

ORDINANCE NO. [16-08]

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE TOWN OF HUDSON, COLORADO LIMITED PROPERTY AND SALES TAX REFUNDING BONDS, SERIES 2016, FOR THE PURPOSE OF REFUNDING ALL OF THE TOWN'S SALES TAX REVENUE BONDS, SERIES 2009 AND THE TOWN'S LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2009, AND PLEDGING CERTAIN REVENUES OF THE TOWN FOR THE PAYMENT OF THE BONDS.

BE IT ORDAINED BY THE COUNCIL OF THE TOWN OF HUDSON, COLORADO:

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, supplemental hereto or relating hereto, and of any instrument or document appertaining hereto, except where the context by clear implication otherwise requires. All definitions include the singular and plural and include all genders. Certain terms are parenthetically defined elsewhere herein.

Additional Bonds means the one or more series of bonds or other securities or obligations authorized to be issued by the Town pursuant to Sections 22 or 23 hereof and having a lien on the Pledged Revenues on a parity with the lien thereon of the Bonds.

Bond Fund means the "Town of Hudson, Colorado, Limited Property and Sales Tax Refunding Bonds, Series 2016, Bond Fund" created herein for the purpose of paying the principal of, premium, if any, and interest on the 2016 Bonds.

Bond Purchase Agreement means the Bond Purchase Agreement between the Town and the Underwriter pursuant to which the Underwriter agrees to purchase the 2016 Bonds.

Bonds means the Outstanding 2016 Bonds and, where applicable, any Additional Bonds.

Business Day means a day on which banks located in the Town and in the cities in which the principal offices of each of the Paying Agent and the Registrar are not required or authorized to be closed and on which the New York Stock Exchange is not closed.

Charter means the home rule Charter of the Town, including all amendments thereto prior to the date hereof, adopted pursuant to Article XX of the Constitution of the State.

Closing Date means the date of delivery of and payment for the 2016 Bonds.

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

Continuing Disclosure Certificate means the undertaking executed by officers of the Town simultaneously with the delivery of the 2016 Bonds which enables the Underwriter to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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

Escrow Account means the separate account created and maintained under the Escrow Agreement for payment of the Refunded Bond Requirements.

Escrow Agreement means the Escrow Agreement between the Town and the Escrow Bank, dated the Closing Date.

Escrow Bank means UMB Bank, n.a., Denver, Colorado, acting as escrow agent pursuant to the Escrow Agreement, or any successor.

Financing Documents means, collectively, the Registrar Agreement; the Continuing Disclosure Certificate; the Bond Purchase Agreement; the Escrow Agreement; and the Preliminary Official Statement.

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.

Governmental Obligations means any of the following which are noncallable and which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(i) direct general obligations of, or obligations the payment of principal of and interest on which are unconditionally guaranteed by, the United States of America;

(ii) bonds, debentures, notes, or other evidences of indebtedness issued by the Export-Import Bank of the United States, the Federal Financing Bank, the Farmers Home Administration, the General Services Administration, the U.S. Maritime Administration, or the U.S. Department of Housing and Urban Development; or

(iii) evidences of ownership interests in obligations described in paragraph (i) or (ii) above.

Limited Mill Levy means an ad valorem mill levy (a mill being equal to 1/10 of 1¢) imposed upon all taxable property in the Town each year in the amount of 15.966 mills.

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

Official Statement means the final Official Statement in substantially the form of the Preliminary Official Statement with respect to the 2016 Bonds.

Ordinance means this Ordinance of the Town, which provides for the issuance and delivery of the 2016 Bonds.

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

(i) Bonds theretofore cancelled by the Town, Registrar or Paying Agent, or surrendered to the Town, Registrar or Paying Agent for cancellation;

(ii) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Town and authenticated by the Registrar unless proof satisfactory to the Registrar is presented that any such Bonds are duly held by the lawful Registered Owners thereof; or

(iii) Bonds deemed to have been paid as provided in Section 25 hereof or any similar provision of an ordinance authorizing the issuance of Additional Bonds.

For purposes of this definition, the terms Registrar and Paying Agent shall include a registrar or paying agent for any Additional Bonds.

Owner or Registered Owner means the Registered Owner of any 2016 Bond as shown on the registration books kept by the Registrar, and, where the context so requires, the Registered Owner of any Additional Bond as shown on the registration books kept by the registrar for such bonds.

Paying Agent means UMB Bank, n.a., Denver, Colorado, being the agent for the Town for the payment of the 2016 Bonds and interest thereon, or its successors and assigns.

Permitted Investments means any investment or deposit permitted by the Charter and ordinances of the Town.

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) the Pledged Sales Tax Revenues;
- (ii) the Pledged Property Tax Revenues;
- (iii) any additional funds or revenues which the Town hereafter pledges to the payment of the 2016 Bonds;
- (iv) proceeds of the 2016 Bonds or other legally available moneys deposited into and held in the Bond Fund; and
- (v) interest or investment income on the Bond Fund;

all to the extent that such moneys are at any time required by Section 19 hereof to be deposited into and held in the Bond Fund.

Pledged Property Tax Revenues means the net revenues derived from the Limited Mill Levy.

Pledged Sales Tax Revenues means the net revenues derived from the Sales Tax. "Pledged Sales Tax Revenues" does not include:

- (i) amounts withheld by retailers and vendors to cover their expenses in collecting and remitting the Sales Tax;
- (ii) amounts collected by the Town and subsequently determined, pursuant to the applicable Sales Tax Ordinance, to be subject to valid claims for refunds;
- (iii) the proceeds of any increase in the Sales Tax which may be approved in the future, unless such increase is expressly pledged by the Town;
- (iv) the 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 Sales Tax, regardless of whether such tax or taxes or fees are imposed by the Town or the State or other political subdivision thereof; and
- (v) incremental sales taxes which are pledged to the payment of obligations issued pursuant to an urban renewal plan as defined in Section 31-25-103(9), C.R.S., a plan of development as defined in Section 31-25-

802(6.4), C.R.S., or a value capture plan as defined in Section 43-4-508, C.R.S.

Preliminary Official Statement means the Preliminary Official Statement with respect to the 2016 Bonds issued pursuant to this Ordinance.

Prior Ordinances means, together, the 2009 Property Tax Bonds Ordinance and the 2009 Sales Tax Bonds Ordinance.

Rebate Fund means the “Town of Hudson, Colorado, Limited Property and Sales Tax Refunding Bonds, Series 2016, Rebate Fund” created herein.

Redemption Date the earliest date on which the Refunded Bonds must be redeemed.

Refunded Bond Requirements means the payment of (i) the interest due on the Refunded Bonds, both accrued and not accrued, as the same become due on and after the date of delivery of the 2016 Bonds and on and before maturity or prior redemption on the Redemption Date; and (ii) the principal of the Refunded Bonds upon maturity or prior redemption on the Redemption Date, with no prior redemption premium.

Refunded Bonds means, together, the Town’s currently Outstanding 2009 Property Tax Bonds and currently Outstanding 2009 Sales Tax Bonds.

Refunding Project means the payment of the Refunded Bond Requirements and the payment of the costs of issuing the 2016 Bonds.

Registrar means UMB Bank, n.a., Denver, Colorado, being the agent for the Town for the registration, transfer and exchange of the 2016 Bonds, or its successors.

Registrar Agreement means the Registrar Agreement between the Town and the Registrar, dated the Closing Date.

Regular Record Date means the fifteenth day of the calendar month next preceding each interest payment date for the 2016 Bonds (other than a special interest payment date hereafter fixed for the payment of defaulted interest).

Reserve Fund means the “Town of Hudson, Colorado, Limited Property and Sales Tax Refunding Bonds, Series 2016, Reserve Fund” created herein for the purpose of further securing the payment of the principal of and interest on the 2016 Bonds.

Reserve Requirement means the amount set forth in the Sale Certificate.

Sale Certificate means the certificate of the Town authorized pursuant to the Supplemental Public Securities Act and described in Section 5 hereof.

Sales Tax means the 2% sales tax imposed by the Town pursuant to the 2000 Election and Town Ordinance No. 00-9, Series of 2000 and any future or amended tax levied by the Town as a sales tax and pledged by the Town Council to the payment of the Outstanding 2016 Bonds.

Sales Tax Ordinance means Chapter 4, Article 4 of the Town of Hudson Municipal Code.

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.

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

Tax Code means the Internal Revenue Code of 1986, as amended to the date of delivery of the 2016 Bonds, and the regulations promulgated thereunder.

Term Bonds means the 2016 Bonds that are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such 2016 Bonds on or before their specified maturity dates, if any.

Town means the Town of Hudson, Colorado.

Town Council means the 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.

Underwriter means George K. Baum & Company, Denver, Colorado.

2000 Election means the Town's election held on April 4, 2000.

2008 Election means the Town's election held on November 4, 2008.

2009 Property Tax Bonds means the Town's Limited Tax General Obligation Bonds, Series 2009, issued in the original aggregate principal amount of \$1,805,000 and currently outstanding in the aggregate principal amount of \$1,725,000.

2009 Property Tax Bonds Ordinance means, together Ordinance No. 09-04 adopted by the Town Council on March 18, 2009, as amended by Ordinance No. 09-07 adopted by the Town Council on April 29, 2009.

2009 Sales Tax Bonds means the Town's Sales Tax Revenue Bonds, Series 2009, issued in the original aggregate principal amount of \$1,555,000 and currently outstanding in the aggregate principal amount of \$1,435,000.

2009 Sales Tax Bonds Ordinance means, together Ordinance No. 09-05 adopted by the Town Council on March 18, 2009, as amended by Ordinance No. 09-08 adopted by the Town Council on April 29, 2009.

2016 Bonds means the Town's Limited Property and Sales Tax Refunding Bonds, Series 2016, authorized by and issued pursuant to this Ordinance.

Section 2. Recitals.

A. The Town is duly organized and existing as a home rule town under Article XX of the State Constitution and under the Charter.

B. All legislative powers possessed by the Town, conferred by Article XX of the State Constitution, except as limited by the Charter, as from time to time amended, or otherwise existing by operation of law, are vested in the Council.

C. At the 2000 Election, the registered electors of the Town approved the following ballot question which authorized the Sales Tax imposed by the Town:

SHALL THE TOWN OF HUDSON SALES TAX BE INCREASED \$55,000 IN 2000, AND BY WHATEVER ANNUAL AMOUNT FUTURE COLLECTIONS TOTAL FROM AN ADDITIONAL TWO PERCENT (2%) SALES TAX, WITH THE PROCEEDS OF THE INCREASE TO BE USED SOLELY FOR THE PAVING OF TOWN STREETS, INCLUDING CURB AND GUTTER, AND THE MAINTENANCE OF PAVED TOWN STREETS, INCLUDING CURB AND GUTTER, AND SHALL THE REVENUES FROM SUCH SALES TAX INCREASE AND ANY INVESTMENT EARNINGS THEREON BE COLLECTED AND SPENT BY THE TOWN FOR THE ABOVE STATED PURPOSES WITHOUT REGARD TO ANY SPENDING, REVENUE RAISING OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?

D. At the 2008 Election, the registered electors of the Town authorized an increase in the debt of the Town pursuant to the following ballot question:

SHALL TOWN OF HUDSON DEBT BE INCREASED \$5,000,000, WITH A REPAYMENT COST OF \$11,700,000, WITHOUT RAISING ANY TAXES OF THE TOWN; SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER OBLIGATIONS ISSUED OR INCURRED FOR THE PURPOSE OF FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING STREET IMPROVEMENTS INCLUDING CURBS, GUTTERS, CULVERTS, OTHER DRAINAGE AND UTILITY IMPROVEMENTS, SIDEWALKS, BRIDGES, PAVING,

LIGHTING, GRADING, LANDSCAPING, AND OTHER STREET IMPROVEMENTS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 6.75% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND PERIODICALLY AS MAY BE DETERMINED BY THE TOWN BOARD, SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE AT A PRICE ABOVE, BELOW, OR EQUAL TO THE PRINCIPAL AMOUNT OF SUCH DEBT AND ON SUCH TERMS AND CONDITIONS AS THE TOWN MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF PREMIUM IN AN AMOUNT NOT IN EXCESS OF 3% OF THE PRINCIPAL AMOUNT BEING REDEEMED, SUCH DEBT TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE TOWN, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES, SALES TAXES OR OTHER REVENUES; AND SHALL THE TOWN BE AUTHORIZED TO ISSUE DEBT TO REFUND THE DEBT AUTHORIZED IN THIS QUESTION, PROVIDED THAT AFTER THE ISSUANCE OF SUCH REFUNDING DEBT THE TOTAL OUTSTANDING PRINCIPAL AMOUNT OF ALL DEBT ISSUED PURSUANT TO THIS QUESTION DOES NOT EXCEED THE MAXIMUM PRINCIPAL AMOUNT SET FORTH ABOVE, AND PROVIDED FURTHER THAT ALL DEBT ISSUED BY THE TOWN PURSUANT TO THIS QUESTION IS ISSUED ON TERMS THAT DO NOT EXCEED THE REPAYMENT COSTS AUTHORIZED IN THIS QUESTION?

E. The Town has previously issued the Refunded Bonds from the debt authorized at the 2008 Election and is not delinquent in the payment of any of the principal of or interest on the Refunded Bonds.

F. Pursuant to the Charter, the Town is authorized to issue bonds to refund the outstanding Refunded Bonds.

G. The Town Council has determined and hereby determines that it is advantageous to the Town and in the best interests of the Town and its inhabitants to issue the 2016 Bonds to refund, pay and discharge all of the Refunded Bonds, which 2016 Bonds shall be sold pursuant to the terms, conditions and parameters set forth herein.

H. The Town Council has found and determined and hereby finds and determines that (i) provided that the 2016 Bonds are sold within the parameters and restrictions set forth herein, the interest rate on the 2016 Bonds will be lower than the interest rate on the Refunded Bonds and the issuance of the 2016 Bonds and the refunding of the Refunded Bonds will effect other economies, and (ii) the Refunding Project serves a valid and governmental purpose and is advantageous, necessary, expedient and in the best interests of the Town and its taxpayers.

I. Pursuant to pursuant to Article X, Section 20(4) of the State Constitution, the 2016 Bonds may be issued without additional authorization from the 2008 Election if they are issued at a lower interest rate than the Refunded Bonds. Notwithstanding the foregoing, pursuant to Article X, Section 20(4) of the State Constitution, the 2016 Bonds cannot be sold on terms which exceed the maximum repayment costs described in the ballot question or in the notice sent to voters in connection with the 2008 Election. Accordingly, the aggregate principal amount of the 2016 Bonds cannot exceed \$5,000,000, the maximum annual repayment cost of the 2016 Bonds cannot exceed \$555,112 and the total repayment cost the 2016 Bonds cannot exceed \$11,700,000 (taking into consideration, as applicable, all prior payments on bonds authorized by the 2008 Election).

J. The Town Council hereby finds and determines that, provided the 2016 Bonds are sold within the parameters and restrictions contained in Section 5 of this Ordinance, the 2016 Bonds: (i) will not be issued in an aggregate principal amount that exceeds the aggregate principal amount of debt authorized at the 2008 Election; (ii) will be issued at a lower interest rate than the Refunded Bonds; and (iii) will not cause the Town to exceed the total repayment cost and maximum annual repayment cost authorized by the 2008 Election (taking into consideration, as applicable, all prior payments on bonds authorized by the 2008 Election).

K. As provided in the Prior Ordinances, the Refunded Bonds are subject to optional redemption, in whole or in part, from any legally available funds of the Town, on December 1, 2017, and on any date thereafter, at the option of the Town, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, without premium. The Refunded Bonds will be called for redemption prior to maturity on the Redemption Date at a price equal to the principal amount so redeemed plus accrued interest to the Redemption Date, without premium.

L. The 2016 Bonds shall be payable solely from the Pledged Revenues.

M. There is on file with the Town Clerk of the Town the proposed forms of the Financing Documents.

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

O. Except for the 2009 Sales Tax Bonds, the Town has never pledged the Sales Tax to the payment of any bonds or for any purpose.

P. The Town Council desires to cause the 2016 Bonds to be issued pursuant to its powers as a home rule Town under the Charter, to authorize and direct the application of the proceeds thereof as set forth herein, and to provide security for the payment thereof, all in the manner hereinafter set forth.

Section 3. Ratification. All actions heretofore taken (not inconsistent with the provisions of this Ordinance) by the Town Council and the other officers of the Town directed toward: (i) the imposition and collection of the Sales Tax; (ii) the effecting of the Refunding Project; and (iii) the selling and issuing of the 2016 Bonds are hereby ratified, approved and confirmed.

Section 4. Authority for Ordinance; Authorization of the 2016 Bonds. This Ordinance is adopted by virtue of the Town's powers as a home rule town reorganized and operating pursuant to Article XX of the State Constitution and the Charter thereunder and pursuant to their provisions. Pursuant to Article XX of the State Constitution and the Charter, all statutes of the State which might otherwise apply in connection with the Refunding Project or the 2016 Bonds are hereby superseded, other than the Supplemental Public Securities Act. There are hereby authorized to be issued the Town's "Limited Property and Sales Tax Refunding Bonds, Series 2016" to be payable and collectible, as to principal and interest, from the Pledged Revenues.

Section 5. Election to Apply Supplemental Public Securities Act to the 2016 Bonds; Delegated Authority and Parameters. Pursuant to Section 11-57-204 of the Supplemental Public Securities Act, the Town Council hereby elects to apply the Supplemental Public Securities Act in its entirety to the 2016 Bonds. Pursuant to such election and Section 11-57-205 of the Supplemental Public Securities Act, the Town Council hereby delegates to the Mayor and the Town Manager the power to make the following determinations with respect to the 2016 Bonds and the Refunding Project, without any requirement that the Town Council approve such determinations, subject to the parameters and restrictions contained in this Ordinance:

A. Principal Amount. The aggregate principal amount and denominations of the 2016 Bonds; provided that such principal amount shall not exceed \$3,750,000.

B. Maximum Annual Repayment Cost. The maximum annual repayment cost of the 2016 Bonds; provided that such maximum annual repayment cost shall not exceed \$300,000.

C. Total Repayment Cost. The total repayment cost of the 2016 Bonds; provided that such total repayment cost does not exceed \$7,700,000 (after taking into consideration, as applicable, all prior payments on bonds authorized by the 2008 Election).

D. Interest Rate. The rate or rates of interest on the 2016 Bonds; provided that the net effective interest rate on the 2016 Bonds is lower than the net effective interest rate on the Refunded Bonds.

E. Present Value Savings. The present value savings of the Refunding Project; provided that such present value savings of the Refunding Project shall not be less than 16%.

F. Purchase Price. The price at which the 2016 Bonds will be sold to the Underwriter, provided that the price shall not be less than 98% of the aggregate principal amount of the 2016 Bonds.

G. First Interest Payment Date. The first interest payment date for the 2016 Bonds.

H. Maturity Schedule. The amount of principal of the 2016 Bonds maturing on December 1 of any particular year (including any principal maturing on Term Bonds as a consequence of any mandatory sinking fund redemption); provided that the final maturity of the 2016 Bonds shall not be later than December 1, 2036.

I. Optional Redemption Provisions. The dates and conditions upon which the 2016 Bonds may be called for optional redemption, if at all, not later than December 1, 2026, without redemption premium.

J. Reserve Requirement. The amount of the Reserve Requirement.

Such determinations shall be evidenced by the Sale Certificate signed by the Mayor or the Town Manager and dated and delivered as of the Closing Date, which shall not be more than one year from the date of adoption of this Ordinance. Notwithstanding the foregoing, the Mayor or the Town Manager is not authorized to make any determination with respect to the 2016 Bonds that would cause the Town to exceed the principal amount of debt, total repayment cost and maximum annual repayment cost (taking into consideration, as applicable, all prior payments on bonds authorized by the 2008 Election) authorized by the 2008 Election.

Section 6. 2016 Bond Details. The 2016 Bonds shall be issued in fully registered form (i.e., registered as to both principal and interest) initially registered in the name of Cede & Co. as nominee for The Depository Trust Company, and shall be issued in the denomination of \$5,000 or any integral multiple thereof (provided that no 2016 Bond may be in a denomination which exceeds the principal coming due on any maturity date, and no individual 2016 Bond will be issued for more than one maturity). The 2016 Bonds shall be numbered in such manner as the Registrar may determine. The 2016 Bonds shall be dated as of the date the 2016 Bonds are delivered to the Underwriter for value, and shall bear interest from their dated date until maturity at the rates per annum set forth in the Sale Certificate, payable semiannually on June 1 and December 1 in each year, commencing on the date set forth in the Sale Certificate, except that any 2016 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 2016 Bonds. The 2016 Bonds shall mature on the dates and in the amounts set forth in the Sale Certificate.

The principal of any 2016 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 2016 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 2016 Bond until the principal thereof is paid in full. Payment of interest on any 2016 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 of the applicable 2016 Bond at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date and the date fixed for payment of the defaulted interest shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest. Notice of the Special Record Date and the date fixed for payment of the defaulted interest shall be given to the Registered Owners of the 2016 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 2016 Bond by such alternative means as may be mutually agreed to between the Owner of such 2016 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.

Pursuant to Section 11-57-210 of the Supplemental Public Securities Act, the 2016 Bonds shall contain a recital that they are issued pursuant to certain provisions of the Supplemental Public Securities Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the 2016 Bonds after their delivery for value.

Section 7. Prior Redemption.

A. The 2016 Bonds may be subject to prior redemption, at the option of the Town, on the dates set forth in the Sale Certificate in whole, or in part from any maturity, in any order of maturity and by lot within a maturity in such manner as the Town may determine (giving proportionate weight to 2016 Bonds in denominations larger than \$5,000), at the price set forth in the Sale Certificate.

B. The Term Bonds, if any, shall be subject to mandatory sinking fund redemption at the times, in the amounts and at the prices provided in the Sale Certificate.

On or before the thirtieth day prior to each such sinking fund payment date, the Registrar shall proceed to call the Term Bonds (or any Term Bond or Term Bonds issued to replace such Term Bonds) for redemption from the sinking fund on the next December 1, and give notice of such call without other instruction or notice from the Town.

At its option, to be exercised on or before the sixtieth day next preceding each such sinking fund redemption date, the Town may (a) deliver to the Registrar for cancellation Term Bonds subject to mandatory sinking fund redemption on such date in an aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Term Bonds of the maturity subject to mandatory sinking fund redemption on such date, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond so delivered or previously redeemed will be credited by the Registrar at the principal amount thereof on the obligation of the Town on such sinking fund redemption date and the principal amount of Term Bonds to be redeemed by operation of such sinking fund on such date will be accordingly reduced. The Town will on or before the sixtieth day next preceding each sinking fund redemption date furnish the Registrar with its certificate indicating whether or not and to what extent the provisions of (a) and (b) of the preceding sentence are to be availed with respect to such sinking fund payment. Failure of the Town to deliver such certificate shall not affect the Registrar's duty to give notice of sinking fund redemption as provided in this paragraph B.

C. In the case of 2016 Bonds of a denomination larger than \$5,000, a portion of such 2016 Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Registrar shall, without charge to the Owner of such 2016 Bond, authenticate and issue a replacement 2016 Bond or 2016 Bonds for the unredeemed portion thereof.

D. Notice of optional redemption by the Town shall be given by the Paying Agent in the name of the Town by sending a copy of such notice by first-class, postage prepaid mail or by electronic means to DTC or its successors, not more than 60 days and not less than 30 days prior to the redemption date to the Purchasers and to each Registered Owner of any 2016 Bond all or a portion of which is called for redemption at his address as it last appears on the registration books kept by the Registrar. Failure to give such notice by mailing to the Registered Owner of any 2016 Bond or to the Purchasers, or any defect therein, shall not affect the validity of the proceedings for the redemption of any 2016 Bonds.

All official notices of redemption shall be dated and shall state:

- (i) CUSIP numbers of 2016 Bonds to be redeemed;
- (ii) the redemption date;
- (iii) the redemption price;
- (iv) if less than all Outstanding 2016 Bonds are to be redeemed, the identification of the 2016 Bonds (and, in the case of partial redemption, the respective principal amounts and interest rate) to be redeemed;

(v) that on the redemption date the redemption price will become due and payable upon each such 2016 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

(vi) the place where such 2016 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the Principal Office or such other office as shall be designated by the Paying Agent.

Prior to any redemption date, the Town shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the 2016 Bonds or portions of 2016 Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the 2016 Bonds or portions of 2016 Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Town shall default in the payment of the redemption price) such 2016 Bonds or portions of 2016 Bonds shall cease to bear interest. Upon surrender of such 2016 Bonds for redemption in accordance with said notice, such 2016 Bonds shall be paid by the Paying Agent at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for partial redemption of any 2016 Bond, there shall be prepared for the Registered Owner a new 2016 Bond or Bonds of the same maturity and interest rate in the amount of the unpaid principal. All 2016 Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

In addition to the foregoing notice, further notice may be given by the Paying Agent in order to comply with the requirements of any registered securities depository holding the 2016 Bonds, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Notwithstanding the provisions of this Section, any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the 2016 Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the 2016 Bonds called for redemption in the same manner as the original redemption notice was mailed.

Section 8. 2016 Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the Town shall be for the equal benefit, protection and security of the Owners of any and all of the Outstanding 2016 Bonds, all of which, regardless of the time or times of their maturity, shall be of equal rank without preference, priority or distinction of any of such securities over any other thereof, except as otherwise expressly provided in or pursuant to this Ordinance.

Section 9. Limited Tax General Obligations. The 2016 Bonds constitute limited tax general obligations of the Town. All of the 2016 Bonds, together with the interest accruing thereon, shall be payable and collectible solely out of the Pledged Revenues, which Pledged Revenues are hereby so pledged; the Owner or Owners of the 2016 Bonds may look only to the designated special accounts herein pledged for the payment of the principal of and interest on the 2016 Bonds.

Section 10. No Pledge of Property. The payment of the 2016 Bonds is not secured by an encumbrance, mortgage or other pledge of property of the Town, except for the Pledged Revenues. No property of the Town, subject to such exception, shall be liable to be forfeited or taken in payment of the 2016 Bonds.

Section 11. No Recourse Against Officers and Agents. No civil recourse shall be available for the payment of the principal of and interest on the 2016 Bonds or for any claim based thereon or otherwise upon this Ordinance or any other ordinance pertaining hereto, against any individual member of the Town Council or any officer or agent of the Town who acts in good faith, either directly or indirectly through the Town Council, or the Town, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty or otherwise. By the acceptance of the 2016 Bonds and as a part of the consideration of their sale or purchase, any Person purchasing or selling such 2016 Bonds specifically waives any such recourse.

Section 12. Form of 2016 Bonds and Registration Panel. The 2016 Bonds and the registration panel shall be substantially as follows (provided that any portion of the 2016 Bond text may, with appropriate references, be printed on the back of the 2016 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)

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.

UNITED STATES OF AMERICA

STATE OF COLORADO

COUNTY OF WELD

TOWN OF HUDSON, COLORADO
LIMITED PROPERTY AND SALES TAX REFUNDING BOND
SERIES 2016

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INTEREST RATE

MATURITY DATE

DATED DATE

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[], 2016

[]

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The Town of Hudson, in the County of Weld and State of Colorado (the "Town"), for value received, promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds and accounts provided therefor, the principal amount specified above, on the maturity date specified above, and to pay from said sources interest thereon on June 1 and December 1 of each year, commencing on [], 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. This bond is one of an authorized series of bonds (the "2016 Bonds") issued pursuant to an ordinance of the Town Council adopted on September 21, 2016 (the "Bond Ordinance"). The 2016 Bonds are all issued under and equally and ratably secured by and entitled to the security of 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. This bond bears interest, matures, is payable, is subject to redemption, and is transferable as provided in the Bond Ordinance.