form of Bonds, Certificates and Registration Panel. The Bonds, Registrar's certificate of authentication, form of assignment and legal opinion certificate shall be in substantially the following forms (provided that any portion of the text of the Bonds may, with appropriate references, be printed on the back of the Bonds):

(Form of Bond)

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

STATE OF COLORADO UNITED STATES OF AMERICA COUNTY OF SUMMIT

TOWN OF BRECKENRIDGE, COLORADO
GENERAL OBLIGATION BOND
SERIES 1998

No. R-_____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED AS OF</u>	<u>CUSIP</u>
	December 1, ____	December 1, 1998	

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: _____ DOLLARS

On the faith, credit and behalf of the Town of Breckenridge (the "Town"), in the County of Summit, in the State of Colorado, the Town Council of the Town (the "Council") hereby acknowledges the Town indebted and promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, on the Maturity Date specified above, interest thereon payable on June 1 and December 1 in each year commencing on June 1, 1999, 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 payable to the Registered Owner at the Interest Rate specified above from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the date of this bond.

This bond is one of an authorized series issued pursuant to a ordinance of the Council adopted on December 8, 1998 (the "Bond Ordinance"). This Bond bears interest, matures, is payable, is subject to redemption and is transferable as provided in the Bond Ordinance. To the extent not defined herein, terms used in this Bond shall have the same meanings as set forth in the Bond Ordinance.

The principal of and premium, if any, on the Bonds shall be payable at the Principal Office of the Paying Agent, upon presentation and surrender of such Bonds. Except as otherwise provided in the Bond Ordinance, payment of interest on the Bonds shall be paid by check mailed on the interest payment date to the person appearing on the registration records of the Town as the Registered Owner thereof as of the close of business of the Registrar on the Record Date to the address of such Owner as it appears on the registration records of the Town.

Reference is made to the Bond Ordinance and to all ordinances supplemental thereto, with respect to the nature and extent of the security for the Bonds, rights, duties and

obligations of the Town, the rights of the Owners of the Bonds, the rights, duties and obligations of the Paying Agent and Registrar, the events of defaults and remedies, the circumstances under which any Bond is no longer Outstanding, the ability to amend the Bond Ordinance, and to all the provisions of which the Owner hereof by the acceptance of this Bond assents.

The Bonds of the series of which this is one are issued by the Town, upon its behalf and upon the credit thereof, for the purpose of defraying wholly or in part the costs of the Project (as defined in the Bond Ordinance), all under the authority of and in full conformity with the Constitution and laws of the State of Colorado and pursuant to the Bond Ordinance of the Council duly adopted and made a law of the Town prior to the issuance of this bond.

FOR PURPOSES OF SECTION 265(b)(3)(B) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, THE TOWN HAS DESIGNATED THIS BOND AS A QUALIFIED TAX-EXEMPT OBLIGATION.

It is hereby certified, recited and warranted that all the requirements of law have been complied with by the proper officers of the Town in the issuance of this bond; that the total indebtedness of the Town, including that of this bond, does not exceed any limit of indebtedness prescribed by the Charter of the Town or the Constitution or laws of the State of Colorado; and that provision has been made for the levy and collection of annual taxes sufficient to pay the interest on and the principal of this bond when the same become due.

The full faith and credit of the Town are hereby irrevocably pledged for the punctual payment of the principal of and the interest on this bond.

This bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

IN TESTIMONY WHEREOF, the Town has caused this bond to be signed and executed on its behalf by the manual or facsimile signature of its Mayor; has caused a manual or facsimile impression of the seal of the Town to be affixed hereon; and has caused this bond to be executed and attested with the manual or facsimile signature of its Town Clerk; all as of the date specified above.

(SEAL)

(Manual or Facsimile Signature)

Mayor

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 Bond Ordinance, and this bond has been duly registered on the registration records kept by the undersigned as Registrar for the Bonds.

Date of Authentication:

Registrar

THE BANK OF CHERRY CREEK, N.A., as

By _____
Authorized Representative

(End of Form of 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 _____, to transfer the same on the records of the Registrar, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Signature must be guaranteed by a member of a Medallion Signature Program.

Address of Transferee:

Social Security of 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.

EXCHANGE OR TRANSFER FEES MAY BE CHARGED

(End of Form of Assignment)

(Form of Prepayment Panel)

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

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

(End of Form of Prepayment Panel)

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at The Bank of Cherry Creek, N.A., in Denver, Colorado.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to The Bank of Cherry Creek, N.A. or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$4,125,000
Town of Breckenridge
Summit County, Colorado
General Obligation Bonds, Series 1998

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of any Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the records maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504.

This policy is non-cancelable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

Section 13. Delivery of Bonds. When the Bonds have been duly executed and authenticated, they shall be delivered to the Underwriter at The Depository Trust Company on receipt of the agreed purchase price. The Registrar shall initially register the Bonds in the name of "Cede & Co.," as nominee of The Depository Trust Company as directed by the Underwriter. The funds realized from the sale of the Bonds shall be applied solely to defray the costs of the Project, to pay interest on the Bonds, and to pay the costs of issuance of the Bonds as set forth in Section 14 hereof and for no other purposes whatsoever. Neither the Underwriter nor the Registered Owners 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 of the Bonds.

Section 14. Disposition of Bond Proceeds. The proceeds of the Bonds (net of the Underwriter's discount) including without limitation the accrued interest on the Bonds, shall be deposited promptly by the Town and shall be accounted for in the following manner and are hereby pledged therefor:

(a) Accrued interest received in respect of the Bonds shall be applied to the payment of the first installment of interest on the Bonds.

(b) The remainder of the proceeds (net of Underwriter's discount) shall be used by the Town to defray the costs of the Project (including the payment of the costs of issuance of the Bonds).

Section 15. Payment of Principal and Interest; Ad Valorem Tax Covenant. There shall be levied on all taxable property in the Town at the time and in the manner provided by law, in addition to all other taxes, direct annual taxes sufficient to reimburse said funds or funds and to pay the principal of, or premium, if any, and the interest accruing on the Bonds promptly as the same shall become due (whether at stated maturity or as a result of mandatory redemption). Such taxes, when collected, shall be applied solely for the purpose of the payment of the principal, interest, and any prior redemption premium on the Bonds, as the same respectively mature or come due, and for no other purpose whatever until the indebtedness so contracted under this ordinance shall have been fully paid, satisfied and discharged. Nothing herein shall be construed so as to prevent the Town from applying any other funds legally available for that purpose to the payment of such interest or principal as the same respectively mature; and upon such payments being made, the levy or levies herein provided may to that extent be diminished. Said direct annual taxes levied to pay said principal, premium, if any, and interest shall be in addition to any and all other taxes levied to effect the purposes of the Town. The sums herein provided to pay the interest on the Bonds and to discharge the principal thereof and premium, if any, for each year shall be included in the annual budget to be adopted and passed by the Council in each year respectively. The Bonds shall constitute the general obligations of the Town and the full faith and credit of the Town are hereby irrevocably pledged for the punctual payment of the principal of and interest on the Bonds. The foregoing provisions of this ordinance are hereby declared to be the certificate of the Council to the Board of County Commissioners (the "Board") of Summit County (the "County") showing the aggregate amount

of taxes to be levied for the purposes aforesaid by the Council from time to time, as required by law, for the purpose of paying the principal of, premium, if any, and interest on the Bonds as the same shall hereafter become due.

Section 16. Tax Levy. It shall be the duty of the Council annually at the time and in the manner provided by law for levying other taxes, if such action shall be necessary to effectuate the provisions of this ordinance, to ratify and carry out the provisions hereof with reference to the levy and collection of taxes; and the Council shall require the officers of the Town to levy, extend and collect such taxes in the manner provided by law for the purpose of payment of the principal of, premium, if any, and interest on the Bonds. Such taxes, when collected, shall be kept for and applied only to the payment of the principal, interest and any prior redemption premium on the Bonds as herein specified.

Section 17. Covenants with Registered Owners.

A. The Town covenants for the benefit of the Registered Owners that it will not take any action or omit to take any action with respect to the Bonds, the proceeds of the Bonds, any other funds of the Town or the facilities financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, (ii) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 55(b)(2) of the Code, except to the extent such interest is required to be included in the adjusted current earnings adjustments applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the Bonds, to lose the exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present Colorado law. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the Town in fulfilling the above covenant under the Code and State law have been met.

B. The Town further covenants for the benefit of the Underwriter and the Registered Owners of the Bonds that the Town will annually prepare or cause to be prepared a budget and an audit report, and will annually file or cause to be filed with the appropriate agency of the State of Colorado a copy of its adopted budget, its appropriation ordinance and its audit report, all in accordance with the then applicable laws of the State of Colorado.

C. The Town hereby determines that neither the Town nor any entity subordinate thereto reasonably anticipates issuing more than \$10,000,000 face amount of bonds or any other similar obligations during calendar year 1998. For the purpose of Section 265(b)(3)(B) of the Code, the Town hereby designates the Bonds as qualified tax-exempt obligations.

D. The Town further covenants for the benefit of the Registered Owners of the Bonds to comply with the Continuing Disclosure Certificate executed by the Mayor.

Section 18. Investment of Funds. Any moneys in any fund or account

necessitated by this ordinance may be deposited, invested or reinvested in any manner permitted by law. Such deposits or investments 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 or account in question. Such deposits or investments of moneys in any such fund or account shall be deemed at all times to be a part of the applicable fund or account. Except to the extent otherwise provided in this ordinance, the income or losses accruing on such deposits or investments in any such fund or account shall be deemed to be part of the applicable fund or account.

Section 19. Successor Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Town shall reasonably determine to remove the Registrar or Paying Agent because the Registrar or Paying Agent is incapable of fulfilling its duties hereunder, the Town may, upon notice mailed to each Registered Owner of Bonds at the address last shown on the registration records and the Bond Insurer, appoint a successor Registrar or Paying Agent. No resignation or removal of the Registrar or Paying Agent may take effect until a successor is appointed by the Town. Every such successor Paying Agent shall be an officer of the Town or a bank or trust company having a shareholders' equity (e.g., capital stock, surplus and undivided profits), however denominated, not less than \$10,000,000.

Section 20. Defeasance. When the principal, interest and premium, if any, due in connection with any Bond have been duly paid, all obligations hereunder with respect to such Bond shall be discharged, and such Bond shall no longer be deemed to be outstanding for any purpose of this ordinance. Payment of such Bond or any portion thereof shall be deemed made when the Town has placed in escrow with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may be wholly or in part initially invested) to meet all requirements of principal, interest and any prior redemption premium on such Bond as the same becomes due to maturity or to any redemption date as of which the Town shall have exercised or obligated itself to exercise its prior redemption option and have given irrevocable instructions to the Registrar to give notice of redemption to the holder of any such Bond. The Federal Securities shall become due or be callable at the option of the holder at or 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 bank at the time of creation of the escrow. Federal Securities within the meaning of this section shall include only direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States, and which are not callable prior to their scheduled maturities by the issuer thereof, or interest in such obligations.

In the event that there is a defeasance of only part of the Bonds, the Paying Agent shall, if requested by the Town, institute a system to preserve the identity of the individual Bonds or portions thereof so defeased, regardless of changes in Bond numbers attributable to transfers and exchanges of Bonds and the Paying Agent shall be entitled to reasonable compensation and

reimbursement of expenses from the Town in connection with such system.

Section 21. Delegation of Powers. The officers of the Town are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this ordinance, including, without limiting the generality of the foregoing, the execution of the Underwriter's Proposal, the execution, printing and distribution of the Official Statement relating to the Bonds, the printing of the Bonds (including the opinion of bond counsel thereon) in such quantities as may be convenient, the entering into and execution of the Registrar and Paying Agent Agreement and the Continuing Disclosure Certificate, the execution of such certificates as may be required by the Underwriter relating to the execution of the Bonds, the tenure and identity of the Town officials, the delivery of the Bonds and receipt of the purchase price and the absence of litigation, pending or threatened, if in accordance with the facts, affecting the validity thereof and the absence and existence of factors affecting the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 22. Supplemental or Amendatory Ordinances. The Town may, without the consent of or notice to the Registered Owners but with the prior written consent of the Bond Insurer, adopt one or more ordinances which supplements or amends this ordinance, which ordinances shall thereafter form a part hereof, for any one or more of the following purposes:

(1) To cure any ambiguity, or to cure, correct or supplement any formal defect or omission or inconsistent provision contained in this ordinance, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under this ordinance, or to make any provisions for any other purposes if, in each case, such provisions are necessary or desirable and do not adversely affect the interests of the owners of the Bonds;

(2) To pledge additional revenues, properties or collateral as security for the Bonds;

(c) To grant or confer upon the Paying Agent for the benefit of the Registered Owners of the Bonds any additional rights, remedies, power or authorities that may lawfully be granted to or conferred upon the Registered Owners; or

(d) To qualify this ordinance under the Trust Indenture Act of 1939.

Section 23. Ratification. All action heretofore taken (not inconsistent with the provisions of this ordinance) by the Council, the officers of the Town and otherwise taken by the Town directed toward the Project and the sale and delivery of the Bonds for such purpose hereby is ratified, approved and confirmed, including, without limitation, the distribution of the Preliminary Official Statement and the execution and distribution of the Official Statement.

Section 24. Approval of Letter of Representations, Proposal, Continuing Disclosure Certificate and Registrar and Paying Agent Agreement. The forms, terms and provisions of the Letter of Representations, the Proposal, the Continuing Disclosure Certificate and the Registrar and Paying Agent Agreement hereby are approved and the Town shall enter

into and perform its obligations under the Proposal, the Continuing Disclosure Certificate and the Registrar and Paying Agent Agreement in substantially the forms of such documents presented to the Council at this meeting, with only such changes therein as are approved by the Mayor and the Town Manager; and the Mayor is hereby authorized and directed to execute and deliver the Letter of Representations, the Proposal, the Continuing Disclosure Certificate and the Registrar and Paying Agent Agreement and the Clerk is hereby authorized and directed to affix the Town seal (to the extent required) to the Proposal, the Continuing Disclosure Certificate and the Registrar and Paying Agent Agreement and to attest the Proposal, the Continuing Disclosure Certificate and the Registrar and Paying Agent Agreement.

Section 25. Official Statement. The distribution and use of the Preliminary Official Statement by the Underwriter is in all respects hereby ratified, approved and confirmed. The Underwriter is authorized to prepare or cause to be prepared, and the Mayor and the Town Manager are authorized and directed to approve, on behalf of the Town, a final Official Statement for use in connection with the offering and sale of the bonds. The execution of a final Official Statement shall be conclusively deemed to evidence the approval of the form and contents thereof by the Town.

Section 26. 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 revive any such bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 27. Severability. If any section, subsection, paragraph, clause or other provision of this ordinance for any reason is invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this ordinance.

Section 28. Ordinance Irrepealable. After any of the Bonds are issued, this ordinance shall constitute an irrevocable contract between the Town and the Registered Owners of the Bonds and this ordinance shall be and shall remain irrepealable until the Bonds shall be fully paid, canceled and discharged, except as herein otherwise provided.

Section 29. Notice of Hearing. The Council will hold a public hearing on the ordinance at a meeting of the Council to be held at the Town Hall, in the Town, on December 8, 1998, being not earlier than four days after the first publication of the ordinance, at the hour of 7:30 p.m. (or as soon thereafter as the matter may be heard).

Section 30. Disposition of Ordinance. This ordinance, as adopted by the Council, shall be numbered and recorded by the Town Clerk on the official records of the Town.

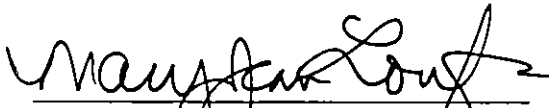
Section 31. Effective Date. This ordinance shall be in full force and effect five (5) days after its publication following final passage, adoption and approval.

INTRODUCED, READ ON FIRST READING, APPROVED AND ORDERED PUBLISHED IN FULL this 24th day of November, 1998. A Public Hearing shall be held at the

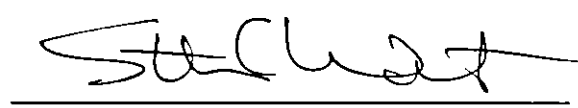
regular meeting of the Town Council of the Town of Breckenridge, Colorado on the 8th day of December, 1998, at 7:30 P.M., or as soon thereafter as possible in the Municipal Building of the Town.

ATTEST:

TOWN OF BRECKENRIDGE



Mary Jean Loufek, CMC, Town Clerk



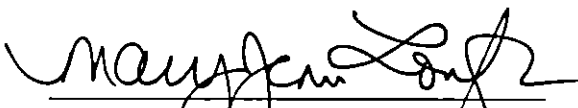
Stephen C. West, Mayor

This Ordinance was published in full in The Summit County Journal, a newspaper of general circulation within the Town of Breckenridge, on December 4, 1998.

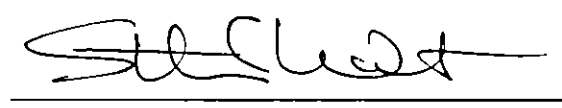
READ, ADOPTED ON SECOND READING AND ORDERED PUBLISHED BY TITLE WITH AMENDMENTS, this 8th day of December, 1998. A copy of this Ordinance is available for inspection in the office of the Town Clerk.

ATTEST:

TOWN OF BRECKENRIDGE

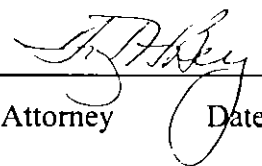


Mary Jean Loufek, CMC, Town Clerk



Stephen C. West, Mayor

APPROVED IN FORM:



Town Attorney Date 12/5/98

STATE OF COLORADO)
)
COUNTY OF SUMMIT) SS.
)
TOWN OF BRECKENRIDGE)

CERTIFICATE OF TOWN CLERK

I, the Town Clerk of the Town of Breckenridge, Colorado, do hereby certify

1. That the foregoing pages are a true, perfect and complete copy of the Ordinance adopted by the Town Council constituting the governing board of the Town of Breckenridge (the Council), had and taken at an open, regular meeting of the Council held at the Town Hall, in Breckenridge, Colorado, on December 8, 1998, convening at the hour of 7:30 p.m. as recorded in the regular book of official records of the proceedings of said Town of Breckenridge kept in my office.

2. That the Ordinance was read by title, duly moved and seconded and the Ordinance was approved on first reading by a vote of ___ to ___ of the members of the Council at the regular meeting of the Council held at the Town Hall, in Breckenridge, Colorado, on November 24, 1998, convening at the hour of 7:30 p.m., as follows:

Those Voting Yes:

Those Voting No:

Those Abstaining:

3. That the ordinance, as well as the notice of public hearing was published after first reading in full in the Summit County Journal, a newspaper of general circulation within the Town on December 4, 1998. The affidavit of publication is attached hereto as Exhibit A.

4. That following said public hearing, the passage of the Ordinance on second reading was duly moved and seconded, and the Ordinance was finally adopted at the meeting of December 8, 1998, by an affirmative vote of a majority of the members of the Council as follows:

Those Voting Yes:

Those Voting No: _____

Those Abstaining: _____

5. The members of the Council were present at each of the meetings and voted on the passage of such Ordinance as set forth above.

6. There are no bylaws, rules or regulations of the Council which might prohibit the adoption of said Ordinance.

7. The Ordinance was published in full in the Summit County Journal , a newspaper of general circulation in the Town, on December 18, 1998, and the affidavit of publication is attached hereto as Exhibit B.

8. Notice of the meetings of November 24, 1998 and December 8, 1998, in the forms attached hereto as Exhibit C and Exhibit D, respectively, was posted at the Town Hall, not less than 24 hours prior to each meeting in accordance with law.

WITNESS my hand and the seal of said Town affixed this _____ ,
1998.

Town Clerk

(SEAL)