

RESOLUTION NO. 1209

**AN INDUCEMENT RESOLUTION IN CONNECTION WITH
THE PROPOSED ISSUANCE OF CITY OF GOLDEN,
COLORADO VARIABLE RATE DEMAND BONDS, SERIES 2001
(COLORADO SCHOOL OF MINES BUILDING CORPORATION
PROJECT)**

WHEREAS, the City of Golden (the "City"), in the County of Jefferson and State of Colorado, is a legally and regularly created, established, organized and existing municipal corporation under the laws of the State of Colorado; and

WHEREAS, the City adopted a Home Rule Charter (the "Charter") on October 5, 1967, pursuant to Article XX of the Constitution of the State of Colorado (the "State") and approved by the citizens of the City on November 7, 1967; and

WHEREAS, under Section 2.2 of the Charter, the City possesses all powers, functions, rights and privileges of a municipality except those expressly forbidden to home rule municipal corporations and cities by the Constitution or statutes of Colorado, and such powers are vested in the City Council of the City (the "City Council"); and

WHEREAS, under Section 12.4 of the Charter, the City may borrow money, issue bonds, or otherwise extend its credit for purchasing, constructing, condemning, otherwise acquiring, extending, or improving, among other things, an income-producing project; and

WHEREAS, Colorado School of Mines Building Corporation, a Colorado nonprofit corporation (the "Corporation"), proposes to (i) construct an educational facility, which will be an income-producing project (the "Facility") and (ii) pay certain costs of issuance of, and certain incidental costs incurred in connection with, the Bonds (collectively, the "Project") and to lease the Facility to the Colorado School of Mines; and

WHEREAS, in order to finance the Project, the Corporation has requested that the City issue the City of Golden, Colorado Variable Rate Demand Bonds, Series 2001 (Colorado School of Mines Building Corporation Project) in an aggregate amount of \$12,000,000 (the "Bonds"); and

WHEREAS, pursuant to Article XX of the State Constitution, the Charter and its plenary grant of powers for the government and administration of its local and municipal affairs, the City is empowered to issue and sell the Bonds to finance the Project; and

WHEREAS, concurrently with the issuance of the Bonds, it is expected the Company will deliver to the Trustee an irrevocable, direct pay letter of credit (the "Letter of Credit") issued by Allied Irish Bank, PLC (the "Bank") providing for the payment of the aggregate principal amount of the Bonds plus up to 45 days' interest accrued on the Bonds; and

WHEREAS, the Company expects to incur and pay from general funds not available for long-term financing certain expenditures ("Expenditures"), including preliminary expenditures, for the Project; and

WHEREAS, the Internal Revenue Service ("IRS") has issued regulations (the "Regulations") under Section 103 of the Internal Revenue Code of 1986 (the "Code") clarifying when the allocation of bond proceeds to reimburse expenditures made by an entity to which the issuer loaned the bond proceeds will be treated as an expenditure of bond proceeds within the meaning of Section 103 of the Code; and

WHEREAS, to satisfy IRS requirements with respect to the foregoing, the City desires to declared its "official intent," in compliance with the Regulations, to permit the Company to reimburse itself for Expenditures from proceeds of a bond issue expected to be in a maximum principal amount of \$12,000,000; and

WHEREAS, the City will consider and may approve by resolution the final details of the Bonds and may authorize and approve, subject to the conditions of this Resolution, all acts and the execution of all documents and instruments necessary or desirable in connection with the issuance thereof.

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GOLDEN, COLORADO:

Section 1. The City Council hereby finds, intends and declares that this Resolution shall constitute its intent to issue the Bonds in one or more series, subject to the satisfaction of the terms hereof and thereof, and that the adoption of this Resolution is and constitutes the taking of affirmative official action by the City.

Section 2. In order to insure the completion of the Facility and the public benefit which is expected from the operation thereof, the City will from time to time issue the Bonds in one or more series pursuant to the provisions of the Charter in a principal amount necessary to pay the cost of financing the Facility, together with the costs incident to the authorization, issuance and sale thereof, including certain reserves, which Bonds will not exceed in aggregate principal amount the sum of \$12,000,000.

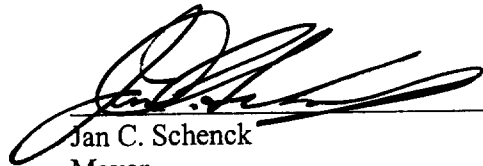
Section 3. The Bonds shall bear such interest rates, be in such denominations, bear such dates, mature at such dates, be in such form, carry such registration privileges, be executed in such manner, be payable at such place and be subject to such terms of redemption consistent with the Charter as shall be authorized and approved by subsequent resolution of the City Council adopted prior to the issuance of the Bonds.

Section 4. Any mortgage, trust indenture, deed of trust, lease, sublease, installment purchase agreement, loan agreement, financing agreement, security agreement, rental agreement, option to purchase, subscription agreement, commitment to purchase, private placement agreement or other agreement or security device, or any combination thereof, entered into in connection with the financing of the Project (the "Financing Agreements") and any other documents relating directly or indirectly to the Project or the Bonds shall be authorized and approved by the City Council prior to the issuance of the Bonds.

Section 5. The entire cost of the Project will be paid from the proceeds of the sale of the Bonds or from other Company funds. The Bonds shall not constitute or become an indebtedness, a debt or a pecuniary liability of or a charge against the general credit or taxing power of the City or the State of Colorado within the meaning of any provision or limitation of the state constitution, statutes or the Charter. The Bonds, notes or other obligations and interest thereon shall be payable solely from and secured by a pledge of the revenues derived from and payable pursuant to the financing agreements. No costs are to be borne by the City in connection with the issuance of the Bonds.


Section 6. Nothing contained herein shall be deemed to be approval of subsequent or further documents submitted to the City for review. Separate approval of those documents by the City is necessary to issue the Bonds.

Adopted the 14th day of June, 2001.



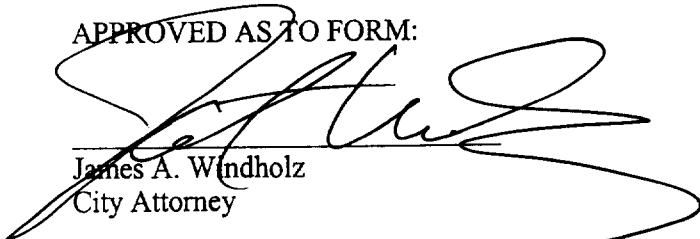
Jan C. Schenck
Mayor

ATTEST:



Susan M. Brooks, MMC
City Clerk


APPROVED AS TO FORM:



James A. Windholz
City Attorney

I, Susan M. Brooks, City Clerk of the City of Golden, Colorado, do hereby certify that the foregoing is a true copy of a certain Resolution adopted by the City Council of the City of Golden, Colorado at a regular meeting thereof held on the 14th day of June, A.D., 2001.

(SEAL)

ATTEST: 

Susan M. Brooks, City Clerk of the City of
Golden, Colorado