

*In the opinion of Butler Snow LLP, Special Counsel, assuming continuous compliance with certain covenants described herein, the portion of the Base Rentals which is designated as interest in the Lease and is paid as interest on the 2015A Certificates, is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2015A Certificates (the "Tax Code"), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date of delivery of the 2015A Certificates as described herein. See "TAX MATTERS."*

**\$193,915,000****CERTIFICATES OF PARTICIPATION, SERIES 2015A****Evidencing Assignments of Proportionate Interests****in Certain Rental Payments to be Made by****REGIONAL TRANSPORTATION DISTRICT****(Colorado)****As Lessee Under an Annually Renewable Lease Purchase Agreement****Dated: Date of Delivery****Due: June 1, as shown below**

The Certificates of Participation, Series 2015A captioned above (the "2015A Certificates") evidence assignments of proportionate interests in rights to receive certain revenues derived solely from sources set forth in a Lease Purchase Agreement, dated the date of execution and delivery of the 2015A Certificates (the "Lease"), between the RTD Asset Acquisition Authority, Inc. (the "Corporation"), as lessor, and the Regional Transportation District ("RTD" or the "District"), as lessee. The 2015A Certificates are to be executed and delivered pursuant to an Indenture of Trust, dated the date of execution and delivery of the 2015A Certificates (the "Indenture"), between the Corporation and UMB Bank, n.a., as trustee (the "Trustee"). Interest on the 2015A Certificates is payable on December 1, 2015 and on each June 1 and December 1 thereafter.

The 2015A Certificates are issuable in registered form and are initially to be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as securities depository for the 2015A Certificates. Purchases by beneficial owners of the 2015A Certificates are to be made in book-entry form in the principal amount of \$5,000 or any integral multiple thereof. Beneficial owners will not receive certificates evidencing their interests in the 2015A Certificates. See "THE 2015A CERTIFICATES – Book-Entry Form."

The 2015A Certificates mature, bear interest and are priced to yield as follows:

**MATURITY SCHEDULE<sup>(1)</sup>**  
**(CUSIP® six digit issuer no. 75913T)**

<b>Maturity (June 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Price</b>	<b>CUSIP<sup>®(2)</sup></b>	<b>Maturity (June 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Price</b>	<b>CUSIP<sup>®(2)</sup></b>
2019	\$10,710,000	5.000%	112.579%	JB1	2029	\$3,000,000	5.000%	113.569% <sup>(2)</sup>	JM7
2020	11,255,000	5.000	114.395	JC9	2029	1,655,000	3.250	96.643	JV7
2021	11,735,000	5.000	114.050 <sup>C1</sup>	JD7	2030	4,880,000	5.000	112.946 <sup>C2</sup>	JN5
2022	12,335,000	5.000	113.024 <sup>C1</sup>	JE5	2031	1,800,000	5.000	112.327 <sup>C2</sup>	JP0
2023	12,970,000	5.000	112.636 <sup>C1</sup>	JF2	2031	3,305,000	3.500	97.271	JW5
2024	13,630,000	5.000	112.105 <sup>C1</sup>	JG0	2032	1,500,000	5.000	111.888 <sup>C2</sup>	JQ8
2025	14,330,000	5.000	111.625 <sup>C1</sup>	JH8	2032	3,810,000	3.500	96.540	JX3
2026	15,070,000	5.000	116.011 <sup>C2</sup>	JJ4	2033	5,510,000	3.625	97.243	JR6
2027	15,840,000	5.000	115.190 <sup>C2</sup>	JK1	2034	5,760,000	5.000	111.189 <sup>C2</sup>	JS4
2028	4,440,000	5.000	114.286 <sup>C2</sup>	JL9	2035	6,050,000	5.000	111.015 <sup>C2</sup>	JT2

\$34,330,000 4.000% Term Bond due June 1, 2040 Price: 98.295% CUSIP: 75913TJU9

(1) This information is provided by the Municipal Advisor.

(2) Neither RTD nor the Underwriters take any responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of the Owners of the 2015A Certificates.

C1 Priced to par call on June 1, 2020.

C2 Priced to par call on June 1, 2025.

The 2015A Certificates are subject to redemption prior to maturity as more fully described herein under "THE 2015A CERTIFICATES – Redemption Provisions."

The net proceeds of the 2015A Certificates are to be used to finance the acquisition of equipment, vans, buses and light rail vehicles. The buses and light rail vehicles acquired with the net proceeds of the 2015A Certificates will be leased from the Corporation by RTD pursuant to the Lease. The equipment and the vans acquired with a portion of the net proceeds of the 2015A Certificates will not be subject to the Lease and will not constitute Leased Property thereunder. See "PLAN OF FINANCE" and "THE LEASED PROPERTY."

**None of the Lease, the Indenture or the 2015A Certificates constitute a general obligation or other indebtedness of RTD or a multiple-fiscal year direct or indirect debt or other financial obligation of RTD within the meaning of any constitutional or statutory debt limitation. None of the Lease, the Indenture or the 2015A Certificates obligate RTD to make any payments beyond those specifically appropriated by the RTD Board of Directors for the then-current fiscal year or through a supplemental appropriation, when necessary, in any fiscal year. The Lease is subject to annual renewal by RTD and, upon non-renewal and termination by RTD or any other termination of the Lease, the 2015A Certificates will be payable (except as otherwise described herein) solely from certain monies, if any, held by the Trustee pursuant to the Indenture and any amounts made available from the exercise of remedies of the Trustee. Upon the occurrence of an Event of Nonappropriation or an Event of Default under the Lease, there is no assurance of payment of the 2015A Certificates, all as more fully described herein.**

*The purchase and ownership of the 2015A Certificates involve investment risk. Prospective purchasers should give particular attention to the matters discussed under "RISK FACTORS" herein. This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors should read this entire Official Statement to obtain information essential to making an informed investment decision.*

The 2015A Certificates are offered when, as and if executed and delivered and accepted by the Underwriters and subject to the approving legal opinion of Butler Snow LLP, Denver, Colorado, as Special Counsel, and to certain other conditions. Hogan Lovells US LLP, Denver, Colorado, and Bookhardt & O'Toole, Denver, Colorado, have acted as Co-Disclosure Counsel to the District in connection with the Official Statement. Certain legal matters will be passed upon for the District by its General Counsel, Marla Lien, Esq., and for the Underwriters by Kutak Rock LLP, Denver, Colorado. First Southwest Company, LLC is serving as Municipal Advisor to the District in connection with the execution and delivery of the 2015A Certificates. It is expected that the 2015A Certificates in book-entry form will be available for deposit with and delivery to DTC on or about August 20, 2015.

**Wells Fargo Securities****BofA Merrill Lynch****US Bancorp****Stifel****Harvestons Securities, Inc.**

The date of this Official Statement is August 5, 2015

No dealer, salesman or other person has been authorized to give any information or to make any representation with respect to the 2015A Certificates that is not contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District, the Corporation, First Southwest Company, LLC (the “Municipal Advisor”) or the underwriters listed on the cover hereof (collectively, the “Underwriters”). The information contained in this Official Statement is subject to change, and neither the delivery of this Official Statement nor any sale made after any such delivery creates any implication that there has been no change since the date of this Official Statement. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, and there is to be no sale of any of, the 2015A Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been furnished by the District and includes information obtained from other sources, all of which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the 2015A Certificates is made only by means of this entire Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In connection with the offering of the 2015A Certificates, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of such Certificates at levels above those which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of this final official statement for purposes of, and as that term is defined in United States Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12), as amended, and in effect on the date hereof (“Rule 15c2-12”).

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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**REGIONAL TRANSPORTATION DISTRICT**

**1600 Blake Street  
Denver, Colorado 80202**

**BOARD OF DIRECTORS**

<b>Directors</b>	<b>Director Districts</b>
Charles L. Sisk, Chair	District O
Tom Tobiassen, First Vice Chair	District F
Natalie Menten, Second Vice Chair	District M
Jeff Walker, Secretary	District D
Larry Hoy, Treasurer	District J
Lorraine Anderson	District L
Bonnie “Ernest” Archuleta	District C
Kent Bagley	District H
Barbara Deadwyler	District B
Claudia Folska	District E
Tina Francone	District N
Bill James	District A
Gary Lasater	District G
Judy Lubow	District I
Paul Daniel Solano	District K

**Interim General Manager**

David A. Genova

**General Counsel to Board of Directors and the District**

Marla Lien

**Special Counsel**

Butler Snow LLP  
Denver, Colorado

**Co-Disclosure Counsel**

Hogan Lovells US LLP  
Bookhardt & O’Toole  
Denver, Colorado

**Municipal Advisor**

First Southwest Company, LLC  
Dallas, Texas

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## **OFFICIAL STATEMENT**

**\$193,915,000**

### **CERTIFICATES OF PARTICIPATION, SERIES 2015A**

**Evidencing Assignments of Proportionate Interests in Certain Rental Payments to be Made by  
REGIONAL TRANSPORTATION DISTRICT**

**(Colorado)**

**As Lessee Under an Annually Renewable Lease Purchase Agreement**

## **INTRODUCTION**

This Official Statement, which includes the cover page and the appendices, provides certain information in connection with the offer and sale of \$193,915,000 aggregate principal amount of Certificates of Participation, Series 2015A (the “2015A Certificates”) evidencing assignments of proportionate interests in rights to receive certain revenues under an annually renewable Lease Purchase Agreement, dated the date of execution and delivery of the 2015A Certificates (the “Lease”), between RTD Asset Acquisition Authority, Inc., a Colorado non-profit corporation (the “Corporation”), as lessor, and the Regional Transportation District (“RTD” or the “District”), a public body politic and corporate and political subdivision of the State of Colorado (the “State”), organized and existing under the terms of the Regional Transportation District Act, Section 32-9-101, et seq., Colorado Revised Statutes, as amended (the “Act”), as lessee. The 2015A Certificates are being executed and delivered pursuant to an Indenture of Trust, dated the date of execution and delivery of the 2015A Certificates (the “Indenture”), between the Corporation and UMB Bank, n.a., as trustee (the “Trustee”). See “THE CORPORATION.”

RTD is authorized by the Act and a resolution adopted by the Board to enter into the Lease. The Lease may be entered into without voter approval because RTD’s payment obligations thereunder are subject to annual renewal at the option of RTD and therefore do not constitute a “multiple-fiscal year direct or indirect debt or other financial obligation.” See “CONSTITUTIONAL REVENUE, SPENDING AND DEBT LIMITATIONS.”

The net proceeds of the 2015A Certificates are to be used to finance the acquisition of equipment, vans, buses and light rail vehicles (the “2015 Acquisition Project”) to be used in the mass transportation system of the District (the “System”). The buses and light rail vehicles acquired with the net proceeds of the 2015A Certificates will be leased from the Corporation by RTD pursuant to the Lease and will constitute Leased Property thereunder. The equipment and the vans acquired with a portion of the net proceeds of the 2015A Certificates, in the maximum amount of \$8.2 million, will not be subject to the Lease and will not constitute Leased Property thereunder. See “PLAN OF FINANCE” and “THE LEASED PROPERTY.”

The Leased Property under the Lease (the “Leased Property”) will consist of the buses and light rail vehicles that are being financed with a portion of the proceeds of the 2015A Certificates and any other property which may be added or substituted in the future in accordance with the Lease. The Corporation will acquire title to and will lease the Leased Property to the District. Pursuant to the Indenture, the Corporation has assigned to the Trustee a security interest in the Leased Property, the Lease, Lease Revenues, Project Documents and certain money and securities held from time to time by the Trustee, all for the benefit of the Owners of the 2015A Certificates and any Additional Certificates (as hereinafter defined) issued and outstanding under the Indenture (collectively, the “Certificates”). The Lease provides a schedule that allows a portion of the Leased Property to be deemed amortized and released from the Lease from time to time upon the payment or defeasance of certain designated amounts of principal of the 2015A Certificates. See “THE 2015A CERTIFICATES,” “SECURITY FOR THE 2015A CERTIFICATES – The Leased Property,” “THE LEASED PROPERTY” and “THE LEASED

PROPERTY – Partial Release Upon Amortization of Leased Property.” See also “APPENDIX E – FORM OF LEASE” and “APPENDIX F – FORM OF INDENTURE” for definitions of certain of the capitalized terms used in the Lease, the Indenture and this Official Statement.

Under the terms of the Lease, RTD is required (subject to its option to renew on an annual basis its obligations under the Lease as described below) to pay Base Rentals and Additional Rentals for use of the Leased Property. Base Rentals are payable in amounts intended to be sufficient in time and amount to pay, when due, the principal and interest components of the 2015A Certificates. Additional Rentals are intended to pay the costs of all taxes, insurance premiums, reasonable expenses and fees of the Trustee and the Corporation, costs of maintenance, upkeep, repair, restoration, modification, improvement and replacement, Reserve Fund payments, Rebate Fund payments, payments to any provider of a Qualified Reserve Fund Insurance Policy, if any, Credit Enhancement Fees and all other charges and costs, including reasonable attorneys’ fees, which the District assumes or agrees to pay as Additional Rentals under the Lease. The Corporation has assigned its right to receive Base Rentals and other revenues to the Trustee in the Indenture. Under the Lease, RTD is required to pay Base Rentals directly to the Trustee for distribution to the Owners of the 2015A Certificates and to pay all Additional Rentals directly to the persons or entities to which such Additional Rentals are owed. See “SECURITY FOR THE 2015A CERTIFICATES” and “THE LEASE.”

Neither the 2015A Certificates nor the Lease constitute a mandatory payment obligation in any Fiscal Year beyond a Fiscal Year for which RTD has appropriated amounts to make payments under the Lease. RTD may annually elect not to renew and terminate the Lease. The failure by RTD to renew the Lease (an “Event of Nonappropriation”) is determined by the failure of the Board of Directors (the “Board”) of RTD to specifically budget and appropriate sufficient monies to pay all Base Rentals and estimated Additional Rentals in any Fiscal Year for the ensuing Fiscal Year, or with respect to Additional Rentals that exceed previously appropriated amounts therefor, the failure to adopt a supplemental budget and appropriation for the then current Fiscal Year. See “RISK FACTORS – Annual Right of RTD to Not Renew the Lease.”

RTD also has the option to purchase the Leased Property by paying an amount sufficient to defease the 2015A Certificates then outstanding and discharge the Indenture. See “THE LEASED PROPERTY – Purchase Option Price.”

The 2015A Certificates are being executed and delivered pursuant to the Indenture. Additional Certificates (the “Additional Certificates”) may be executed and delivered under the Indenture by executing an amendment to the Lease, and by complying with certain other requirements contained in the Indenture. See “THE 2015A CERTIFICATES – Additional Certificates.”

In connection with the execution and delivery of the 2015A Certificates, the District will deliver a Continuing Disclosure Agreement in substantially the form attached as APPENDIX A. See “CONTINUING DISCLOSURE AGREEMENT.”

This Official Statement includes financial and other information about RTD and the Leased Property and limited information about the Corporation because such information is believed to be relevant to the consideration by the purchasers of the 2015A Certificates as to whether RTD will exercise its right to annually renew the Lease and RTD’s ability to pay Base Rentals and Additional Rentals under the Lease. This Official Statement also contains descriptions of the 2015A Certificates, the Lease, the Indenture and other documents entered into in connection with the 2015 Acquisition Project and the execution and delivery of the 2015A Certificates. See “PLAN OF FINANCE.” The descriptions of such documents do not purport to be definitive or comprehensive, and all references to those documents are qualified in their entirety by reference to those documents. Copies of the above-mentioned documents



may be obtained from Brenden Morgan, Senior Manager of Debt and Investments, Regional Transportation District, 1600 Blake Street, Denver, Colorado 80202-1399 (303) 299-2313 or at the offices of the District's Municipal Advisor, First Southwest Company, LLC 325 North Saint Paul Street, Suite 800, Dallas, Texas 75201-3852, Attention: Mike Newman (214) 953-8875.

## **THE 2015A CERTIFICATES**

*The following is a summary of certain general provisions of the 2015A Certificates, the Lease and the Indenture, during which time as the 2015A Certificates are subject to the DTC book-entry system. Reference is hereby made to the Indenture for detailed provisions pertaining to the 2015A Certificates, including provisions applicable in the event of discontinuance of participation in the DTC book-entry system. Additionally, the following summarizes certain provisions of the Indenture and the Lease and is qualified by reference to the forms of the Lease and the Indenture contained in Appendix E and Appendix F hereto. See also "SECURITY FOR THE 2015A CERTIFICATES," "APPENDIX E – FORM OF LEASE" and "APPENDIX F – FORM OF INDENTURE."*

### **Generally**

The 2015A Certificates are dated, mature and bear interest and are subject to other terms and conditions as described in the cover page. Interest on the 2015A Certificates is to be computed upon the basis of a 360-day year consisting of twelve 30-day months.

### **Redemption Provisions**

The 2015A Certificates are subject to redemption prior to their respective maturity dates as set forth below:

#### *Optional Redemption*

General. The 2015A Certificates maturing on June 1, 2019 and June 1, 2020 are not subject to optional redemption prior to their maturity date. The 2015A Certificates maturing on June 1, 2021, June 1, 2022, June 1, 2023, June 1, 2024 and June 1, 2025 are subject to redemption prior to maturity at the option of the District, on June 1, 2020 and on any date thereafter, in whole or in part, in any order of maturity and by lot within a maturity (giving proportionate weight to 2015A Certificates in denominations larger than \$5,000), at a redemption price equal to the principal amount of each 2015A Certificate, or portion thereof, so redeemed, plus accrued interest thereon to the redemption date, without premium.

The 2015A Certificates maturing on and after June 1, 2026 are subject to redemption prior to maturity at the option of the District, on June 1, 2025 and on any date thereafter, in whole or in part, in any order of maturity and by lot within a maturity (giving proportionate weight to 2015A Certificates in denominations larger than \$5,000), at a redemption price equal to the principal amount of each 2015A Certificate, or portion thereof, so redeemed, plus accrued interest thereon to the redemption date, without premium.

Partial Optional Redemption. If less than all the Outstanding 2015A Certificates are to be redeemed pursuant to exercise of optional redemption rights, the Trustee, upon written instruction from the District, shall select the 2015A Certificates to be redeemed from the maturity dates selected by the District, and by lot within each such maturity in such manner as the Trustee shall determine; provided, that the portion of any 2015A Certificate to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

### *Mandatory Sinking Fund Redemption*

The 2015A Certificates maturing on June 1, 2040 are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date. Such 2015A Certificates are to be selected by lot in such manner as the Trustee shall determine (giving proportionate weight to 2015A Certificates in denominations larger than \$5,000).

As and for a sinking fund for the redemption of the 2015A Certificates maturing on June 1, 2040, the District shall deposit in the Base Rentals Fund, on or before June 1 in each of the following years, monies which are sufficient to redeem (after credit as provided in the Indenture) the following principal amount of such 2015A Certificates:

<u>Redemption Date</u>		<u>Principal Amount</u>
6/1/2036	\$	6,330,000
6/1/2037		6,585,000
6/1/2038		6,855,000
6/1/2039		7,135,000

The remaining \$7,425,000 of the 2015A Certificates maturing on June 1, 2040 shall be paid upon presentation and surrender at maturity unless redeemed pursuant to optional redemption prior to maturity.

### *Extraordinary Mandatory Redemption*

The 2015A Certificates will be called for extraordinary mandatory redemption in whole in the event that the Lease Term is terminated by reason of the occurrence of an Event of Nonappropriation or an Event of Default under the Lease, as further provided in the Indenture. If called for extraordinary mandatory redemption, the 2015A Certificates will be redeemed on such date as the Trustee may determine to be in the best interests of the Owners, and will be redeemed for a redemption price equal to the principal amount thereof plus accrued interest to the redemption date (subject to the limitations described below under this heading).

If the 2015A Certificates, and any other outstanding Certificates, are called for extraordinary mandatory redemption as provided in the Indenture due to the occurrence of an Event of Nonappropriation or an Event of Default, the Owners shall have no right to payment from the District, the Corporation or the Trustee, in redemption of the Certificates or otherwise, except as expressly described in the following paragraph.

If, upon termination of the Lease Term due to the occurrence of an Event of Nonappropriation or an Event of Default, monies available under the Indenture are insufficient to provide for the payment in full of all Outstanding 2015A Certificates or Additional Certificates, if any, and interest thereon, the Trustee may commence proceedings for the sale of the Leased Property or any portion thereof, the leasing of the Leased Property or any portion thereof, and the repossession, liquidation or other disposition of the Leased Property, as provided in the Indenture. The Certificates then Outstanding shall be redeemed by the Trustee from the Net Proceeds of such subleasing, leasing, liquidation and sale, and all other monies, if any, then on hand and being held by the Trustee for the Owners (including any monies in the Project Fund). In the event that such Net Proceeds and other monies shall be insufficient to redeem the Certificates at 100% of the principal amount thereof plus accrued interest to the redemption date, then such Net Proceeds and other monies shall be allocated proportionately among the Certificates according to the principal amount thereof Outstanding. In the event that such Net Proceeds and other monies are in excess of the amount required to redeem the Certificates then Outstanding at 100% of the principal amount thereof plus accrued interest to the redemption date, then such excess monies shall be paid to the District. Prior to any distribution of the Net Proceeds in connection with such redemption, the Trustee

shall be entitled to payment therefrom of its reasonable and customary fees for all services rendered as well as reimbursement for all reasonable costs and expenses incurred thereby, including its reasonable attorneys fees.

IF THE CERTIFICATES, INCLUDING THE 2015A CERTIFICATES, ARE TO BE REDEEMED PURSUANT TO EXTRAORDINARY MANDATORY REDEMPTION FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF PLUS ACCRUED INTEREST TO THE REDEMPTION DATE, SUCH PAYMENT SHALL BE DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE CERTIFICATES, AND UPON SUCH PAYMENT NO OWNER SHALL HAVE ANY FURTHER CLAIM FOR PAYMENT AGAINST THE DISTRICT, THE CORPORATION OR THE TRUSTEE.

#### *Notice of Redemption*

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

- (1) identify the Certificates to be redeemed;
- (2) specify the redemption date and the redemption price;
- (3) state that such redemption is subject to the deposit of the funds related to such option by the District on or before the stated redemption date; and
- (4) state that on the redemption date, the Certificates called for redemption will be payable at the principal corporate trust office of the Trustee and that from that date interest will cease to accrue.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Certificates so called for redemption and that if such funds are not available, such redemption shall be canceled by written notice to the Owners of the Certificates called for redemption in the same manner as the original redemption notice was sent.

#### *Redemption Payments*

On or prior to the date fixed for redemption, sufficient funds shall be on deposit with the Trustee to pay, and the Trustee is authorized and directed to apply such funds to the payment of, the 2015A Certificates called, together with accrued interest thereon to the redemption date, and any required premium. Upon the giving of a notice and the deposit of such funds as may be available for redemption pursuant to the Indenture (which, in the case of Extraordinary Mandatory Redemption, may be less than the full principal amount of the Outstanding 2015A Certificates so called for redemption and accrued interest thereon to the redemption date), interest on the 2015A Certificates or portions thereof thus called shall no longer accrue after the date fixed for redemption. Payment in full redemption shall be

accompanied by a written designation prepared by the Trustee stating the portions of the payment representing principal, interest and premium, if any.

Whenever the 2015A Certificates are redeemed in part and the Lease remains in effect, the Trustee shall also recalculate the schedule of Base Rentals set forth in Exhibit B of the Lease to reflect the reduction in the Outstanding principal amount of the 2015A Certificates by reason of such redemption. Upon surrender and cancellation of any Certificate for redemption of only a portion thereof, a new Certificate or 2015A Certificate of the same Maturity and bearing interest at the same interest rate and of Authorized Denominations in an aggregate principal amount equal to the unredeemed portion thereof shall be executed on behalf of and delivered by the Trustee.

#### *Partial Redemption in General*

Nothing in the Indenture prevents the Trustee from applying any monies available therefor to partial payments in redemption of 2015A Certificates ratably according to the amounts of principal and interest Outstanding, on more than one date, if the Trustee shall deem such application of monies to be in the best interests of the Owners.

The 2015A Certificates will be redeemed only in integral multiples of \$5,000. The Trustee will treat any 2015A Certificate of denomination greater than \$5,000 as representing that number of separate 2015A Certificates each of the denomination of \$5,000 as can be obtained by dividing the actual principal amount of such 2015A Certificate by \$5,000.

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

#### **Base Rentals Payable Under the Lease**

The following table sets forth the principal and interest components of the Base Rentals attributable to the 2015A Certificates and payable under the Lease (assuming that RTD exercises its option to renew the Lease each Fiscal Year during the Lease Term).

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**TABLE I**  
**Schedule of Annual Base Rentals Payments**

<b>Year<sup>(1)</sup></b>	<b>Base Rentals Principal</b>	<b>Base Rentals Interest</b>	<b>Annual Total</b>
2015	\$ -	\$ 2,564,558.34	\$ 2,564,558.34
2016	-	9,141,000.00	9,141,000.00
2017	-	9,141,000.00	9,141,000.00
2018	-	9,141,000.00	9,141,000.00
2019	10,710,000	8,873,250.00	19,583,250.00
2020	11,255,000	8,324,125.00	19,579,125.00
2021	11,735,000	7,749,375.00	19,484,375.00
2022	12,335,000	7,147,625.00	19,482,625.00
2023	12,970,000	6,515,000.00	19,485,000.00
2024	13,630,000	5,850,000.00	19,480,000.00
2025	14,330,000	5,151,000.00	19,481,000.00
2026	15,070,000	4,416,000.00	19,486,000.00
2027	15,840,000	3,643,250.00	19,483,250.00
2028	4,440,000	3,136,250.00	7,576,250.00
2029	4,655,000	2,923,356.25	7,578,356.25
2030	4,880,000	2,699,462.50	7,579,462.50
2031	5,105,000	2,474,625.00	7,579,625.00
2032	5,310,000	2,267,612.50	7,577,612.50
2033	5,510,000	2,063,568.75	7,573,568.75
2034	5,760,000	1,819,700.00	7,579,700.00
2035	6,050,000	1,524,450.00	7,574,450.00
2036	6,330,000	1,246,600.00	7,576,600.00
2037	6,585,000	988,300.00	7,573,300.00
2038	6,855,000	719,500.00	7,574,500.00
2039	7,135,000	439,700.00	7,574,700.00
2040	7,425,000	148,500.00	7,573,500.00
Total	\$ 193,915,000	\$ 110,108,808.34	\$ 304,023,808.34

<sup>(1)</sup> Payments are required to be made by the District on November 15 for the December 1 interest payment date and on May 15 for the June 1 principal and interest payment date.

Source: The District; Municipal Advisor.

## Security

Pursuant to the Indenture, for the benefit of the Owners of the Certificates, the Corporation has assigned to the Trustee and pledged and granted a lien on and a security interest in all of the Corporation's right, title and interest in and to (1) the Leased Property as more fully described in Exhibit A to the Lease; (2) all rights, title and interest of the Corporation in, to and under the Lease, other than the Corporation's rights, title and interest, with respect to certain payments or reimbursement for its costs, fees and expenses; (3) all Lease Revenues and any other receipts receivable by or on behalf of the Corporation pursuant to the Lease including, without limitation, (a) all Base Rentals (to be paid directly to the Trustee); (b) all Extraordinary Revenues received pursuant to the Lease; and (c) all rights to enforce payments under the Lease when due (other than the rights of the Corporation with respect to certain payments or reimbursements to the Corporation thereunder for its costs, fees and expenses) or otherwise to enforce rights under the Lease for the benefit of the Owners; (4) Project Documents, including all extensions and renewals of the terms thereof, if any, together with the rights, titles and interests of the

District in and to the Project Documents; and (5) all money and securities from time to time held by the Trustee under the Indenture (except the Rebate Fund and any defeasance escrow accounts and except as otherwise expressly provided in the Indenture and in the Lease) and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specially mortgaged, pledged or hypothecated, as and for additional security under the Indenture, by the Corporation, or by anyone on its behalf, in favor of the Trustee. See “PLAN OF FINANCE.” See also “APPENDIX E – FORM OF LEASE” and “APPENDIX F – FORM OF INDENTURE.”

### **Payment and Registration**

The 2015A Certificates are issuable in fully registered form and are initially to be registered in the name of Cede & Co., as nominee for DTC, as security depository for the 2015A Certificates (the “Securities Depository”). Purchases by beneficial owners (“Beneficial Owners”) of the 2015A Certificates are to be made in book-entry form in the principal amount of \$5,000 or any integral multiple thereof. Principal and premium, if any, on the 2015A Certificates are payable to the registered Owner thereof as shown on the registration records of the Trustee upon maturity or prior redemption at the principal office of the Trustee upon presentation and surrender thereof. Interest on the 2015A Certificates is payable by check mailed to the registered Owners at the addresses appearing on the registration books of the Trustee at the close of business on May 15 and November 15 (whether or not a business day) or in the case of any Owner of \$1,000,000 or more in aggregate principal amount of Certificates, the principal of, premium, if any, and interest on such Certificates may be payable by wire transfer of funds to a bank account designated by the Certificate Owner in written instructions to the Trustee. Notwithstanding the foregoing, in the case of any Certificates for which DTC is acting as Securities Depository, the principal of, premium, if any, and interest on such Certificates shall be payable as directed in writing by the Securities Depository and in accordance with the Representation Letter. Payments to Beneficial Owners are to be made as described below under “THE 2015A CERTIFICATES – Book-Entry Form.”

None of the District, the Corporation or the Trustee has any responsibility or obligation for the payment to the participants of the Securities Depository (“Participants”), any Beneficial Owner or any other person of the principal of, premium, if any, and interest on the 2015A Certificates.

None of the District, the Corporation or the Trustee has any responsibility or obligation with respect to the accuracy of the records of the Securities Depository or its Participants regarding any ownership interest in the 2015A Certificates or the delivery to any Participant, Beneficial Owner or any other person of any notice with respect to the 2015A Certificates.

### **Transfer and Exchange**

The 2015A Certificates are transferable only upon the registration books of the Trustee, as transfer agent, at the request of the registered Owner. The Trustee is not required to transfer ownership of all or a portion of any 2015A Certificate during the 15 days prior to the mailing by the Trustee of any notice of redemption or to transfer ownership of any 2015A Certificate selected for redemption on or after the date of such mailing. The registered Owner of any 2015A Certificate or other Certificate may also exchange such 2015A Certificate or other Certificate for another 2015A Certificate or Certificate of authorized denominations. The Trustee may require the payment, by the Owner of any 2015A Certificate requesting exchange or transfer, of any reasonable charges as well as any taxes, transfer fees or other governmental charges required to be paid with respect to such exchange or transfer. In the case of every transfer or exchange, the Trustee is to authenticate and deliver to the new registered Owner a new 2015A Certificate or Certificates of the same aggregate principal amount, maturing in the same year and bearing interest at the same per annum interest rate as the 2015A Certificate or Certificates surrendered.

Transfers by Beneficial Owners are to be made as described below under “THE 2015A CERTIFICATES – Book-Entry Form.”

None of the District, the Corporation or the Trustee has any responsibility or obligation with respect to the accuracy of the records of the Securities Depository or its Participants regarding any ownership interest in the 2015A Certificates or transfers.

### **Book-Entry Form**

*The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2015A Certificates, payment of interest and other payments on the 2015A Certificates, confirmation and transfer of beneficial ownership interests in the 2015A Certificates and other related transactions is based solely on information furnished by DTC.*

DTC acts as securities depository for the 2015A Certificates. One fully registered Certificate for each maturity bearing the same interest rate, in the aggregate principal amount of such maturity bearing the same interest rate, is to be registered in the name of Cede & Co., DTC’s partnership nominee. DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its Participants deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in accounts of Participants, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct Participant, either directly or indirectly. The rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of Certificates under the DTC system must be made by or through direct Participants, which are to receive a credit for the 2015A Certificates on DTC’s records. The ownership interest of each Beneficial Owner is in turn to be recorded on the direct and indirect Participant’s records. Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the direct or indirect Participants through which the Beneficial Owners entered into the transactions. Transfers of ownership interests in the 2015A Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners are not to receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the 2015A Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2015A Certificates; DTC’s records reflect only the identity of the direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Participants are responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct Participants, by direct Participants to indirect Participants, and by direct Participants and indirect Participants to Beneficial Owners are governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices are to be sent to DTC. If less than all of the 2015A Certificates are being redeemed, DTC's practice is to determine by lot the amount of interest of each direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Certificates. Under its usual procedures, DTC mails an omnibus proxy to RTD as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct Participants to whose accounts the 2015A Certificates are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the 2015A Certificates are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from RTD or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners are governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and are the responsibility of such Participants and not of DTC (nor its nominee), the Trustee, the Corporation or RTD, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of RTD or the Trustee, disbursement of such payments to direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of direct and indirect Participants.

For every transfer and exchange of the 2015A Certificates or an interest therein, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC's services with respect to the 2015A Certificates may be discontinued or terminated at any time under the following circumstances:

- (i) DTC may determine to discontinue providing its services with respect to the 2015A Certificates at any time by giving reasonable notice to RTD and discharging its responsibilities with respect thereto under applicable law.
- (ii) RTD may remove DTC as provided in the Indenture.

In the event that DTC's services are so discontinued or terminated because it is unwilling or is no longer able to carry out its function or DTC is removed or resigns, and if after reasonable investigation not substitute securities depository willing to undertake the functions of DTC can be found that is qualified to undertake such functions, the Trustee is obligated to deliver the 2015A Certificates as described in the Indenture.

### **Additional Certificates**

So long as the Lease Term shall remain in effect and no Event of Nonappropriation or Event of Default shall have occurred and be continuing, one or more issues of Additional Certificates may be



executed and delivered upon the terms and conditions provided in the Indenture. Additional Certificates may be executed and delivered only to pay for the costs of refunding all or any portion of the Outstanding Certificates. The maturity dates, Interest Payment Dates and the times and amounts of payment of Additional Certificates shall be as provided in the supplemental indenture and amendment to the Lease entered into in connection therewith. Each of the Additional Certificates executed and delivered pursuant to the Indenture, if any, will evidence an assignment of a proportionate interest in rights to receive Lease Revenues under the Lease, as amended, proportionately and ratably secured with the 2015A Certificates and all other issues of Additional Certificates, if any, executed and delivered pursuant to the Indenture, without preference, priority or distinction of any 2015A Certificates or Additional Certificates over any other.

## **SECURITY FOR THE 2015A CERTIFICATES**

*The following summarizes certain provisions of the Indenture and the Lease and is qualified by reference to the forms of the Lease and the Indenture contained in Appendix E and Appendix F hereto. See "APPENDIX E – FORM OF LEASE" and "APPENDIX F – FORM OF INDENTURE."*

### **Base Rentals**

Each 2015A Certificate evidences an assignment of a proportionate interest in rights to receive Lease Revenues under the Lease, including without limitation Base Rentals paid by the District under the Lease. The Corporation has assigned to the Trustee the Corporation's rights to receive the Base Rentals, rights to receive certain other payments as provided in the Indenture and in the Lease, and the Corporation's duties under the Lease for the benefit of the Owners of the 2015A Certificates. As more fully described under the caption "RISK FACTORS" herein, the Lease is subject to annual renewal at the option of the District. The District may not terminate the Lease entered into pursuant to the Indenture without terminating as to all of the Leased Property, and a decision not to renew the Lease would mean the District would lose the use of all of the Leased Property unless the District exercises its option to purchase the Leased Property under certain circumstances as provided by the Lease. See "THE LEASED PROPERTY – Purchase Option Price." The term of the Lease and the schedule of payments of Base Rentals thereunder are designed to produce monies sufficient to pay the 2015A Certificates and interest thereon when due if the District elects to renew the Lease for ensuing Fiscal Years specified in such schedule.

The Lease contains a provision directing the General Manager of the District (or any other officer at any time charged with the responsibility of formulating budget proposals for the District) to include in the annual budget proposals submitted to the Board, in any year in which the Lease shall be in effect, items for all payments required for the ensuing Renewal Term under the Lease until such time, if any, as the Board may determine to not renew and terminate the Lease. The Lease further provides that it is the intention of the District that any decision to effect an appropriation for the Base Rentals and Additional Rentals shall be made solely by the Board and not by any other official of the District. The District has never failed to appropriate amounts payable under its existing lease purchase agreements.

The vehicles and equipment that are being acquired with the proceeds of the 2015A Certificates will consist of vans, buses, light rail vehicles and various equipment. The vans, all the buses, 27 of the 29 light rail vehicles and a majority of the equipment will be used in connection with that portion of the District's System excluding the FasTracks Project (the "Base System"), and will not be used in the District's FasTracks project. Two of the light rail vehicles and the equipment related to these light rail vehicles will be used in the District's FasTracks project. The District expects that, subject to annual appropriation by the District, the Base Rental payments will be made primarily from the sales tax revenues from the 0.6% sales tax imposed by the District and from operating revenues. Revenues

received by the District from the 0.4% sales tax imposed by the District for the FasTracks project may not be used by the District to make Base Rental payments attributable to the vans, buses, light rail vehicles and equipment that are being acquired with the proceeds of the 2015A Certificates for use in the Base System, but can be applied to the Base Rental Payments attributable to the two light rail vehicles and related equipment being acquired with the proceeds of the 2015A Certificates for use in the FasTracks project.

Upon a termination of the Lease by reason of an Event of Nonappropriation or an Event of Default, the District's right to possession of the Leased Property shall terminate and (i) the District is required, within 30 days of receiving written notice from the Trustee, to surrender the Leased Property; and (ii) if and to the extent the Board has appropriated funds for the payment of Base Rentals and Additional Rentals during the period between such termination and the date the Leased Property is surrendered, the District is required under the Lease to pay such appropriated Base Rentals and Additional Rentals for such time as the District continues to use the Leased Property. Upon a termination of the Lease due to an Event of Nonappropriation or an Event of Default, the Trustee may exercise various rights and remedies under the Indenture, including, without limitation, the right to sell, liquidate, repossess or otherwise dispose of the Leased Property or any portion thereof, the right to lease the Leased Property or any portion thereof, and all rights and remedies of a secured party under the Colorado Uniform Commercial Code.

THE 2015A CERTIFICATES DO NOT CONSTITUTE AN OBLIGATION OF THE DISTRICT, AND THE DISTRICT IS NOT OBLIGATED BY THE LEASE OR THE INDENTURE TO MAKE ANY PAYMENTS IN ANY FISCAL YEAR BEYOND THE FISCAL YEAR FOR WHICH FUNDS ARE APPROPRIATED FOR THE PAYMENT THEREOF OR TO MAKE PAYMENTS FROM ANY FUNDS OF THE DISTRICT OTHER THAN FUNDS APPROPRIATED FOR THE PAYMENT OF CURRENT EXPENDITURES. EXCEPT TO THE EXTENT PAYABLE FROM PROCEEDS OF THE 2015A CERTIFICATES AND THE INCOME FROM THE INVESTMENT THEREOF, NET PROCEEDS OF INSURANCE POLICIES COVERING THE LEASED PROPERTY, PERFORMANCE BONDS OR CONDEMNATION AWARDS, NET PROCEEDS RECEIVED AS A CONSEQUENCE OF BREACHES OF WARRANTY OR DEFAULTS UNDER ANY CONTRACTS RELATING TO THE LEASED PROPERTY OR NET PROCEEDS REALIZED FROM LEASING THE LEASED PROPERTY OR ANY PORTION THEREOF, SALE OF THE LEASED PROPERTY OR ANY PORTION THEREOF, REPOSSESSION, LIQUIDATION OR OTHER DISPOSITION OF THE LEASED PROPERTY, AND AMOUNTS ON DEPOSIT IN THE PROJECT FUND AND THE RESERVE FUND, THE 2015A CERTIFICATES ARE PAYABLE SOLELY FROM BASE RENTALS TO BE PAID BY THE DISTRICT UNDER THE LEASE. ALL PAYMENT OBLIGATIONS OF THE DISTRICT UNDER THE LEASE, INCLUDING, WITHOUT LIMITATION, THE DISTRICT'S OBLIGATION TO PAY BASE RENTALS, ARE FROM YEAR TO YEAR ONLY AND DO NOT CONSTITUTE A MULTIPLE-FISCAL YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION OF THE DISTRICT, A MANDATORY CHARGE OR REQUIREMENT IN ANY ENSUING FISCAL YEAR BEYOND THE THEN CURRENT FISCAL YEAR AND ARE SUBJECT TO THE ACTION OF RTD IN ANNUALLY APPROPRIATING MONIES OF RTD FOR SUCH PAYMENTS AND FOR THE PERFORMANCE OF ALL OBLIGATIONS OF RTD UNDER THE LEASE DURING THE FISCAL YEAR FOLLOWING SUCH APPROPRIATION. THE LEASE IS SUBJECT TO ANNUAL RENEWAL AT THE OPTION OF THE DISTRICT AND WILL BE TERMINATED UPON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION. IN SUCH EVENT, ALL PAYMENTS FROM THE DISTRICT UNDER THE LEASE WILL TERMINATE, AND THE 2015A CERTIFICATES WILL BE PAYABLE FROM SUCH MONIES, IF ANY, AS MAY BE HELD BY THE TRUSTEE UNDER THE INDENTURE AND ANY MONIES MADE AVAILABLE FROM LEASING THE LEASED PROPERTY OR ANY PORTION THEREOF, SALE OF THE LEASED PROPERTY OR ANY PORTION THEREOF, AND/OR REPOSSESSION, LIQUIDATION

OR OTHER DISPOSITION OF THE LEASED PROPERTY. UPON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION OR AN EVENT OF DEFAULT UNDER THE LEASE, THERE IS NO ASSURANCE OF ANY PAYMENT OF THE 2015A CERTIFICATES, ALL AS MORE FULLY DESCRIBED HEREIN. SEE “RISK FACTORS.”

## **The Leased Property**

### *Generally*

Under the Lease, the Leased Property consists of (i) buses and light rail vehicles acquired as part of the 2015 Acquisition Project, and (ii) any other property which may be added to the Leased Property in the future in accordance with the Lease. The Lease provides a schedule that allows a portion of the Leased Property to be deemed amortized and released from the Lease from time to time upon the payment or defeasance of certain designated amounts of principal of the 2015A Certificates. See “THE LEASED PROPERTY – Partial Release Upon Amortization of Leased Property.” In addition, the Lease provides that, upon the compliance with certain conditions set forth therein, the District is entitled to substitute any equipment, machinery, vehicle or other personal property, for any Leased Property then subject to the Lease. See “THE LEASED PROPERTY – Partial Release and Substitution of Leased Property.” The Leased Property secures the payment of the principal of, premium, if any, and interest due on the 2015A Certificates and any Additional Certificates executed and delivered under the Indenture. The Corporation will hold title to the Leased Property, subject to the Lease and the Indenture. See “THE LEASED PROPERTY.”

The Lease provides that a portion of the proceeds of the 2015A Certificates, in the maximum amount of \$8.2 million, may be used to acquire vans and equipment that will not be subject to the Lease and that will not constitute Leased Property thereunder. The vans and equipment acquired as part of the 2015 Acquisition Project will not secure the payment of the 2015A Certificates, and title thereto will be held by the District.

### *Insurance on Leased Property*

The Leased Property is required to be insured as described in the Lease and the Indenture and the net insurance proceeds are required to be applied by the Trustee as described therein. See “APPENDIX E – FORM OF LEASE” and “APPENDIX F – FORM OF INDENTURE.” The District is in compliance with the insurance requirements set forth in the Lease and the Indenture.

### *Purchase Option*

The District may also elect, on any date, to prepay Base Rentals, terminate the Lease, and purchase the Leased Property by payment of the Purchase Option Price, which is required to be sufficient in amount to effect a defeasance of the 2015A Certificates then outstanding and a discharge of the Indenture. See “THE LEASED PROPERTY – Purchase Option Price.”

## **Project Fund**

The Indenture establishes a Project Fund (the “Project Fund”) within which is established the “2015A Project Account,” and the “Costs of Execution and Delivery Account.” Monies held in the Project Fund will be disbursed to pay the Costs of the Project. The money in the Project Fund will be used to acquire the vans, buses, light rail vehicles and equipment that constitute the 2015 Acquisition Project. Moneys on deposit in the Project Fund are also part of the Trust Estate under the Indenture.

Any monies remaining in the 2015A Project Account upon acceptance by the District of all of the 2015 Acquisition Project (the "Completion Date"), except for amounts set aside by the Trustee to pay certain remaining Costs of the Project, will be transferred to the Interest Account or Principal Account of the Base Rentals Fund, as designated by the District Representative, and used for the purposes of such Fund.

Upon receipt of any disbursement requisition from the District stating any revision to Exhibit A to the Lease is required as a result of Project Fund disbursements or indicating that the District has taken delivery of any buses or light rail vehicles constituting part of the Leased Property, the Trustee is required to file or cause to be filed any financing statements, certificates of title, or other documents required to be filed to perfect the Trustee's security interests pursuant to the Lease and the Indenture. Upon receipt of the completion certificate required by the Lease, the Trustee shall file or cause to be filed any financing statements or other documents (including for motor vehicles required to be registered, certificates of title) required to be filed to perfect the Trustee's security interests in the Leased Property pursuant to the Lease or the Indenture.

### **Reserve Fund**

The Indenture establishes a Reserve Fund (the "Reserve Fund") for the 2015A Certificates which, except as otherwise expressly provided in the Indenture, is to be maintained in an amount not less than the Reserve Fund Requirement and be expended in accordance with the Indenture. Upon the issuance of the 2015A Certificates, \$7,667,902.35 in proceeds from the 2015A Certificates will be deposited into the Reserve Fund which is an amount equal to the Reserve Fund Requirement as of the date of the execution and delivery of the 2015A Certificates. The Reserve Fund may be funded with cash, Permitted Investments or with a Qualified Reserve Fund Insurance Policy. The Indenture provides that the Reserve Fund shall secure only the payment of the 2015A Certificates unless otherwise provided in the ordinance or indenture authorizing the execution and delivery of Additional Certificates.

The Reserve Fund Requirement in respect of the 2015A Certificates means, as of any date of calculation, an amount equal to the lesser of: (a) \$7,667,902.35, (b) 5% of the Outstanding aggregate principal amount of the 2015A Certificates, (c) 50% of the Maximum Annual Debt Service Requirements on the Outstanding 2015A Certificates, or (d) 62.5% of the Average Annual Debt Service Requirements on the Outstanding 2015A Certificates. The Reserve Fund Requirement shall be determined on December 31 of each year and upon any principal payment of the 2015A Certificates, whether at stated maturity or upon redemption, and upon the defeasance of all or a portion of the 2015A Certificates. If the Reserve Fund secures Additional Certificates, the Reserve Fund Requirement shall also include such additional amount as set forth in the resolution or indenture authorizing the execution and delivery of such Additional Certificates.

Monies held in the Reserve Fund are to be applied, subject to certain provisions of the Indenture, to any of the following purposes:

1. To the payment of the principal amount of the Certificates secured by the Reserve Fund and interest thereon, as the same shall become due, to the extent of any deficiency in either the Interest Account or the Principal Account of the Base Rentals Fund for such purpose.

2. At the option of the Trustee, upon the occurrence of an Event of Nonappropriation or an Event of Default, to the payment of any cost or expense necessary to preserve or protect the Leased Property or the interest of the Trustee or the Owners therein, or necessary to make any repairs or modifications to the Leased Property in preparation for sale or other disposition thereof, as the Trustee may deem to be in the best interests of the Owners.

3. Except to the extent applied pursuant to paragraph 2 above, upon the termination of the Lease Term by reason of the occurrence of an Event of Nonappropriation or an Event of Default, proportionately to the redemption of the Certificates secured by the Reserve Fund then Outstanding and the payment of interest thereon.

4. In the event that the District shall exercise its option to purchase the Leased Property and terminate the Lease Term upon payment of the Purchase Option Price, as a reduction of such Purchase Option Price or, at the option of the District, to be paid directly to the District.

5. At the option of the District, in reduction of the final payment of Base Rentals payable by the District under the Lease and, to the extent monies in the Reserve Fund exceed the amount of such final payment, a reduction of the next preceding payment or payments of Base Rentals.

6. To be deposited in escrow for the payment of the Certificates secured by the Reserve Fund to effect a discharge of the Indenture or to be applied to a partial refunding and redemption of the Certificates secured by the Reserve Fund to the extent that upon such partial refunding or redemption, the Reserve Fund Requirement shall be reduced.

### **Base Rentals Fund**

The Indenture establishes a Base Rentals Fund for the Certificates (the “Base Rentals Fund”), which is to be used to pay the principal of, premium, if any, and interest on the Certificates. Within the Base Rentals Fund the Indenture creates an Interest Account and a Principal Account.

The Indenture provides for deposit into the Interest Account of the Base Rentals Fund (i) all accrued interest and any capitalized interest received at the time of the sale, execution and delivery of the Certificates; (ii) that portion of each payment of Base Rentals made by the District which is designated and paid as the interest component thereof under Exhibit B to the Lease, as it may be amended; (iii) any portion of the Reserve Fund to be deposited into the Interest Account of the Base Rentals Fund, as provided in the Indenture; (iv) any monies transferred to the Interest Account of the Base Rentals Fund from the Project Fund or the Rebate Fund pursuant to the Indenture; and (v) all other monies received by the Trustee under the Indenture accompanied by directions from the District that such monies are to be deposited into the Interest Account of the Base Rentals Fund.

The Indenture provides for deposit into the Principal Account of the Base Rentals Fund (i) that portion of each payment of Base Rentals made by the District which is designated and paid as the principal component thereof under Exhibit B to the Lease, as it may be amended from time to time; (ii) any portion of the Reserve Fund to be deposited into the Principal Account of the Base Rentals Fund, as provided in the Indenture; (iii) any monies transferred to the Principal Account of the Base Rentals Fund from the Project Fund pursuant to the Indenture; and (iv) all other monies received by the Trustee under the Indenture accompanied by directions from the District that such monies are to be deposited into the Principal Account of the Base Rentals Fund.

### **Remedies in Event of Termination**

Upon the occurrence of an Event of Nonappropriation, which has not been cured by the District or waived by the Trustee, or Event of Default under the Lease, the Trustee may, or at the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as to cost and expenses shall, without any further demand or notice, take one or any combination of the following remedial steps in accordance with the Indenture and the Lease:

(a) The Trustee may terminate the Lease Term, become entitled to possession of the Leased Property, and give notice to the District to surrender the Leased Property as provided in the Lease.

(b) The Trustee may proceed to foreclose through the courts on or otherwise sell, liquidate, repossess or otherwise dispose of the Leased Property, including sale of the Leased Property or any portion thereof, or the lease or sublease of the Leased Property or any portion thereof, and the Trustee may exercise all the rights and remedies of a secured party under the Colorado Uniform Commercial Code; provided however that the Trustee may not recover from the District any deficiency which may exist following the liquidation or other disposition of the Leased Property. See “RISK FACTORS” herein.

(c) The Trustee, on behalf of the Corporation, may recover from the District:

(i) the portion of Base Rentals and Additional Rentals, to the extent amounts for such Additional Rentals have been specifically appropriated in accordance with the Lease, which would otherwise have been payable under the Lease, during any period in which the District continues to occupy or retain possession of the Leased Property; and

(ii) Base Rentals and Additional Rentals, to the extent amounts for such Additional Rentals have been specifically appropriated in accordance with the Lease, which would otherwise have been payable by the District under the Lease during the remainder of the Fiscal Year in which such Event of Default occurs.

(d) The Trustee, acting for the Corporation, may take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Lease and the Indenture, subject, however, to the limitations contained in the Lease with respect to the District’s obligations upon the occurrence of an Event of Nonappropriation.

The Trustee shall also be entitled, upon any Event of Default described in the Indenture, to any monies in any funds or accounts created thereunder (except the Rebate Fund, or any defeasance escrow accounts established under the Indenture).

If there occurs an Event of Default under the Indenture and if requested by the Owners of a majority in aggregate principal amount of Certificates then Outstanding, and so long as it is indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred above as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners. See “THE 2015A CERTIFICATES – Redemption Provisions – Extraordinary Mandatory Redemption.”

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## PLAN OF FINANCE

### Sources and Uses of Proceeds

The following table sets forth the estimated sources and uses of proceeds in connection with the execution and delivery of the 2015A Certificates:

**TABLE II**  
**Sources and Uses of Proceeds**

Sources	
Principal Amount of the 2015A Certificates	\$ 193,915,000.00
Net Original Issue Premium/	\$ 18,365,681.05
Total	\$ 212,280,681.05
Uses	
2015 Acquisition Project <sup>(1)</sup>	\$ 203,215,292.00
Reserve Fund	\$ 7,667,902.35
Costs of Issuance <sup>(2)</sup>	\$ 1,397,486.70
Total	\$ 212,280,681.05

<sup>(1)</sup> The District will apply a portion of the proceeds of the 2015A Certificates to pay the cost of acquiring equipment, vans, buses and light rail vehicles that will comprise the 2015 Acquisition Project. The equipment and vans that are acquired as a portion of the 2015 Acquisition Project are not subject to the Lease and do not constitute Leased Property thereunder. See “The 2015 Acquisition Project” below. See “THE LEASED PROPERTY.”

<sup>(2)</sup> Includes legal fees, Trustee fees, Municipal Advisor fees, other costs of execution and delivery of the 2015A Certificates and Underwriters’ discount. See “UNDERWRITING.”

### The 2015 Acquisition Project

Proceeds of the 2015A Certificates will be used to finance the acquisition and installation of capital projects for essential services provided by the District in its existing transportation System and which may be provided as part of the FasTracks system. The equipment and the vans acquired as a part of the 2015 Acquisition Project, in the maximum amount of \$8.2 million, are not subject to the Lease and do not constitute Leased Property thereunder. The acquisition of an estimated 204 buses and the acquisition of 29 light rail vehicles will be subject to the Lease and are described in more detail below under “THE LEASED PROPERTY.”

## THE LEASED PROPERTY

### General

The Leased Property being acquired as part of the 2015 Acquisition Project consists of buses and light rail vehicles. The Leased Property may also include any other property which may be leased to the District in the future pursuant to the Lease. The Lease is subject to annual renewal by RTD and cannot be renewed in part or only with respect to certain assets. See “SECURITY FOR THE 2015A CERTIFICATES – Base Rentals.”

### Bus Portion of the 2015 Acquisition Project

The District is in the process of acquiring an estimated 179 40' transit buses manufactured by Gillig, an estimated 18 60' articulated buses manufactured by New Flyer, and an estimated 7 mall shuttle buses the manufacturer or manufacturers of which are to be determined. The District is in the process of acquiring the buses that make up the bus portion of the 2015 Acquisition Project. However, the exact number of buses to be acquired has not been finally determined by the District and as such, the total purchased quantity and purchase price for the bus portion of the 2015 Acquisition Project as presented is an estimate. The District will spend approximately \$93,017,000 from the Project Fund to purchase the buses that comprise the bus portion of the 2015 Acquisition Project. The District is in the process of acquiring the buses that make up the bus portion of the 2015 Acquisition Project but has yet to take delivery of any of the buses.

**TABLE III**  
**BUS PORTION OF THE 2015 ACQUISITION PROJECT**

<u>Bus Type</u>	<u>Estimated Purchased Quantity<sup>(1)</sup></u>	<u>Estimated Total Purchase Price<sup>(1)</sup></u>	<u>Expected Final Delivery Date</u>	<u>Estimated Percent of Current Fleet Being Replaced<sup>(1)</sup></u>
40' Transit Buses	179	\$ 75,328,212	12/2016	31%
60' Articulated Buses	18	\$ 11,989,080	9/2015	14%
Mall Shuttle	7	\$ 5,700,000	6/2016	18%

<sup>(1)</sup> The District is in the process of acquiring the buses that make up the bus portion of the 2015 Acquisition Project. However, the exact number of buses to be acquired has not been finally determined by the District and as such, the total purchased quantity and purchase price for the bus portion of the 2015 Acquisition Project as presented is an estimate. The District will spend approximately \$93,017,000 from the Project Fund to purchase the buses that comprise the bus portion of the 2015 Acquisition Project.

### Light Rail Vehicle Portion of the 2015 Acquisition Project

The District is in the process of acquiring an estimated 29 light rail vehicles, an estimated 27 of which will be used on the District's Base System and an estimated 2 of which will be used in connection with the District's FasTracks project. The manufacturer or manufacturers of the light rail vehicles are to be determined. The light rail vehicles are expected to be articulated, six-axle electrically powered light rail vehicles with an operators cab provided at each end of the vehicle to allow bi-directional operation. The light rail vehicles are capable of multiple operations that consist of up to 4 cars in normal operation. The total purchase price for the light rail vehicle portion of the 2015 Acquisition Project as presented is an estimate. The District will spend approximately \$104,000,000 from the Project Fund to purchase the light rail vehicles that comprise the light rail vehicle portion of the 2015 Acquisition Project. The District has currently received none of the estimated 29 new light rail vehicles.

**TABLE IV**  
**LIGHT RAIL VEHICLE PORTION OF THE 2015 ACQUISITION PROJECT**

<u>Light Rail Vehicle Type</u>	<u>Estimated Purchased Quantity</u>	<u>Estimated Total Purchase Price<sup>(1)</sup></u>	<u>Expected Final Delivery Date</u>
TBD <sup>(2)</sup>	29	\$ 104,000,000	1/2018

<sup>(1)</sup> The District is in the process of acquiring the light rail vehicles that make up the light rail vehicle portion of the 2015 Acquisition Project. The total purchase price for the light rail vehicle portion of the 2015 Acquisition Project is presented as an estimate. The District will spend approximately \$104,000,000 from the Project Fund to purchase the light rail vehicles that comprise the light rail vehicle portion of the 2015 Acquisition Project.

<sup>(2)</sup> The manufacturer or manufacturers of the light rail vehicles are to be determined.



### **Partial Release Upon Amortization of Leased Property**

In accordance with the Indenture and the Lease, when the principal component of Base Rentals paid by the District, plus the principal amount of any 2015A Certificates redeemed through optional redemption, or the total principal amount of 2015A Certificates paid or deemed paid under the Indenture, equals certain amounts set forth in an Exhibit to the Lease, the cost of the corresponding portions of the Leased Property set forth in such Exhibit (or of any property substituted for such portion of the Leased Property pursuant to the provisions of the Lease) shall be deemed to have been fully amortized and shall be released from the Lease and the lien of the Indenture. Any Leased Property that is so released would no longer be available for repossession, liquidation, lease or other disposition in the case of an Event of Default or an Event of Nonappropriation.

### **Partial Release and Substitution of Leased Property**

The Lease gives the District the right, so long as no Event of Default or Event of Nonappropriation shall have occurred and is continuing, to substitute any equipment, machinery, vehicle or other personal property (collectively, the “Replacement Property”), for any Leased Property then subject to the Lease and the Indenture, upon receipt by the Trustee of a written request of the District Representative requesting such release and substitution, provided that:

- (a) such Replacement Property has an equal or greater value and utility (but not necessarily the same function) to the District as the Leased Property proposed to be released, as determined by a certificate from the District to that effect;
- (b) any Replacement Property comprised of equipment, machinery, vehicles or personal property shall have a useful life of not less than the remaining useful life of the Leased Property for which it is substituted, as determined by a certificate from the District to that effect;
- (c) the fair market value of Replacement Property shall be not less than the fair market value of the Leased Property proposed to be released from the Lease and the Indenture, or, in the alternative, the fair market value of the Leased Property remaining after the release shall be at least equal to the aggregate principal amount of the Outstanding Certificates. The fair market value of any equipment, machinery, vehicles or personal property shall be determined by a report of an independent valuation consultant submitted by the District to the Trustee; and
- (d) such supplements and amendments to the Lease and the Indenture and any other documents necessary to subject any Replacement Property to be substituted for the portion of the Leased Property to be released to the lien of the Indenture shall be executed and delivered.

### **Purchase Option Price**

The Purchase Option Price is the amount payable on any date, at the option of RTD, to prepay all Base Rentals, terminate the Lease and purchase the Leased Property from the Corporation pursuant to the Lease, which amount is required to be that amount necessary to pay or defease the Certificates then outstanding and discharge the Indenture.

### **RISK FACTORS**

THE PURCHASE OF THE 2015A CERTIFICATES IS SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE 2015A CERTIFICATES IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, INCLUDING ALL APPENDICES HERETO.

PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE 2015A CERTIFICATES AND WHICH COULD ALSO AFFECT THE MARKET PRICE OF THE 2015A CERTIFICATES TO AN EXTENT THAT CANNOT BE DETERMINED.

#### **Annual Right of RTD to Not Renew the Lease**

The Lease is subject to annual renewal by RTD and cannot be renewed in part or only with respect to certain assets. The obligation of RTD to pay Base Rentals and Additional Rentals is limited to those monies of RTD that are appropriated annually by the Board for such purpose or if the Board adopts a supplemental appropriation for the remainder of the then-current Fiscal Year. The Board has appropriated an amount sufficient to make payments due under the Lease in Fiscal Year 2015 but for no subsequent Fiscal Year. The obligations of RTD to make payments under the Lease do not constitute an obligation of RTD for which it is obligated to pledge any form of taxation. The 2015A Certificates and the interest thereon are payable solely from certain revenues derived under the Lease, consisting principally of currently appropriated expenditures within and for the District's then current Fiscal Year, and may be paid from any legally available funds of the District. The District will receive credits against the amount of Base Rentals otherwise payable in amounts equal to (i) that portion of the proceeds of the sale of any Certificates that is deposited in the Base Rentals Fund as accrued interest or capitalized interest, if any; (ii) any earnings derived from the investment of the Base Rentals Fund; (iii) any monies deposited into the Base Rentals Fund from the Reserve Fund pursuant to the Indenture; and (iv) any monies otherwise deposited into the Base Rentals Fund and directed by the District to be applied toward Base Rentals. See "SECURITY FOR THE 2015A CERTIFICATES." The decision to renew or not to renew the Lease is to be made solely by the Board and not by any other officer of RTD.

The likelihood that the Lease will continue in effect until the 2015A Certificates are paid is dependent upon certain factors that are beyond the control of the Owners of the 2015A Certificates, including, but not limited to, (a) the continuing need of RTD for the Leased Property (termination of the Lease would mean the loss of use of the Leased Property by RTD), and (b) the continued legal authority and ability of RTD to generate sufficient funds from sales and use taxes and other sources to pay obligations associated with the Lease and other obligations of RTD, including operating costs, pension costs and future additional borrowings by the District. Payment of the principal of and interest on the 2015A Certificates upon the occurrence of an Event of Nonappropriation or an Event of Default under the Lease will be dependent in large part upon the ability of the Trustee to liquidate, lease or otherwise dispose of the Leased Property.

#### **Risks Related to Sales Tax Revenues**

Sales Tax collections, RTD's largest source of funding, are vulnerable to adverse economic conditions, a decline in consumer spending levels, internet sales, volatility in retail sales activity in Colorado and Denver and a change of the tax base by the General Assembly or the voters. See "APPENDIX C – AN ECONOMIC AND DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA." See also "FINANCIAL INFORMATION CONCERNING RTD – Sales and Use Tax." In 2014, approximately 54.8% of the District's revenues were derived from Sales Tax revenues and in 2015, the District has budgeted 55.5% of its revenues to come from Sales Tax revenues. Sales Tax revenues are also pledged to pay certain outstanding obligations of the District described in "DEBT STRUCTURE OF RTD," "TABLE VII – Statement of Obligations as of April 30, 2015" and "TABLE VIII – Annual Debt Service Requirements and Amounts Subject to Annual Appropriation." See also "– Annual Right of RTD to Not Renew the Lease" above.

## **Federal Funding Risks**

The District also depends on federal grants and operating assistance as a source of funding. In 2014, approximately 26.3% of the District's revenues were derived from federal grants and operating assistance and in 2015, the District has budgeted that 29.5% of its revenues will come from federal grants and operating assistance. Any failure by the Federal Government to honor past grants or a delay in honoring a past grant could have an adverse financial effect on the District. The current federal transportation funding authorization, the Moving Ahead for Progress in the 21<sup>st</sup> Century Act ("MAP-21") was signed into law on July 6, 2012. MAP-21 was scheduled to expire on October 1, 2014 but was extended pursuant to the Highway and Transportation Funding Act of 2014, which was signed into law on August 8, 2014. The 2014 Transportation Funding Act funded the highway and transit programs at current levels through May 31, 2015, an eight month extension of MAP-21. The Highway and Transportation Funding Act of 2015, signed into law on May 29, 2015, extended the MAP-21 funding at current levels through July 31, 2015. The most recent extension, the "Surface Transportation and Veterans Healthcare Choice Improvement Act of 2015," was signed into law on July 31, 2015, and extends the authorization through October 29, 2015. In the past, when multiyear authorization acts have expired, Congress has enacted short term extensions to ensure continued flow of federal transportation funds. No assurance can be given, however, that any such extension will be enacted prior to the October 29, 2015 expiration. If no further extension of MAP-21 occurs, or if no reauthorization legislation is enacted prior to the expiration, the authorization for the District's federal funding will lapse. There can be no assurances that there will not be future federal rescission of funds or other changes in law, regulation or policy, or the availability of revenues at the federal level which may materially, adversely affect the future availability of federal funds. See "FINANCIAL INFORMATION CONCERNING RTD – Federal Funding." See also "– Annual Right of RTD to Not Renew the Lease" above.

## **Effect of a Nonrenewal of the Lease**

If the Lease is not renewed because an Event of Nonappropriation has occurred, or is otherwise terminated because an Event of Default under the Lease has occurred, as provided in the Lease, RTD is required to surrender the Leased Property within 30 days of an Event of Nonappropriation. RTD may also terminate the Lease, as a result of certain other events described in the Lease. RTD has never failed to appropriate amounts payable under its existing lease purchase agreements.

If the Leased Property is disposed of as a result of an Event of Nonappropriation or an Event of Default and the Leased Property is subsequently sold, leased or subleased by the Trustee on behalf of the Owners of the 2015A Certificates, the Net Proceeds from such sale or other disposition of the Leased Property, along with other monies then held by the Trustee under the Indenture (with certain exceptions as provided in the Lease and the Indenture), are required to be used to redeem the outstanding 2015A Certificates, including the 2015A Certificates and any Additional Certificates, to the extent of such monies. See "THE 2015A CERTIFICATES – Redemption Provisions – Extraordinary Mandatory Redemption."

**A potential purchaser of the 2015A Certificates should not assume that it will be possible to dispose of the Leased Property after an Event of Nonappropriation or an Event of Default or that, if the Leased Property can be disposed of, the Leased Property can be disposed of (a) for an amount equal to the aggregate principal amount of the 2015A Certificates then outstanding plus accrued interest thereon, or (b) within a time period that would prevent a default in the timely payment of debt service on the 2015A Certificates. If the 2015A Certificates are redeemed subsequent to an Event of Nonappropriation or an Event of Default for an amount less than the aggregate principal amount thereof and accrued interest thereon, no Owner of any 2015A Certificates has any further claim for payment against the Trustee, RTD or the Corporation.**

Purchasers of the 2015A Certificates should consider the underlying value of the Leased Property in making their investment decisions. In addition, the buses and light rail vehicles that comprise the Leased Property will not have been manufactured and delivered at the time of execution and delivery of the Lease, and the delivery schedule for such buses and light rail vehicles may extend over a three year period subsequent to the execution of the Lease. Net proceeds from the sale of the 2015A Certificates will be deposited in the Project Fund at the time of the execution and delivery of the Lease in an amount that is expected to be sufficient to acquire the buses and light rail vehicles. Amounts on deposit in the Project Fund are part of the Trust Estate and will secure the payment of the 2015A Certificates in accordance with the terms and provisions of the Indenture. The Lease provides that no disbursement shall be made from the Project Fund to pay or reimburse any payments due under a Project Contract related to any motor vehicle or light rail vehicle that comprises a portion of the 2015 Acquisition Project unless either: (i) the District Representative certifies that the Project Contract is fully and freely assumable by the Trustee in accordance with the provisions of the Lease, or (ii) the payment or reimbursement requested under such Project Contract is for motor vehicles or light rail vehicles that have already been accepted by the District and titled in the name of the Corporation. The District expects that it will not be required to make any payments from the Project Fund to the manufacturer of the buses until the applicable buses are delivered to the District. With respect to the light rail vehicles, the District expects that it will be required to make periodic payments to the manufacturer of the light rail vehicles from money on deposit in the Project Fund prior to delivery of the light rail vehicles, with final payment due upon delivery. The Lease provides that all Project Contracts and any District contract with any engineer or consultant with respect to the buses and light rail vehicle portion of the 2015 Acquisition Project are assigned to the Trustee which assignments become effective only upon a termination of the Lease Term by reason of the occurrence of an Event of Nonappropriation or an Event of Default, or upon the Trustee's assuming control over completion of the acquisition of the buses and light rail vehicle portion of the 2015 Acquisition Project as provided in the Lease. While the Trustee would have the right upon an Event of Nonappropriation or an Event of Default to complete the acquisition of the buses, and light rail vehicles comprising the Leased Property pursuant to the terms and provisions of the Project Contracts, there is no assurance that the Trustee would complete such acquisition.

The Lease provides a schedule that allows a portion or portions of the Leased Property to be deemed amortized and released from the Lease from time to time upon the payment or defeasance of certain designated amounts of principal of the 2015A Certificates. See "THE LEASED PROPERTY," "THE LEASED PROPERTY – Partial Release Upon Amortization of Leased Property" and "APPENDIX E – FORM OF LEASE."

### **Insurance of Leased Property**

The Lease requires the District to provide casualty and property damage insurance with respect to each portion of the Leased Property in an amount equal to the full replacement value of such portion of the Leased Property. There is no assurance that, in the event the Lease is terminated as a result of damage to or destruction or condemnation of the Leased Property, money made available by reason of any such occurrence will be sufficient to redeem the 2015A Certificates at a price equal to the principal amount thereof outstanding plus accrued interest to the redemption date. See "APPENDIX E – FORM OF LEASE."

### **Enforceability of Remedies**

A termination of the Lease Term as a result of an Event of Nonappropriation or an Event of Default will give the Trustee the right to foreclose through the courts on, or otherwise sell, liquidate, repossess or otherwise dispose of, the Leased Property, including sale of the Leased Property or any portion thereof, or the lease or sublease of the Leased Property or any portion thereof, and the Trustee

may exercise all of the rights and remedies of a secured party under the Colorado Uniform Commercial Code in accordance with the provisions of the Lease and the Indenture. The enforceability of the Lease, the Indenture and the 2015A Certificates are subject to applicable bankruptcy laws, principles of equity affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State and its political subdivisions and judicial discretion. Because of the delays inherent in enforcing the remedies of the Trustee upon the Leased Property through the courts, a potential purchaser of the 2015A Certificates should not anticipate that the remedies of the Trustee are remedies that could be accomplished rapidly. Any delays in the ability of the Trustee to resolve its claims to possession of or title to the Leased Property may result in delays in the payment of the 2015A Certificates.

In addition to legal risks, pursuit of Lease remedies may be a time-consuming process and may entail various economic risks. Proceeds realized from such remedies, net of the expenses, may not be sufficient to pay the principal of and interest on the 2015A Certificates when due. In addition, the Leased Property consists of buses and light rail vehicles that may not be easily converted to alternate uses. A potential purchaser of the 2015A Certificates should not assume that it will be possible to transfer or lease the Leased Property to others after termination of the Lease (1) for an amount equal to the aggregate principal amount of the 2015A Certificates then outstanding plus accrued interest thereon or (2) within a time period that would prevent a default in the timely payment of the principal of and interest on the 2015A Certificates. If the 2015A Certificates are redeemed subsequent to a termination of the lease for an amount less than the aggregate principal amount thereof and accrued interest thereon, no Owner of any 2015A Certificates has any further claim for payment against the District. See "THE 2015A CERTIFICATES – Redemption Provisions – Extraordinary Mandatory Redemption."

### **Effects of an Event of Default or Event of Nonappropriation**

Special Counsel has not rendered any opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to the transfer of any 2015A Certificate subsequent to a termination of the Lease by reason of an Event of Nonappropriation or an Event of Default. If the Lease is terminated by reason of any such event, there is no assurance that the 2015A Certificates may be transferred by an Owner thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

In addition, Special Counsel has not rendered any opinion as to the treatment for federal or State income tax purposes of any monies received by an Owner of the 2015A Certificates subsequent to a termination of the Lease by reason of an Event of Nonappropriation or an Event of Default. There is no assurance that any monies received by the Owners of the 2015A Certificates subsequent to the termination of the Lease will be exempt from federal income taxation.

### **Effect of Additional Indebtedness and Annual Appropriation Obligations**

The District may issue additional FasTracks Bonds and appropriation obligations. As a result of the issuance of FasTracks Bonds and appropriation obligations, the District will incur additional expense in the form of the payment of principal and interest on such obligations. Such increased costs may have an adverse effect on the District's ability to appropriate funds to pay the Base Rentals and Additional Rentals under the Lease. See "DEBT STRUCTURE OF RTD."

### **Effect of Opening Additional FasTracks Corridors**

The District plans to open several additional FasTracks Corridors over the next several years. See "THE SYSTEM – FasTracks – FasTracks Corridors." As the various FasTracks Corridors are added to the System, the District will incur increased costs related to the operation and maintenance of such corridors. Such increased costs may have an adverse effect on the District's ability to appropriate funds

to pay the Base Rentals and Additional Rentals under the Lease. See “FINANCIAL INFORMATION CONCERNING RTD.”

### **Possible Condemnation by District**

The District has not covenanted, and has no authority to covenant, in the Lease not to exercise its power of eminent domain to condemn the Corporation’s interest in the Leased Property either during or after the expiration of the Lease Term. If the District were to exercise such power with respect to the Leased Property it would be entitled to immediate possession and would be obligated to pay the Corporation just compensation. Just compensation means the fair market value of the property taken at the time of the taking. It is possible that RTD could terminate the Lease and condemn the Leased Property and that the fair market value would be insufficient to pay the principal of and interest on the 2015A Certificates.

### **Powers Subject to Change by Legislature or by Initiative**

RTD is an entity created by statute. See “RTD – Organization.” All of RTD’s powers are statutorily-derived and accordingly may be changed by amendment to the Act approved by the State General Assembly or initiated by the voters. In particular, the transactions upon which RTD may levy its Sales Tax are limited by statute, with certain exceptions, to those transactions upon which the State imposes its sales tax. The State General Assembly has in the past created new exemptions from the State-imposed sales tax reducing RTD’s Sales Tax base and may do so again in the future. See “RTD – Powers.”

### **No Secondary Market**

There can be no assurance that a secondary market for the 2015A Certificates will be established or maintained. Accordingly, each purchaser should expect to bear the risk of the investment represented by the 2015A Certificates to maturity.

## **THE LEASE**

The Lease is subject to annual renewal by RTD and cannot be renewed in part or only with respect to certain assets. The right of the Corporation to receive Base Rentals under the Lease is being assigned by the Corporation to the Trustee. A form of the Lease appears in “APPENDIX E – FORM OF LEASE.”

## **THE INDENTURE**

Pursuant to the Indenture, the Trustee accepts certain duties to act on behalf of the Owners of the 2015A Certificates in the receipt and application of amounts which become payable under the Lease and any supplement or amendment to the Lease executed by RTD as lessee in respect of any Additional Certificates. A form of the Indenture appears in “APPENDIX F – FORM OF INDENTURE.”

## **THE CORPORATION**

### **General Description**

The Corporation’s Articles of Incorporation were filed with the Colorado Secretary of State on February 19, 1987. The Corporation was incorporated as a nonprofit corporation under the laws of the State and was organized primarily to facilitate lease-purchase financings of property for RTD. The Corporation has limited operational history and no full-time employees or personnel other than its

governing board. Further, the Corporation has no property, monies or other assets available to secure the payment of the 2015A Certificates, except those that have been or will be purchased with the proceeds of the 2015A Certificates.

### **Board of Directors**

The Corporation's governing board consists of three directors (the "Corporation Directors"). Each Corporation Director is appointed by the General Manager of RTD for a three year term of office. In the event that any Corporation Director ceases to be a resident of the District, then the term of office of such Corporation Director will terminate, and a vacancy will then exist on the Corporation's governing board.

The present Corporation Directors' names and expiration dates of their terms are as follows:

<u>Name</u>	<u>Expiration of Present Term</u>
Stephen A. Weinstein, Esq., President	May 7, 2018
Angela Rivera-Malpiede, Vice President	May 7, 2018
Heather Copp, Secretary/Treasurer	May 7, 2018

The Corporation Directors serve without compensation (except reimbursement of expenses) and have no private or proprietary interest in the Corporation.

### **Limited Liability**

The Corporation has entered into the Lease with RTD to facilitate the financing of the 2015 Acquisition Project. Pursuant to the Indenture, the Corporation has granted a security interest in the Leased Property to the Trustee for the benefit of the Owners of the 2015A Certificates. The Corporation is not financially liable for, and will not make any payments due under the Lease, including Base Rentals and Additional Rentals, and the Owners of the 2015A Certificates have no right to look to the Corporation, or its assets (other than the Leased Property), for any payment of the 2015A Certificates or for any other payments. Furthermore, neither the Lease nor the Indenture creates any pecuniary liability on the part of directors or officers of the Corporation. The Corporation has no responsibility for or control over the expenditures of the proceeds of the 2015A Certificates. The Corporation's obligations with respect to the 2015A Certificates are strictly limited to those provided for in the Lease and the Indenture, and are not general corporate obligations of the Corporation.

The Corporation has not prepared or assisted in the preparation of this Official Statement and the Corporation is not responsible for any statements made in this Official Statement. Except for the execution and delivery of documents required to effect the execution and delivery of the 2015A Certificates, the Corporation has not otherwise assisted in the public offer, sale or distribution of the 2015A Certificates. Accordingly, the Corporation disclaims responsibility for the disclosures set forth in this Official Statement or otherwise made in connection with the offer, sale or distribution of the 2015A Certificates.

## **RTD**

### **General Information**

RTD is empowered to develop, maintain and operate a mass transportation system within its boundaries. The RTD service area encompasses portions of an eight-county region comprising the

Denver metropolitan area. Over one-half of the population of the State currently resides in the Denver metropolitan area.

## **Organization**

RTD was created in 1969 by the State General Assembly as a mass transportation planning agency for the Denver metropolitan area. RTD is a public body politic and corporate and a political subdivision of the State, organized and existing under the terms of the Act. In 1974, the Act was amended, and RTD became an operating entity charged with the responsibility for developing, maintaining and operating a mass transportation system for the benefit of the inhabitants in its service area.

Pursuant to the Act, in September 1973, the voters of RTD authorized RTD to issue bonds for the purpose of developing a public multi-modal mass transportation system for RTD, such bonds to be payable from the proceeds of a District-wide sales tax. Thereafter, RTD began negotiations for the acquisition of the existing public and private transit operations throughout the District. By the end of 1976, RTD had consolidated seven public and private transit systems into a single system. The largest of these systems, Denver Metro Transit, owned by the City and County of Denver, was acquired in 1974. RTD's area consists of the City and County of Denver, most of the City and County of Broomfield, the Counties of Boulder and Jefferson, the western portions of Adams and Arapahoe Counties, the southwestern portions of Weld County, and the northeastern and Highlands Ranch areas of Douglas County. RTD currently services 2,348 square miles and 40 cities and towns. Over 3.1 million people, approximately 57% of the population of the State, reside within the District. The legislature can provide for elections within RTD's boundaries that, if successful, add territory to RTD. Territory may also be added to the District in certain circumstances by petition of the owners of the land sought to be included in the District or by a petition followed by an election held in the area sought to be included in the District. See "RTD SERVICE AREA AND DIRECTOR DISTRICTS MAP."

## **Powers**

As described under "FINANCIAL INFORMATION CONCERNING RTD – Sales and Use Tax," the District has the power to impose a 1% sales tax (the "Sales Tax"). Under the Act, RTD can use sales tax revenues to pay the costs of operations of RTD, to defray the cost of capital projects and to pay the principal of and interest on securities of RTD.

Because RTD is an entity created by statute, its powers are susceptible to changes in statute. In particular, because the State General Assembly requires the Sales Tax imposed by RTD to be imposed upon the same transactions or incidents with respect to which the State imposes a sales tax. RTD is unable to prevent the State from enacting exemptions that would diminish its tax base. However, when the State enacted significant new sales tax exemptions in 1983, it also increased RTD's sales tax rate. Historically, legislation that has broadened State sales tax exemptions has allowed RTD to continue to collect Sales Tax on such transactions.

RTD, with voter approval, also has the power to levy and cause to be collected general ad valorem taxes not to exceed one-half of one mill on all taxable property within RTD whenever RTD anticipates a deficit in operating or maintenance expenses. See "FINANCIAL INFORMATION CONCERNING RTD – Major Revenue Sources" and "CONSTITUTIONAL REVENUE, SPENDING AND DEBT LIMITATIONS." Although the Act allows RTD to levy this tax, RTD has not exercised its power to levy a general ad valorem property tax since 1976, and has no present intention of doing so in the reasonably foreseeable future and voter approval would be required pursuant to the Colorado Constitution.



RTD also has the power to increase or decrease the fares for services and facilities provided by RTD; sue and be sued; purchase, trade, maintain and dispose of its real property and personal property; condemn property for public use; accept grants and loans from the Federal Government; and establish, maintain and operate a mass transportation system and all the necessary facilities relating to such system.

## **Board of Directors**

RTD is governed by a fifteen-member elected Board, with each member elected from one of the fifteen districts (the “Director Districts”) comprising RTD’s geographical area. Each Director District currently has approximately 180,000 residents and most Director Districts cross county boundaries. After each federal census, the fifteen Director Districts are apportioned so that each Director District represents, to the extent practicable, one-fifteenth of the total population of RTD.

The regular term of office for each Director is four years, with approximately one-half of the Directors being elected every two years. If a vacancy arises on the Board, which vacancy can occur if a Director from one Director District changes his or her residence to a place outside the Director District, or if a Director resigns, or if a Director is recalled from office by the electors of the Director District, the vacancy is to be filled by appointment for the balance of the term by the board of county commissioners of the county where the Director District is located or, in the case of a Director elected in Denver, by the Mayor of the City and County of Denver with the approval of the City Council of the City and County of Denver. If the vacancy occurs in a Director District that crosses county boundaries, the vacancy is to be filled by an appointee of the board of county commissioners of the county wherein the largest number of registered electors of the Director District reside; however, if the largest number of registered electors reside in the City and County of Denver, the Mayor of the City and County of Denver, with the approval of the City Council of the City and County of Denver, is to appoint someone to fill the vacancy.

The Board has the authority to exercise all the powers, duties, functions, rights and privileges vested in RTD, including the power to delegate executive and administrative powers to officers and employees of RTD. Most actions of the Board require the affirmative vote of a majority of the Board. Legislation enacted in the 1990 session of the State General Assembly requires an affirmative vote of two-thirds of the Board to approve any action relating to the authorization of the construction of a fixed-guideway mass-transit system and prohibits the Board from taking any such action until such systems have been approved by the metropolitan planning organization, currently the Denver Regional Council of Governments.

The members of the Board of Directors are as follows:

### **Current Board of Directors**

<u>Name</u>	<u>District</u>	<u>Expiration of Present Term (December 31)</u>	<u>Occupation</u>
Charles L. Sisk, Chair	District O	2018	Attorney
Tom Tobiasen, First Vice Chair	District F	2016	Senior Systems Engineer
Natalie Menten, Second Vice Chair	District M	2016	Family Business Owner
Jeff Walker, Secretary	District D	2016	Utilities Manager
Larry Hoy, Treasurer	District J	2018	Real Estate Appraiser
Lorraine Anderson	District L	2018	Retired Commercial Sales Executive
Bonnie “Ernest” Archuleta	District C	2018	Musical Instrument Dealer
Kent Bagley	District H	2016	Urban Planner and Real Estate Consultant
Barbara Deadwyler	District B	2018	Retired, Project Consultant
Claudia Folska	District E	2016	Architectural Planning and Design Consultant
Tina Francone	District N	2018	Small Business Owner

Bill James	District A	2016	President, James Real Estate Services, Inc.
Gary Lasater	District G	2016	Business Executive
Judy Lubow	District I	2016	Retired Government Attorney
Paul Daniel Solano	District K	2018	Recording Artist/Musician/Songwriter

## Principal Officials

RTD has commenced a search for a new General Manager following the resignation of the prior General Manager to assume a new position. The RTD General Manager Executive Search Committee, comprised of members of the Board of Directors, has been organized and has begun the process of finding a new General Manager. On April 9, 2015, the Board appointed David A. Genova as interim General Manager. The following is a list of the current administrative and management personnel most involved in the management of RTD, their background and experience, and a description of their jobs:

***Mr. David A. Genova – Interim General Manager.*** Mr. Genova was appointed Assistant General Manager, Safety, Security and Facilities in May 2007 and Interim General Manager on April 9, 2015. Mr. Genova has a Bachelor of Arts degree in Geology from the University of Colorado and a Master’s degree in Business Administration from Regis University. Mr. Genova has over 23 years of safety and environmental experience, and 16 years of transit experience including the start up of four RTD light rail projects and participation in a number of transit industry peer reviews. He is a certified hazardous materials manager and certified safety and security director for bus and rail transit. Mr. Genova is active in APTA safety and security committees, served as the Vice Chair of the APTA Bus Safety Committee, served as Vice President and Board Director of the FBI InfraGard Denver Members Alliance, and is on the Board of Directors of Colorado Operation Lifesaver. He is also a Senior Associate Staff Instructor for the Transportation Safety Institute. Mr. Genova directs the Safety and Environmental Compliance Division, the Security and Emergency Management Division, and the Facilities Division. He has been with RTD since 1994.

***Ms. Marla Lien – General Counsel.*** Ms. Lien was appointed General Counsel for the District in May 2005 after having served as Acting General Counsel since November 2004. Ms. Lien has a Bachelor of Arts degree in History and a Juris Doctor degree from the University of Colorado. Prior to taking on the responsibilities of Acting General Counsel, Ms. Lien’s concentration at RTD had been in real estate, federal regulatory compliance, local government law and issues related to Colorado’s Taxpayers’ Bill of Rights (TABOR). Ms. Lien has been with the District since 1990.

***Ms. Heather Copp – Chief Financial Officer.*** Ms. Copp was appointed to the position of Chief Financial Officer on May 4, 2015. She holds a Bachelor of Science in Accounting from Metropolitan State College and is a former member of the National Academics of Science, Transportation Research Board (TRB). Ms. Copp has more than 24 years of progressive experience in finance and accounting with the last 14 years specifically performing functions of CFO or supervising the position. Prior to her employment with RTD, she recently held the position of Deputy Executive Director of the Colorado Department of Revenue. In addition, she held the position of Chief Financial Officer for the Colorado Department of Transportation (CDOT), the Roaring Fork Transportation Authority (RFTA), and the Southern California Association of Governments (SCAG). In 2008, Ms. Copp was selected as the United States representative to the World Road Congress Committee on Financing and Funding Transportation International. She was recognized by the Women in Transportation Seminar (WTS) as Colorado Woman of the Year in 2001 and awarded the Governor’s Total Quality Team Award in 1995. As the RTD Chief Financial Officer, she directs the activities of the following divisions: Finance, Treasury, Human Resources, Information Technology and Enterprise Content Management.

***Mr. Bill Van Meter – Assistant General Manager, Planning.*** Mr. Van Meter was appointed to the position of Assistant General Manager, Planning for the District in April 2010 after being appointed

as Acting Assistant General Manager, Planning in September 2008. Mr. Van Meter has over 20 years experience in the transportation planning field, with extensive experience in public transit and roadway planning, managing multi-modal transportation studies, and Federal Transit Administration New Starts funding processes. Mr. Van Meter has been with RTD since 1991, and prior to his appointment to his current position, he held progressively responsible positions at RTD, most recently in the position of Senior Manager of Systems Planning. Prior to his employment with RTD, Mr. Van Meter was employed as a transportation planner with the South Central Regional Council of Governments in Connecticut. He holds Bachelor's and Master's degrees in Economic Geography from the University of Illinois at Urbana-Champaign.

***Mr. Bruce Abel – Assistant General Manager, Bus Operations.*** Mr. Abel joined RTD in 2001 as Manager of Special Services and was appointed Assistant General Manager, Bus Operations in May 2010. Prior to that appointment, Mr. Abel served as Assistant General Manager, Contracted Services. Mr. Abel holds a Bachelor of Arts degree in Economics from Wake Forest University and a Master's of Business Administration degree with a concentration in marketing from the University of North Carolina-Greensboro. Mr. Abel has more than 30 years of public transportation management and consulting experience in both the public and private sector, including positions in North Carolina, Texas, South Dakota and Colorado. Mr. Abel is responsible for overseeing the provision of all of RTD's bus operations including contracted services comprised of ADA paratransit service, traditional fixed-route services and non-traditional services including general public paratransit, vanpooling and special event services.

***Mr. Richard Clarke – Assistant General Manager, Capital Programs.*** Mr. Clarke was appointed Assistant General Manager, Capital Programs in May 2010. Prior to that time, Mr. Clarke held the position of Assistant General Manager, FasTracks/Engineering. Mr. Clarke is responsible for corridor implementation. He previously served as RTD's Project Director for the Transportation Expansion (T-REX) project. T-REX was a \$1.7 billion, multi-modal (highway/light rail) project that included 19 miles of new light rail and 13 stations. It was completed ahead of schedule and under budget. He has previous transit project experience in Dallas, New York, Boston, Cleveland and Philadelphia. Mr. Clarke has Bachelor's and Master's degrees in transportation engineering from the University of Pennsylvania.

It was announced on July 21, 2015 that Mr. Clarke will be leaving RTD in early September 2015 to assume the same position with a different mass transit authority. Mr. Henry Stoppolecamp, RTD Chief Engineer, will serve as acting Assistant General Manager, Capital Programs, upon the departure of Mr. Clarke.

***Mr. Henry Stoppolecamp – Chief Engineer.*** Mr. Stoppolecamp has been with RTD for 15 years in positions of increasing responsibility including major roles in the opening of the Southwest Corridor, Central Platte Valley, T-Rex, West Corridor and Denver Union Station. Mr. Stoppolecamp has been an essential part of the FasTracks program including his engineering experience and his successful work with railroad negotiations. Mr. Stoppolecamp is a graduate of RTD's Leadership Academy and is a proactive leader currently managing the District's engineering division. Mr. Stoppolecamp is extremely knowledgeable with all aspects of the Capital Programs Department of RTD. Prior to RTD, Mr. Stoppolecamp worked for freight railroads.

***Mr. Terry Emmons – Assistant General Manager, Rail Operations.*** Mr. Emmons recently began serving as Assistant General Manager, Rail Operations on January 5, 2015. He has over 32 years of experience in public transportation including 15 years in the management and operation of rail transit systems. Mr. Emmons has been involved with the opening of four new rail corridors. His experience covers all elements of rail transit including design, construction, commissioning, operations and maintenance. He has a strong understanding of the electrified rail wayside systems from his experience in

management of the Maintenance of Way (MOW) department. He is an alumnus of RTD's Leadership Academy and was chosen to participate in the inaugural public transit Multi-Agency Exchange (MAX) Program.

***Mr. Scott Reed – Assistant General Manager, Communications.*** Mr. Reed was promoted to Assistant General Manager in 2006, having previously served as Director of Public Affairs. The official spokesperson for the agency, he is responsible for managing all media relations efforts, the Government Relations unit, the Customer Information division including the Telephone Information Center and Pass Sales outlets, RTD marketing and the public outreach and public information programs for the FasTracks project. He also administers the Internal Audit unit. Mr. Reed has been with RTD since 1991 and his nearly 30-year professional career in communications includes work as a newspaper reporter and assistant editor, Conference and Events Coordinator at the University of Colorado, and Director of Special Events for the Cystic Fibrosis Foundation in Colorado Springs. He holds a Bachelor's degree in Journalism and a Master's of Public Administration degree, both from the University of Colorado.

## **Employee and Labor Relations**

RTD employs approximately 2,664 persons of whom about 1,929 are represented by Local 1001 of the Amalgamated Transit Union (the "Union"), which bargains collectively on behalf of these employees. The Union members operate the bus and rail services and provide other administrative services. On March 1, 2013, RTD and the Union entered into a five year collective bargaining agreement. This agreement, which has been ratified by the Union membership and RTD, represents an unprecedented five year agreement and is the first time that the District and the Union have reached agreement prior to expiration of a Union contract. RTD does not expect the terms of this agreement to have a material impact on operations or the financial position of the organization. In addition to District employees, approximately 1,700 non-District employees provide contracted services including fixed-route and paratransit services.

## **Retirement Plans**

Pension/retirement plans have been established covering substantially all of RTD's employees. Union-represented employees participate in a pension trust, established through a collective bargaining agreement, and administered by a Board of Trustees representing both the Union and RTD. Both RTD and the employees contribute to this plan (the "Union Plan"). As of January 1, 2014, the Union Plan had unfunded actuarial liabilities of \$218.837 million as described in Note F to the 2014 Comprehensive Annual Financial Report attached as APPENDIX B hereto. The actuarial valuations have been performed by Gabriel Roeder Smith & Company for the Union Plan. The previous collective bargaining agreement required RTD to contribute 8% (and the employees to contribute 3%) of eligible employees' qualifying wages to the Union Plan each year through expiration of the collective bargaining agreement on February 28, 2013. Under the current collective bargaining agreement, RTD is required to contribute 13% (and the employees to contribute 5%) of eligible employee's qualifying wages to the Union Plan respectively for the years 2015 through 2017. RTD's obligations under the Union Plan based on the current collective bargaining agreement are limited to its defined contributions, and RTD is current with respect to its obligation to pay such defined contributions. See "Employee and Labor Relations" under this caption for a discussion of the existing collective bargaining agreement.

Non-represented salaried personnel hired prior to January 1, 2008 are covered under a non-contributory defined benefit plan to which RTD has in the past contributed 9% of payroll costs annually computed on an actuarial basis (the "Salaried Pension Plan"). Through 2008, the amounts contributed by RTD fully funded the Salaried Pension Plan. Due to the loss in investments in the Salaried Pension Plan starting in 2009 caused by the recession, the actuary recommended contributions of percentages higher

than 9% in years 2010, 2011 and 2012. Accordingly, the 9% contributions made by RTD to the Salaried Pension Plan during those years were less than the actuarially recommended amounts. Beginning in 2013, RTD contributes a fixed dollar amount of \$3.1 million to the Salaried Pension Plan, rather than a percentage of payroll costs. This annual fixed contribution to the Salaried Pension Plan represents the amount actuarially recommended as the periodic contribution designed to ensure there are sufficient assets to pay benefits when due. The Salaried Pension Plan is qualified with the Internal Revenue Service, with the cost to RTD for the Salaried Pension Plan for the year ended December 31, 2014 of \$7.5 million. As of January 1, 2014, the funded ratio of the actuarial value of assets to the actuarial accrued liability for the Salaried Pension Plan was 85.12%. The most recent actuarial valuation for the Salaried Pension Plan dated January 1, 2014, was performed by Rael & Letson. For further information regarding the District's Salaried Pension Plan, see Note F to the 2014 Comprehensive Annual Financial Report attached as APPENDIX B hereto.

Non-represented salaried personnel hired on or after January 1, 2008 are covered under a non-contributory defined contribution plan providing for a 7% to 9% contribution by RTD based on the earnings of the employee. The Board adopts a percentage amount for contributions each year. RTD closed the Salaried Pension Plan and initiated this defined contribution plan to ensure the long-term fiscal soundness of both plans while controlling the cost of pension benefits.

RTD also has a deferred compensation plan, created in accordance with §457 of the Internal Revenue Code of 1986, as amended, which is available to substantially all employees and permits employees to defer a portion of their compensation to future years.

### **Other Postemployment Benefits**

Employees of state and local governments may be compensated in a variety of forms in exchange for their services. In addition to a salary, many employees earn benefits over their years of service that will not be received until after their employment with the government ends. As the name suggests, Other Postemployment Benefits ("OPEBs") are postemployment benefits other than pensions.

Although OPEBs may not have the same legal standing as pensions in some jurisdictions, the Governmental Accounting Standards Board ("GASB") believes that OPEBs are a part of the compensation that employees earn each year, even though these benefits are not received until after employment has ended. Therefore, the cost of these future benefits is part of the cost of providing public services today.

In 2004, the GASB issued two new standards – GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and GASB Statement No. 45, Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions. The purpose of these new standards is to ensure that governments recognize and report information about the size of their long-term financial obligations and commitments related to OPEBs. The District adopted GASB Statement No. 45 for its audited financial statements for the fiscal year beginning January 1, 2007.

The District is not presently obligated to contribute funds towards OPEBs for any of its employees and therefore does not have an unfunded liability relating to OPEBs. Consequently, the District has not adopted GASB Statement No. 43.

### **Insurance**

Under the provisions of the State Governmental Immunity Act, the maximum liability to RTD for a personal injury claim is \$350,000 per individual, or \$990,000 per incident under the current law. However, RTD may be unable to rely upon the defense of governmental immunity and might be subject

to liability in excess of the maximum limits established by the State Governmental Immunity Act in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. Section 1983 alleging the deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violation of the anti-trust laws by RTD in the exercise of its delegated powers. See “GOVERNMENTAL IMMUNITY.”

RTD maintains an excess liability policy with limits of \$25 million and a self-insured retention of \$500,000. Coverage under this policy includes bodily injury, personal and advertising injury, public officials’ liability and property damage. However, RTD maintains higher limits on portions of railroad rights of way that it owns or to which it has operating rights. Additionally, RTD carries an all risk property policy on its assets with a per occurrence limit of \$450 million and a \$100,000 deductible.

RTD’s policy is to recognize claims as they arise, not when they are resolved. RTD anticipates claims by budgeting the expected losses in the current year, including an actuarially determined amount for “Incurred But Not Reported” (“IBNR”) claims; such amounts are reflected as liabilities in RTD’s comprehensive annual financial reports. For 2014, RTD recognized insurance costs of \$5.3 million. RTD maintains reserve funds for existing liabilities (as of December 31, 2014) in the amount of \$2.69 million and workers’ compensation claims (as of December 31, 2014) in the amount of \$2.85 million.

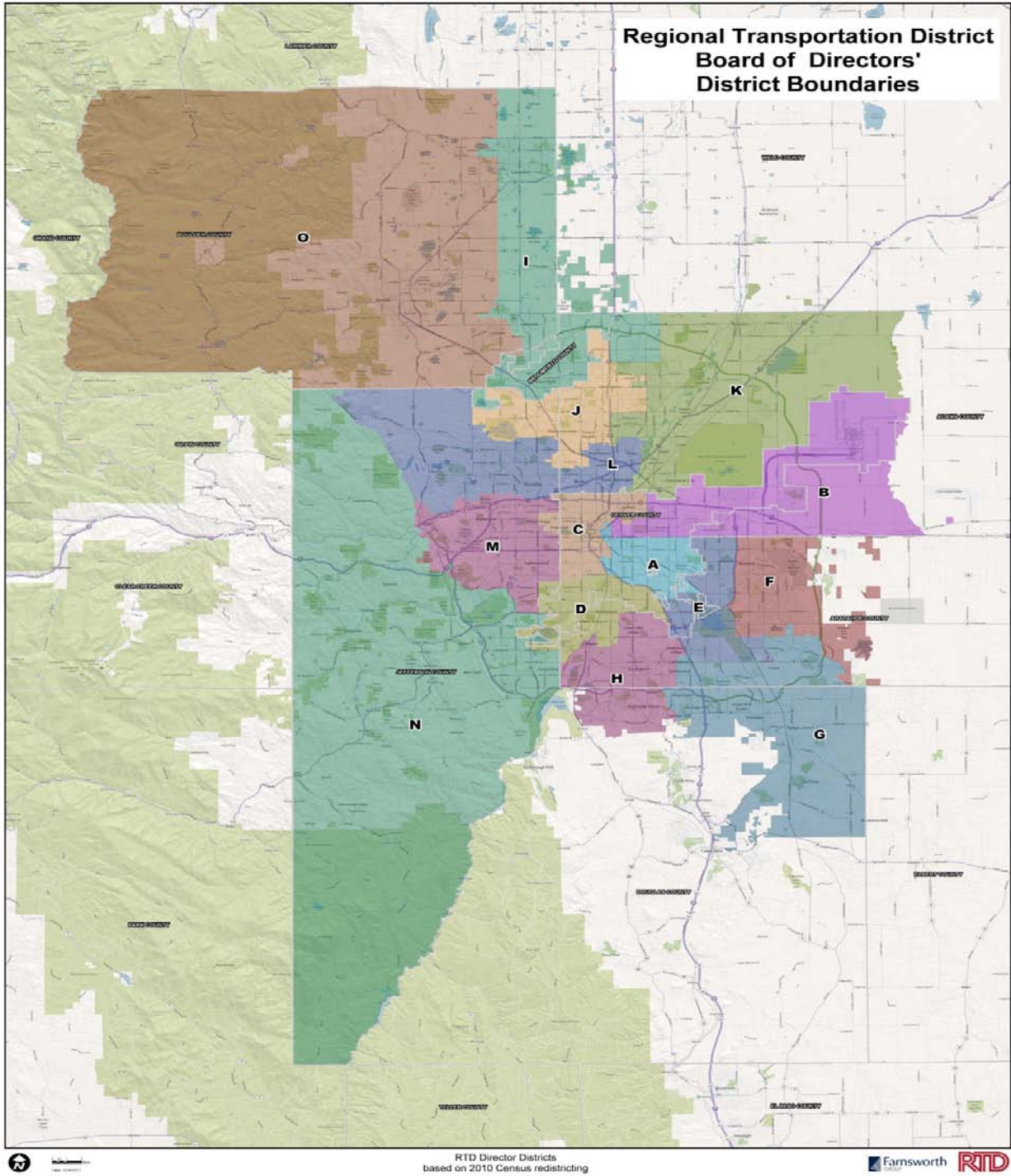
### **Intergovernmental Agreements**

Under State law, intergovernmental relationships and agreements are permitted among political subdivisions, agencies, departments of the United States, the State and any political subdivision of an adjoining state. Governments may cooperate or contract with one another for the provision of any function, service or facility that each of them is authorized to provide separately. At any given time, RTD has numerous intergovernmental agreements (“IGAs”) for various purposes with municipalities, the State or its agencies such as the Department of Transportation, and the federal government, particularly the Federal Transit Administration (“FTA”). The District has signed IGAs with the various municipalities and counties concerning the North Metro Rail Line. The terms of the IGAs govern permitting, plan review, use of public rights-of-way and crossings. RTD has also entered into an IGA with CDOT and the Colorado High-Performance Transportation Enterprise (“HPTE”), which are constructing express lanes from Federal Boulevard to Table Mesa along U.S. 36. See “THE SYSTEM – FasTracks – FasTracks Corridors – U.S. 36 Bus Rapid Transit Corridor.” Various other agreements cover areas including, but not limited to, RTD support for the provision of additional bus service in the City of Boulder through the HOP agreement with Boulder, construction and/or maintenance of joint facilities such as roads, bridges or bike paths, and various funding and operational agreements with the City of Denver and the Colorado Department of Transportation with respect to the Denver Union Station project and construction of certain portions of Denver International Airport’s (“DIA”) terminal expansion project. See “LITIGATION.” Agreements with FTA usually involve grant funding and application of grant funds. Other than full funding grant agreements with FTA and annual grant agreements with FTA for Section 5307 funds and Section 5337 State of Good Repair funding, no other financially or operationally significant IGAs exist at this time.

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## RTD SERVICE AREA AND DIRECTOR DISTRICTS MAP

The following map shows the service area of the District as well as the Director Districts identified as District A through District O.



## THE SYSTEM

### Fleet Composition

As of December 2014, the District operated 999 fixed-route transit buses (434 of which are leased to private carriers), 172 light rail vehicles, 324 Access-a-Ride paratransit vehicles and 53 Call-n-Ride vehicles. The RTD fleet includes 22-, 30- and 40-foot transit coaches, 60-foot articulated coaches, over-the-road coaches, specially designed low-floor coaches for use on the 16<sup>th</sup> Street Mall, 85-foot articulated light rail vehicles and vans and buses used for Access-a-Ride paratransit service mandated by the Americans with Disabilities Act of 1990. As of December 2014, the System had a peak fleet requirement of 821 fixed-route buses and 126 light rail vehicles.

The following table shows the composition of RTD's active vehicle fleet as of December 2014:

**TABLE V**  
**RTD Active Fleet as of December 2014**

<u>Fixed Route Bus Fleet</u>	<u>Number</u>
RTD Operated – Fixed Route Buses	
40' Transit Coaches	572
Articulated Buses	126
Intercity Coaches	160
Mall Shuttles	38
30' Transit Buses	101
22' Cutaway Buses	2
Total RTD-Owned Fixed Route Buses	<u>999</u>
<u>Access-a-Ride Fleet</u> <sup>(1)</sup>	<u>324</u>
<u>Call-n-Ride Fleet</u> <sup>(2)</sup>	<u>53</u>
<u>Light Rail Vehicle Fleet</u>	<u>172</u>
TOTAL ACTIVE FLEET	<u>1,548</u>

<sup>(1)</sup> All paratransit vehicles are owned by RTD and operated by private operators under contract with RTD.

<sup>(2)</sup> Call-n-Ride vehicles are owned by RTD and operated by private operators under contract with RTD.

Source: The District.

### Transit Services

In order to meet the needs of the residents of RTD, RTD provides ten types of service on 138 routes as of December 31, 2014, including those operated by private contractors:

1. **Local** – routes operating along major streets within the Denver metropolitan area and the cities of Boulder and Longmont, making frequent stops for passengers.
2. **Limited** – routes serving high-density corridors with less frequent stops than local routes.
3. **Express** – routes providing non-stop service from suburban areas to downtown Denver and other employment centers.



4. **Regional** – routes connecting outlying areas of RTD to downtown Denver, Boulder and other employment centers.

5. **SkyRide** – routes serving Denver International Airport.

6. **Light Rail** – rail service for approximately 48 miles of light rail track includes the Southeast Corridor, the Southwest Corridor and the West Corridor which opened in April 2013. See “FasTracks – FasTracks Corridors – West Corridor” under this caption.

7. **Mall Shuttle** – a free shuttle service operating along the 16<sup>th</sup> Street Mall in downtown Denver.

8. **Access-a-Ride** – door-to-door paratransit service for people with disabilities provided under the requirements of the Americans with Disabilities Act of 1990.

9. **Call-n-Ride** – curb-to-curb service that responds to passenger requests. Typically operated in lieu of fixed route service with small vehicles in areas and/or times of low demand.

10. **Special** – for example, SeniorRide – pre-scheduled trips in off-peak hours to recreational events for elderly persons in the Denver metropolitan area, Boulder and Longmont, seven days a week; BroncoRide – shuttle service from the Auraria campus, Federal Boulevard and selected Park-n-Rides to Denver Broncos home games; RockiesRide – shuttle service from selected Park-n-Rides to Colorado Rockies home games.

State law permits RTD to contract with private operators for the provision of up to 58% of its vehicular services. RTD is in compliance with this requirement with 58% of its services currently operated by private operators.

RTD may, but currently does not, provide charter service to the extent that such service cannot be provided by private operators. Pursuant to federal regulations, charter service operated by RTD cannot interfere with its regularly scheduled services, and the rate charged by RTD must recover the fully allocated cost of operating the service.

RTD, upon action of its Board, has the authorization to reduce services with no other approval required. In response to declining sales tax revenues, RTD instituted service reductions in 2009-2011 as well as an 8% reduction in January 2012.

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The following table shows additional operating data concerning the System as of December 31, 2014:

**TABLE VI**  
**Operating Data**  
**(As of December 31, 2014)**

Total Miles <sup>(1)</sup>	45,746,927
Active bus stops	9,751
Number of routes	138
Local	65
Limited	11
Express	14
Regional	17
SkyRide	5
Light Rail	6
Mall Shuttle	1
Call-n-Ride	18
Ridership average weekday, revenue service	301,642
Ridership average weekday, all services	344,348
Total annual boardings, revenue service	91,049,000
Weekday regular fixed-route scheduled miles, including 16 <sup>th</sup> Street Mall and Light Rail <sup>(2)</sup>	107,635
Annual diesel fuel consumption, gallons <sup>(3)</sup>	5,550,000
Total active buses	999
Wheelchair lift equipped buses	999
Number of employees (actual staff) <sup>(3)</sup>	
Salaried	735
Represented (includes part-time drivers)	1,929
Fleet requirements (during peak hours)	821
Operating facilities <sup>(3)</sup>	7

<sup>(1)</sup> January 2014 service levels annualized (including Light Rail).

<sup>(2)</sup> District-operated buses only.

<sup>(3)</sup> Excludes purchased transportation services.

Source: The District's unaudited financial records.

### **Passenger, Maintenance and Administrative Facilities**

Patrons who are residents of the District using RTD service may park at no charge in Park-n-Ride lots for up to 24 hours. Patrons residing outside of the District boundaries or District residents parking for more than 24 hours must pay a nominal parking fee. By providing the Park-n-Ride lots, RTD can provide express and regional services in low-density areas and more frequent long-haul services for patrons. As of December 31, 2014, RTD had 77 Park-n-Ride lots providing a total of 30,090 parking spaces.

RTD currently owns four bus maintenance facilities. RTD also owns two light rail maintenance facilities, two administrative buildings and three passenger terminals located throughout the District.

## **Long-Term Financial Planning**

### *Regional Transportation Plan*

The long-term goals and policies of RTD are incorporated in a plan known as the Metro Vision Regional Transportation Plan (the “Regional Plan”). The Regional Plan is mandated by the United States Department of Transportation which has recognized the Denver Regional Council of Governments (“DRCOG”), a voluntary association of Denver metropolitan area county and municipal governments, as the entity charged with preparing the Regional Plan. DRCOG, in coordination with the Colorado Department of Transportation (“CDOT”), RTD and local governments, has developed the Regional Plan to provide a coordinated system of transit and roadway improvements to meet the transportation needs of the Denver metropolitan area through the year 2040 within projected available revenues. By inclusion in the Regional Plan, RTD’s capital projects may become eligible for federal assistance.

The Regional Plan includes those regional transportation facilities that can be provided through the year 2040, based on reasonably expected revenues. The Regional Plan focus is on improving facilities for a variety of transportation modes; improving the intermodal connections between the various transportation modes; and providing programs and services to support the transportation system. The Regional Plan consists of a network of highways of various roadway classifications, high occupancy vehicle and rail rapid transit facilities, bus service, specialized services for the elderly and disabled, airports of various classifications, provisions for freight travel, a regional bicycle network, sidewalks for pedestrians, and intermodal facilities to provide connections among and between transportation modes. On August 1, 2014, RTD submitted to DRCOG a 2040 Regional Transportation Plan request with a financial plan update relating to the FasTracks system, extending the time horizon of the FasTracks program to include all activities to be completed by 2040. This amendment was approved by DRCOG on February 18, 2015. See “FasTracks Plan” under this caption.

### *Strategic Budget Plan*

The Strategic Budget Plan (“SBP”) is RTD’s six-year capital and operating plan adopted annually by the Board in connection with the District’s estimated capital and operational expenditures for all programs other than FasTracks. Planning and coordination of FasTracks expenditures are described under “THE SYSTEM – FasTracks.”

The SBP includes projections of annual service levels, the capital requirements to maintain these service levels, and the funding mechanisms through which the operating and capital programs are to be achieved. In addition, the SBP is a component of the comprehensive six-year Transportation Improvement Program (the “TIP”) adopted biennially by DRCOG for the Denver metropolitan area, as required by federal regulations. An RTD capital project must be included in the TIP in order to be eligible for federal funds. The six-year SBP is revised annually by the staff and approved by the Board in response to factors such as changes in RTD’s goals and objectives, strategic plans, changes in demographics and development in RTD’s service area, or unforeseen circumstances affecting forecast revenues. As a result, the six-year SBP may include substantial changes from year to year, with projects being added, deleted and modified on a regular basis.

An SBP was adopted on July 15, 2014, and covers the period from 2015 through 2020. The 2015-2020 SBP contemplates that over such six-year period, RTD intends to replace a total of 349 transit buses, 18 articulated buses, 46 intercity buses, 7 mall shuttle vehicles, 68 medium transit buses, 8 transit cut-away buses, 384 ADA cut-away buses and 57 call and ride cut-away buses as they reach the end of their useful lives. A portion of the purchase of the above-referenced vehicles has been funded with the proceeds of the District’s Certificates of Participation, Series 2013A in the amount of approximately \$200

million. A portion of the proceeds of the 2015A Certificates will be used to purchase the above-referenced vehicles.

#### *Financial Policies of the District*

The information set forth below regarding the financial policies of the Board of the District is subject to change by the Board at any time. The financial policies speak only as of the date of this Official Statement and may be revised or updated by the District.

The District complies with the following policies when budgeting: (a) 1.20x net revenue coverage test for all outstanding debt and annually appropriated obligations; (b) Base System operations and maintenance, capital expenditures and certificates of participation may not be paid from the 0.4% FasTracks Sales Tax; and (c) all other appropriated payments are made from available revenues. RTD maintains a commitment to the FTA to operate federal projects in transit use for the useful life of the assets or to repay all federal dollars relating to the asset.

Subject only to Board approval, the District has the flexibility to make fare and service adjustments in the event of a sales tax or fare box revenue decline or operating expense increase. The District maintains \$30 million FasTracks Contingency Reserve to fund adjustments to the FasTracks construction schedule. The District also maintains a TABOR reserve in an amount equal to 3% of non-federal revenues pursuant to State statute. The District endeavors to maintain an available fund balance for the Base System equal to three months of Base System operating expenses and an available fund balance for the FasTracks system equal to two months of operating expenses in each instance excluding depreciation. Further, RTD strives to maintain a construction fund balance of \$100 million through 2018/2019 after which such funds are no longer expected to be required for construction. See Note B to APPENDIX B – “REGIONAL TRANSPORTATION DISTRICT DENVER, COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED DECEMBER 31, 2014 AND 2013” for a discussion of the deposits and investments of the District.

#### *FasTracks Plan*

In addition to the SBP, the District is planning and constructing the build-out of the FasTracks transit expansion plan described in “FasTracks” under this caption. Each year, RTD conducts a comprehensive evaluation of the entire FasTracks program called an Annual Program Evaluation. In July 2014, the DRCOG Board of Directors approved the RTP submission described in “Regional Transportation Plan” under this caption. Future funding sources identified in the RTP Amendment include proceeds of additional revenue bonds and certificates of participation, certain federal grants and local match funding. The Regional Plan as so amended represents RTD’s current plans and expectations but can be further amended over time as new funding alternatives become available or previously anticipated funding sources are no longer available. See “FasTracks – FasTracks Corridors” under this caption.

#### *Unsolicited Proposals*

A third party may, from time to time, provide an unsolicited proposal (“Unsolicited Proposal”) to the District on its own initiative for the purpose of obtaining a contract with RTD. An Unsolicited Proposal is distinguishable from a project that is already part of the District’s long-term budget planning process if it uses innovative and unique solutions to offer added value such as enhanced financing options or materially advanced delivery dates. The District’s policy regarding Unsolicited Proposals provides that once an Unsolicited Proposal is received by the District, it is analyzed to determine whether it meets certain threshold requirements. If such requirements are met, the Unsolicited Proposal is evaluated to determine whether, among other things, the proposal: (a) offers benefits to the District, its passengers,

and the community; (b) can be accommodated in the District's long-term budget without displacing other planned expenditures; (c) is consistent with the District's and the Board's objectives and goals; and (d) offers unique goods and services that the District did not intend to purchase through the normal contract process. If it is determined that the Unsolicited Proposal satisfies these evaluation requirements, the District will (unless the Unsolicited Proposal offers a proprietary concept that is essential to contract delivery) publicize its interest in acquiring the property or services described in the Unsolicited Proposal and seek competing proposals from other interested parties. Receipt of an Unsolicited Proposal does not obligate the District to acquire the property or services described in the Unsolicited Proposal and no Unsolicited Proposal is selected for contract award unless and until the process described above has been undertaken by the District. The District has received and expects in the future to receive Unsolicited Proposals. See "FasTracks" under this caption. All such proposals have been and will be handled as outlined herein.

## **FasTracks**

### *General*

Prior to January 1, 2005, the District imposed a 0.6% Sales Tax (the "0.6% Sales Tax"). At an election held on November 2, 2004 (the "2004 Election"), voters in the District approved a ballot question allowing for an additional 0.4% Sales Tax Increase (the "0.4% Sales Tax") effective January 1, 2005. In connection therewith, the ballot question also authorized RTD to issue up to \$3.477 billion of additional debt obligations to finance the District's multi-year comprehensive transit expansion plan known as "FasTracks." The proceeds of the debt and the increased 0.4% Sales Tax authorized at the 2004 Election are required to be used and spent for the construction and operation of FasTracks.

The FasTracks Plan consists of nine rail corridors (new or extended); one bus rapid transit ("BRT") corridor; redevelopment of Denver Union Station; a new Commuter Rail Maintenance Facility ("CRMF") and an expanded light rail maintenance facility. At completion, the Plan will add approximately 93 miles of commuter rail (East, Gold Line, North Metro, and Northwest Rail Corridor); approximately 28 miles of light rail (Southeast and Southwest Corridor Extensions, Central Corridor Extension, I-225 Corridor, and West Corridor); Park-n-Ride improvements at and/or relocations of existing Park-n-Ride lots along U.S. 36 (U.S. 36 BRT – Phase 1), and 18 miles of BRT (U.S. 36 BRT – Phase 2). See "THE SYSTEM – FasTracks – FasTracks Project Map."

[Remainder of page left blank intentionally.]

# FasTracks Project Map



In April 2004, CDOT and RTD executed an intergovernmental agreement that is intended to establish a coordinated process to facilitate the implementation of the FasTracks plan and preserve the ability to pursue planned highway and transit improvements in corridors where both highway and transit improvements are likely to occur. The Board has formally resolved to analyze the FasTracks plan annually to determine both local and federal sources of funds and adjust the corridor improvements accordingly. The Board has further resolved that construction of FasTracks improvements within a corridor are not to start until there is a firm commitment of all required funding sources and intergovernmental agreements are in place with local governments concerning permits, design and plan review.

The nine corridors further described in “FasTracks Corridors” under this caption are currently moving forward in various stages of design and construction. Since 2004, however, projected capital and operating expenses have increased while projections for available revenues have decreased. The District has represented that it is committed to building as many corridors in the shortest timeframe possible, while ensuring that it can meet all current and future projected obligations. In December 2012, the District Board approved the establishment of the FasTracks Internal Savings Account, into which certain funds made available by the reduction of existing budgeted items will be deposited to be used to fund the FasTracks program.

#### *FasTracks Corridors*

I-225 Corridor. Improvements, facilities, vehicles and equipment for the I-225 Corridor, a proposed 10.5-mile light rail transit extension which will connect the existing Southeast Corridor with the planned East Corridor and will include eight stations, were approved by the Board in October 2009. Construction of the Corridor from Nine Mile Station to Iliff began in early 2012 as a joint project with CDOT. In August 2012, the District completed negotiations and issued a Notice to Proceed to Kiewit Infrastructure Co. (“Kiewit”) on a design build contract to complete the I-225 Corridor from Iliff to Peoria Station. Kiewit started design in 2012, and construction began in 2013. The I-225 rail line is scheduled to open for revenue service in 2016.

West Corridor. The West Corridor line is a 12.1-mile light rail transit corridor between Denver Union Station and the Jefferson County Government Center in Golden, serving Denver, Lakewood, the Denver Federal Center, Golden and Jefferson County. In June 2001, the District began preliminary engineering and an environmental impact statement (“EIS”) for the West Corridor. The final environmental impact statement was issued in October 2003 with a Record of Decision from the FTA received in April 2004. In 2005, the District began final design for the West Corridor. In January 2009, the District was awarded a full funding grant agreement through the FTA’s New Starts program for the West Corridor. Under the award, the District received approximately \$308.68 million. The funds were expended on the light rail line approved as part of the District’s FasTracks program. The West Corridor opened for revenue service on April 26, 2013.

East Corridor. The East Corridor is designed to be a 22.8-mile commuter rail transit corridor extending from Denver Union Station to Denver International Airport with six proposed intermediate stations in locations throughout the City and County of Denver and the City of Aurora. The District has completed an EIS for the East Corridor, covering rapid transit improvement and a Record of Decision was signed with FTA in November 2009. In August 2010, the District purchased certain property and rights-of-way from the Union Pacific Corporation that are required for construction of the East Corridor. The East Corridor is being delivered as part of the first phase of the Eagle P3 Project described in “Eagle P3 Project” under this caption. Final design of the East Corridor began in 2010, and construction began in 2011. On August 31, 2011, the FTA granted a combined \$1.03 billion Full Funding Grant Agreement for

the East Corridor and the Gold Line Rail Corridor (described below). The East Corridor is scheduled to open for revenue service in 2016.

U.S. 36 Bus Rapid Transit Corridor. The U.S. 36 Bus Rapid Transit Corridor is designed to deliver 18 miles of bus rapid transit service between downtown Denver and Boulder along U.S. Highway 36. The District and CDOT jointly conducted an EIS for the U.S. 36 Bus Rapid Transit Corridor in the general area between downtown Denver and Boulder. A final EIS was released in 2009. RTD has entered into an IGA with CDOT and the High Performance Transportation Enterprise (HPTE), which are constructing express lanes from Federal Boulevard to Table Mesa Drive along U.S. 36. RTD has agreed to provide \$120 million of funding for Phase 1, from Federal Boulevard to 88<sup>th</sup> Street, and an additional \$15 million for Phase 2 from 88<sup>th</sup> Street to Table Mesa Drive. CDOT has contracted with Ames/Granite Joint Venture to design and build Phase 1. Design and construction on that segment began in May 2012. The westbound lane opened to traffic on April 30, 2015, and the eastbound lane opened on May 8, 2015. HPTE contracted with Plenary Roads Denver for a 50-year concession agreement to design, build and finance Phase 2, and to operate and maintain Phase 1 and Phase 2 along with the existing I-25 Express Lanes. Phase 2 is currently projected to open by the end of 2015, and RTD expects to operate Bus Rapid Transit service on the full managed lane to Boulder starting in January 2016.

Northwest Rail Corridor. The Northwest Rail Corridor is a proposed 41-mile rail transit corridor between Denver Union Station and Longmont. An environmental evaluation for this corridor was completed in May 2010. The District currently plans to build the Northwest Rail Corridor in phases. The construction of the first phase of the Northwest Rail Corridor, running from Denver Union Station to Westminster referred to as the Northwest Rail Electrified Segment began in August 2011, with completion of such first phase scheduled for 2016 when it will open for revenue service. The Northwest Rail Electrified Segment is part of the Eagle P3 Project described in “Eagle P3 Project” under this caption.

North Metro Corridor. The North Metro Corridor is a proposed 18-mile transit corridor between Denver Union Station and 162<sup>nd</sup> Avenue passing through Denver, Commerce City, Thornton, Northglenn and unincorporated Adams County. The District completed an EIS for the North Metro Corridor and a Record of Decision (ROD) was signed with FTA in April 2011. The ROD was rescinded in November 2014 following RTD’s decision to complete the corridor without federal funding. RTD issued a Request for Proposals to design, build and finance the North Metro Rail Line in June 2013 following receipt and analysis of an unsolicited proposal to construct the North Metro Rail Line. RTD awarded a \$343 million contract to Regional Rail Partners (“RRP”) to design and build the North Metro Rail Line to 124<sup>th</sup> Avenue, with an option to issue a notice to proceed to complete the line to 162<sup>nd</sup> Avenue. The option to issue a notice to proceed to complete the line to 162<sup>nd</sup> Ave currently expires in December 2015. RTD issued a Notice to Proceed to 124<sup>th</sup> Avenue in December 2013. Design and construction began in 2014, with North Metro Rail Line to 124<sup>th</sup> Avenue expected to be opened for revenue service in 2018. Construction of the North Metro Corridor north of 124<sup>th</sup> Avenue will be subject to future financing.

Gold Line Rail Corridor. The Gold Line is a proposed 11.2-mile commuter rail corridor from Denver Union Station passing through northern Denver, unincorporated Adams County, Arvada and Wheat Ridge. The District has completed a final EIS for the Gold Line and a Record of Decision was issued by the FTA in November 2009. The Gold Line will be delivered as part of the second phase of the Eagle P3 Project described in “Eagle P3 Project” under this caption. On August 31, 2011 the FTA granted a combined \$1.03 billion Full Funding Grant Agreement to the Gold Line Rail Corridor project and the East Corridor (described above). Construction on the Gold Line Rail Corridor began in 2011. The Gold Line is scheduled to open for revenue service in 2016.



**Southeast Rail Extension.** The Southeast Rail Extension is designed to add 2.3 miles of light rail to an existing 19.1-mile line. RTD completed the Environmental Evaluation on this corridor and released it for public comment on August 12, 2014, and received a Finding of No Significant Impact on October 17, 2014. RTD is currently in the FTA New Starts Engineering process to obtain a Full Funding Grant Agreement (“FFGA”) of \$92 million for the Southeast Rail Extension, with receipt of the FFGA projected in early 2016 and included in the FTA’s FY2016 Annual Report on Funding Recommendations. RTD has received a letter of commitment from the local jurisdictions along the corridor committing to a contribution of \$25 million in cash, plus right-of-way donations, permit fee waivers, and other in-kind donations projected to cover an additional \$3 million of the cost of the project. RTD has awarded a design-build contract for design and construction of the corridor to Balfour Beatty Infrastructure Inc. Construction of the Southeast Extension is projected to begin in 2016 upon receipt of the FFGA and satisfaction of other conditions, with revenue service projected in 2019.

**Other Corridor Extensions.** The Southwest Corridor Extension is designed to add 2.5 miles of light rail to an existing 8.7-mile light rail line. An Environmental Evaluation study of the Southwest Corridor Extension, including basic engineering design as well as planning and environmental evaluations, was completed in February 2010. The Central Corridor Extension is designed to add 0.8 miles of light rail to connect the existing 5.3-mile downtown light rail service to a station on the planned East Corridor. RTD is currently performing additional planning studies and updating its cost estimates for the Central Corridor Extension.

#### *Eagle P3 Project*

The District has served as the “conduit issuer” of its Tax-Exempt Private Activity Bonds (Denver Transit Partners Eagle P3 Project), Series 2010 (the “P3 Conduit Bonds”) in the aggregate principal amount of \$397,835,000. The proceeds of the P3 Conduit Bonds have been loaned to Denver Transit Partners LLC, a Delaware limited liability company (“Denver Transit Partners”) pursuant to a Loan Agreement (the “P3 Loan Agreement”) between the District and Denver Transit Partners to pay a portion of the costs of a FasTracks project (the “Eagle P3 Project”). The P3 Conduit Bonds are secured solely by loan payments required under the P3 Loan Agreement to be made by Denver Transit Partners in amounts and on the dates required to pay the principal and interest on the P3 Conduit Bonds. **The P3 Conduit Bonds do not constitute indebtedness of RTD or a multiple-fiscal year obligation of RTD within the meaning of the provisions of the State Constitution or the laws of the State.**

The District and Denver Transit Partners entered into a Concession and Lease Agreement (the “P3 Concession Agreement”) in July 2010 in order to generate the revenues necessary to meet Denver Transit Partners’ obligations under the P3 Loan Agreement. Under the P3 Concession Agreement, Denver Transit Partners has agreed to design, construct, finance, operate and maintain the Eagle P3 Project in return for payments by the District in the form of construction payments (the “Construction Payments”) and service payments (the “Service Payments”). The District has agreed to make monthly Construction Payments to Denver Transit Partners during the design and construction phase of the Eagle P3 Project and, commencing with the beginning of revenue service of the Eagle P3 Project, to make monthly Service Payments to Denver Transit Partners. Construction payments are expected to be funded from federal grants and from local funds available to the District and are subject to annual appropriation by the District. Service Payments have two components. One portion (the “TABOR Portion of Service Payments”), structured to exceed scheduled debt service on the P3 Conduit Bonds, is secured by a pledge of Sales Tax Revenues subordinate to the Senior Bonds and the Subordinate Bonds. See “DEBT STRUCTURE OF RTD.” Payment of the TABOR Portion of Service Payments by the District utilizes \$589,913,540 of the principal electoral authorization received at the 2004 Election. The second portion (the “Appropriation Portion”) is structured to cover operations and maintenance costs of the Eagle P3 Project and will be subject to annual appropriation by the District. The P3 Concession Agreement

provides that any TABOR Portion not paid due to insufficiency of Sales Tax Revenues is to be paid from available funds of the District, if appropriated. The District's obligation to make Construction Payments and Service Payments depends upon Denver Transit Partners' performance of its obligations under the P3 Concession Agreement, including completion of the design, construction and start up of the portions of the Eagle P3 Project when required and the operation of the Eagle P3 Project in accordance with the standards set forth in the P3 Concession Agreement. As required by the P3 Concession Agreement, RTD has reserved a certain amount of its electoral authority received pursuant to the 2004 Election to secure RTD's obligation to pay a termination amount to Denver Transit Partners upon the occurrence of certain events under, and in the amounts calculated in accordance with, the P3 Concession Agreement. In the event of a termination of the P3 Concession Agreement, any payment obligation by RTD for such termination amount under the P3 Concession Agreement will be subordinate to the Senior Bonds and the Subordinate Bonds.

In order to assist in the financing of a portion of the costs of the Eagle P3 Project, the District entered into a loan agreement with the United States Department of Transportation (the "USDOT") in December 2011 (the "TIFIA Loan Agreement") pursuant to which the USDOT agreed to loan the District an amount not to exceed \$280 million, to be evidenced by a bond (the "RTD TIFIA Bond") as further described in "DEBT STRUCTURE OF RTD." As of January 15, 2015, the District has drawn the full \$280 million under the TIFIA Loan Agreement.

#### *Denver Union Station*

Under the FasTracks program, the existing Denver Union Station has been developed into a multimodal transportation hub, integrating light rail, commuter rail and intercity rail (Amtrak) as well as regional, express and local bus service, the 16<sup>th</sup> Street Mall shuttle, and intercity buses, taxis, shuttles, vans, limousines, bicycles and pedestrians (the "DUS Project"). In August 2001, the District completed the acquisition of Denver Union Station and certain adjacent land. The District, in cooperation with the City and County of Denver, DRCOG, and CDOT, worked together to prepare a Master Plan and an EIS for the DUS Project. The Master Plan and EIS work began in May 2002 and the Master Plan components were approved by all four agency partners in the fall of 2004. The Record of Decision was issued by the FTA on October 17, 2008. The DUS Project also includes rezoning of the 19.85-acre site to Denver's new transit mixed use district and designation of the historic structure as a Denver historic landmark.

In 2006, the agency partners solicited proposals for, and selected, a master developer to enter into a public-private partnership to develop the public transportation infrastructure and the vertical, private, transit-supported development on the site. Construction at Denver Union Station started in 2009 under a limited Notice to Proceed. Certain improvements to Denver Union Station and related facilities are being delivered as part of the Eagle P3 Project described in "Eagle P3 Project" under this caption.

In July 2010, RTD entered into a DUSPA/RTD Funding Agreement (the "DUSPA Agreement") with the Denver Union Station Project Authority ("DUSPA") in order to support DUSPA's financing of the Denver Union Station mixed-use and multi-modal project, including transit elements which are to be constructed on RTD owned property and will be owned and operated by RTD. Such transit elements include a new light rail terminal, a new commuter rail station, a regional and commercial bus facility and new tracks. See "DEBT STRUCTURE OF RTD" for additional information regarding the DUSPA transaction which involved issuance of the DUSPA Bond with a lien on Sales Tax Revenues subordinate to the Senior Bonds, the FasTracks Bonds and to the TABOR Portion of Eagle P3 Project Service Payments. The light rail station was opened to passengers on August 15, 2011, and the bus facility was opened to passengers on May 11, 2014. Construction of the commuter rail platforms has been completed. Amtrak resumed rail service from Denver Union Station on February 28, 2014, and the District expects its

commuter rail operations to begin in 2016. A renovated and modernized Denver Union Station opened in July 2014.

#### *Commuter Rail Maintenance Facility*

A commuter rail maintenance facility is being designed to service the four planned commuter rail corridors (East Corridor, Gold Line, North Metro and Northwest Corridor) included in the FasTracks program. Such facility will cover approximately 31 acres, will be located northwest of downtown Denver and is expected to include facilities to allow for command and control of the commuter rail operations and security with communication links to the District's light rail transit operation control center and security command center. The commuter rail maintenance facility is being delivered as part of the Eagle P3 Project described in "Eagle P3 Project" under this caption. The Commuter Rail Maintenance Facility was completed in March 2015.

### **DEBT STRUCTURE OF RTD**

#### **Generally**

Subject to certain exceptions, including refinancing at a lower interest rate, the State Constitution provides that local governmental entities such as RTD may not issue bonds or other multiple-fiscal year financial obligations without the approval of the voters at an election called to approve the debt. See "CONSTITUTIONAL REVENUE, SPENDING AND DEBT LIMITATIONS." The Act does not provide any limitation as to the amount of debt which may be issued by RTD. Lease purchase agreements subject to annual appropriation are not debt or other multiple-fiscal year financial obligations for purposes of State law and therefore do not require voter approval. The following table summarizes the District's authorized and outstanding Sales Tax Revenue Bonds and Lease Purchase Agreements as of April 30, 2015:

[Remainder of page left blank intentionally.]

**TABLE VII**  
**Statement of Obligations**  
**As of April 30, 2015**

<b>Sales Tax Revenue Bonds (0.6% Sales Tax)<sup>(1)</sup> – Senior Bonds</b>	<b>Outstanding<sup>(2)(9)</sup></b>
RTD Sales Tax Revenue Refunding Bonds, Series 2007A	\$ 69,825,000
RTD Sales Tax Revenue Refunding Bonds, Series 2010A	19,335,000
RTD Taxable Sales Tax Revenue Refunding Bonds, Series 2013A	77,945,000
TOTAL	\$ 167,105,000
<b>Sales Tax Revenue Bonds (FasTracks – 0.4% Sales Tax Increase)<sup>(3)(10)</sup> – Subordinate Bonds</b>	
RTD Sales Tax Revenue Refunding Bonds (FasTracks Project), Series 2007A	\$ 360,310,000
RTD Tax-Exempt Sales Tax Revenue Bonds (FasTracks Project), Series 2010A	79,140,000
RTD Taxable Sales Tax Revenue Bonds (FasTracks Project) (Direct Pay Build America Bonds), Series 2010B	300,000,000
RTD Sales Tax Revenue Bonds (FasTracks Project), Series 2012A	474,935,000
RTD Sales Tax Revenue Refunding Bonds (FasTracks Project), Series 2013A	204,820,000
RTD TIFIA Bond <sup>(4)</sup>	280,000,000
TOTAL	\$ 1,699,205,000
<b>Eagle P3 Project</b>	
TABOR Portion of Service Payments <sup>(5)</sup>	\$ 589,913,540
<b>DUSPA</b>	
DUSPA Bond <sup>(6)</sup>	\$ 155,695,408
<b>Lease Purchase Agreements<sup>(7)</sup></b>	
Adjustable Rate Certificates of Participation (2002A Transit Vehicle Project), Series 2002A <sup>(8)</sup>	\$ 91,000,000
Certificates of Participation, Series 2005A	5,185,000
Lease Purchase Agreement II (Taxable Refunding Certificates of Participation), Series 2007A	10,135,000
Tax-Exempt Certificates of Participation, Series 2010A	196,285,000
Taxable Certificates of Participation, Series 2010B	100,000,000
Certificates of Participation, Series 2013A	221,335,000
Certificates of Participation, Series 2014A	440,915,000
TOTAL	\$ 1,064,855,000

<sup>(1)</sup> Secured by a first lien on the original 0.6% Sales Tax and any additional revenues legally available to RTD that the Board in its discretion pledges by supplemental resolution to the payment of such bonds. The Board has not pledged any additional revenues to secure these outstanding Senior Bonds. Further, the Board has covenanted that no additional securities are to be issued by the District with a pledge of the lien on the 0.6% Sales Tax revenues that is senior to Subordinate Bonds except for obligations issued by the District to refund Senior Bonds for interest rate savings.

<sup>(2)</sup> RTD is current on payment of its outstanding obligations. None of the outstanding obligations bear interest at a variable rate or are subject to acceleration.

<sup>(3)</sup> Secured by first lien on the 0.4% Sales Tax Increase and a subordinate lien on the 0.6% Sales Tax. See the discussion following this TABLE V regarding the District's plans to issue additional Subordinate Bonds depending on financial and market conditions.

<sup>(4)</sup> RTD has drawn the full \$280,000,000 of project funds from the TIFIA loan. Reflects only the par amount of the RTD TIFIA Bond and does not include capitalized interest that began to accrue upon the first draw and continues to accrue at a rate of 3.14% until the commencement of service on the Eagle P3 Project.

<sup>(5)</sup> See "THE SYSTEM – FasTracks – Eagle P3 Project." Secured by a lien on the Sales Tax Revenues that is subordinate to the lien thereon of the Senior Bonds and the Subordinate Bonds.

<sup>(6)</sup> Secured by a lien on Sales Tax Revenues after payment of Senior Bonds, Subordinate Bonds and TABOR Portion of Service Payments.

<sup>(7)</sup> Paid with annually appropriated lease payments by the District. Not secured by Sales Tax Revenues. Does not include the 2015A Certificates.

<sup>(8)</sup> The interest on these certificates has been converted to a fixed rate.

<sup>(9)</sup> See the discussion following this Table VII regarding the District's expectations as to interim financing arrangements, certificates of participation and additional Subordinate Bonds to be incurred and issued in 2016 and thereafter.

<sup>(10)</sup> Pursuant to the FasTracks Indenture, before the District can issue additional FasTracks Bonds, the District must, among other requirements, meet a combined 200% Maximum Annual Debt Service Coverage Test for all Senior Debt, FasTracks Bonds (including the RTD TIFIA Bond) and any additional FasTracks Bonds. Pursuant to the terms of the TIFIA Loan Agreement, before the District can issue additional FasTracks Bonds, the District must, among other requirements, meet a combined 200% Maximum Annual Debt Service Coverage Test for all Senior Debt, the RTD TIFIA Bond, all FasTracks Bonds and any additional FasTracks Bonds. Pursuant to the terms of the P3 Concession Agreement, before the District can issue additional FasTracks Bonds, the District must, among other requirements, meet a combined 150% Maximum Annual Debt Service Coverage Test for all Senior Debt, the TABOR Portion of Service Payments, the Appropriation Portion, and any additional FasTracks Bonds. Pursuant to the terms of the DUSPA Agreement, before the District can issue additional bonds, the District must, among other requirements, meet a combined 110% Maximum Annual Debt Service Coverage Test for all Senior Debt (including the obligations under the P3 Concession Agreement), the DUSPA Bonds and any Additional FasTracks Bonds.

Source: The District.

On November 2, 1999, the electors of the District authorized the District to incur \$457,000,000 of indebtedness, with no new taxes, exclusively to finance the Southeast Corridor light rail project. The full amount of this authorized indebtedness has been issued or incurred.

At the 2004 Election, the electors of the District authorized the District to incur \$3.477 billion of indebtedness to finance FasTracks. See “THE SYSTEM – FasTracks.” The District has issued obligations in the aggregate principal amount of approximately \$2.830 billion pursuant to such authorization. Such amount includes commitments under outstanding agreements to reserve certain amounts of its electoral authority. The District is further limited in its ability to issue additional FasTracks indebtedness by maximum annual and maximum total debt service limitations authorized at the 2004 Election.

RTD also has pledged both the 0.4% Sales Tax Revenues and 0.6% Sales Tax Revenues (to the extent needed) in connection with the Eagle P3 Project. See “THE SYSTEM – FasTracks – Eagle P3 Project.” In connection with the Eagle P3 Project, the District has issued \$397,835,000 aggregate principal amount of the P3 Conduit Bonds. **The P3 Conduit Bonds do not constitute indebtedness of RTD as a multiple-fiscal year obligation of RTD within the meaning of any provisions of the State Constitution or the laws of the State.**

As described under “THE SYSTEM – FasTracks – Denver Union Station,” RTD entered into the DUSPA Agreement with DUSPA in July 2010 in order to support DUSPA’s financing of the Denver Union Station mixed-use and multi-modal project, including transit elements which are to be constructed on RTD owned property and will be owned and operated by RTD. Such transit elements include a new light rail terminal, a new commuter rail station, a regional and commercial bus facility and new tracks. Under the DUSPA Agreement, RTD issued the DUSPA Bond to DUSPA payable from pledged Sales Tax Revenues on a lien basis subordinate to the Senior Bonds, the Subordinate Bonds and the TABOR Portion of Service Payments. The DUSPA Bond was outstanding in the aggregate principal amount of \$155,695,408 as of April 30, 2015, bears interest at an annual rate of 5.85%, and is amortized over a 30-year term resulting in level annual debt service not exceeding \$12,006,489. In the event that there are not sufficient revenues to pay the debt service requirements on the DUSPA Bond, no event of default shall be deemed to occur under the DUSPA Agreement or the DUSPA Bond, but the DUSPA Bond shall continue to bear interest at 5.85% per annum, without interest on accrued but unpaid interest.

Under the authority conferred at the 2004 Election and in order to assist in the financing of a portion of the costs related to Eagle P3 Project, the District entered into the TIFIA Loan Agreement pursuant to which the USDOT will loan a maximum amount of \$280,000,000 to the District, which loan is evidenced by the RTD TIFIA Bond. As of January 15, 2015, the District has drawn the full \$280 million under the TIFIA Loan Agreement.

As part of the Eagle P3 Project, the District received a Federal New Starts Grant in the amount of \$1.03 billion. Future appropriations are expected to be received by the District through 2018. The District continues to evaluate the need for an interim financing to accelerate the receipt of approximately \$240 million (which amount may be more or less depending on market conditions and other factors) anticipated to be received from 2016 to 2018, with the need for such financing (as well as its size, timing and structure) determined by the anticipated timing of funds received pursuant to the Federal New Starts Grant related to the Eagle P3 Project.

The remaining elements of the FasTracks Program to be constructed consist of the Central Rail Extension, Southwest Rail Extension, Southeast Rail Extension and Northwest Rail. While it is the goal of the District to build as much of the FasTracks Program as fast as it can, the District will only build what it can fund on a responsible basis, in a manner that will not put the District’s System at risk or in

which the District will incur leverage in an amount that may jeopardize its ability to operate and maintain the District's System. The District has the capacity to issue additional FasTracks debt and will seek to maximize the benefit of its remaining capacity. The District may also enter into additional lease purchase agreements or certificates of participation financings in connection with its FasTracks Program but has no current plans to do so. The District will also continue to seek opportunities from both the federal local governments to complete the FasTracks Program. See "RISK FACTORS – Annual Right of RTD to Not Renew the Lease."

RTD currently anticipates the issuance of Sales Tax Revenue Bonds (FasTracks Project) in the first quarter of 2016 in a principal amount of approximately \$71 million to be used to construct the Southeast Rail Extension.

Over the next five years, 2016-2020, the District expects to purchase new vehicles in the anticipated amount of \$201 million as part of its Base System fleet replacement program. The cost to acquire the vehicles may be funded through the use of cash on hand or the issuance of certificates of participation, with no plans having been determined at the current time.

The District has entered into a number of transactions in which certain of its light rail vehicles have been leased to and subleased back from certain U.S. and foreign companies and has entered into a transaction in which its maintenance facilities have been sold to and leased back from one of these companies. As part of each of these transactions, the District irrevocably set aside certain monies (which were received from each counterparty as payment for its leasing of the buses, light rail vehicles and the real property) with a third-party trustee. The monies held by such trustee will be utilized to make the lease payments owed by the District with respect to its leasing of these assets and the lease payments owed by the District under the transactions are therefore considered fully funded and economically defeased. See "APPENDIX B – REGIONAL TRANSPORTATION DISTRICT DENVER, COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014 AND 2013."

#### **Debt Service Requirements and Annual Appropriations**

Debt service requirements to maturity for obligations secured by Sales Tax Revenues of the District and for annual amounts subject to appropriation by the District in connection with certificates of participation are set forth in the following table:

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**TABLE VIII**  
**Annual Debt Service Requirements and Amounts Subject to Appropriation<sup>(1)</sup>**

Year	Sales Tax Secured Obligations <sup>(2)</sup>						Existing Appropriation Obligations						2015A
	0.6%	0.4% FasTracks Sales Tax Obligations					Total Sales Tax	Contractually		Non-TABOR Portion			
	Sales Tax	FasTracks	TIFIA	TABOR Portion of		DUSPA	Secured	Certificates	Obligated Construction	of Eagle P3 Service			
	Obligations	Bonds <sup>(3)</sup>	Loan <sup>(4)</sup>	Eagle P3 Service Pmts		Bond	Obligations	of Participation <sup>(3)</sup>	Payments for Eagle P3 <sup>(5)</sup>	Payments <sup>(6)</sup>			
2015	28,769,144	69,763,325	-	-	-	12,006,489	81,769,814	110,538,958	82,579,729	155,680,200	-	238,259,929	2,564,558
2016	28,766,028	69,760,375	-	-	-	12,006,489	81,766,864	110,532,892	87,885,286	65,431,449	48,583,917	201,900,652	9,141,000
2017	28,624,805	69,761,575	-	40,953,635	-	12,006,489	122,721,699	151,346,504	82,976,184	4,332,790	69,117,048	156,426,021	9,141,000
2018	28,376,455	69,761,713	-	34,436,829	-	12,006,489	116,205,030	144,581,485	87,497,284	-	71,441,718	158,939,002	9,141,000
2019	19,980,340	69,760,788	-	45,388,149	-	12,006,489	127,155,426	147,135,766	85,472,948	-	91,313,043	176,785,991	19,583,250
2020	19,982,060	69,760,388	-	45,813,412	-	12,006,489	127,580,288	147,562,348	92,658,762	-	96,685,000	189,343,762	19,579,125
2021	14,495,578	69,762,338	10,888,388	46,263,740	-	12,006,489	138,920,954	153,416,533	92,658,925	-	86,269,025	178,927,950	19,484,375
2022	9,583,950	69,761,288	10,888,388	44,618,361	-	12,006,489	137,274,525	146,858,475	88,979,825	-	85,400,737	174,380,562	19,482,625
2023	9,582,400	89,508,888	10,888,388	45,790,286	-	12,006,489	158,194,050	167,776,450	87,403,200	-	87,929,070	175,332,270	19,485,000
2024	9,588,275	89,512,988	10,888,388	47,210,467	-	12,006,489	159,618,331	169,206,606	87,390,275	-	96,509,085	183,899,360	19,480,000
2025	-	89,514,013	19,484,111	49,812,129	-	12,006,489	170,816,741	170,816,741	87,383,150	-	113,128,252	200,511,402	19,481,000
2026	-	110,519,113	19,481,011	44,523,987	-	12,006,489	186,530,600	186,530,600	71,041,375	-	87,620,177	158,661,552	19,486,000
2027	-	147,618,113	11,304,747	45,475,113	-	12,006,489	216,404,461	216,404,461	63,169,159	-	87,065,434	150,234,593	19,483,250
2028	-	146,569,088	11,304,747	46,678,612	-	12,006,489	216,558,935	216,558,935	53,727,422	-	91,091,815	144,819,236	7,576,250
2029	-	135,723,013	11,304,747	48,154,170	-	12,006,489	207,188,418	207,188,418	53,726,916	-	98,443,127	152,170,043	7,578,356
2030	-	109,456,913	11,304,747	61,422,787	-	12,006,489	194,190,934	194,190,934	53,723,778	-	128,776,647	182,500,425	7,579,463
2031	-	149,201,238	11,304,747	49,261,307	-	12,006,489	221,773,780	221,773,780	53,728,994	-	91,513,938	145,242,932	7,579,625
2032	-	144,442,063	11,304,747	55,464,975	-	12,006,489	223,218,273	223,218,273	53,693,621	-	96,085,258	149,778,880	7,577,613
2033	-	135,880,738	11,304,747	67,957,415	-	12,006,489	227,149,388	227,149,388	53,700,867	-	108,911,523	162,612,390	7,573,569
2034	-	107,159,213	11,304,747	84,463,655	-	12,006,489	214,934,103	214,934,103	53,709,273	-	134,377,070	188,086,344	7,579,700
2035	-	105,118,438	11,304,747	97,323,155	-	12,006,489	225,752,828	225,752,828	53,721,010	-	153,816,273	207,537,283	7,574,450
2036	-	139,938,163	11,304,747	43,848,307	-	12,006,489	207,097,705	207,097,705	41,333,827	-	93,894,106	135,227,932	7,576,600
2037	-	126,491,050	11,304,747	49,294,601	-	12,006,489	199,096,887	199,096,887	41,331,655	-	95,510,707	136,842,362	7,573,300
2038	-	56,030,250	11,304,747	57,225,684	-	12,006,489	136,567,170	136,567,170	41,341,038	-	105,223,560	146,564,599	7,574,500
2039	-	17,532,000	50,500,798	73,605,255	-	12,006,489	153,644,542	153,644,542	41,345,852	-	128,892,678	170,238,530	7,574,700
2040	-	17,532,000	50,500,798	82,267,193	6,003,244	-	156,303,235	156,303,235	41,348,419	-	133,707,182	175,055,600	7,573,500
2041	-	17,532,000	50,500,798	77,751,457	-	-	145,784,255	145,784,255	32,515,550	-	125,627,332	158,142,882	-
2042	-	17,532,000	50,500,798	13,005,523	-	-	81,038,321	81,038,321	32,511,075	-	55,656,036	88,167,111	-
2043	-	17,532,000	50,500,798	15,089,879	-	-	83,122,677	83,122,677	32,515,450	-	77,267,767	109,783,217	-
2044	-	17,532,000	50,500,798	25,134,048	-	-	93,166,846	93,166,846	32,515,325	-	85,087,944	117,603,269	-
2045	-	17,532,000	50,500,798	-	-	-	68,032,798	68,032,798	-	-	-	-	-
2046	-	70,752,000	-	-	-	-	70,752,000	70,752,000	-	-	-	-	-
2047	-	70,831,823	-	-	-	-	70,831,823	70,831,823	-	-	-	-	-
2048	-	70,920,223	-	-	-	-	70,920,223	70,920,223	-	-	-	-	-
2049	-	71,015,803	-	-	-	-	71,015,803	71,015,803	-	-	-	-	-
2050	-	71,116,584	-	-	-	-	71,116,584	71,116,584	-	-	-	-	-
Total	\$ 197,749,036	\$ 2,918,135,495	\$ 571,681,217	\$ 1,438,234,132	\$ 306,165,466	\$ 5,234,216,310	\$ 5,431,965,346	\$ 1,863,586,173	\$ 225,444,439	\$ 2,824,945,469	\$ 4,913,976,081	\$ 304,023,808	

(1) Amounts may not add to column totals due to rounding.

(2) See "DEBT STRUCTURE OF RTD – Generally."

(3) The Series 2010B FasTracks Bonds and the Series 2010B Certificates of Participation are Build America Bonds. This table reflects total interest to be paid. The BAB Credit has not been subtracted from the amounts shown.

(4) Represents anticipated TIFIA Loan Payments based on original Loan Agreement. Final loan repayments are dependent upon actual timing of drawdowns of the TIFIA Loan and substantial completion of the Eagle project.

See "THE SYSTEM – FasTracks – Eagle P3 Project."

(5) Construction payments to be made from currently available sources including proceeds from prior bond issues, draws on the TIFIA Loan, sales tax revenues, and other sources.

(6) Payment schedule based on established service level requirements in the P3 Concession Agreement. See "THE SYSTEM - FasTracks - Eagle P3 Project."

## **FINANCIAL INFORMATION CONCERNING RTD**

### **Budget Policy**

RTD annually prepares and adopts an official budget in accordance with the State Local Government Budget Law. RTD's Fiscal Year begins on January 1 and ends on December 31 (the "Fiscal Year"). Prior to October 15 of each Fiscal Year, the General Manager submits an operating and capital budget for the ensuing Fiscal Year to the Board for its approval. The Board may accept the budget with a majority vote or may vote to override all or any part of the proposed budget. After the budget is approved (on or before December 31), in conjunction with an appropriation resolution by the Board, which must also approve subsequent amendments thereto, the General Manager is empowered to administer the operating and capital budget. If the Board fails to adopt a budget by the required date, RTD has authority to begin making expenditures limited to 90% of the prior year's approved appropriation for operations and maintenance.

RTD also maintains budgetary controls. These controls ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. The budget sets forth proposed outlays for operation, planning, administration, development, debt service, and capital outlays. The level of budgetary control (that is, the level at which expenditures may not legally exceed the appropriated amount) is established at the fund level.

Unused appropriations lapse at year-end, except that the Board has the authority, as stated in the adopted appropriation resolution, to carry-over the unused portions of the funds for capital projects not completed for a period, not to exceed three years. RTD's policy also authorizes the General Manager to approve certain line-item transfers within the budget.

RTD administration utilizes multi-year planning and forecasting methods for budgeting and for capital projects planning. They are believed to be effective in more accurately forecasting RTD's financial needs and in programming the capital improvements program to meet its infrastructure requirements. The use of six-year operating and capital improvement forecasts in financial planning has enabled RTD to plan necessary revenue measures to meet future operational needs. See "THE SYSTEM – Long-Term Financial Planning – Strategic Budget Plan."

### **Major Revenue Sources**

According to its audited financial statements for the year ended December 31, 2014, RTD derived 54.8% of its combined operating and non-operating income from Sales Tax Revenues, 22.0% from capital grants and local contributions, 13.3% from operating revenues, 8.0% from federal operating assistance, and 1.8% from investment income and other sources. RTD has not levied any ad valorem taxes since 1976, although it has the power to do so, subject to certain State constitutional restrictions. See "CONSTITUTIONAL REVENUE, SPENDING AND DEBT LIMITATIONS."

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The following table summarizes certain information relating to RTD's primary sources of revenue and capital receipts, including Sales Tax Revenues, for the years 2004 to 2014:

**TABLE IX**  
**Revenue and Capital Receipts by Source<sup>(1)</sup>**  
**(In Thousands of Dollars)**

<u>Year</u>	<u>Operating Revenues<sup>(2)</sup></u>	<u>Sales Tax Revenues</u>	<u>Federal Operating Assistance</u>	<u>Investment Income</u>	<u>Other<sup>(5)</sup></u>	<u>Total Revenue</u>	<u>Federal Capital Grants</u>	<u>Local Capital Contributions</u>	<u>Total Revenue and Capital Receipts</u>
2004	\$ 61,023	\$ 221,276	\$ 39,649	\$ 9,439	\$ 3,571	\$ 334,958	\$ 54,446	\$ 17,309	\$406,713
2005	62,741	386,427 <sup>(3)</sup>	41,322	15,624	4,934	511,048	86,523	10,861	608,432
2006	69,521	399,557	42,805	29,936	5,960	547,779	57,413	4,123	609,315
2007	81,510	418,407	47,041	57,471	5,761	610,189	107,577	7,556	725,322
2008	92,329	412,824	50,814	52,456	3,107	611,530	39,220	169	650,919
2009	101,247	371,405	68,146	29,379	3,283	573,460	129,211	2,500	705,171
2010	102,356	397,549	92,655	8,065	179	600,804	102,213	5,265	708,282
2011	113,379	415,180	89,592	6,484	5,255	629,890	186,073	52,219	868,182
2012	118,262	449,787	68,927	2,613	14,494	654,083	193,991	117,685	965,759
2013	123,040	468,586	88,243	2,040	28,088	709,997	159,783	82,783	952,563
2014	124,903	514,721	75,544	165	16,861	732,194	171,549	34,882	938,625
2014% <sup>(4)</sup>	13.3%	54.8%	8.0%	0.021%	1.8%	78.0%	18.3%	3.7%	100%

<sup>(1)</sup> Data is taken from the financial records of RTD and is presented on the accrual basis.

<sup>(2)</sup> Comprised almost entirely of passenger fare revenues and advertising revenues.

<sup>(3)</sup> The District began collecting the 0.4% Sales Tax Revenues in 2005.

<sup>(4)</sup> Represents 2014 percentage of Total Revenue and Capital Receipts.

<sup>(5)</sup> Other is comprised of "Other Income" and "Gain/Loss on Capital Assets." Please see the Summary of Statements of Revenue, Expenses, and Changes in Net Position table in the Regional Transportation District, Denver, Colorado, Comprehensive Annual Financial Report in Appendix B hereto.

Source: District Comprehensive Annual Financial Reports for the years ended December 31, 2004-2014.

## Sales and Use Tax

Both the Sales Tax and property tax are subject to legislative control in that both the tax base and the tax rates are prescribed by statute and may only be changed by amendments to the Act approved by the State General Assembly or initiated by the voters.

Pursuant to the Act, in September 1973, District voters authorized RTD to issue bonds for the purpose of developing a public multi-modal mass transportation system for RTD, such bonds to be payable from District-wide sales taxes imposed at the rate of 0.5% upon every taxable transaction. Effective May 1, 1983, after the State General Assembly eliminated food and utilities from the sales tax base of RTD, the Act was amended to empower RTD to impose the sales tax at the rate of 0.6% throughout the District. At the 2004 Election, District voters approved a ballot measure authorizing RTD to increase the rate of the Sales Tax (as defined below) by 0.4%, up to a total of 1.0% in connection with financing the FasTracks plan.

The sales tax, which has been imposed and collected in the District since January 1, 1974, is imposed upon every transaction or other incident with respect to which the State imposes a sales tax. Reference is made to Article 26 of Title 39, Colorado Revised Statutes, as amended (the "Sales Tax Act") for a complete description of the transactions subject to or exempt from the State sales tax. The sales tax must be collected at the time of the transaction. One exception to the sales tax being collected at the time of sale applies to the purchase of used automobiles from private parties. If the buyer and seller both live within the District, the sales tax is collected by the county motor vehicle registrar in the county in which the buyer resides at the time that the vehicle is registered and remitted to RTD. If one or more parties live

outside the District, no sales tax is collected, but a use tax will be collected by the county motor vehicle registrar in the county in which the buyer resides at the time the vehicle is registered and remitted to RTD. For discussion about the boundaries of the District in which the Sales Tax is levied, see “RTD – Organization.”

In 1989, the Colorado Supreme Court held that the Act implicitly authorized RTD to impose a use tax. Under Colorado law, a use tax is considered supplementary to, and not separate from, a sales tax. Reference is made to the Sales Tax Act for a complete description of the transactions subject to or exempt from the State use tax. The components of use tax liability to RTD are (1) tangible personal property (2) purchased at retail (3) without prior payment of sales or use tax and (4) use or consumption in the District. Beginning in April 1989, the State Department of Revenue began collecting a use tax for RTD. The sales tax and use tax imposed by RTD are collectively referred to herein as the “Sales Tax.”

On January 1, 2014, legislation sponsored by RTD became effective that establishes RTD’s parity with the State regarding items that are exempt from sales and use taxation. Prior to this time, RTD exempted certain items from taxation that the State included as taxable items and vice versa. The legislation is not expected to have a material effect on RTD’s sales and use taxes. See “LITIGATION.”

#### *Manner of Collection of the Sales Tax*

The Sales Tax. The collection, administration and enforcement of the District’s Sales Tax are performed by the Executive Director of the Department of Revenue (the “Executive Director”) in the same manner as the collection, administration and enforcement of the State sales tax. Legislation enacted in 1987 requires the Executive Director to charge RTD for the cost of collection, administration and enforcement after crediting RTD with interest earnings on amounts collected. For the 12-month period ended December 31, 2014, RTD’s net cost of collections was approximately \$511,075.

Any person engaged in the business of selling at retail must obtain a license therefor from the State. The State license is in force and effect until December 31 of the year following the year in which it is issued. Each individual vendor in the District is liable for the amount of tax due on all taxable sales made by him. Before the twentieth day of each month, the vendor, if reporting monthly, must make a return and remit the amount due for the preceding calendar month to the Executive Director. Some small businesses are permitted to remit sales tax collections quarterly. The Executive Director may extend the time for making a return and paying the taxes due. The vendor is entitled to withhold an amount equal to 3.3% of the total amount to be remitted to the Executive Director each month in order to cover the vendor’s expenses. If any vendor is delinquent in remitting the tax, other than in unusual circumstances shown to the satisfaction of the Executive Director, the vendor will not be allowed to retain any amounts to cover the vendor’s expenses.

The Executive Director is required to furnish the District a monthly listing of all returns filed by retailers in the District. The District must notify the Executive Director within 90 days of any retailers omitted from the listing or thereafter will be precluded from making any further claims based upon such omission. In March 2014, the District engaged a third party to conduct compliance reviews and reviews of sales and use tax receipts in order to supplement the services performed by the Colorado Department of Revenue. Although such reviews are anticipated to result in the receipt of additional incremental revenues by the District, the amount cannot yet be determined. The District receives sales taxes so collected in the form of monthly distributions made to the District by the Executive Director. Historically, RTD has received sales tax proceeds about the fifth business day of the second month following receipt thereof by the State Department of Revenue. The District has assigned its rights to receive the 0.6% Sales Tax Revenues and 0.4% Sales Tax Revenues to the Trustee for the Senior Debt and the Trustee for the Subordinate Bonds, respectively.

The Use Tax. All vehicles must be licensed in each county. Consequently, the motor vehicle use tax is collected by each county during its licensing process and is then remitted to the District periodically pursuant to agreements entered into between such counties, the District and the Executive Director. Other use taxes are collected by the State Department of Revenue and distributed to the District on a monthly basis.

#### *Remedies for Delinquent Taxes*

Failure by a retailer to pay the appropriate Sales Taxes collected is punishable pursuant to State law. A statutorily prescribed rate of interest is due on deficiencies from the first date prescribed for payment. Further, if any part of the deficiency is due to negligence or intentional disregard of the regulations with knowledge thereof, but without intent to defraud, 10% of the total amount of the deficiency, plus interest, is to be added to the amount due. If the deficiency is due to fraud with intent to evade the tax, 100% of the total amount of the deficiency is to be added to the amount due, with an additional 3% per month added from the date the return was due until paid. In both instances, the additional amount and interest become due and payable 10 days after written notice and demand by the Executive Director.

The sales tax imposed constitutes a first lien upon the goods and business fixtures of or used by any retailer under lease, title retaining contract or other contract arrangement, except for the stock of goods sold or for sale in the ordinary course of business. Such lien takes precedence over other liens or claims of whatsoever kind or nature. Exempted from the lien are identifiable real or personal property leased to a retailer if the lessee has no right to become the owner and properly registered motor vehicles to the extent an interest is not credited to the lessee.

If any tax, penalty or interest imposed and shown due by returns filed by the taxpayer, or shown as assessments duly made, are not paid within five days after the same are due, the Executive Director issues a notice of the amount due, including a statement as to the lien claimed by the District on the property. If such amount remains unpaid, the Executive Director then issues a warrant to any authorized revenue collector or to the county sheriff commanding him to levy upon, seize and sell sufficient property of the tax debtor to satisfy the amount due, subject to valid preexisting claims or liens. A statutory limitation provides that except in the case of the filing of a false or fraudulent return with the intent to evade tax, no action to collect Sales Taxes due may be commenced more than three years after the date on which the tax is payable.

Any vendor receiving a deficiency notice regarding the payment of Sales Taxes to the District has the right to request the Executive Director to conduct a hearing on the deficiency, and may thereafter appeal the decision to the district court. Conviction of a violation of any of the State's sales tax statutory provisions is punishable by a fine of no more than \$300, or imprisonment for no more than 90 days, or both. Violations also are subject to prosecution and punishment by the State for the violation of State law.

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*Sales and Use Tax Data*

The following table sets forth the District's Sales and Use Tax collections for the past five years:

**TABLE X**  
**Historical Sales and Use Tax Revenues**  
**(In Thousands of Dollars)**

<b><u>Year</u></b>	<b><u>0.6% Sales Tax Collections</u></b>	<b><u>0.4% Sales Tax Collections<sup>(1)</sup></u></b>	<b><u>Total Sales Tax Collections</u></b>	<b><u>Percent Change</u></b>
2010	\$ 238,529	\$ 159,020	\$ 397,549	7.0
2011	249,108	166,072	415,180	4.4
2012	269,872	179,915	449,787	8.3
2013	281,152	187,434	468,586	4.2
2014	302,069	212,652	514,721	9.8
2015 <sup>(2)</sup>	100,948	67,299	168,247	7.5 <sup>(3)</sup>

<sup>(1)</sup> The proceeds of the debt and the increased 0.4% Sales Tax authorized at the 2004 election are required to be used and spent for the construction and operations of FasTracks. See "SECURITY FOR THE 2015A CERTIFICATES – Base Rentals."

<sup>(2)</sup> The 2015 Sales Tax Revenues reflect the District's Sales Tax collections through April of 2015.

<sup>(3)</sup> Represents the percentage increase from 2014.

Source: District 2014 Comprehensive Annual Financial Report (attached as APPENDIX B hereto); RTD's Monthly Financial Statement.

The District has budgeted that it will collect \$550 million of Sales Tax Revenues in 2015, representing a 6.8% increase from 2014. However, there is no certainty that such collections will be realized in the amount the District currently budgets. See "FORWARD LOOKING STATEMENTS."

The following table of the District's principal Sales Tax generators by category is based on Sales Tax Revenues remittances to the District for 2014. Because of the confidential nature of the gross sales of the individual entities, the identity of vendors may not be divulged under State law.

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**TABLE XI**  
**Fifteen Largest Categories of Generators of**  
**Sales Tax 2014**

<b><u>Type of Business</u></b>	<b><u>Percent of Total Sales and Use Tax Collections</u></b>
Accommodation	3.0%
Building Materials and Garden	5.7%
Clothing and Clothing Accessories Stores	4.4%
Food and Beverage Stores	5.7%
Food Services and Drinking Places	12.0%
Furniture and Home Furnishing Stores	2.8%
General Merchandise Stores	7.8%
Merchant Wholesalers, Durable Goods	5.0%
Miscellaneous Store Retailers	5.5%
Motor Vehicle and Parts Dealers	10.5%
Other	23.9%
Rental and Leasing Services	3.4%
Sporting Goods, Hobby, Book and Music Stores	2.6%
Telecommunications	4.7%
Utilities	3.0%
Total	100.0%

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Source: State of Colorado, Department of Revenue; The District.

Certain counties, municipalities and special districts located within the District also impose sales taxes. A statutorily created special district, the Scientific and Cultural Facilities District, covers generally the same geographical area as RTD and is empowered to levy a 0.1% sales tax. The total sales tax levy in the District, including the State sales tax, RTD Sales Tax and any locally imposed sales tax, ranges from 4.00% in Weld County to 8.75% in the City of Northglenn.

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The following table shows taxable retail sales within RTD's service area for the years 2004 through 2014:

**TABLE XII**  
**RTD Net Taxable Retail Sales**  
**(In Millions of Dollars)**

<u>Year</u>	<u>City and County of Denver</u>	<u>Boulder County</u>	<u>Jefferson County</u>	<u>Adams County<sup>(1)</sup></u>	<u>Arapahoe County<sup>(1)</sup></u>	<u>Douglas County<sup>(1)</sup></u>	<u>City and County of Broomfield<sup>(1)</sup></u>	<u>Other<sup>(2)</sup></u>	<u>Total Taxable Transactions</u>	<u>Percent Annual Increase or Decrease</u>
2004	\$ 8,841	\$ 3,079	\$ 5,659	\$ 4,151	\$ 6,720	\$ 2,143	\$ 902	\$ 558	\$ 32,053	6.0%
2005	9,429	3,248	5,823	4,471	6,851	2,463	891	609	33,785	5.4
2006	9,793	3,336	5,952	4,577	6,889	2,562	902	572	34,583	2.4
2007	10,751	3,538	6,185	4,804	7,294	2,616	934	592	36,714	6.2
2008	11,057	3,491	6,043	4,785	7,098	2,524	901	666	36,565	(0.4)
2009	9,269	3,216	5,536	4,240	6,459	2,319	790	474	32,303	(11.7)
2010	9,766	3,391	5,656	4,433	6,817	2,390	935	718	34,106	5.6
2011	11,239	3,721	6,001	4,749	7,486	2,778	944	1,041	37,959	11.3
2012	12,415	3,851	6,202	5,323	8,109	2,912	991	1,036	40,839	7.6
2013	12,861	4,033	6,538	5,731	8,456	3,108	1,004	0	41,731	2.2
2014	14,254	4,359	7,013	6,436	9,211	3,318	1,045	0	45,636	9.4

<sup>(1)</sup> Only a portion of each of these counties lies within the District.

<sup>(2)</sup> Represent taxable transactions that occur within RTD's service area but sales tax collections that occur outside RTD's service area.

Source: Colorado Department of Revenue, Statistical Section.

## Fare Structure

Passenger fare revenues are derived from fares charged to the users of the RTD System. Fares may be paid in exact change, by tokens that were purchased prior to December 31, 2011, by prepaid tickets, by using a monthly pass valid for unlimited rides during the months for the level of service purchased, or by using annual passes sold to specific groups. These include passes sold to employers for use by all employees (“EcoPass”), passes sold to organized neighborhood groups (“Neighborhood EcoPass”), and passes sold to all students at participating colleges or universities (“CollegePass”). The RTD fare structure includes free transfers between routes in the same or lower fare classes. Discounted fares also are available for youth, students, seniors, and the disabled; RTD also sells ten-ride ticket books and monthly passes to social service agencies at a discounted rate. RTD does not refund or replace lost or stolen ticket books or passes. Most RTD prepaid fare media are available through various outlets throughout the District at no charge to RTD. EcoPass, Neighborhood EcoPass, and CollegePass program annual passes are sold directly to participating organizations, and each individual participant is given a photo ID pass.

RTD may adjust fares on the System without the approval or consent of any other body or entity. As a recipient of federal grants, RTD is obligated to consider comments arising from a public involvement process prior to implementing any fare increases. The current SBP assumes future fare increases every three years corresponding to the projected increase in the Denver-Boulder Consumer Price Index. The District implemented a fare increase on March 3, 2002, which was the first major change in the fare structure since 1997. Fares were adjusted further on January 1<sup>st</sup> of 2003, 2004, 2006, 2008, 2009 and 2011. On July 1, 2006, RTD initiated a new fare system for light rail based upon the number of zones a passenger travels in for each one-way trip. In addition, on May 26, 2015, the Board of Directors approved an increase in fares that is scheduled to take effect on January 1, 2016 as set forth in Tables XV and XVI below.

The following table shows the current RTD fares that became effective on January 1, 2011:

**TABLE XIII**  
**Single Trip Fares**

	<b>Fare</b>	<b>Senior/Disabled/ Student<sup>(1)</sup></b>
Mall Shuttle	Free	Free
Denver, Boulder, Longmont and Light Rail	\$2.25	\$1.10
Light Rail and Bus Express <sup>(2)</sup>	4.00	2.00
Light Rail and Bus Regional <sup>(3)</sup>	5.00	2.50
SkyRide		
Zone 1	13.00	6.50
Zone 2	11.00	5.50
Zone 3	9.00	4.50

<sup>(1)</sup> Seniors include age 65 and older.

<sup>(2)</sup> Trips consisting of three fare zones.

<sup>(3)</sup> Trips consisting of four fare zones.

Source: District Comprehensive Annual Financial Report for the year ended December 31, 2014.

**TABLE XIV**  
**Multiple Trip Fares**

	<b>Regular 10-Ride</b>	<b>Other 10-Ride</b>	<b>Regular Monthly</b>	<b>Other Monthly<sup>(1)</sup></b>
Local - Denver, Boulder and Longmont and Light Rail	\$20.00	\$10.00	\$79.00	\$39.50
Light Rail and Bus Express	36.00	18.00	140.00	70.00
Light Rail and Bus Regional	45.00	22.50	176.00	88.00

<sup>(1)</sup> Includes monthly fares for youth, student, disabled and senior patrons. Youth patrons include children ages 6-19. Student includes any student with a school identification card. Seniors include age 65 and older.

Source: District Comprehensive Annual Financial Report for the year ended December 31, 2014.

Over the past eighteen months, the District conducted a fare study with the intent of simplifying its fare structure and making the fare structure more equitable across the District's service area. The District solicited public input and hosted more than twelve public meetings as well as sixteen formal public hearings to give the public an opportunity to provide feedback on proposed changes in the fare structure. Through these meetings and hearings, as well as e-mail, voicemail and comment cards, the District received more than one thousand comments regarding the proposed fare structure. The District's new fare schedule, scheduled to take effect on January 1, 2016, is set forth in Table XV and Table XVI below.

At its May 26, 2015, meeting the Board also approved other changes to the District's fare structure that will also become effective on January 1, 2016. Changes to the District's fare structure include: (1) the expansion of the day pass which allows a rider to take unlimited rides on bus or light rail within one day; (2) the replacement by mid-2016 of ten-ride ticket books and five-day passes with day passes; (3) by mid-2016 the elimination of transfers for riders paying with cash; (4) the simplification of light rail fares by the creation of two fare levels rather than three; (5) the consolidation of SkyRide fare levels into one airport fare; (6) the reclassification or combination of fares for some express bus and regional bus routes; and (7) the phase in of a tap and pay "smart card" system that will enable passengers to purchase and store fares electronically, and receive fare discounts of \$0.25 on local, regional and airport fares as an incentive to move away from paper and cash fares.

**TABLE XV**  
**Single Trip Fares as of January 1, 2016**

	<b>Fare</b>	<b>One-Way Fare with Smart Card</b>	<b>Senior/Disabled/ Student<sup>(1)</sup></b>	<b>Senior/Disabled/ Student<sup>(1)</sup> One- Way Fare with Smart Card</b>
Mall Shuttle	Free	Free	Free	Free
Denver, Boulder, Longmont and Light Rail	\$2.60	\$2.35	\$1.30	\$1.15
Light Rail and Bus Regional <sup>(2)</sup>	4.50	4.25	2.25	2.10
SkyRide	9.00	8.75	4.50	4.35

<sup>(1)</sup> Seniors include age 65 and older.

<sup>(2)</sup> Trips consisting of three fare zones.

Source: The District



**TABLE XVI**  
**Multiple Trip Fares as of January 1, 2016**

	<u>Day Pass<sup>(1)</sup></u>	<u>Day Pass<sup>(1)</sup> Other<sup>(2)(3)</sup></u>	<u>Regular Monthly</u>	<u>Other Monthly<sup>(2)</sup></u>
Local - Denver, Boulder and Longmont and Light Rail	\$5.20	\$2.60	\$99.00	\$49.00
Light Rail and Bus Regional	9.00	4.50	171.00	85.00
<u>SkyRide</u>	9.00	4.50	(3)	(3)

<sup>(1)</sup> Ten-Ride Ticket Books will be replaced with Day Passes.

<sup>(2)</sup> Includes monthly fares for youth, student, disabled and senior patrons. Youth patrons include children ages 6-19. Student includes any student with a school identification card. Seniors include age 65 and older.

<sup>(3)</sup> SkyRide included in Regional Day Pass and the Regional Monthly Pass

Source: The District

The following table summarizes RTD's ridership and fare revenue for the years 2004 to 2014:

**TABLE XVII**  
**RTD Annual Ridership and Fare Revenue**  
**(In Thousands of Dollars)**

<u>Year</u>	<u>Revenue Boardings<sup>(1)</sup></u>	<u>Fare Revenue</u>	<u>Percent Change in Fare Revenue</u>
2004	64,673	\$ 55,442	9.9%
2005	67,994	57,638	4.0
2006	69,867	66,211	14.9
2007	81,714	77,128	16.5
2008	89,254	88,205	14.4
2009	83,337	96,890	9.8
2010	83,732	97,942	1.1
2011	83,428	108,497	10.8
2012	85,442	112,929	4.1
2013 <sup>(2)</sup>	87,820	117,841	4.3
2014	91,049	120,497	2.3

<sup>(1)</sup> Number reflects revenue boardings in thousands of people. Includes Access-a-Ride boardings and vanpool boardings. Totals for 2007-2012 include Southeast Corridor light rail.

<sup>(2)</sup> West Line opened in May 2013.

Source: The District's Comprehensive Annual Financial Reports for the fiscal years ended December 31, 2004-2014.

### **Advertising and Ancillary Revenues**

RTD receives additional operating revenue from advertising on its buses. RTD sells signs on the exterior and interior of its vehicles, and allows advertisers to wrap buses with advertising themes. RTD also receives ancillary non-operating revenue from parking fees and charges, rent received pursuant to an air rights lease at its Civic Center facility (Civic Center facility air rights were sold during 2013), leases of retail space at facilities, and other sources.

The following table shows RTD's advertising income and ancillary revenues for the years 2004 to 2014:

**TABLE XVIII**  
**RTD Advertising and Ancillary Revenues**  
**(In Thousands of Dollars)**

<b>Year</b>	<b>Advertising Revenue</b>	<b>Ancillary Revenues</b>
2004	\$ 3,047	\$ 3,621
2005	3,196	3,484
2006	2,800	4,032
2007	3,194	4,706
2008	2,854	3,106
2009	2,866	3,243
2010	3,301	2,892
2011	3,992	2,528
2012	3,524	2,214
2013	2,924	20,123 <sup>(1)</sup>
2014	4,324	2,085

<sup>(1)</sup> Increase is due to the sale of an easement of the air rights above Civic Center Station.

Source: District Comprehensive Annual Financial Reports for the years ended December 31, 2004-2014.

### **Federal Funding**

RTD is a designated recipient of federal funds from the FTA. These grants are reserved for capital, planning, technical assistance or operating assistance projects. The following table shows RTD's grant receipts from FTA for the years 2004 to 2014:

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**TABLE XIX**  
**RTD Federal Grant Receipts**  
**(In Thousands of Dollars)**

<b>Year</b>	<b>Federal Capital</b>	<b>Other Local Contributions</b>	<b>Operations, Planning and Other</b>
2004	\$ 54,446	\$ 17,309	\$ 39,649
2005	86,523	10,861	41,322
2006	57,413	4,124	42,805
2007	107,577	7,556	47,041
2008	39,220	169	50,814
2009	129,211	2,500	68,146
2010	102,213	5,265	92,655
2011	186,073	52,219 <sup>(1)</sup>	89,592
2012	193,991	117,685 <sup>(1)</sup>	68,927
2013	159,783	82,783 <sup>(1)</sup>	88,243
2014	171,549	34,882	75,544

<sup>(1)</sup> Increase is largely due to the District recognizing the delivery of the Denver Union Station Project as construction was completed by the Denver Union Station Project Authority.

Source: District Comprehensive Annual Financial Reports for the years ended December 31, 2004-2014.

As a condition of receipt of FTA grants, RTD is typically required to augment these grants with certain amounts of its own locally generated funds. As of December 31, 2014, RTD had an estimated commitment to provide \$13,253,699 in local funds in order to receive \$53,014,797 in federal grant funds. RTD will be required to provide approximately \$19,720,087 in local funds to match 2015 federal appropriations of \$78,880,346. FTA operating assistance is allocated nationally on a formula basis, and cannot exceed 50% of an agency's total operating budget.

As a designated recipient, RTD must comply with prevailing statutes, regulations, administrative requirements, executive orders, and FTA guidance. These include, but are not limited to, requirements in the areas of labor, seniors and disabled, civil rights, charter bus service, financial reporting, privatization, public participation, and environmental regulations. The grant agreements contain substantial conditions and limitations concerning the payment of federal funds, and such payments also may be subject to continuing appropriations by the United States Congress.

The sequestration provisions of the Budget Control Act of 2011 went into effect on March 1, 2013, and are currently scheduled to remain in effect through federal fiscal year 2024 absent a change in federal legislation. As a result of sequestration, the Build America Bond subsidy received by RTD related to certain outstanding Bonds and certificates of participation payable in federal fiscal year 2014 was reduced by 7.2% (\$1,814,688) and the amount payable in federal fiscal year 2015 was reduced by 7.3% (\$1,839,892). The RTD annual operating assistance grants of approximately \$76 million in 2014 are exempt from sequestration. While the RTD Full Funding Grant Agreements ("FFGAs"), such as the Eagle P3 Project FFGA, are subject to sequestration, RTD has received its full appropriation of \$150,000,000 for 2015. FTA's stated policy is to honor existing FFGA commitments before new funding recommendations, which would mitigate impacts for projects with existing FFGAs. RTD expects any reduction in cash flow from an award to be temporary, and receipts would most likely be made whole over the remainder of the annual FFGA allocation. Overall, RTD does not anticipate that sequestration will have a material impact on cash flows over time and will not impact its ability to complete the projects on time. See "RISK FACTORS – Federal Funding Risks."

## **Investment Income**

For the year ended December 31, 2013, RTD earned investment income in the amount of \$2,040,000, representing approximately 0.2% of 2013 revenues. For the year ended December 31, 2014, RTD earned investment income in the amount of \$165,000, representing approximately 0.021% of 2014 revenues. See Table IX herein.

## **Financial Summary**

The following tables summarize certain financial information regarding RTD. The data for the five years ended December 31, 2014 has been prepared by RTD from its audited financial statements for the years ended December 31, 2010-2014. For detailed financial information, see “APPENDIX B – REGIONAL TRANSPORTATION DISTRICT DENVER, COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014 AND 2013.”

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**TABLE XX**  
**Summary of Statements of Revenues and Expenses and Changes in Net Position**  
**For the Years Ended December 31, 2010-2014<sup>(1)</sup>**  
**(In Thousands of Dollars)**

	Years ended December 31				
	2010	2011	2012	2013	2014
Operating Revenues:					
Passenger Fares	\$ 97,942	\$ 108,497	\$ 112,929	\$ 117,841	\$ 120,497
Other	<u>4,414</u>	<u>4,882</u>	<u>5,333</u>	<u>5,199</u>	<u>4,406</u>
Total Operating Revenues	<u>102,356</u>	<u>113,379</u>	<u>118,262</u>	<u>123,040</u>	<u>124,903</u>
Operating Expenses:					
Salaries, wages, fringe benefits	160,498	166,332	178,974	192,405	204,790
Materials and supplies	48,310	52,015	58,300	64,798	62,156
Services	60,553	48,357	109,853	112,479	108,920
Utilities	10,977	11,627	11,833	13,567	14,151
Insurance	5,429	6,089	3,776	5,568	5,273
Purchased transportation	104,514	108,865	111,130	113,006	114,942
Leases and rentals	2,515	1,964	2,401	3,210	3,264
Miscellaneous	<u>3,315</u>	<u>2,082</u>	<u>15,741</u>	<u>6,448</u>	<u>6,561</u>
Total Operating Expenses	<u>396,111</u>	<u>397,331</u>	<u>492,008</u>	<u>511,481</u>	<u>520,057</u>
Operating loss before depreciation	(293,755)	(283,952)	(373,746)	(388,441)	(395,154)
Depreciation	<u>104,176</u>	<u>104,280</u>	<u>115,269</u>	<u>127,256</u>	<u>139,045</u>
Operating Loss	(397,931)	(388,232)	(489,015)	(515,697)	(534,199)
Nonoperating Income (expense):					
Sales and use tax revenues	397,549	415,180	449,787	468,586	514,721
Grant operating assistance	92,655	89,592	68,927	88,243	75,544
Investment income	8,065	6,484	2,613	2,040	165
Other income	3,653	11,356	11,035	28,170	10,248
Gain/loss capital assets	(3,474)	(6,101)	3,459	(82)	6,613
Interest expense	(48,735)	(51,274)	(51,371)	(61,223)	(72,293)
Other expense/Unrealized loss	<u>(1,671)</u>	<u>(150)</u>	<u>(4,895)</u>	<u>(4,064)</u>	<u>(3,605)</u>
Total Nonoperating Income	<u>448,042</u>	<u>465,087</u>	<u>479,555</u>	<u>521,670</u>	<u>531,393</u>
Net income before capital grants and local contributions	50,111	76,855	(9,460)	5,973	(2,806)
Federal capital grants and local Contributions	<u>107,478</u>	<u>238,292</u>	<u>311,676</u>	<u>242,566</u>	<u>206,431</u>
Increase in Net Position	157,589	315,147	302,216	248,539	203,625
Net Position at Beginning of Year	2,046,175	2,111,547	2,426,694	2,728,910	2,977,449
Change in Accounting Principle <sup>(2)</sup>	<u>(92,217)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Position at End of Year	<u>\$ 2,111,547</u>	<u>\$ 2,426,694</u>	<u>\$ 2,728,910</u>	<u>\$ 2,977,449</u>	<u>\$ 3,181,074</u>

<sup>(1)</sup> The financial data for the fiscal years ended December 31, 2010-2014 is from the Comprehensive Annual Financial Reports of the District for the fiscal years ended December 31, 2010-2014.

<sup>(2)</sup> In 2013, the District adopted Government Accounting Standards Board (GASB) Statement No. 65 which required the restatement of balances and activity regarding debt issuance costs and their related amortization. The above schedule presents this effort beginning in 2010 for comparative purposes.

**TABLE XXI**  
**Comparison of Budgeted<sup>(1)</sup> and Actual Revenues and Expenses**  
**2010-2014; 2015 Budget**  
**(In Thousands of Dollars)**

		2014		2013		2012		2011		2010	
	2015 Budget <sup>(2)</sup>	2014 Budget	2014 Actual	2013 Budget	2013 Actual	2012 Amended Budget	2012 Actual	2011 Budget	2011 Actual	2010 Budget	2010 Actual
Operating Revenues:											
Passenger fares	\$ 123,373	\$ 124,985	\$ 120,497	\$ 119,346	\$ 117,841	\$ 116,092	\$ 112,929	\$ 103,236	\$ 108,497	\$ 93,449	\$ 97,942
Other	5,245	5,423	4,406	5,423	5,199	5,425	5,333	5,374	4,882	4,117	4,414
Total operating revenues	128,618	130,408	124,903	124,769	123,040	121,517	118,262	108,610	113,379	97,566	102,356
Operating Expenses:											
Salaries, wages, fringe benefits	197,503	184,597	204,790	131,347	192,405	159,460	178,974	155,286	166,332	149,840	160,498
Materials and supplies	67,613	67,259	62,156	69,469	64,798	59,714	58,300	54,981	52,015	50,333	48,310
Services	144,684	143,911	108,920	149,007	112,479	189,519	109,853	89,609	48,357	86,355	60,553
Utilities	15,000	15,334	14,151	14,846	13,567	11,705	11,833	11,180	11,627	9,920	10,977
Insurance	7,595	7,470	5,273	6,270	5,568	6,299	3,776	6,943	6,089	7,505	5,429
Purchased transportation	113,948	118,189	114,942	116,675	113,006	113,346	111,130	110,487	108,865	109,032	104,514
Leases and rentals	3,415	3,289	3,264	3,263	3,210	2,464	2,401	2,482	1,964	2,463	2,515
Miscellaneous	58,907	6,931	6,561	17,916	6,448	16,983	15,741	3,575	2,082	11,640	3,315
Total Operating Expenditures	555,546	546,980	520,057	508,793	511,481	559,490	492,008	434,543	397,331	427,088	396,111
Operating Loss	(427,030)	(416,572)	(395,154)	(384,024)	(388,441)	(437,973)	(373,746)	(325,933)	(283,952)	(329,522)	(293,755)
Nonoperating revenue (expense):											
Sales and Use Tax	551,368	503,448	514,721	466,429	468,586	436,521	449,787	419,136	415,180	386,390	397,549
Grant operating assistance	77,605	92,866	75,544	82,385	88,243	79,760	68,927	84,789	89,592	94,042	92,655
Investment income	4,310	2,372	165	3,165	2,040	3,338	2,613	10,765	6,484	16,039	8,065
Other income	11,020	20,721	10,248	15,246	28,170	21,186	11,035	1,479	11,356	1,644	3,653
Gain/loss on capital assets	--	--	6,613	--	(82)	--	3,459	--	(6,101)	--	(3,474)
Interest expense	(95,365)	(99,405)	(72,293)	(79,473)	(61,223)	(50,079)	(51,371)	(41,747)	(51,274)	(73,057)	(48,735)
Other expense/Unrealized loss	--	--	(3,605)	--	(4,064)	--	(4,895)	--	(3,895)	--	(1,671)
Total Nonoperating Revenue	548,938	520,002	531,393	487,752	521,670	490,726	479,555	474,422	461,342	425,058	448,042
Proceeds from issuance of long-term debt	329,089	795,604	573,324	261,376	693,841	583,788	545,763	--	--	279,865	916,475
Capital Outlay:											
Capital expenses	1,687,076	1,811,720	862,701	1,811,720	769,359	1,709,182	702,119	1,327,839	616,953	1,277,124	712,552
Less capital grants	(198,891)	(276,073)	(206,431)	(261,264)	(242,566)	(260,907)	(311,676)	(261,849)	(238,292)	(270,488)	(107,478)
	1,480,625	1,535,647	656,270	1,550,456	526,793	1,448,275	390,443	1,065,990	378,661	956,636	605,074
Long-term debt principal payment	58,942	62,187	57,002	46,460	442,598	56,563	57,827	50,965	53,882	71,660	74,101
Excess (deficit) of revenue and nonoperating income over (under) expenses, capital outlay and debt principal payments	<u>\$ (1,417,557)</u>	<u>\$ (698,800)</u>	(3,709)	<u>\$ (1,231,812)</u>	\$ (142,321)	<u>\$ (868,297)</u>	\$ 203,302	<u>\$ (968,466)</u>	\$ (255,153)	<u>\$ (652,895)</u>	\$ 391,587
Increases (decreases) to reconcile budget basis to GAAP basis:											
Capital expenditures			862,701		769,359		702,119		616,953		712,552
Long-term debt proceeds			(573,324)		(693,841)		(545,763)		--		(916,475)
Long-term debt principal			57,002		442,598		57,827		53,882		74,101
Depreciation			(139,045)		(115,256)		(115,269)		(104,280)		(104,176)
NET INCOME			<u>\$ 203,625</u>		<u>\$ 248,539</u>		<u>\$ 302,216</u>		<u>\$ 311,402</u>		<u>\$ 157,589</u>

<sup>(1)</sup> The District's annual budget is prepared on the same basis as that used for accounting except that the budget also includes proceeds of long-term debt and capital grants as revenues, and expenditures include capital outlays and bond principal payments, and exclude depreciation and gains and losses on disposition of property and equipment.

<sup>(2)</sup> The District typically amends its budget mid-year to make necessary incremental changes which are supported by identified revenue resources. The District's intent is to always maintain a balanced budget.

Source: The District's Comprehensive Annual Financial Reports for the fiscal years ended December 31, 2010-2014; The District's 2014 and 2015 Budget adopted November 26, 2013 and November 25, 2014, respectively.

## **Management's Discussion and Analysis of Financial Trends**

An overview and analysis of the District's financial activities is provided under "FINANCIAL SECTION – Management's Discussion and Analysis" in APPENDIX B.

### **ECONOMIC AND DEMOGRAPHIC OVERVIEW**

APPENDIX C contains an economic and demographic overview of the Denver Metropolitan Area as of May 2015 (the "Overview"). The Overview has been prepared at the request of RTD by Development Research Partners which has consented to the inclusion of the Overview in this Official Statement. Neither RTD nor the Underwriters assumes responsibility for the accuracy, completeness or fairness of the information contained in the Overview. The information in "APPENDIX C – AN ECONOMIC AND DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA" has been included in this Official Statement in reliance upon the authority of Development Research Partners as experts in the preparation of economic and demographic analyses. Potential investors should read the Overview in its entirety for information with respect to the economic and demographic status of the Denver Metropolitan Area.

### **FORWARD LOOKING STATEMENTS**

This Official Statement, and particularly the information contained under the captions "THE SYSTEM – FasTracks" and "– Long-Term Financial Planning – Strategic Budget Plan," contains statements relating to future results that are "forward-looking statements" as defined in the private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

### **CONSTITUTIONAL REVENUE, SPENDING AND DEBT LIMITATIONS**

On November 3, 1992, the voters of the State approved an amendment to the State Constitution (the "Amendment") that limits the powers of public entities to borrow, tax and spend.

The Amendment requires voter approval prior to the imposition by RTD of a new tax, tax rate increase, mill levy increase, valuation for assessment ratio increase, tax extension or other change in tax policy that results in a net gain of tax revenues or the creation by RTD of any multiple-fiscal year direct or indirect debt or other financial obligation, subject to certain exceptions, including refinancing at a lower interest rate. Elections for such voter approval may be held only at a State general election or on the first Tuesday of November of odd-numbered years.

In the absence of voter approval, the Amendment also limits, with certain adjustments, annual percentage increases in RTD property tax revenues and total revenues, subject to certain exceptions, to the total of inflation plus changes in the actual value of real property within its boundaries. Revenues collected by RTD in excess of the limit are required to be refunded during the next calendar year. In addition, in the absence of voter approval, the Amendment limits, with certain adjustments, annual percentage increases in RTD spending, subject to certain exceptions, to the total of inflation plus the changes in the actual value of real property within its boundaries. If revenues fall in any calendar year, the lower total becomes the new RTD base for computing the next year's limits. On November 2, 1999, the voters of the District voted to exempt RTD from the revenue and spending limitations of the Amendment for the purpose of repaying any debt incurred to finance the Southeast Corridor light rail

project or operating such project, for as long as any such debt remains outstanding, but in no event beyond December 31, 2026. On November 2, 2004, the voters of the District also exempted the District from any revenue and spending limitations on the 0.4% Sales Tax Revenues and related investment income.

In the opinion of Special Counsel, the Lease may be entered into without an election under the Amendment because RTD's payment obligations under the Lease are subject to annual renewal at the option of RTD and therefore do not constitute a "multiple-fiscal year direct or indirect debt or other financial obligation whatsoever" within the meaning of the Amendment.

## LITIGATION

There is no litigation pending or threatened in writing relating in any manner to the authorization, execution or delivery or the legality of the 2015A Certificates or the power of RTD to pay Base Rentals under the Lease.

RTD and the City and County of Denver/Denver International Airport ("DIA") are currently utilizing the dispute resolution mechanisms in the parties' intergovernmental agreement concerning responsibility for construction of a certain area at DIA which is part of DIA's terminal expansion project and which is also slated to be occupied by RTD's East Corridor commuter rail line station. The East Corridor is part of RTD's Eagle P3 Project. The area in dispute is between the south end of the airport's terminal and the point where inbound and outbound Pena Boulevard crosses. Arbitration has been completed. The arbitrator ordered RTD to pay \$7.8 million to DIA for the disputed work. This amount was less than RTD's final confidential settlement offer and is within the project contingency reserved for this purpose. DIA appealed the arbitrator's ruling to Denver District Court. The Denver District Court affirmed the arbitrator's ruling. DIA has now further appealed part of the arbitrator's ruling to the Colorado Court of Appeals. Briefing on that appeal has been scheduled by the Colorado Court of Appeals. The appeal requires a review of the record, not a trial. The appellate court will not make any new factual determinations. The standard of review of the arbitrator's ruling is whether the ruling was an abuse of discretion. That is a very high standard.

RTD anticipates that based on the arbitrator's ruling and the applicable standard of review, its exposure is \$7.5-10 million, all of which would be covered within the project contingency set aside for this claim. DIA had previously publicly valued its claims in excess of \$50 million; however, in its notice of appeal DIA appears to have limited its claims to a potential award in line with RTD's anticipated exposure.

RTD is a defendant in the case of *Tabor Foundation, et al. v. Regional Transportation District, et al.*, in the District Court for the City and County of Denver (13 CV 854). The suit challenges Colorado House Bill 13-1272 as a violation of Article X, Section 20 of the Colorado Constitution. That bill realigned RTD's sales and use tax with the State of Colorado's such that all items taxed by the State are taxed by RTD and all items not taxed by the State are not taxed by RTD. In recent years preceding HB 13-1272, there were four items taxed by the State and not taxed by RTD, and three items taxed by RTD and not taxed by the State. RTD estimated its potential additional revenue in 2014 resulting from the legislation was \$2.75 million. The bill went into effect January 1, 2014, and taxes have been collected in accordance with its provisions. If the statute is ruled unconstitutional, RTD will be required to refund the taxes it collected thereunder with interest at the rate of 10% per annum, plus costs and attorneys' fees for the plaintiffs. A preliminary injunction hearing was held in December 2013 and the District Court denied a preliminary injunction, allowing the bill to go into effect, after finding that plaintiffs did not have a substantial likelihood of prevailing on the merits. The District Court subsequently granted the defendants' motion to dismiss. The plaintiffs have filed a notice of appeal. Based on the District Court's rulings, RTD does not think there is a strong likelihood plaintiffs will prevail on appeal. If plaintiffs do



prevail, the amount that RTD will be required to refund will depend on how many months the tax has been in effect before a judgment.

The District is involved in various other claims and lawsuits arising in the ordinary course of the District's business. The District believes that its insurance coverage is adequate and that any liability assessed against the District as a result of claims or lawsuits that are not covered by insurance would not materially adversely affect the financial condition of the District or its ability to perform its obligations under the Lease.

## **GOVERNMENTAL IMMUNITY**

The Colorado Governmental Immunity Act, Title 24, Article 10, Part 1, Colorado Revised Statutes, as amended (the "Governmental Immunity Act"), provides in part, that public entities are immune from liability in all claims for injury which lie in tort or could lie in tort (regardless of the type of action of the form of relief chosen by the claimant), except to the extent specifically excluded by the Governmental Immunity Act. These exclusions include claims resulting from: (a) the operation, by a public employee during the course of his or her employment, of a motor vehicle that is owned or leased by a public entity; (b) the operation by a public entity of a public hospital, correctional facility or jail; (c) a dangerous condition of a public building or public facility operated by a public entity, including a public water, gas, sanitation, electrical, power or swimming facility; (d) a dangerous condition of a public highway, road or street which physically interferes with the movement of traffic, a dangerous condition caused by a failure to realign traffic signs turned without authorization in a manner which reassigns the right-of-way on intersecting public highways, roads or streets or by a failure to repair traffic control signals on which conflicting directions are displayed or a dangerous condition caused by an accumulation of snow and ice which interferes with access to public buildings when a public entity has actual notice of such condition, has a reasonable time to act and fails to use existing means available to it for removal or mitigation; or (e) the operation and maintenance by a public entity of any public water, gas, sanitation, electrical, power or swimming facility. The Governmental Immunity Act defines "dangerous condition" as a physical condition or use which constitutes an unreasonable risk to the health or safety of the public which is or should have been known to exist and which is proximately caused by the negligent act or omission of the public entity. The maximum amount that may be recovered in any single occurrence on a claim based on one of the exclusions of the Governmental Immunity Act is limited to \$350,000 for injury to one person in a single occurrence and \$990,000 for an injury to two or more persons in a single occurrence, except that no person may recover in excess of \$350,000. The Governmental Immunity Act also specifies the sources from which judgments against public entities may be collected and provides that public entities are not liable either directly or by indemnification for punitive or exemplary damages or for damages for outrageous conduct, except as may be otherwise determined by a public entity pursuant to the Governmental Immunity Act.

RTD may be subject to civil liability and may not be able to claim sovereign immunity for actions founded upon various federal laws. Examples of such civil liability include, but are not limited to, suits filed pursuant to 42 U.S.C. Section 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, RTD may be enjoined from engaging in anti-competitive practices which violate the antitrust laws. However, the Governmental Immunity Act provides that it applies to any action brought against a public entity or a public employee in any Colorado state court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

Pursuant to the Governmental Immunity Act, a public entity may prospectively waive its immunity. RTD has waived sovereign immunity for certain types of claims. Specifically, RTD has waived immunity for claims arising from its negligent operation of light rail vehicles and for claims

arising from the construction of the Southwest Corridor light rail line, up to the limits of its insurance policy covering such claims. See “RTD – Insurance.”

### **CONTINUING DISCLOSURE AGREEMENT**

Pursuant to the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12) (“Rule 15c2-12”), RTD has agreed in a Continuing Disclosure Agreement, dated the date of execution and delivery of the 2015A Certificates (the “Continuing Disclosure Agreement”), between RTD and Digital Assurance Certification, L.L.C., as dissemination agent (the “Dissemination Agent”), to provide certain financial information, other operating data and notices of material events for the benefit of the Owners of the 2015A Certificates. A form of the Continuing Disclosure Agreement is attached hereto as APPENDIX A. A failure by RTD or the Dissemination Agent to comply with the Continuing Disclosure Agreement does not constitute an Event of Default under the Lease or the Indenture. Nevertheless, such a failure must be reported in accordance with Rule 15c2-12 and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2015A Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2015A Certificates and their market price. Over the last five years, except as disclosed in the following paragraph, RTD has been in substantial compliance with its continuing disclosure agreements under Rule 15c2-12.

In 2011, RTD became aware that certain information required by its continuing disclosure agreements to be updated in the annual report was not included in the annual report in certain prior years in the format required or was included in the audited financial statements rather than the annual report. RTD undertook in 2011 to consolidate its annual updated information (including information for the noncompliant years) in the annual report filed that year and anticipates following such a consolidated disclosure process in the future. Additionally, the District did not file event notices with respect to certain rating upgrades of the District from changes in rating scales by Moody’s and Fitch in 2010. In 2010, the District did not file a material event notice that a notice of conditional optional redemption dated November 8, 2010 had been sent to the registered owners of all of the outstanding Certificates of Participation, Series 1998A. Such Series 1998A Certificates were paid and cancelled on December 15, 2010.

### **LEGAL MATTERS**

Legal matters relating to the execution and delivery of the 2015A Certificates are subject to the approving opinion of Butler Snow LLP, Denver, Colorado, as Special Counsel, which is to be delivered with the 2015A Certificates.

Hogan Lovells US LLP and Bookhardt & O’Toole, Denver, Colorado, have been retained to assist the District in preparation of this Official Statement.

Certain legal matters will be passed upon for RTD by Marla Lien, Esquire, General Counsel for the District, and for the Underwriters by Kutak Rock LLP, Denver, Colorado.

The legal fees to be paid to Butler Snow LLP in connection with the execution and delivery of the 2015A Certificates are contingent upon the sale and delivery of the 2015A Certificates. The legal fees to be paid to Hogan Lovells US LLP and Bookhardt & O’Toole in connection with the preparation of this Official Statement are also contingent upon the sale and delivery of the 2015A Certificates.

## TAX MATTERS

In the opinion of Special Counsel, assuming continuous compliance with certain covenants described below, the portion of the Base Rentals which is designated as interest in the Lease and paid as interest on the 2015A Certificates, is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2015A Certificates (the “Tax Code”), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earning” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the 2015A Certificates. For purposes of this paragraph and the succeeding discussion, “interest” includes the original issue discount on certain of the 2015A Certificates only to the extent such original issue discount is accrued as described herein.

*Special Counsel expresses no opinion as to the effect which any termination of the District’s obligations under the Lease may have upon the treatment for federal or Colorado income tax purposes of any monies received or paid under the Indenture subsequent to such determination.*

The Tax Code and Colorado law impose several requirements which must be met with respect to the 2015A Certificates in order for the interest thereon to be excludable from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the 2015A Certificates. These requirements include: (a) limitations as to the use of proceeds of the 2015A Certificates; (b) limitations on the extent to which proceeds of the 2015A Certificates may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2015A Certificates above the yield on the 2015A Certificates to be paid to the United States Treasury. The District covenants and represents in the Lease that it will not take any action or omit to take any action with respect to the 2015A Certificates, the proceeds thereof, any other funds of the District or any facilities financed or refinanced with the proceeds of the 2015A Certificates (except for the possible exercise of the District’s right to terminate the Lease as provided therein) if such action or omission (i) would cause the interest on the 2015A Certificates to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the 2015A Certificates to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the 2015A Certificates to lose its exclusion from Colorado taxable income or to lose its exclusion from Colorado alternative minimum taxable income under present Colorado law. Special Counsel’s opinion as to the exclusion of interest on the 2015A Certificates from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income is rendered in reliance on these covenants and assumes continuous compliance therewith. (The foregoing covenant does not, however, preclude the District from exercising its right to terminate the Lease at the times and in the manner previously described in this Official Statement.) The failure or inability of the District to comply with these requirements could cause the interest on the 2015A Certificates to be included in gross income, alternative minimum taxable income, Colorado taxable income or Colorado alternative minimum taxable income, or a combination thereof, from the date of issuance. Special Counsel’s opinion also is rendered in reliance upon certifications of the District and other certifications furnished to Special Counsel. Special Counsel has not undertaken to verify such certifications by independent investigation.

With respect to 2015A Certificates that were sold in the initial offering at a discount (the “Discount 2015A Certificates”), the difference between the stated redemption price of the Discount 2015A Certificates at maturity and the initial offering price of those certificates to the public (as defined in Section 1273 of the Tax Code) will be treated as “original issue discount” for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excludable from gross income, alternative minimum taxable income, Colorado taxable income, or Colorado alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount 2015A Certificates is treated as accruing over the respective terms of such Discount 2015A Certificates on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on June 1 and December 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excludable from gross income, alternative minimum taxable income, Colorado taxable income, and Colorado alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner’s basis in the Discount 2015A Certificates. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount 2015A Certificates (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount 2015A Certificates.

Owners who purchase Discount 2015A Certificates after the initial offering or who purchase Discount 2015A Certificates in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount 2015A Certificates. Owners who are subject to state or local income taxation (other than Colorado state income taxation) should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount 2015A Certificates. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount 2015A Certificates may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor’s decision to purchase the 2015A Certificates. Owners of the 2015A Certificates should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain “subchapter S” corporations may result in adverse federal and Colorado tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2015A Certificates made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports “reportable payments” (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the 2015A Certificates may be sold at a premium, representing a difference between the original offering price of those 2015A Certificates and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such 2015A Certificates may realize a taxable gain upon their disposition, even though such 2015A Certificates are sold or redeemed for an amount equal to the owner’s acquisition cost. Special Counsel’s opinion relates only to the exclusion of interest (and, to the extent described above for the Discount 2015A Certificates, original issue discount) on the 2015A Certificates from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal or Colorado tax consequences arising from the receipt or accrual of interest on or ownership of the

Certificates. Owners of the 2015A Certificates should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Special Counsel are based on existing law as of the delivery date of the 2015A Certificates. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or State tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2015A Certificates, the exclusion of interest (and, to the extent described above for the Discount 2015A Certificates, original issue discount) on the 2015A Certificates from gross income or alternative minimum taxable income or both from the date of issuance of the 2015A Certificates or any other date, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the market value of the 2015A Certificates. Owners of the 2015A Certificates are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2015A Certificates. If an audit is commenced, the market value of the 2015A Certificates may be adversely affected. Under current audit procedures, the Service will treat the District as the taxpayer and the owners may have no right to participate in such procedures. The District has covenanted in the Lease not to take any action that would cause the interest on the 2015A Certificates to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the District, the Municipal Advisor, the Underwriters or Special Counsel is responsible for paying or reimbursing any Registered Owner or Beneficial Owner for any audit or litigation costs relating to the 2015A Certificates.

## **RATINGS**

Moody’s Investors Service, Inc. (“Moody’s”), Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) and Fitch Ratings (“Fitch”), have assigned the ratings of “Aa3” (stable outlook), “A” (stable outlook) and “A” (stable outlook), respectively, to the 2015A Certificates.

Such ratings reflect only the views of the rating agencies and are not a recommendation to buy, sell or hold the 2015A Certificates. Any explanation of the procedures and methods used by each rating agency and the significance of their respective ratings may be obtained from Moody’s at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, from Fitch at 111 Congress Avenue, Suite 210, Austin, Texas 78701 and from S&P at 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by such rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the 2015A Certificates.

## **UNDERWRITING**

The 2015A Certificates will be purchased by the Underwriters shown on the front cover hereof (the “Underwriters”) at a price equal to \$211,383,240.55 (consisting of the principal amount of the 2015A Certificates, plus a net original issue premium of \$18,365,681.05, less an underwriting discount of \$897,440.50). The obligations of the Underwriters to accept delivery of the 2015A Certificates are

subject to the terms and conditions contained in the Certificate Purchase Agreement. The Underwriters have initially offered the 2015A Certificates at the prices or yields set forth on the cover page of this Official Statement. Such prices or yields, as the case may be, may be subsequently changed by the Underwriters without the requirement of prior notice.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, Wells Fargo Bank, National Association (“WFBNA”). WFBNA, one of the Underwriters of the 2015A Certificates, has entered into an agreement (the “Distribution Agreement”) with its affiliate, Wells Fargo Advisors, LLC (“WFA”), for the distribution of certain municipal securities offerings, including the 2015A Certificates. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2015A Certificates with WFA. WFBNA also utilizes the distribution capabilities of its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings of WFSLLC, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

“US Bancorp” is the marketing name of U.S. Bancorp and its subsidiaries, including U.S. Bancorp Investments, Inc. (“USBII”), which is serving as one of the Underwriters of the 2015A Certificates.

## **MUNICIPAL ADVISOR**

RTD has retained First Southwest Company, LLC, Dallas, Texas as Municipal Advisor in connection with the sale of the 2015A Certificates. The Municipal Advisor is not obligated to undertake, and has not undertaken to make an independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

## **FINANCIAL STATEMENTS**

The financial statements of RTD for the years ended December 31, 2014 and 2013, included in APPENDIX B have been audited by RubinBrown LLP, independent certified public accountants, as stated in their report appearing herein. Such financial statements represent the most current audited

financial information for the District. RubinBrown LLP has agreed to the use of their name and the audited financial report for the District in this Official Statement. RubinBrown LLP has not performed any procedures with respect to the unaudited financial information of the District included in this Official Statement.

### **MISCELLANEOUS**

The financial data and other information contained herein have been obtained from RTD's records, audited financial statements and other sources that are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolution provisions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolution provisions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. The agreements and covenants of RTD are set forth in the Lease and neither this Official Statement nor any advertisement of the 2015A Certificates is to be construed as a contract with the owners of the 2015A Certificates.

So far as any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

The Appendices are integral parts of this Official Statement and must be read together with all other parts of the Official Statement.

### **REGIONAL TRANSPORTATION DISTRICT**

By: /s/Charles L. Sisk  
Chair, Board of Directors

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## APPENDIX A

### FORM OF CONTINUING DISCLOSURE AGREEMENT

#### CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of August 20, 2015, is executed and delivered by the Regional Transportation District (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Owners (hereinafter defined) of the Certificates (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Certificates in accordance with the Rule (hereinafter defined).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Indenture (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Board” means the Board of Directors of the Issuer.

“Certificates” means the Certificates of Participation, Series 2015A, in the aggregate principal amount of \$193,915,000, executed and delivered pursuant to the Indenture, as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure

Dissemination Agent by the Issuer and include the full name of the Certificates and the 9-digit CUSIP numbers for all Certificates to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Disclosure Representative” means the General Manager, Interim General Manager or Chief Financial Officer of the Issuer, or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Indenture” means the Indenture of Trust, dated as of August 20, 2015 between the RTD Asset Acquisition Authority, Inc. and UMB Bank, n.a., as Trustee.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Issuer, who is either generally or through an enterprise, fund or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Certificates (other than providers of municipal bond insurance, letters of credit or other liquidity facilities).

“Official Statement” means the final Official Statement dated August 5, 2015, together with any supplements thereto, delivered in connection with the original issuance and sale of the Certificates.

“Owner” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates

through nominees, depositories or other intermediaries) or (b) treated as the owner of any Certificates for federal income tax purposes.

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

“Rule” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time (17 C.F.R. Part 240 § 240.15c2-12).

“SEC” means the Securities and Exchange Commission.

“Trustee” means UMB Bank, n.a., and its successors and assigns, as trustee under the Indenture.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

## SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than nine months after the end of each fiscal year of the Issuer, commencing with the fiscal year ending December 31, 2015. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If, on the fifteenth (15<sup>th</sup>) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference

to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
  - (1) “Principal and interest payment delinquencies”;
  - (2) “Non-Payment related defaults, if material”;
  - (3) “Unscheduled draws on debt service reserves reflecting financial difficulties”;
  - (4) “Unscheduled draws on credit enhancements reflecting financial difficulties”;
  - (5) “Substitution of credit or liquidity providers, or their failure to perform”;
  - (6) “Adverse tax opinions, IRS notices or events affecting the tax status of the security”;
  - (7) “Modifications to rights of securities holders, if material”;
  - (8) “Certificate calls, if material”;
  - (9) “Defeasances”;
  - (10) “Release, substitution or sale of property securing repayment of the securities, if material”;
  - (11) “Rating changes”;
  - (12) “Tender offers”;

- (13) “Bankruptcy, insolvency, receivership or similar event of the obligated person”;
  - (14) “Merger, consolidation or acquisition of the obligated person, if material”; and
  - (15) “Appointment of a successor or additional trustee, or the change of name of a trustee, if material”;
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
  - (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
    - (1) “amendment to continuing disclosure undertaking”;
    - (2) “change in obligated person”;
    - (3) “notice to investors pursuant to bond documents”;
    - (4) “certain communications from the Internal Revenue Service”;
    - (5) “secondary market purchases”;
    - (6) “bid for auction rate or other securities”;
    - (7) “capital or other financing plan”;
    - (8) “litigation/enforcement action”;
    - (9) “change of tender agent, remarketing agent or other on-going party”;
    - (10) “derivative or other similar transaction”; and
    - (11) “other event-based disclosures”;
  - (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
    - (1) “quarterly/monthly financial information”;
    - (2) “change in fiscal year/timing of annual disclosure”;

- (3) “change in accounting standard”;
- (4) “interim/additional financial information/operating data”;
- (5) “budget”;
- (6) “investment/debt/financial policy”;
- (7) “information provided to rating agency, credit/liquidity provider or other third party”;
- (8) “consultant reports”; and
- (9) “other financial/operating data.”

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

### SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including updates of the type of information identified in Exhibit D hereto, which is contained in the indicated tables in the Official Statement.

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Certificates constitutes a Notice Event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (7) Modifications to rights of Certificate holders, if material;
- (8) Certificate calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Certificates, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
- (13) **Note to subsection (a)(12) of this Section 4:** For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having

supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

- (14) The consummation of a merger, consolidation or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not in excess of seven business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall file a notice of such occurrence with MSRB in accordance with Section 2(e)(iv) hereof within three business days of receiving such instructions by the Issuer. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

**SECTION 5. CUSIP Numbers.** Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Certificates and the 9-digit CUSIP numbers for the Certificates as to which the provided information relates.



SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the

Certificates upon the earliest of: (i) the legal defeasance, prior redemption or payment in full of all of the Certificates, (ii) the date when the Issuer is no longer an “obligated person” within the meaning of the Rule with respect to the Certificates, or (iii) upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC’s services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Owners of the Certificates. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days’ prior written notice to the Issuer. The new Disclosure Dissemination Agent or the Issuer, as the case may be, shall forthwith give notice thereof to the MSRB.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Owners’ rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties’ obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Certificates or under the Indenture or any other document relating to the Certificates, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent’s obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Owners of the Certificates or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer’s failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Certificates.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such

legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer, subject to annual appropriation by the Board of the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB. As of the date of this Disclosure Agreement, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of the Owners of the Certificates and would not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto. The Disclosure Dissemination Agent shall provide notice of such amendment or waiver to the MSRB and the Participating Underwriter.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee of the Certificates, the Disclosure Dissemination Agent, the Participating Underwriter, and the Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Colorado.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as  
Disclosure Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

REGIONAL TRANSPORTATION DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Chair, Board of Directors

[SEAL]

Attest:

\_\_\_\_\_  
Secretary, Board of Directors

**EXHIBIT A**  
**NAME AND CUSIP NUMBERS OF BONDS**

Name of Issuer: Regional Transportation District (the “Issuer”)

Name of Issue: Certificates of Participation, Series 2015A, dated as of their date of delivery, in the aggregate principal amount of \$193,915,000 (the “Certificates”).

Date of Issuance: August 20, 2015.

Date of Official Statement: August 5, 2015.

MATURITY (June 1)	CUSIP (75913T)	PRINCIPAL	COUPON
2019	JB1	\$10,710,000	5.000%
2020	JC9	11,255,000	5.000
2021	JD7	11,735,000	5.000
2022	JE5	12,335,000	5.000
2023	JF2	12,970,000	5.000
2024	JG0	13,630,000	5.000
2025	JH8	14,330,000	5.000
2026	JJ4	15,070,000	5.000
2027	JK1	15,840,000	5.000
2028	JL9	4,440,000	5.000
2029	JV7	1,655,000	3.250
2029	JM7	3,000,000	5.000
2030	JN5	4,880,000	5.000
2031	JW5	3,305,000	3.500
2031	JP0	1,800,000	5.000
2032	JX3	3,810,000	3.500
2032	JQ8	1,500,000	5.000
2033	JR6	5,510,000	3.625
2034	JS4	5,760,000	5.000
2035	JT2	6,050,000	5.000
2040	JU9	34,330,000	4.000

**EXHIBIT B**  
**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Issuer: Regional Transportation District (the "Issuer")

Obligated Person: \_\_\_\_\_

Name of Issue: Certificates of Participation, Series 2015A, dated as of their date of delivery, in the aggregate principal amount of \$193,915,000 (the "Certificates").

Date of Issuance: August 20, 2015.

Date of Disclosure Agreement: August 20, 2015.

CUSIP Number: 75913T\_\_\_\_.

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Certificates as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by \_\_\_\_\_.  
\_\_\_\_\_.

Dated: \_\_\_\_\_

Digital Assurance Certification, L.L.C., as Disclosure  
Dissemination Agent, on behalf of the Issuer

\_\_\_\_\_

cc:

**EXHIBIT C-1**  
**EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer and/or Other Obligated Person's Name: Regional Transportation District (Colorado) (the "Issuer")

Issuer's Six-Digit CUSIP Number: 75913T

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates: 75913T\_\_

Number of pages attached: \_\_\_\_

\_\_\_\_ Description of Notice Events (Check One):

1. \_\_\_\_ "Principal and interest payment delinquencies";
2. \_\_\_\_ "Non-Payment related defaults, if material";
3. \_\_\_\_ "Unscheduled draws on debt service reserves reflecting financial difficulties";
4. \_\_\_\_ "Unscheduled draws on credit enhancements reflecting financial difficulties";
5. \_\_\_\_ "Substitution of credit or liquidity providers, or their failure to perform";
6. \_\_\_\_ "Adverse tax opinions, IRS notices or events affecting the tax status of the security";
7. \_\_\_\_ "Modifications to rights of securities holders, if material";
8. \_\_\_\_ "Bond calls, if material";
9. \_\_\_\_ "Defeasances";
10. \_\_\_\_ "Release, substitution, or sale of property securing repayment of the securities, if material";
11. \_\_\_\_ "Rating changes";
12. \_\_\_\_ "Tender offers";
13. \_\_\_\_ "Bankruptcy, insolvency, receivership or similar event of the obligated person";
14. \_\_\_\_ "Merger, consolidation or acquisition of the obligated person, if material"; and
15. \_\_\_\_ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

\_\_\_\_ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_  
Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

Date:

**EXHIBIT C-2**  
**VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of August 20, 2015 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name: Regional Transportation District (Colorado) (the "Issuer")

Issuer's Six-Digit CUSIP Number: 75913T

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates: 75913T\_\_

Number of pages attached: \_\_\_\_

\_\_\_\_ Description of Voluntary Event Disclosure (Check One):

1. \_\_\_\_ "amendment to continuing disclosure undertaking";
2. \_\_\_\_ "change in obligated person";
3. \_\_\_\_ "notice to investors pursuant to bond documents";
4. \_\_\_\_ "certain communications from the Internal Revenue Service";
5. \_\_\_\_ "secondary market purchases";
6. \_\_\_\_ "bid for auction rate or other securities";
7. \_\_\_\_ "capital or other financing plan";
8. \_\_\_\_ "litigation/enforcement action";
9. \_\_\_\_ "change of tender agent, remarketing agent, or other on-going party";
10. \_\_\_\_ "derivative or other similar transaction"; and
11. \_\_\_\_ "other event-based disclosures."

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_  
Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

Date:



**EXHIBIT C-3**  
**VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying “voluntary financial disclosure” will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of August 20, 2015 between the Issuer and DAC.

Issuer and/or Other Obligated Person’s Name: Regional Transportation District (Colorado) (the “Issuer”)

Issuer’s Six-Digit CUSIP Number: 75913T

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates: 75913T\_\_

Number of pages attached: \_\_\_\_

\_\_\_\_ Description of Voluntary Financial Disclosure (Check One):

1. \_\_\_\_ “quarterly/monthly financial information”;
2. \_\_\_\_ “change in fiscal year/timing of annual disclosure”;
3. \_\_\_\_ “change in accounting standard”;
4. \_\_\_\_ “interim/additional financial information/operating data”;
5. \_\_\_\_ “budget”;
6. \_\_\_\_ “investment/debt/financial policy”;
7. \_\_\_\_ “information provided to rating agency, credit/liquidity provider or other third party”;
8. \_\_\_\_ “consultant reports”; and
9. \_\_\_\_ “other financial/operating data.”

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_  
Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

Date:

**EXHIBIT D**  
**INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED**

<b><u>Table Number</u></b>	<b><u>Table Title</u></b>
Table VI –	Operating Data
Table VII –	Statement of Obligations
Table VIII –	Annual Debt Service Requirements and Amounts Subject to Appropriation
Table IX –	Revenue and Capital Receipts by Source
Table XVII –	RTD Annual Ridership and Fare Revenue
Table XVIII –	RTD Advertising and Ancillary Revenues
Table XIX –	RTD Federal Grant Receipts
Table XX –	Summary of Statements of Revenues and Expenses and Changes in Net Position
Table XXI –	Comparison of Budgeted and Actual Revenues and Expenses

**APPENDIX B**

**REGIONAL TRANSPORTATION DISTRICT DENVER, COLORADO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED DECEMBER 31, 2014 AND 2013**

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal year ended  
December 31, 2014 and 2013



**Regional Transportation District**  
1600 Blake Street, Denver, Colorado  
303.299.6000 | [rtd-denver.com](http://rtd-denver.com)

Denver Airport Station and transit center construction.

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***REGIONAL TRANSPORTATION DISTRICT  
DENVER, COLORADO***

***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

***Fiscal Year Ended December 31, 2014 and 2013***

**Prepared by  
Finance Division**

**Chief Financial Officer**

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**Regional Transportation District**



April 30, 2015

Board of Directors  
Regional Transportation District  
Denver, Colorado

In accordance with Colorado statutes and Regional Transportation District (RTD) bylaws, the enclosed Comprehensive Annual Financial Report of the Regional Transportation District as of December 31, 2014, has been compiled. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with RTD. Management believes the data, as presented, fairly sets forth the financial position and operating results of RTD. Disclosures necessary to enable the reader to gain the maximum understanding of the financial affairs of RTD have been included.

In developing and evaluating RTD's accounting system, consideration has been given to the adequacy of internal accounting controls. These controls are discussed by the Chief Financial Officer in the Letter of Transmittal. Within that framework, we believe RTD's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

This report has been prepared according to the guidelines recommended by the Government Finance Officers Association of the United States and Canada. In accordance with these guidelines, the accompanying report is presented in three parts:

1. Introductory Section, including the Chief Financial Officer's Letter of Transmittal.
2. Financial Section containing the independent auditor's report, Management's Discussion and Analysis, the financial statements, notes thereto and supplemental information. In addition, the supplementary information contains unaudited financial information by fund.
3. Statistical Section, including selected tables of unaudited data depicting the financial history of RTD, demographics, and other miscellaneous information.

Colorado law requires the governing bodies of local governments to have an independent audit of RTD's financial statements performed. RTD has complied with this requirement and has included the report of the independent auditors in the Financial Section of this report.

Preparation of this Comprehensive Annual Financial Report could not have been accomplished without the dedicated efforts of the entire financial staff. Should you have any questions or comments, please contact me or Doug MacLeod, Chief Financial Officer (Acting).

Respectfully submitted,  
Tom Tobiasen, CISSP, CISA  
Chair, Financial, Administration and Audit Committee

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**Regional Transportation District**

April 30, 2015

Mr. Tom Tobiasen  
Chair, Financial, Administration and Audit Committee  
Regional Transportation District

State law requires that all general-purpose local governments publish within seven months of the close of each fiscal year a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Regional Transportation District (RTD) for the fiscal year ended December 31, 2014.

This report consists of management's representations concerning the finances of RTD. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of RTD has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of RTD's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, RTD's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

RTD's financial statements have been audited by RubinBrown, LLP, and a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of RTD for the fiscal year ended December 31, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that RTD's financial statements for the fiscal year ended December 31, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

The independent audit of the financial statements of RTD was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are in RTD's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in

conjunction with it. RTD's MD&A can be found immediately following the report of the independent auditors.

## **REGIONAL TRANSPORTATION DISTRICT (RTD)**

RTD provides public mass transit service to the Denver metropolitan area. In 1969, the Colorado General Assembly (Assembly) found that public transit was a necessary part of the growing Denver Metropolitan Region. The Assembly found that public sector involvement was the best method to ensure the continuation of this vital component. Thus, the Regional Transportation District was created as a political subdivision of the State effective July 1969 "to develop, maintain, and operate a public mass transportation system for the benefit of the District."

RTD boundaries now include Jefferson, Boulder, and Denver counties, most of the City and County of Broomfield, and portions of Adams, Douglas, Weld, and Arapahoe counties. Over 2.87 million people, or approximately 57% of the population of Colorado, reside within RTD's 2,340 square mile area.

Since 1983, RTD has had a fifteen-member Board of Directors that are elected by their constituents to serve four-year terms to govern RTD. There are approximately 180,000 voters per director district. The RTD Board of Directors is responsible for setting policy, overseeing the agency's annual budget, and establishing short and long-range transit goals and plans in concert with local, state, and federal agencies.

RTD employs over 2,700 men and women, making it one of the largest employers in the eight county areas. In addition, RTD contracts with private carriers to provide access-a-ride and fixed route services employing over 1,700 men and women. Besides its administrative headquarters in Denver, RTD has six operating facilities, including three in Denver, one in Aurora, one in Englewood, and one in Boulder.

The financial reporting entity includes all of the financial activities of RTD, as well as those activities of its component unit, the RTD Asset Acquisition Authority, Inc. (the Authority), a nonprofit corporation established to facilitate RTD's use of lease/purchase financing.

RTD also maintains budgetary controls. These controls ensure compliance with legal provisions embodied in the annual appropriated budget approved by RTD's Board of Directors. The budget sets forth proposed outlays for operations, planning, administration, development, debt service, and capital assets. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the project level.

The annual budget serves as the foundation for RTD's financial planning and control. All departments of RTD are required to submit requests for appropriation to the General Manager on or before August 1<sup>st</sup> of each year. The General Manager uses these requests as the starting point for developing a proposed budget. The General Manager then presents this proposed budget to the Board of Directors for review prior to October 15<sup>th</sup>. The Board of Directors is required to hold a public hearing on the proposed budget and to adopt a final budget no later than December 31<sup>st</sup>.

Unused appropriations lapse at year end, except that the Board of Directors has the authority, as stated in the adopted appropriation resolution, to carry-over the unused portion of the funds for capital projects not completed, for a period not to exceed three years.

RTD's policy also authorizes the General Manager to approve certain line-item transfers within the budget. Budget-to-actual comparisons are provided in the Supplemental Information Section of this report.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered in the broader perspective of the specific environment within which RTD operates.

RTD serves the eight-county region considered the Denver metropolitan area. It is the most populated area of the state and the economic barometer of Colorado. Employment in the Denver Metro area is dominated by small businesses. These companies represent a diverse mix of industries and are located throughout the Denver metropolitan area, providing a geographic balance in employment centers.

The Colorado Legislative Council (CLC) in its December 2014 report forecasts that the economic recession has subsided and a modest recovery has begun. Economists for CLC reported the following key economic indicators.

Key Economic Indicators	2013 Actual	2014 Forecast	2015 Forecast
Job Growth	3.0%	3.0%	3.0%
Unemployment	6.8%	5.3%	4.3%
Personal Income	2.8%	5.5%	7.0%
Population	1.5%	1.7%	1.7%
Inflation	2.8%	2.7%	2.5%

On November 3, 1992, the voters of Colorado approved a Constitutional Amendment (the "Amendment") that limits taxes, revenue, and spending for state and local governments effective December 31, 1992. On November 7, 1995, the voters of the District exempted RTD from the revenue and spending limitations concerning the Amendment through December 31, 2005. On November 2, 1999, the voters of the District further exempted RTD from the revenue and spending limitations outlined in the Amendment for the purpose of paying any debt incurred to finance the construction of the Southeast and Southwest light rail lines or to operate such for as long as any debt remains outstanding, but in no event beyond December 31, 2026.

On November 2, 2004, the voters of the District authorized an increase in the District's sales and use tax rate from 0.6% to 1.0%, effective January 1, 2005, to finance the FasTracks transit improvement program. This authorization also exempted the District from any revenue and spending limitations on the additional tax and on any investment income generated by the increased tax revenue, and allowed RTD to incur debt to finance the capital improvements included in the FasTracks program. At the time that all FasTracks debt is repaid, the District's sales and use tax rate will be reduced to a rate sufficient to operate the transit system financed through FasTracks.

### **Long-term Financial Planning**

Each year the Board of Directors adopts a financially constrained Strategic Budget Plan (SBP) which is the six-year operating and capital improvement plan of RTD. It reflects RTD's plans for service and capital improvements excluding FasTracks. In November 2010, the Board of Directors convened a Fiscal Sustainability Task Force for the purpose of developing a formal written report that was submitted to the Board of Directors in June 2011, detailing opportunities for operating efficiencies and revenue enhancements to ensure RTD's fiscal sustainability in the long term. The Task Force consisted of 21 members from RTD management, the Board of Directors and the public and private sector. The Board of Directors gave approval to

management to pursue implementation of the Task Force's recommendations. The SBP includes those recommendations that have been implemented in the SBP timeframe, most notably an operational service adjustment, enhanced sales and use tax forecasts and implementation of a revised fund balance policy which was implemented in 2013. On July 16, 2013, the Board adopted the 2014-2019 SBP.

In addition to the SBP, RTD is planning and constructing the build-out of the FasTracks transit expansion plan. FasTracks entails the addition of six new light-rail lines and commuter rail lines, 21,000 new parking spaces, the redevelopment of Denver Union Station, and expanded bus service throughout the eight county District. Each year, RTD conducts a comprehensive evaluation of the entire FasTracks program, called an Annual Program Evaluation. RTD has worked closely with elected officials, local governments, corridor stakeholders and the public to move the FasTracks program forward.

## **FINANCIAL INFORMATION**

RTD management is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. RTD has designed its internal control structure to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgment by management.

**Single Audit:** As a recipient of federal assistance, RTD is responsible for ensuring that an adequate internal control structure is instituted to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the RTD internal audit staff.

As part of RTD's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to evaluate RTD's compliance. RTD's single audit for the fiscal year ended December 31, 2014 found a material weakness in the internal control structures or significant violations of applicable laws and regulations. A separate report was prepared for this purpose.

**Fiscal Policy:** RTD follows a fiscal policy approved by the Board of Directors annually or as necessary due to modification. The fiscal policy contains policies for revenue, investments, expenditures, capital improvements, fund balance, debt, budgeting, accounting and grants. In 2012, RTD modified its fund balance policy to establish a structure that was recommended by the RTD Fiscal Sustainability Task Force as being a necessary tool in designating funds to be available for specific purposes to ensure fiscal sustainability.

**Debt Administration:** RTD formulates its debt policy to protect its credit ratings and soundly manage its assets and liabilities. Included in this policy is a requirement that debt will not be used to finance current operations. Another requirement precludes financing capital projects beyond the useful life of the project. Additional policies go beyond these essential guidelines and result in further protection. RTD has a dual rating for its 1.0% sales tax credit. Moody's Investors Service rates the sales tax credit as "Aa2", Standard and Poor's Corporation rates the sales tax credit "AAA" and Fitch Ratings rates the sales tax credit "AA+" that are secured by the 0.6% sales tax. Moody's Investors Service rates the sales tax credit as "Aa2", Standard and Poor's Corporation rates the sales tax credit "AA+" and Fitch Ratings rates the sales tax credit "AA" that are secured by the 0.4% sales tax.



**Cash Management:** The main objective of RTD's cash management program is the protection of investment principal while providing optimal levels of cash throughout the year. The RTD investment policy is modified periodically to adapt to changes in eligible investments, benchmarks, and specific objectives.

During the year, RTD invested its cash in various investment vehicles including money market funds, U.S. Treasury securities, agency securities, discount notes, commercial paper, repurchase agreements, and variable and fixed rate mortgage-backed securities. The total average return on investments for the year was 0.2%.

**Risk Management:** RTD employs a combination of self-insurance and purchased insurance in its efforts to protect assets and control and prevent losses.

The areas of self-insurance are worker's compensation, automobile and general liability. RTD is self-insured for liability, the limits of which are \$350,000 per person and \$990,000 per occurrence as specified under the Colorado Governmental Immunity statute. The self-insured retention for worker's compensation claims is \$2,000,000 per claim, with any amounts above this covered by purchased insurance up to the legal limits of liability under the Colorado worker's compensation statute.

Commercial insurance policies provide property coverage up to \$1,663,245,896 for buildings, their contents, and rolling stock (other than collision); a Commercial Crime Policy and Faithful Performance Bond; a \$3,500,000 Workers' Compensation Bond; Felonious Assault Policy; travel insurance for employees on RTD business; fidelity coverage on the Trustees of the Union Pension Trust, Salaried Pension Trust, Represented Health and Welfare Union Trust, Legal Trust, and the employees administering the health benefits program for salaried employees. With the growth of Light Rail Transit (LRT) services, RTD has added Railroad Protective and Railroad Liability commercial insurance policies that provide coverage when required under operational needs.

The Risk Management Division coordinates these programs internally for RTD.

## **OTHER INFORMATION**

**Independent Audit:** State statutes require an annual audit by independent certified public accountants. The accounting firm of RubinBrown LLP was selected to perform the 2014 audit. This audit also was designated to meet the requirements of the Federal Single Audit Act amendments of 1996 and related OMB Circular A-133. The auditor's report on the financial statements and schedules are included in the Financial Section of this report. The auditor's report related specifically to the single audit is included in a separate report.

**Awards:** The Government Finance Officers Associations (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to RTD for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2013. This is the twenty-second consecutive year, after a two-year absence from the program, that RTD has been awarded this prestigious award.

In order to receive the Certificate of Achievement for Excellence in Financial Reporting, RTD must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which must conform to program standards. This report must also satisfy both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for one year only. We believe our current Comprehensive Annual Financial Report meets the program's requirements and will be submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgements:** Preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated services of the entire staff of the Finance Division. Each member of the division has our sincere appreciation for the contributions made in the preparation of this report.

Finally, without the leadership and support of the members of the RTD's Board of Directors, preparation of this report would not have been possible.

Sincerely,

Doug MacLeod  
Chief Financial Officer (Acting)

## Board of Directors

RTD's governing body is a 15-member elected Board of Directors, with each member elected from one of the fifteen districts comprising RTD's service area. Each district is apportioned equally by population and most districts cross county boundaries. The districts are assigned letter designations from "A" to "O". The following are the members of the Board of Directors as of February 2015:

### **District A**

Bill James  
Denver/Arapahoe Counties

### **District B**

Barbara Deadwyler  
Denver/Adams Counties

### **District C**

Ernest Archuleta  
Denver/Jefferson Counties

### **District D**

Jeff Walker, Secretary  
Denver/Jefferson/Arapahoe Counties

### **District E**

Claudia Folska  
Denver/Arapahoe Counties

### **District F**

Tom Tobiassen, First Vice Chair  
Arapahoe County

### **District G**

Gary Lasater  
Arapahoe/ Douglas Counties

### **District H**

Kent Bagley  
Arapahoe/ Douglas Counties

### **District I**

Judy Lubow  
Boulder/Broomfield/Adams/Weld Counties

### **District J**

Larry Hoy, Treasurer  
Adams/Jefferson Counties

### **District K**

Paul Daniel Solano  
Adams/Weld Counties

### **District L**

Lorraine Anderson  
Jefferson/Adams Counties

### **District M**

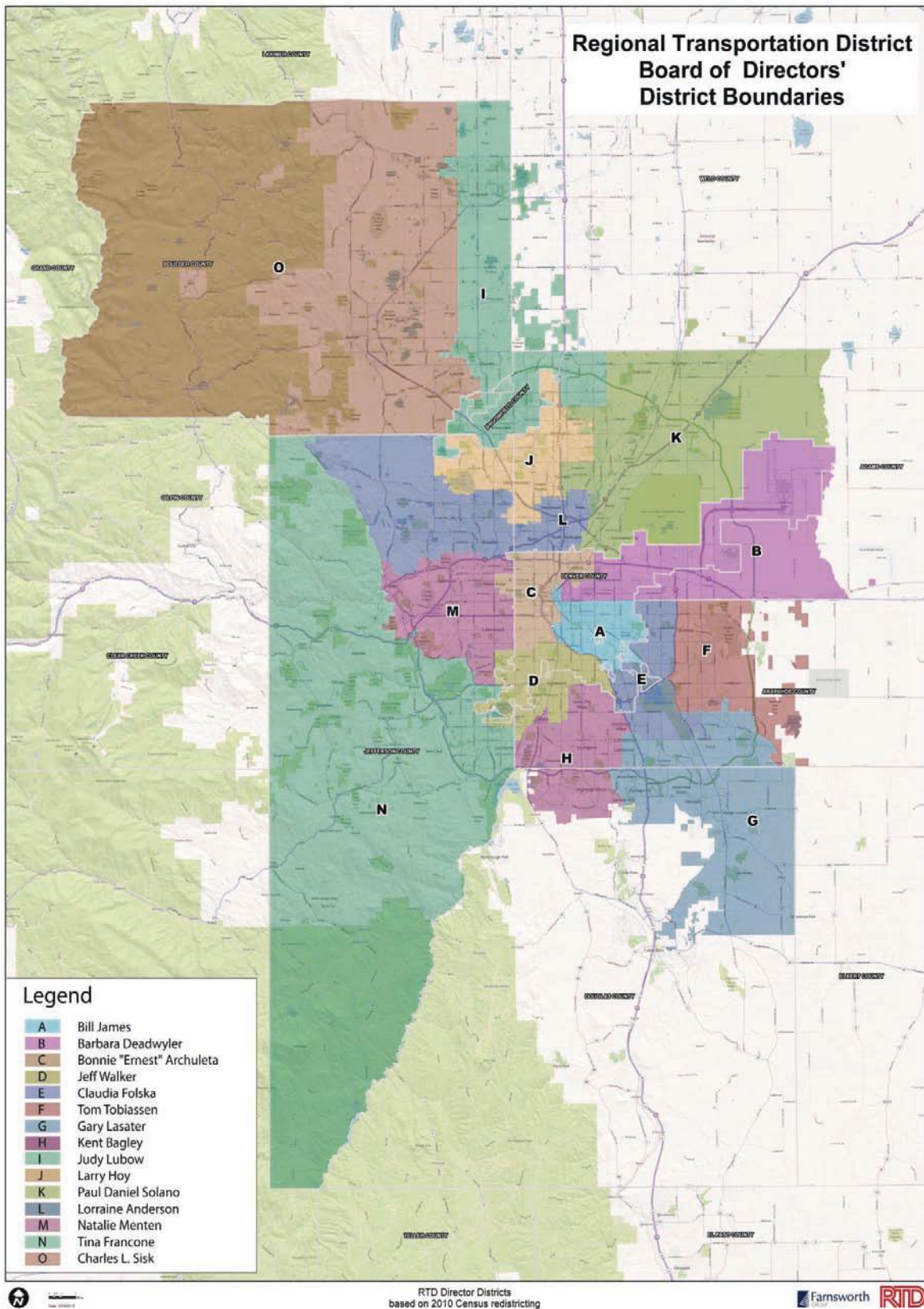
Natalie Menten, Second Vice Chair  
Jefferson County

### **District N**

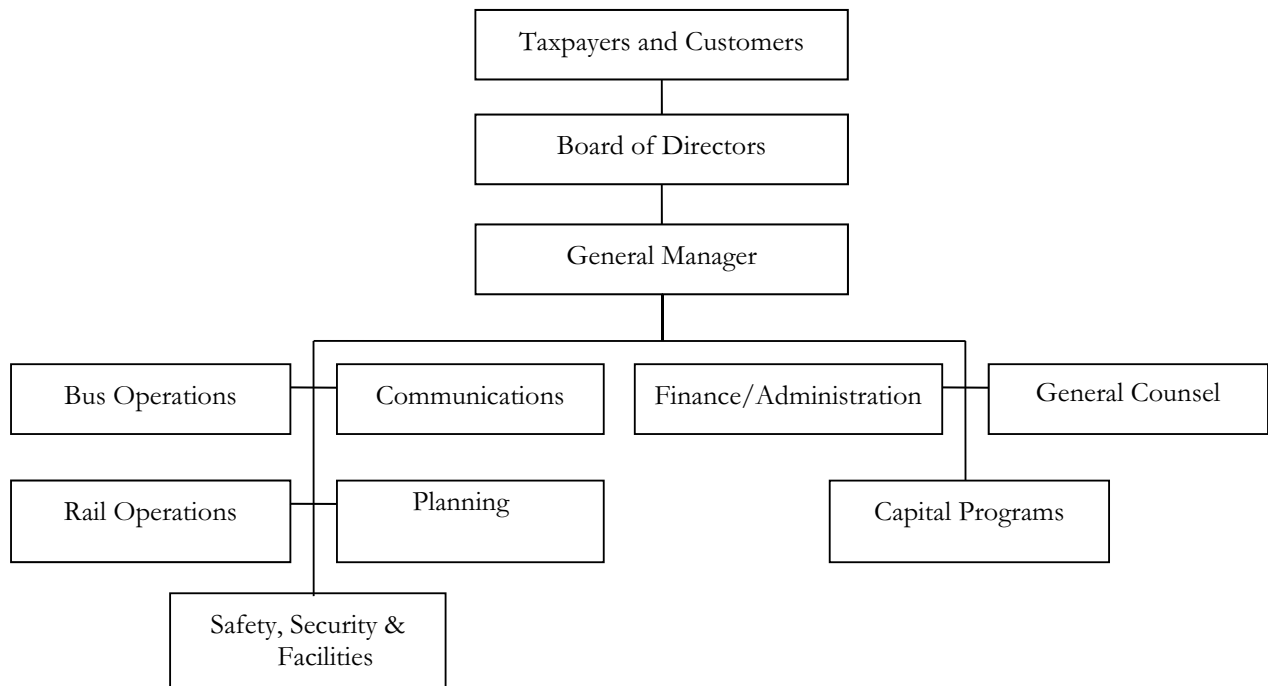
Tina Francone  
Jefferson County

### **District O**

Charles L. Sisk, Chair  
Boulder County



## Organization Chart



## Department Officials

### **General Manager/Chief Executive Officer (Acting)**

Dave Genova

### **AGM, Bus Operations**

Bruce Abel

### **Chief Financial Officer/Administration (Acting)**

Doug MacLeod

### **AGM, Rail Operations**

Terry Emmons

### **AGM, Safety, Security & Facilities (Acting)**

John Tarbert

### **AGM, Planning**

William C. Van Meter

### **AGM, Capital Programs**

Richard Clarke

### **General Counsel**

Marla L. Lien

### **AGM, Communications**

Scott Reed



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Regional Transportation District  
Colorado**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2013**

A handwritten signature in black ink, reading "Jeffrey R. Einar". The signature is written in a cursive style.

Executive Director/CEO

## ***FINANCIAL SECTION***

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RubinBrown LLP  
Certified Public Accountants  
& Business Consultants

1900 Sixteenth Street  
Suite 300  
Denver, CO 80202

T 303.698.1883  
F 303.777.4458

W [rubinbrown.com](http://rubinbrown.com)  
E [info@rubinbrown.com](mailto:info@rubinbrown.com)

## Independent Auditors' Report

Board of Directors  
Regional Transportation District  
Denver, Colorado

### Report On The Financial Statements

We have audited the accompanying financial statements of Regional Transportation District (RTD) as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, which collectively comprise RTD's basic financial statements as listed in the table of contents.

### *Management's Responsibility For The Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RTD as of December 31, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension plan summary information on pages 23 through 36 and 73, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary And Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise RTD's basic financial statements. The accompanying budgetary information, summary schedules, introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The summary schedules, introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2015 on our consideration of RTD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RTD's internal control over financial reporting and compliance.

*RubinBrown LLP*

April 30, 2015

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REGIONAL TRANSPORTATION DISTRICT  
Management's Discussion and Analysis (Unaudited)  
December 31, 2014 and 2013 (Dollars in Thousands)

The management of the Regional Transportation District (RTD) offers users of our financial statements this narrative overview and analysis of the financial activities for the years ended December 31, 2014 and 2013. This discussion and analysis is designed to assist the reader to focus on significant financial activities and identify any significant changes in the financial position of RTD. It should be read in conjunction with the financial statements that follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### **Financial Highlights**

As of December 31, 2014 and 2013, total assets of RTD exceeded total liabilities \$3,181,074 and \$2,977,449 respectively. The amount of unrestricted net position as of December 31, 2014 was \$18,842 compared to \$53,218 in 2013.

The net position of RTD increased by \$203,625 during the current year compared to an increase of \$248,539 in the previous year. The increases in both years are due to higher operating revenues and tax and grant revenues, net of increases in operating expenses and non-operating expenses which resulted from an improving economy combined with revenue enhancement and expense reduction initiatives undertaken by RTD.

RTD's sales and use tax revenues are its largest single source of revenues. These tax revenues increased \$46,135 (9.8%) in 2014 and increased \$18,799 (4.2%) in the previous year due to broad-based increases in retail sales within the District as the local economy emerges from the recession.

For 2014, total operating expenses exceeded total revenues resulting in a loss before non-operating revenue and expenses of \$534,199 compared to a loss of \$515,697 for 2013. The increase in operating loss in 2014 was due to the increased cost of salaries and fringe benefits and a full year of West Rail operating expenses. RTD anticipates operating losses, as these losses are subsidized by non-operating sales and use tax, grant revenues and other miscellaneous income.

RTD's total debt increased \$501,624 (18.5%) and increased \$285,219 (11.7%) in 2014 and 2013, respectively. Debt increased in 2014 due to the issuance of certificates of participation primarily for the purpose of funding of construction of North Metro Rail Line as well as borrowings on the Transportation Infrastructure Finance and Innovation Act (TIFIA) bond for construction of the FasTracks project elements. Debt increased in 2013 due to the issuance of certificates of participation primarily for the scheduled replacement of fleet vehicles as well as borrowings on the TIFIA bond for construction of the FasTracks project elements

Capital grants and other contributions decreased \$36,135 (14.9%) in 2014 and decreased \$69,110 (22.2%) in the previous year. The decrease in 2014 occurred as a result of the reduced contributed capital from the Denver Union Station construction project which was completed in 2014. The decrease in 2013 occurred after receiving certain one-time grants in 2012 associated with federal economic stimulus programs as well as scheduled higher grant funding on the West Line and East Corridor.

RTD's capital assets, excluding depreciation, increased \$814,250 in 2014 and increased \$748,201 in 2013. The increase in 2014 was from replacement of fleet. The increase in 2013 was primarily due to the build-out of the FasTracks project.

## **Basic Financial Statements**

Management's Discussion and Analysis serves as an introduction to RTD's basic financial statements. RTD's financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used. Revenue is recorded when earned and expenses are recorded when incurred.

The basic financial statements are comprised of four components: statements of net position; statements of revenues, expenses and changes in net position; statements of cash flows; and notes to the financial statements.

The statements of net position presents information on assets and deferred outflows of resource and liabilities and deferred inflows of resources, with the difference between the two reported as the net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of RTD is improving or deteriorating. The statements of revenues, expenses, and changes in net position presents information on operating revenues and expenses and non-operating revenues and expenses of RTD for the fiscal year with the difference, the net income or loss, combined with any capital grants and local contributions to determine the change in net position for the year. That change combined with the previous year-end total net position reconciles to the net position total at the end of the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of the related cash flows.

The statements of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, capital, and related financing activities, noncapital and related financing activities and investing activities. The result of these activities added to the beginning of the year cash balance reconciles to the cash and cash equivalents balance at the end of the current fiscal year. The statements of cash flows, along with the related notes and information in other financial statements, can be used to assess the following: RTD's ability to generate positive cash flows and pay its debt as the debt matures; the reasons for differences between RTD's operating cash flows and operating income (loss); and the effect of investing, capital, and financing activities on RTD's financial position.

The notes to the financial statements provide additional information that is essential to fully understand the data provided in the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows.

RTD provides bus, paratransit, and light rail service in a 2,340 square mile area in and around Denver, Colorado. The activities of RTD are supported by a 0.6% and 0.4% sales and use tax collected within the District. The 0.6% sales and use tax is used to fund the Base System operations of RTD. The Base System operations provide the bus and the majority of current light rail services in the Denver area. The 0.4% sales and use tax funds the FasTracks build-out program and operation and maintenance of those program elements as well as providing for enhanced transit services in the District. Additional revenue sources include fare collections, federal, state, and local financial assistance, investment income, and other income such as advertising and rental income.

## **Financial Analysis**

**Condensed Financial Information** - Condensed financial information from the statements of net position and statements of revenues, expenses, and changes in net position is presented below.

REGIONAL TRANSPORTATION DISTRICT  
Management's Discussion and Analysis (Unaudited)  
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**Statements of Net Position** - As of December 31, 2014 and 2013, total assets of RTD exceeded total liabilities by \$3,181,074 and \$2,977,449 respectively. The largest portion of this excess, 93.9% in 2014 and 93.6% in 2013, was invested in capital assets, net of related debt. RTD uses these capital assets to provide public transportation services to customers; consequently, these assets are not available for future spending. Although RTD's investment in capital assets is reported net of related debt, it should be noted that funding required to repay this debt will be obtained from other sources such as sales and use tax, since the capital assets themselves cannot be used to pay the related debt. The amount of unrestricted net position as of December 31, 2014 was \$18,842 compared to \$53,218 in 2013. Substantially all of the unrestricted net position, although not legally restricted, has been appropriated or reserved by the RTD Board for future capital acquisition and reserve policy requirements, and debt liquidation during the budget process.

Condensed Summary Statements of Net Position			
	2014	2013	2012
<b>Assets and Deferred Outflows of Resources:</b>			
Current assets	\$ 549,772	\$ 546,876	\$ 720,663
Current assets - restricted	582,236	710,639	850,581
Capital assets (net of accumulated depreciation)	5,413,455	4,696,735	4,056,128
Other noncurrent assets	301,173	151,611	33,961
Deferred Outflows of resources	39,736	43,471	9,524
Total Assets and Deferred Outflows of Resources	<u>6,886,372</u>	<u>6,149,332</u>	<u>5,670,857</u>
<b>Liabilities and Deferred Inflows of Resources:</b>			
Current liabilities	313,687	319,004	383,740
Noncurrent liabilities	3,390,984	2,852,223	2,557,522
Deferred Inflows of resources	627	656	685
Total liabilities and Deferred Inflows of Resources	<u>3,705,298</u>	<u>3,171,883</u>	<u>2,941,947</u>
<b>Net position:</b>			
Net investment in capital assets	2,987,694	2,788,100	2,348,966
Restricted	174,538	136,131	334,162
Unrestricted	18,842	53,218	45,782
Total net position	<u>\$ 3,181,074</u>	<u>\$ 2,977,449</u>	<u>\$ 2,728,910</u>

In 2014, capital assets net of accumulated depreciation increased \$716,720 (15.3%) for acquisition of revenue equipment, buildings, land, and construction in progress for the projects in the FasTracks program.

Current liabilities decreased \$5,317 (1.7%) in 2014 primarily due to an accrued lower construction payment for the FasTracks Eagle P3 project to the project concessionaire due in early 2015. Noncurrent liabilities and deferred inflows increased \$538,732 (18.9%) primarily due to the issuance of certificates of participation for construction of the North Metro Rail Line from Denver Union Station to 124<sup>th</sup> Avenue.

RTD's net position increased \$203,625 (6.8%) in 2014. The increase was primarily due to higher operating, tax and grant revenues, net of increases in operating expenses and non-operating expenses which resulted from an improving economy combined with revenue enhancement and expense reduction initiatives undertaken by RTD.

REGIONAL TRANSPORTATION DISTRICT  
Management's Discussion and Analysis (Unaudited)  
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**Statements of Revenues, Expenses, and Changes in Net Position**—The following summary of revenues, expenses, and changes in net position shows the activities of RTD resulted in an increase in net position. The net position of RTD increased by \$203,625 during the current year compared to an increase of \$248,539 in the previous year. The increases in both years were due to higher operating revenues, grant revenue income and sales and use tax collection increases, net of increases in operating expenses and non-operating expenses. The key elements of changes in net position for the fiscal years ended December 31, 2014 and 2013 with comparative information for 2012 are shown in the following table:

Summary of Revenues, Expenses, and Changes in Net Position			
	2014	2013	2012
Operating revenue:			
Passenger fares	\$ 120,497	\$ 117,841	\$ 112,929
Advertising and other	4,406	5,199	5,333
Total operating revenue	124,903	123,040	118,262
Operating expenses:			
Salaries and wages	143,113	135,660	127,557
Fringe benefits	61,677	56,745	51,417
Materials and supplies	62,156	64,798	58,300
Services	108,920	112,479	109,853
Utilities	14,151	13,567	11,833
Insurance	5,273	5,568	3,776
Purchased transportation	114,942	113,006	111,130
Leases and rentals	3,264	3,210	2,401
Miscellaneous	6,561	6,448	15,741
Depreciation	139,045	127,256	115,269
Total operating expenses	659,102	638,737	607,277
Operating loss	(534,199)	(515,697)	(489,015)
Nonoperating revenues (expenses):			
Sales and use tax	514,721	468,586	449,787
Grant operating assistance	75,544	88,243	68,927
Investment income	165	2,040	2,613
Other income/Gain on Sale of Assets	16,861	28,088	14,494
Interest expense	(72,293)	(61,223)	(51,371)
Other expense/ Unrealized Loss on Assets	(3,605)	(4,064)	(4,895)
Net nonoperating revenue (expenses)	531,393	521,670	479,555
Income before capital contribution	(2,806)	5,973	(9,460)
Capital grants and local contributions	206,431	242,566	311,676
Increase in net position	203,625	248,539	302,216
NET POSITION, beginning of year	2,977,449	2,728,910	2,426,694
NET POSITION, end of year	\$ 3,181,074	\$ 2,977,449	\$ 2,728,910

The information contained in the condensed information table is used as the basis for the revenue and expense discussion presented below, surrounding RTD's activities for the fiscal years ended December 31, 2014, 2013 and 2012.



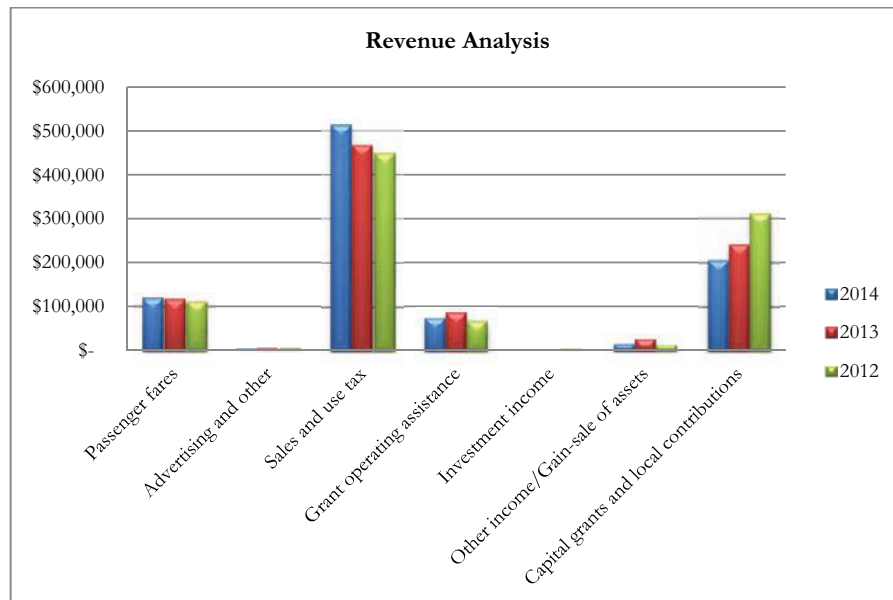
REGIONAL TRANSPORTATION DISTRICT  
Management's Discussion and Analysis (Unaudited)  
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**Revenues**

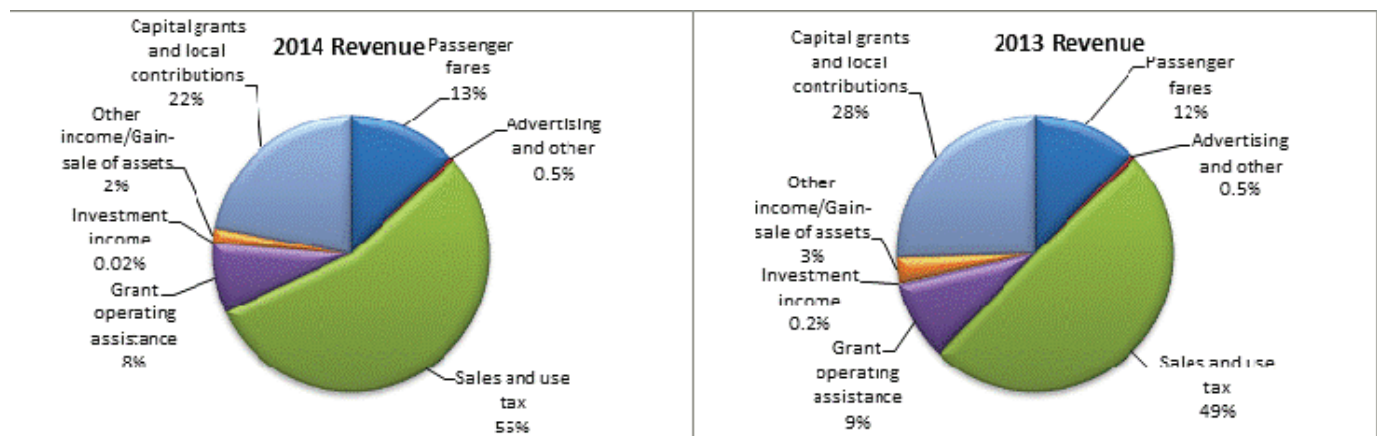
The following schedule and charts show the major sources of revenue for the years ended December 31, 2014, 2013 and 2012.

Revenue Analysis

	2014	2013	2012
Revenues			
Passenger fares	\$ 120,497	\$ 117,841	\$ 112,929
Advertising and other	4,406	5,199	5,333
Sales and use tax	514,721	468,586	449,787
Grant operating assistance	75,544	88,243	68,927
Investment income	165	2,040	2,613
Other income/Gain-sale of assets	16,861	28,170	14,494
Capital grants and local contributions	206,431	242,566	311,676
Total Revenues	<u>\$ 938,625</u>	<u>\$ 952,645</u>	<u>\$ 965,759</u>



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**Passenger fares** – Passenger fares provided 12.8% and 12.4% of total revenues in 2014 and 2013, respectively. Farebox receipts, monthly and annual pass revenue, and special event fares for bus and rail services are included in passenger fares. Passenger fares increased by \$2,656 (2.3%) in 2014 compared to an increase of \$4,912 (4.3%) in 2013. The increase in 2014 was due in part, to full year of revenue service of the West Line light rail line which opened in April 2013 while additional increases in both years were due to higher participation in fare media programs.

**Advertising and other** – Advertising and other revenue provided 0.5% of total revenues in 2014 and 2013; this includes revenues from advertisements primarily on RTD's buses and external wraps on light rail vehicles. Advertising and other income decreased \$793 (15.3%) in 2014 compared to a decrease of \$134 (2.5%) in 2013. The decrease in 2014 was primarily due to reduced joint venture revenue contracts. The decrease in 2013 occurred with the expiration of certain facility leases that occurred with the redevelopment of the Denver Union Station historic building.

**Sales and Use Tax** – Sales and use tax provided 54.8% and 49.2% of RTD's total revenues in 2014 and 2013 respectively. Sales and use tax is a dedicated 1.0% tax imposed on certain sales within the service area. Sales and use tax increased \$46,135 (9.8%) in 2014 compared to an increase of \$18,799 (4.2%) in 2013. In 2014 and 2013, the District experienced growth in tax revenues due to increased consumer and business spending activity as the local economy continues to emerge from the recession.

**Grant operating assistance** – Grant operating assistance provided 8.0% and 9.3% of total revenues in 2014 and 2013. Grant operating assistance decreased \$12,699 (14.4%) in 2014 compared to an increase of \$19,316 (28.0%) in 2013. The operating assistance is a federal grant revenue program used to perform capital maintenance and maintain RTD's revenue fleet of bus, paratransit, and rail vehicles. The decrease/increase in 2014 and 2013 is the result of grant funding sources being available during the year.

**Investment Income** – Investment income provided 0.02% and 0.21% of total revenues in 2014 and 2013. Investment income decreased \$1,875 (91.9%) in 2014 compared to a decrease of \$573 (21.9%) in 2013. The decrease in 2014 and 2013 was due to lower interest rates and a progressively lower investment balance as invested funds are being utilized for the build-out of the FasTracks project in addition to unrealized losses attributed to mark-to-market valuation under a rising interest rate environment.

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**Other Income/Gain on sale of Assets** – Other income provided 1.8% and 3.0% of total revenues in 2014 and 2013. Other income decreased \$11,309 (40.1%) in 2014 compared to an increase of \$13,676 (94.4%) in 2013. Other income includes interest subsidy income, rental income from retail space, parking, and miscellaneous other items. The decrease in 2014 was due to the one time increase in 2013 which was primarily attributable to the sale of RTD's Civic Center air rights and the sale of an easement on RTD property.

**Capital grants and local contributions** – Capital grants and other contributions provided 22.0% and 25.5% of total revenues in 2014 and 2013. Capital grants and local contributions decreased \$36,135 (14.9%) in 2014 and decreased \$69,110 (22.2%) in the previous year. The decrease in both years resulted from lower capital contributions related to completion of Denver Union Station multi-modal hub.

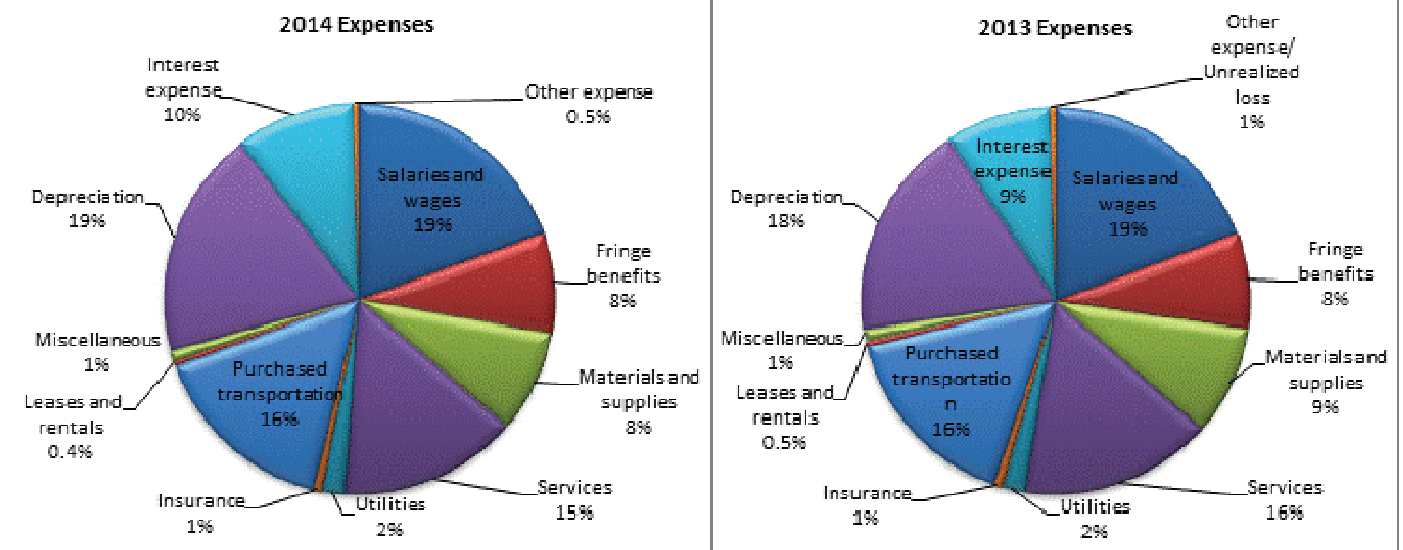
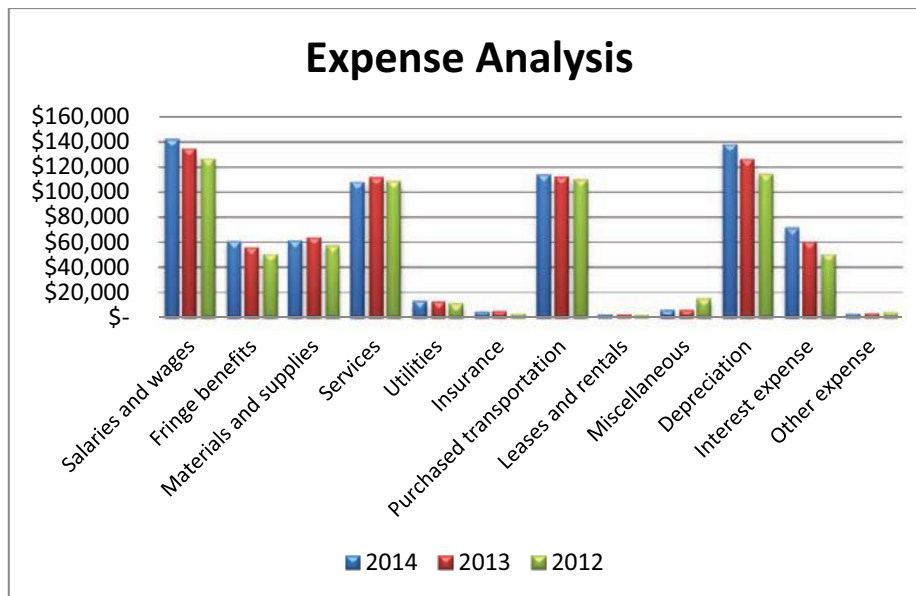
## Expenses

The following schedule and charts shows the major sources of expenses for the years ended December 31, 2014, 2013 and 2012.

### Expense Analysis

	2014	2013	2012
Expenses			
Salaries and wages	\$ 143,113	\$ 135,660	\$ 127,557
Fringe benefits	61,677	56,745	51,417
Materials and supplies	62,156	64,798	58,300
Services	108,920	112,479	109,853
Utilities	14,151	13,567	11,833
Insurance	5,273	5,568	3,776
Purchased transportation	114,942	113,006	111,130
Leases and rentals	3,264	3,210	2,401
Miscellaneous	6,561	6,448	15,741
Depreciation	139,045	127,256	115,269
Interest expense	72,293	61,223	51,371
Other expense	3,605	4,146	4,895
Total Expenses	\$ 735,000	\$ 704,106	\$ 663,543

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**Salaries and wages**—Salary and wage expense is the largest expense category accounting for 19.5% and 19.3% of the total RTD expenses in 2014 and 2013, respectively. Salary and wage expenses increased by \$7,453 (5.5%) in 2014 compared to an increase of \$8,103 (6.4%) in 2013. Increases in both years occurred from salary and wage performance (result based) and progression increases.

## REGIONAL TRANSPORTATION DISTRICT

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**Benefits** – Fringe benefits accounted for 8.4% and 8.1% of total expenses in 2014 and 2013. Fringe benefits increased by \$4,932 (8.7%) compared to an increase of \$5,328 (10.4%) in 2013. The increase in 2014 is primarily due to medical costs; resulting from CBA employer contribution ranging from \$165-\$185/employee increase and salaried medical costs also increased from prior year. Pension cost also increased in 2014 due to increased wages and Net Pension Obligation (NPO). The 2013 increase was due primarily to an increase in the Net Pension Obligation (NPO).

**Materials and supplies** – The materials and supplies expense category accounted for 8.5% and 9.2% of the total RTD expenses in 2014 and 2013 respectively. Materials and supplies expenses decreased \$2,642 (4.1%) in 2014 compared to an increase of \$6,498 (11.1%) in 2013. The decrease in 2014 occurred due to a decrease in diesel fuel prices from an average of \$3.26 to \$3.12. In addition, repair parts costs decreased significantly in 2014. The increase in 2013 occurred due to the opening of the West Line and an increase in diesel fuel prices from an average of \$2.73 to \$3.26 per gallon.

**Services** – Services expense accounted for 14.8% and 16.0% of total expenses in 2014 and 2013. Services expense includes contracted services such as security services; vehicle, equipment and right of way maintenance services; advertising and marketing services, and legal services. Services expense decreased \$3,559 (3.2%) in 2014 compared to an increase of \$2,626 (2.4%) in 2013. The decrease in 2014 was primarily due to the contract service reduction for U.S. 36 managed lane project. The increase in 2013 was primarily due to the opening of the West Line.

**Utilities** – Utilities accounted for 1.9% of total expenses for both years 2014 and 2013. Utilities expense includes electric, telecommunications, water and sewer, and natural gas for facilities. Utilities expense increased \$584 (4.3%) in 2014 compared to an increase of \$1,734 (14.7%) in 2013. The increase in 2014 occurred primarily due to the full year of service for the West Line opened in April 2013 while lesser increases in both 2014 and 2013 occurred due to higher electricity rates affecting traction power costs for light rail services.

**Insurance** – Insurance accounted for 0.7% and 0.8% of total expenses in 2014 and 2013. Insurance expense includes RTD's self-insured cost for general liability and worker's compensation claims. In addition, RTD purchased insurance in its efforts to protect assets. Insurance expense decreased \$295 (5.3%) in 2014 compared to an increase of \$1,792 (47.5%) in 2013. The decrease in 2014 was due to favorable claim severity and frequency results. The increase in 2013 due to Worker Compensation claims.

**Purchased transportation** – The purchased transportation expense category accounted for 15.6% and 16.0% of the total expenses in 2014 and 2013. Purchased transportation represents the costs of contracted transportation services for bus, access-a-Ride, and call-n-Ride services. Purchased transportation costs increased \$1,936 (1.7%) in 2014 compared to \$1,876 (1.7%) in 2013. The increase in both years was primarily due to negotiated contract increases.

**Leases and rentals** – Leases and rentals include lease expense for office space, office equipment, park-n-Ride facilities, and use of communication towers. Leases and rentals expense increased \$54 (1.7%) in 2014 compared to an increase of \$809 (33.7%) in 2013. The increase in 2014 is primarily due to RTD's need for additional office space.

**Miscellaneous** – Miscellaneous expense includes other incidental operating expenses not included in other defined categories. Miscellaneous expenses increased \$113 (1.8%) in 2014 compared to a decrease of \$9,293 (59.0%) in 2013. This category includes additional one-time project expenses creating fluctuations between years.

## REGIONAL TRANSPORTATION DISTRICT

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**Depreciation** – The depreciation expense category accounted for 18.9% and 18.1% of the total RTD expenses in 2014 and 2013, respectively. Depreciation expense is a non-cash systematic allocation of the cost of capital assets over the estimated useful life of the assets. Depreciation expense increased \$11,789 (9.3%) in 2014 compared to an increase of \$11,987 (10.4%) in 2013. The increase in 2014 occurred primarily from the activation of the West Line into revenue service in April. The increase in 2013 occurred primarily due to a full year of depreciation for Denver Union Station project elements that were placed into service.

**Interest expense** – The interest expense category accounted for 9.8% and 8.7% of the total RTD expenses in 2014 and 2013, respectively. Interest expense increased \$11,070 (18.1%) in 2014 compared to an increase of \$9,852 (19.2%) in 2013. Interest expense increases are due to the additional borrowings surrounding the FasTracks build-out and scheduled fleet replacements.

**Other expense** – Other expense includes miscellaneous non-operating expenses not classified in other expense categories. Other expense decreased \$541 (13.0%) in 2014 compared to a decrease of \$749 (15.3%) in 2013. The decrease in 2014 was the result on reduced loss of sales of assets compared to prior year.

**Capital Assets** – Investments in capital assets include: land and rights-of-way; buildings and improvements; leasehold improvements; revenue and non-revenue vehicles; shop and service equipment; security and surveillance equipment; computer equipment; and furniture. RTD's investment in capital assets, net of accumulated depreciation, in 2014 was \$5,413,455 compared to \$4,696,735 in 2013. The increase in capital assets in 2014 was \$716,720 (15.3%) compared to an increase of \$640,607 (15.8%) in 2013. RTD acquires its assets with sales and use tax revenues, farebox revenue, federal capital grants, and proceeds from the sale of revenue bonds and certificates of participation. The increases during 2014 and 2013 were primarily due to the cost of planning, design and construction of FasTracks projects.

The following table summarizes capital assets, net of accumulated depreciation, as of December 31, 2014 and 2013 with comparative information for 2012.

	Capital Assets (Net of Depreciation)		
	2014	2013	2012
Land	\$ 303,432	\$ 265,577	\$ 189,910
Land improvements	1,561,311	1,438,275	897,405
Buildings	297,212	85,639	92,169
Revenue earning equipment	458,579	397,947	397,689
Shops, maintenance and other equipment	38,859	43,206	23,549
Construction in progress	2,754,062	2,466,091	2,455,406
Total	<u>\$ 5,413,455</u>	<u>\$ 4,696,735</u>	<u>\$ 4,056,128</u>

Major capital asset events during the 2014 fiscal year included the following:

**FasTracks Denver Union Station (DUS)** - RTD, with assistance from the City and County of Denver (CCD), the Denver Regional Council of Governments (DRCOG), and the Colorado Department of Transportation (CDOT) acquired historic Denver Union Station (DUS) in August 2001. DUS and the surrounding property were being developed as a mixed-use, multi-modal transportation center located at and in the vicinity of the original Denver Union Station. The master plan was adopted by all the

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participating agencies in 2004. In addition, RTD acquired approximately two acres of property to relocate light rail tracks adjacent to the Consolidated Mainline. Expenditures for 2014 were \$38,623 for the construction of assets.

**FasTracks Denver Union Station Historic Building** - In connection with the redevelopment of the Denver Union Station area as a multi-modal transportation center, a contract was entered in December 2013 with Union Station Alliance (USA) to redevelop the historic building. Under the agreement, USA redeveloped the historic building to include the Great Train Hall, Amtrak facilities, a 110 room hotel as well as restaurant and retail services. The Historic Building re-opened to the public in 2014 with USA will lease the building from RTD to operate and maintain these new amenities. Expenditures for 2014 were approximately \$565.

**FasTracks West Corridor** - The West Corridor is a 12.1 mile light rail transit corridor between the Auraria Campus in downtown Denver and the Jefferson County Government Center in Golden, serving Denver, Lakewood, the Denver Federal Center, Golden and Jefferson County. The West Line opened for revenue service in April 2013 and was the first corridor completed in the FasTracks program. In 2014, expenditures related to the West Corridor were approximately \$10,128.

**FasTracks North Metro Corridor** - The North Metro Corridor is an 18 mile rail transit corridor between Denver Union Station and 162<sup>nd</sup> Avenue, passing through Denver, Commerce City, Thornton, Northglenn and unincorporated Adams County. A construction contract was entered to complete the commuter rail line from DUS north to 124<sup>th</sup> Avenue by 2018 with an option to extend construction to 162<sup>nd</sup> Avenue if additional funding is identified. In 2014, expenditures related to the North Metro Corridor were approximately \$96,496.

**FasTracks Northwest Corridor** - The Northwest Corridor is a 41 mile transit corridor between Denver Union Station and Longmont, passing through Denver, Westminster, Broomfield, Louisville, Boulder, Longmont, unincorporated Adams County, and unincorporated Boulder County and was constituted as a project separate from the ongoing work in the US 36 Bus Rapid Transit (BRT) corridor. In 2014, expenditures related to the Northwest Corridor were \$29,734.

### **East and Gold Line Public-Private Partnership (Eagle P3) -**

RTD was selected for inclusion in the FTA Public-Private Partnership Pilot Program (Penta-P). In 2010, RTD entered into a public-private partnership to design, build, finance, operate and maintain several of the transit improvements contemplated under the FasTracks program. The Eagle P3 project is a \$2,185,000 project that includes a Commuter Rail Maintenance Facility, the East and Gold Line Corridors as well as the Northwest Rail Electrified Segment. The Eagle P3 partnership was awarded to a concessionaire, Denver Transit Partners (DTP), through a competitive bid process culminating in a contract price that was \$305,000 below internal estimates. The project is expected to begin revenue service in 2016.

The Eagle P3 project will be completed in two phases. Phase I includes the East Corridor, Commuter Rail Maintenance Facility and design work for Phase II. Phase II includes the Gold Line Corridor and the Northwest Electrified Rail Segment. In 2014, construction expenditures related to the Eagle P3 project were \$407,147. The Eagle P3 Project elements are described below:

**FasTracks East Corridor** - The East Corridor is a 23.6-mile commuter rail transit corridor between Denver Union Station and Denver International Airport. In 2010, RTD issued notice to proceed with construction on this portion of Phase I of the Eagle P3 construction.

**FasTracks Commuter Rail Maintenance Facility** - The Commuter Rail Maintenance Facility is being designed to service the four planned commuter rail corridors (East Corridor, Gold Line, North Metro, and Northwest Rail) included in the FasTracks plan. In 2010, RTD issued notice to proceed with construction on this portion of Phase I of the Eagle P3 construction.

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**FasTracks Gold Line Corridor** - The Gold Line Corridor is an 11.2 mile rail transit corridor between Denver Union Station to the vicinity of Ward Road, passing through northwest Denver, unincorporated Adams County, Arvada, and Wheat Ridge. RTD issued notice to proceed with construction of this portion of Phase II in 2011.

**FasTracks Northwest Electrified Rail Segment** – The Northwest Rail Corridor, described previously, includes a project segment, referred to as the Northwest Electrified Rail Segment, extending from Denver Union Station to Westminster which will be completed under the Eagle P3 Project Phase II which was issued a notice to proceed in 2011.

**FasTracks I-225 Rail Line** – The I-225 Rail Line is a 10.5 mile extension of RTD's existing light rail line from the Southeast Line Nine Mile Station to the East Line commuter rail transfer point near the intersection of Peoria Street and Smith Road. The project includes eight stations and will serve the Aurora City Center and the Anschutz/Fitzsimons Medical Campus. A notice to proceed was issued in late 2014 with revenue service expected to begin in 2016. In 2014, expenditures related to the I-225 Rail Line were \$132,742.

**FasTracks Southeast Rail Extension** – The Southeast Rail Extension extends the popular Southeast Rail Line from Lincoln Station to the new RidgeGate Parkway Interchange at I-25. The project will add 2.3 miles of light rail. New stations will be built at Sky Ridge Medical Center, Lone Tree City Center and RidgeGate with a 1,300 Park-n-Ride facility. In 2014, expenditures related to the Southeast Rail Extension were \$1,269. RTD has applied for a New Start Grant to fund the project.

Additional information on RTD's capital assets can be found in note D of this report.

### Debt Administration

**Outstanding debt** – Outstanding debt includes sales tax revenue bonds and certificates of participation. The 2014 outstanding debt was \$3,219,223 compared to \$2,717,599 in 2013. Outstanding debt increased by \$501,624 (18.5%) in 2014 and increased by \$285,219 (11.7%) in 2013. The increase in both years 2014 and 2013 is due to new COPs issued for rail projects and well as replacement of rolling stock.

**Sales tax revenue bonds** – RTD issues sales tax revenue bonds to fund the acquisition and construction of assets. The sales tax revenue bonds were \$1,955,657 and \$1,895,180 as of December 31, 2014 and 2013, respectively. The sales tax revenue bonds increased \$60,477 (3.2%) in 2014 compared to an increase of \$66,418 (3.6%) in 2013. The increase in 2014 and 2013 is due to the receipt of the TIFIA loan borrowings. The sales tax revenue bonds are payable from RTD's sales and use tax revenue. RTD is required to maintain certain minimum deposits, as defined in bond resolutions, to meet debt service requirements. The bonds may be redeemed prior to maturity, at a price equal to the principal amount plus accrued interest thereon and a premium to the date of redemption.

**Certificates of participation** - Certificates of participation relate to financial obligations issued by the Regional Transportation District Asset Acquisition Authority, Inc. (Authority), a nonprofit corporation. The Authority issued Certificates of Participation (Certificates) with the proceeds being used to acquire certain equipment and facilities to be used by RTD. RTD leases the equipment acquired with the proceeds from the Certificates under separate Master Lease Purchase Agreements. For financial reporting purposes, RTD accounts for the Certificates as its own debt. Certificates outstanding were \$1,064,855 and \$655,230 as of December 31, 2014 and 2013, respectively. The Certificates outstanding increased \$409,625 (62.5%) in 2014 compared to an increase of \$160,280 (32.4%) in 2013. The increase in 2014 was due to the issuance of Certificates for the construction of



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North Metro Rail Line. The increase in 2013 is due to the issuance of Certificates for the acquisition of buses, certain ticket vending machines and refunding.

The following table summarizes outstanding debt obligations as of December 31, 2014 and 2013 with comparative information for 2012.

Outstanding Debt

	2014	2013	2012
Bonds and COPs payable:			
Sales Tax Revenue Bonds	\$ 1,955,657	\$ 1,895,180	\$ 1,828,762
Certificates of Participation	1,064,855	655,230	494,950
Total Principal	3,020,512	2,550,410	2,323,712
Issuance premiums and discounts	198,711	167,189	108,668
Debt net of issuance and refunding	<u>\$ 3,219,223</u>	<u>\$ 2,717,599</u>	<u>\$ 2,432,380</u>

RTD maintains credit ratings from Standard & Poor Corporation, Moody's Investor Services, and Fitch Ratings. Credit ratings vary based on the type of debt and the source of funds used for repayment.

RTD's ratings are presented in the following table:

Rating Agency	Base System Bonds 0.6% Sales & Use Tax	FasTracks Bonds 0.4% Sales & Use Tax	Certificates of Participation
Standard & Poor's	AAA	AA+	A-
Moody's	Aa2	Aa2	AA3
Fitch	AA+	AA	A+

Additional information on RTD's debt can be found in footnote E of this report.

### Economic Factors and Subsequent Events after the adoption of the 2014 Budget

Sales and use taxes are the largest single source of revenue for RTD, representing 54.8% and 49.2% of the total revenues in 2014 and 2013 respectively. Sales and use tax revenues are affected by changes in the local economy. Sales and use taxes declined significantly beginning in the fourth quarter of 2008 and throughout 2009 as a result of the Great Recession. Modest improvements in sales and use tax revenues began to occur in 2010 resulting in a recovery to pre-recession levels during 2014. Actual sales and use tax revenue for 2014 was \$514,721, an increase of \$46,135 (9.8%) from 2013.

Increases in operating expenditures are expected in future years due to expansion of RTD's FasTracks program. The FasTracks program is a plan to build a comprehensive, integrated region-wide transit network that will provide a reliable and safe system, enhance mobility and respond to the growing transportation needs within the eight-county Regional Transportation District. The FasTracks program includes 122 miles of new light rail and commuter rail, 18 miles of bus rapid transit infrastructure, 57 new stations, 31 new park-n-Rides, and redevelopment of Denver Union Station. Funding for the FasTracks program is being secured through Federal Transit Administration (FTA) grants, sales and use taxes and

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other revenues, issuance of long term debt, and public-private partnerships. Due to the 2008-9 recessions, sales and use tax revenues declined significantly delaying construction while materials costs increased. These factors are projected over the long-term to leave a gap in funding necessary to complete the program.

The first FasTracks rail line opened on April 26, 2013, adding 12.1 miles of new light rail running from Denver Union Station to Golden. The West Line has 11 new light rail stations and six Park-n-Rides serving the Auraria campus, Denver, Lakewood, the Federal Center, Golden and Jefferson County.

The North Metro Rail Line is an 18.5-mile long commuter rail line that will run from Denver Union Station through Commerce City, Thornton and Northglenn to state Highway 7 in North Adams County. On December 13, 2013 RTD signed a \$343 million contract with Regional Rail Partners (RRP) to design and build the first 13 miles of the North Metro Rail Line to 124th Avenue. Construction of the line to 124th Avenue is expected to be completed by 2018.

### **Requests for Information**

This financial report is intended to provide an overview of RTD's finances for those with an interest in this organization. Questions concerning any information contained in this report may be directed to the Chief Financial Officer.

## BASIC FINANCIAL STATEMENTS

REGIONAL TRANSPORTATION DISTRICT  
STATEMENTS OF NET POSITION  
As of December 31,  
(In Thousands)

	2014	2013
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
Current Assets:		
Cash and cash equivalents	\$ 253,638	\$ 311,996
Marketable interest bearing investments (note B)	89,962	33,220
Receivables:		
Sales tax	93,385	84,597
Other, less allowance for doubtful accounts of \$256 and \$191 at December, 31 2014 and 2013, respectively	24,989	20,467
Grants	13,895	10,877
Inventories	33,123	30,887
Other current assets (note C)	40,780	54,832
Cash and cash equivalents - restricted	298,822	229,865
Marketable interest bearing investments - restricted (note B)	283,414	480,774
Total current assets	<u>1,132,008</u>	<u>1,257,515</u>
Noncurrent Assets:		
Capital assets (note D):		
Land	303,432	265,577
Land improvements	2,183,870	1,981,746
Buildings	480,330	257,481
Revenue earning equipment	857,745	798,642
Shop, maintenance and other equipment	148,138	143,790
Construction in progress	2,754,062	2,466,091
Total capital assets	<u>6,727,577</u>	<u>5,913,327</u>
Less accumulated depreciation	<u>(1,314,122)</u>	<u>(1,216,592)</u>
Net capital assets	<u>5,413,455</u>	<u>4,696,735</u>
Other Noncurrent Assets:		
Long-term marketable interest bearing investments - restricted (note B)	301,173	151,611
Total other noncurrent assets	<u>301,173</u>	<u>151,611</u>
Total noncurrent assets	<u>5,714,628</u>	<u>4,848,346</u>
Total Assets	<u>6,846,636</u>	<u>6,105,861</u>
Deferred Outflows of Resources	<u>39,736</u>	<u>43,471</u>

The accompanying notes are an integral part of these statements.

REGIONAL TRANSPORTATION DISTRICT  
STATEMENTS OF NET POSITION (CONTINUED)  
As of December 31,  
(In Thousands)

	2014	2013
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
Current Liabilities		
Accounts and contracts payable	\$ 191,381	\$ 198,806
Current portion of long-term debt payable from restricted assets (note E)	54,348	57,002
Accrued compensation (note F)	20,809	19,384
Accrued interest payable from restricted assets	20,934	19,425
Other accrued expenses	26,215	24,387
Total current liabilities	<u>313,687</u>	<u>319,004</u>
Noncurrent Liabilities		
Long-term debt, net (note E)	3,164,875	2,660,597
Other liabilities (note E)	226,109	191,626
Total noncurrent liabilities	<u>3,390,984</u>	<u>2,852,223</u>
Total liabilities	<u>3,704,671</u>	<u>3,171,227</u>
Deferred Inflows of Resources	<u>627</u>	<u>656</u>
<b>NET POSITION</b>		
Net investment in capital assets (note I)	2,987,694	2,788,100
Restricted debt service and project related (note I)	109,822	77,795
Restricted labor reserve (note I)	19,193	18,304
Restricted FasTracks (note I)	45,523	40,032
Unrestricted (note I)	<u>18,842</u>	<u>53,218</u>
Total net position	<u>\$ 3,181,074</u>	<u>\$ 2,977,449</u>

The accompanying notes are an integral part of these statements.

REGIONAL TRANSPORTATION DISTRICT  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
Year ended December 31,  
(In Thousands)

	2014	2013
OPERATING REVENUE		
Passenger fares	\$ 120,497	\$ 117,841
Advertising, rent, and other	4,406	5,199
Total operating revenue	124,903	123,040
OPERATING EXPENSES		
Salaries and wages	143,113	135,660
Fringe benefits	61,677	56,745
Materials and supplies	62,156	64,798
Services	108,920	112,479
Utilities	14,151	13,567
Insurance	5,273	5,568
Purchased transportation	114,942	113,006
Leases and rentals	3,264	3,210
Miscellaneous	6,561	6,448
Depreciation	139,045	127,256
Total operating expenses	659,102	638,737
OPERATING LOSS	(534,199)	(515,697)
NONOPERATING REVENUE (EXPENSES)		
Sales and use tax	514,721	468,586
Grant operating assistance (note A)	75,544	88,243
Investment income	165	2,040
Other income	10,248	28,170
Gain(Loss) on capital assets	6,613	(82)
Interest expense (note A)	(72,293)	(61,223)
Other expense	(3,605)	(4,064)
Net nonoperating revenue (expenses)	531,393	521,670
INCOME (LOSS) BEFORE CAPITAL GRANTS AND LOCAL CONTRIBUTIONS	(2,806)	5,973
Capital grants and local contributions (note A)	206,431	242,566
INCREASE IN NET POSITION	203,625	248,539
NET POSITION, beginning of year	2,977,449	2,728,910
NET POSITION, end of year	\$ 3,181,074	\$ 2,977,449

The accompanying notes are an integral part of these statements.

REGIONAL TRANSPORTATION DISTRICT  
STATEMENTS OF CASH FLOW  
Year ended December 31,  
(In Thousands)

	2014	2013
Cash flows from operating activities		
Receipts from customers	\$ 122,104	\$ 117,662
Payments to suppliers	(276,393)	(356,342)
Payments to employees	(203,364)	(190,557)
Net cash used in operating activities	(357,653)	(429,237)
Cash provided from noncapital financing activities		
Grant operating assistance	75,544	88,243
Sales and use tax collections	505,933	464,226
Other revenue	10,248	28,170
Net cash provided by noncapital financing activities	591,725	580,639
Cash flows from capital and related financing activities		
Principal paid on long-term debt	(57,002)	(424,800)
Proceeds from issuance of debt	527,104	651,538
Capital grant funds and other contributions received	203,413	345,912
Proceeds from sale of assets	13,549	1,414
Acquisition and construction of capital assets	(812,420)	(719,500)
Cost of issuance	(3,500)	(4,076)
Interest paid on long-term debt	(85,838)	(84,194)
Net cash used in capital and related financing activities	(214,694)	(233,706)
Cash flows from investing activities		
Purchases of investments	(654,271)	(814,516)
Proceeds from sales and maturities of investments	645,327	353,773
Interest and dividends on investments	165	2,040
Net cash used by investing activities	(8,779)	(458,703)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	10,599	(541,007)
Cash and cash equivalents - January 1	541,861	1,082,868
Cash and cash equivalents - December 31	\$ 552,460	\$ 541,861

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS (CONTINUED)  
Year ended December 31,  
(In Thousands)

RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED IN OPERATING ACTIVITIES:

	2014	2013
Operating loss	\$ (534,199)	\$ (515,697)
Adjustment to reconcile operating loss to net cash used in operating activities		
Depreciation expense	139,045	127,256
Bad debt expense	(105)	12
Changes in operating assets and liabilities:		
Increase in other accounts receivable	(4,522)	(5,915)
Increase in inventories	(2,236)	(518)
Decrease in other current assets	14,052	23,084
Increase/ (decrease) in accounts payable	27,058	(60,009)
Increase in accrued compensation and expenses	1,426	1,847
Increase in long-term other assets	-	178
Increase in other accrued expenses	1,828	525
Net cash used in operating activities	<u>\$ (357,653)</u>	<u>\$ (429,237)</u>

RECONCILIATION OF CASH and CASH EQUIVALENTS

Cash and cash equivalents	<u>\$ 253,638</u>	<u>\$ 311,996</u>
Cash and cash equivalents - restricted	<u>298,822</u>	<u>229,865</u>
Total cash and cash equivalents	<u>\$ 552,460</u>	<u>\$ 541,861</u>

Noncash investing, capital and financing activities:

RTD had unrealized losses on investments of \$47 and \$238 for 2014 and 2013, respectively.

RTD issued a DUSPA bond to fund the constuction of capital assets in 2010 for \$167,954. Assets contributed were \$13,677 and \$74,704 for 2014 and 2013, respectively.

The accompanying notes are an integral part of these statements.



*NOTES TO FINANCIAL STATEMENTS*

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. *Organization*

The Regional Transportation District (RTD) was created as a transportation planning agency, a political subdivision of the State of Colorado, by an Act of the Colorado General Assembly (the Act), effective July 1969 (Title 32, Article 9, C.R.S., 1973, as amended). In 1974, the Act was amended and RTD became an operating entity charged with the responsibility for development, operation and maintenance of a public mass transportation system for the benefit of the citizens of the District. The District is comprised of 15 separate districts located in Denver, Boulder, Broomfield and Jefferson counties, and certain portions of Adams, Arapahoe, Douglas, and Weld counties.

RTD is governed by a publicly elected board of directors consisting of 15 members. Each board member is elected to serve a term of four years by the constituents of the district in which the board member resides. As required by Generally Accepted Accounting Principles (GAAP), these financial statements present RTD and its component unit. The component unit discussed in note A.2 is included in the RTD's reporting entity because of the significance of its operational or financial relationship with the District.

In 1988, a Senate Bill was enacted (privatization legislation) requiring RTD to implement by March 31, 1989, a plan to competitively bid contracts for the provision of at least 20% of RTD's bus service by private contractors. In 1999, the Bill was amended requiring RTD to increase this provision to at least 35% of fixed route bus service. In 2003, the Bill was amended to require that at least 50% of RTD's vehicular service be operated by private transit companies. In May of 2007, the legislation was amended to provide for "a system under which up to 58% of the District's service" is provided by private contractors.

2. *Financial Reporting Entity – Blended Component Unit*

The Regional Transportation District Asset Acquisition Authority, Inc. (the Authority) was formed in 1987 as a nonprofit corporation on behalf of RTD for the purpose of issuing certificates of participation in a public offering collateralized by an installment purchase agreement with RTD. RTD's General Manager appoints the Board of Directors of the Authority. The Authority serves as a financing mechanism for various financing arrangements for RTD. RTD follows pronouncement 61 issued by the Governmental Accounting Standards Board which provides guidance regarding the inclusion of component units in the primary government's financial statement presentation. The activity related to the underlying financial obligations of the Authority has been included as a blended component unit in RTD's financial statements for the years ended December 31, 2014 and 2013. No separately audited financial statements are prepared for the Authority.

3. *Basis of Accounting*

The accounts of RTD are reported as a Proprietary Fund. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses, gains and losses. Revenue is recognized when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of RTD are charges to customers for services. Operating expenses include the cost of services, administrative expenses and asset depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

It is RTD's policy to apply GAAP in its presentation of financial statements. When both restricted and unrestricted resources are available for use, it is RTD's policy to use restricted resources first, then unrestricted resources as they are needed.

4. *Cash Equivalents*

RTD considers all highly liquid investments, both restricted and unrestricted, with an original maturity of three months or less when purchased to be cash equivalents.

5. *Interest Bearing Investments*

Investments with a maturity date, when purchased, of less than one year are carried at cost or amortized cost which approximates fair value. Investments with a maturity date of more than one year from the date of purchase are carried at fair value.

6. *Inventories*

Inventories consist primarily of materials and supplies used in the ordinary course of operations. Materials and supplies are stated at cost using the FIFO (first-in, first-out) method.

7. *Other Assets*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Escrows are deposits held in escrow during the period of construction. At the time projects are completed, escrows are generally applied toward the cost of the project or may be forfeited by RTD upon breach of contract.

8. *Receivables*

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollected amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the consolidated financial statements.

9. *Restricted Assets*

Restricted assets are assets restricted by the covenants of long-term financial arrangements.

10. *Capital Assets*

Property and equipment are stated at historical cost. Capital assets are defined by RTD as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Maintenance and repairs are charged to current period operating expenses and improvements are capitalized. Upon retirement or other disposition of property and equipment, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in non-operating revenue and expense. A pro rata share of proceeds from the sale of property and equipment, which were acquired with federal funds, is required to be invested in a similar asset.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Interest is capitalized on assets financed with debt or certificates of participation from the date of the borrowing until completion of the project. The amount of tax-exempt and taxable debt and certificates of participation (externally restricted) interest to be capitalized is the difference between the interest expense and interest earnings on issuance proceeds. The amount of other interest to be capitalized is calculated by weighted average construction expenditures multiplied by the weighted average interest rate of the outstanding obligations.

Total interest cost of RTD consisted of the following as of December 31:

	2014	2013
Interest expense	\$72,293	\$ 61,223
Capitalized interest	<u>50,281</u>	<u>50,952</u>
Total interest cost	\$ <u>122,574</u>	\$ <u>112,175</u>

**11. Depreciation**

Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which are as follows:

Land improvements	10–20 years
Buildings	30 years
Revenue earning equipment	8–25 years
Shop, maintenance and other equipment	3–10 years

Fully depreciated assets, which are still in use, are included in the asset balances in the accompanying financial statements. The cost of fully depreciated assets was approximately \$446,561 and \$429,924 at December 31, 2014 and 2013, respectively.

**12. GASB 65 – Classification**

RTD implemented Governmental Accounting Standards Board Statement No. 65 Items Previously Reported as Assets and Liabilities for the year ended December 31, 2013. The objective of GASB 65 is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflow of resources (revenue).

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows consisted of losses on deferred refunding of \$39,736 and \$43,471 as of December 31, 2014 and 2013, respectively.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows consisted of a gain on deferred refunding of \$627 and \$656 as of December 31, 2014 and 2013, respectively.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**13. *Compensated Absences***

RTD employees receive compensation for vacations, holidays, illness, and certain other qualifying absences. The number of days compensated in the various categories of absence is based generally on length of service. Compensated absences, which have been earned but not paid, have been accrued in the accompanying financial statements.

**13. *Self-Insurance***

Liabilities for property damage and personal injury are recognized as incurred on the basis of the estimated cost to RTD. In addition, RTD offers a self-insured health benefit option as part of its employee benefits program in which costs are recognized as they are incurred.

**14. *Revenue Recognition***

**Passenger Fares**

Passenger fares are recorded as revenue at the time services are performed and revenue is collected from the farebox. Sales of monthly passes are recorded initially as unearned revenue and recognized as income at the end of the month for which the pass is used. Sale of ten ride tickets is recorded as income at the time of sale. Sales of college based passes, which are valid for a specific academic semester, are recorded initially as unearned revenue. Sales are recognized as income at the end of each month, with the amount recognized in each month determined by prorating the total contract amount over the semesters/quarters covered. Sales of Eco Pass and Neighborhood Pass, which are valid through December 31 of a given year, are recorded initially as unearned revenue. Sales are recognized as income at the end of each month, with the total contract amount prorated evenly over the number of months of the contract.

**Sales and Use Taxes**

Under the provisions of the Act, as amended, RTD levies a sales tax of 1.0% on net taxable sales made within the District and a use tax of 1.0% on items purchased for use inside the District. As described in Note E, under the terms of the Sales Tax Revenue Bonds, Series 2007A, Series 2010A, Series 2010B, Series 2012A and Series 2013 bond resolutions, sales and use tax revenue is pledged for payment of debt service. Sales and use taxes are collected by the State of Colorado, Department of Revenue and are remitted to a trustee who satisfies debt service from the collections, as required under RTD's bond and commercial paper resolutions, and remits the balance to RTD.

Sales and use taxes are recorded as revenue by RTD in the month collected by the merchant. Sales and Use Tax Bonds debt service will be paid from the collateralized sales and use revenues in the amount of approximately \$3,115,885 through 2050. Principal and interest paid for the current year and pledged revenues received were \$98,527.

**Grants and Other Contributions**

RTD receives grants from the federal government, through the Federal Transit Administration (FTA), and the Department of Homeland Security (HSEC). Grants are also awarded to RTD by state of Colorado through the Colorado Department of Transportation. The federal and state government issues grants to RTD for operations and acquisition of property and equipment.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The amount recorded as capital grants was \$171,549 and \$159,783 in 2014 and 2013, respectively. Operating assistance grant revenue was \$75,544 and \$88,243 in 2014 and 2013, respectively. Other contribution revenue was \$34,882 and \$82,783 in 2014 and 2013, respectively.

Grant and other contributions are recorded as revenue by RTD in the month that the actual eligible grant expenditure was paid by RTD.

**15. Use of Estimates**

The financial statements contained herein have been prepared in accordance with US Generally Accepted Accounting Principles (GAAP). GAAP are uniform minimum standards of and guidelines to financial accounting and reporting. GAAP establishes appropriate measurement and classification criteria for financial reporting. Adherence to GAAP provides a reasonable degree of comparability among the financial reports of state and local governmental units. The preparation of financial statements in accordance with GAAP involves the use of management's estimates. These estimates are based upon management's best judgments, after considering past and current events and assumptions about future events. Actual results may differ from estimates.

**16. Reclassification of Prior Year Amounts (Current Assets)**

The Marketable interest bearing investments – restricted (Note B) include both current and long term investments. The restricted investments were previously classified as current assets. The restricted long term portions were reclassified to long-term marketable interest bearing investments, 2014 and 2013 respectively.

**NOTE B – DEPOSITS AND INVESTMENTS**

**Deposits**

RTD's deposits are subject to the State of Colorado's Public Deposit Protection Act (PDPA). Under this act, all uninsured public deposits at qualified institutions are fully collateralized with pledged collateral which is held in custody by any Federal Reserve Bank or branch thereof, or held in escrow by some other bank in a manner as the banking Commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. Colorado's PDP Act requires that pledged collateral to be held is clearly identified as being security maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. The depository has the right at any time to make substitutions of eligible collateral maintained or pledged and is at all times entitled to collect and retain all income derived from those investments without restrictions.

As of December 31, 2014 and 2013, respectively, RTD had bank deposits of \$43,749 and \$56,950 collateralized with securities held by the pledging financial institutions' trust department or agent but not in RTD's name.

**NOTE B – DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments**

At December 31, 2014, the Regional Transportation District's investments consisted of the following:

Investment Type	Fair Value	<6 Months	6-12 Months	1-5 Years
U.S. Agency Securities	\$ 249,051	\$ 2,105	\$ 32,095	\$ 214,851
U.S Treasury Securities	157,378	21,834	66,841	68,703
Commercial paper	180,613	163,508	17,105	-
Corporate bonds	87,507	56,781	13,107	17,619
Total	674,549	244,228	129,148	301,173

At December 31, 2013, the Regional Transportation District's investments consisted of the following:

Investment Type	Fair Value	<6 Months	6-12 Months	1-5 Years
U.S. Agency Securities	\$ 186,360	\$ 37,115	\$ 68,989	\$ 80,256
U.S Treasury Securities	190,069	88,569	82,501	18,999
Commercial paper	211,138	211,138	-	-
Corporate bonds	78,038	19,640	6,042	52,356
Total	665,605	356,462	157,532	151,611

**Interest Rate Risk**, as a means of limiting its exposure to fair value losses arising from rising interest rates, RTD's investment policy limits maturities of individual investment securities to 5 years, unless otherwise authorized by RTD's Board of Directors.

**Credit Risk**, investment transactions are made in accordance with the Colorado Revised Statutes (CRS) 24-75-601, et seq.

The types of investments, which are authorized by RTD's internal investment policy, include the following:

1. Obligations of the United States government.
2. Obligations of the United States government agencies and United States government sponsored corporations.
3. Municipal notes or bonds that are an obligation of any state of the United States.
4. Corporate Bonds that are an obligation of corporations or financial institutions organized and operating in the United States.
5. Commercial paper.
6. Time Deposits/Time Certificates of Deposits.
7. Bankers' Acceptances.
8. Repurchase agreements.
9. Money market funds.
10. Local government Investment Pools.
11. Any other Investment permitted under CRS 24-75-601 et seq.

**NOTE B – DEPOSITS AND INVESTMENTS (CONTINUED)**

Credit ratings of RTD's portfolio, as of December 31, 2014 and 2013, are exhibited in the table below. While all portfolio holdings adhere to RTD's investment policy and applicable statute, not all investment holdings are rated by the nationally recognized statistical rating organizations. Investments rated AAA, AA and A are from the Fitch rating service. Investments rated A-1+/P-1 are from the Standard & Poor's and Moody's rating services, respectively. The securities falling within the non-rated categories below are either money market funds which seek their returns through investments in high-quality short-term debt obligations, securities issued by U.S. government agencies, or repurchase agreements collateralized with securities issued by the U.S. government and government sponsored enterprises (U.S. Agencies).

At December 31, 2014, the Regional Transportation District's investment credit ratings consisted of the following:

Investment Ratings	Market Value
AAA (Fitch Ratings)	\$ 406,613
AA (Fitch Ratings)	64,773
A	22,550
A-1+/P-1	180,613
Total:	\$ 674,549

At December 31, 2013, the Regional Transportation District's investment credit ratings consisted of the following:

Investment Ratings	Market Value
AAA (Fitch Ratings)	\$ 351,394
AA (Fitch Ratings)	63,356
A	29,691
A-1+/P-1	211,138
Non-rated Agency Securities: Securities issued by FHLB (rated AAA Moody's), FMLMC (rated AAA Moody's and AAA Fitch) and FNMA (rated AAA Moody's and AAA Fitch).	10,026
Total:	\$ 665,605

**Concentration of Credit Risk**, it is the policy of RTD to diversify its investment portfolio. Assets held in the investment funds shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issue or a specific class of securities. The asset allocation in the portfolio should, however, be flexible, depending upon the outlook for the economy and the securities markets.

RTD's investment policy outlines the following maximum exposure limits for unrestricted investments. As of December 31, 2014, RTD was in compliance with these limits. As of December 31, 2013, RTD was in compliance with limitations set out in RTD's previous investment policy limitations.



**NOTE B – DEPOSITS AND INVESTMENTS (CONTINUED)**

Investment Type	Maximum Portfolio %	Maximum Issue %	Maturity Restrictions	Rating Restrictions
U.S. Treasury Securities	100%	100%	5 years	N/A
U.S Agencies <sup>1</sup>	75%	25%	5 years	AA
Municipal Bonds of a Colorado Issuer	20%	3%	5 years	A
Municipal Bonds of a non-Colorado Issuer	20%	3%	5 years	AA
Municipal Bonds, Short Term	20%	3%	5 years	“A-1 or “MIG 1”
Pre-Refunded Muni Bonds	40%	5%	3 years	AA
Corporate bonds	20%	3%	3 years	AA
Commercial Paper	40%	3%	270 days	A-1/P1/F1
Time Deposits/CD	10%	3%	1 year	AA
Bankers Acceptances	20%	3%	1 year	AA
Repurchase agreements	50%	10%	90 days	AA
Local Government Investment Pools	100%	50%	N/A	AAAm
Money market funds	100%	50%	N/A	AAAm

<sup>1</sup> In the event that one or more nationally recognized statistical rating agency rates such Agency obligations below the highest rating category, but no lower than one of the two highest rating categories, RTD’s funds may continue to be invested in Agencies if such investments satisfy the requirements of CRS 24.75.601.1 (m) which limits the maturity from the date of settlement to three years, provided that the book value limits of CRS 24.75.601.1 (m) (II) shall not apply. Rather, the diversification limit shall be set as follows: no more than 75% of the portfolio may be invested in Agencies, with any more than 25% being invested in any one Agency.

Proceeds from the issuance of RTD’s obligations are invested in accordance with legal documentation governing the transaction, notwithstanding any provisions of RTD’s investment policy to the contrary, and do not fall within the maximum exposure limits listed above.

At December 31, 2014 and 2013, RTD had \$883,409 and \$862,250 of cash and investments that were restricted under the provisions of bond agreements.

**NOTE C - OTHER ASSETS**

Other Assets consist of:

	2014	2013
Prepaid expenses	\$ 3,930	\$ 3,934
Eagle P3 construction escrow	30,976	43,035
City of Arvada escrow	2,606	2,606
Park Creek Metro escrow	577	-
Other constuction escrow	273	221
Assets held for sale	2,418	5,036
Total Other Assets	<u>\$ 40,780</u>	<u>\$ 54,832</u>

REGIONAL TRANSPORTATION DISTRICT  
Notes to Financial Statements  
December 31, 2014 and 2013 (Dollars in Thousands)

**NOTE D – CAPITAL ASSETS**

Capital asset activity as of December 31, 2014 was as follows:  
(In Thousands)

	Balances 12/31/2013	2014 Additions	2014 Deletions	Balances 12/31/2014
Capital assets not being depreciated:				
Land	\$ 265,577	\$ 42,986	\$ 5,131	\$ 303,432
Construction in progress	2,466,091	862,701	574,730	2,754,062
Total capital assets not being depreciated	2,731,668	905,687	579,861	3,057,494
Capital assets being depreciated:				
Land improvements	1,981,746	208,677	6,553	2,183,870
Buildings	257,481	222,983	134	480,330
Revenue earning equipment	798,642	91,264	32,161	857,745
Shop, maintenance and other equipment	143,790	8,820	4,472	148,138
Total capital assets being depreciated	3,181,659	531,744	43,320	3,670,083
Less accumulated depreciation:				
Land improvements	543,471	83,968	4,880	622,559
Buildings	171,842	11,401	125	183,118
Revenue earning equipment	400,695	30,509	32,038	399,166
Shop, maintenance and other equipment	100,584	13,167	4,472	109,279
Total accumulated depreciation	1,216,592	139,045	41,515	1,314,122
Total capital assets being depreciated, net	1,965,067	392,699	1,805	2,355,961
Capital assets, net	\$ 4,696,735	\$ 1,298,386	\$ 581,666	\$ 5,413,455

Depreciation expense was \$139,045 and \$127,256 for years 2014 and 2013, respectively.

REGIONAL TRANSPORTATION DISTRICT  
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**NOTE D – CAPITAL ASSETS (CONTINUED)**

Capital asset activity as of December 31, 2013 was as follows:  
(In Thousands)

	Balances 12/31/2012	2013 Additions	2013 Deletions	Balances 12/31/2013
Capital assets not being depreciated:				
Land	\$ 189,910	\$ 77,064	\$ 1,397	\$ 265,577
Construction in progress	2,455,406	769,359	758,674	2,466,091
Total capital assets not being depreciated	2,645,316	846,423	760,071	2,731,668
Capital assets being depreciated:				
Land improvements	1,368,548	613,198	-	1,981,746
Buildings	257,881	76	476	257,481
Revenue earning equipment	781,528	33,903	16,789	798,642
Shop, maintenance and other equipment	111,853	34,879	2,942	143,790
Total capital assets being depreciated	2,519,810	682,056	20,207	3,181,659
Less accumulated depreciation:				
Land improvements	471,143	72,328	-	543,471
Buildings	165,712	6,143	13	171,842
Revenue earning equipment	383,839	33,594	16,738	400,695
Shop, maintenance and other equipment	88,304	15,191	2,911	100,584
Total accumulated depreciation	1,108,998	127,256	19,662	1,216,592
Total capital assets being depreciated, net	1,410,812	554,800	545	1,965,067
Capital assets, net	\$ 4,056,128	\$ 1,401,223	\$ 760,616	\$ 4,696,735

REGIONAL TRANSPORTATION DISTRICT  
Notes to Financial Statements  
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**NOTE E – LONG-TERM DEBT**

Long-term debt is comprised of the following as of December 31:

	<u>2014</u>	<u>2013</u>
Sales Tax FasTracks Revenue Refunding Bonds, Series 2007A, due serially on November 1 of each year through 2036, issued with coupons between from 4.00% to 4.50% payable semiannually on May 1 and November 1 of each year; including discount of (\$1,121) and (\$1,172) for 2014 and 2013, respectively. In 2014, The District did a Modification and Exchange on these Bonds, it resulted in a premium with an ending balance of \$17,003 for 2014.	\$ 376,193	\$ 359,653
Sales Tax Revenue Refunding Bonds, Series 2007A, due serially on November 1 of each year through 2024, issued with a 5.25% coupon, payable semiannually on May 1 and November 1 of each year; including premium of \$5,496 and \$6,055 for 2014 and 2013, respectively.	75,321	75,879
Sales Tax Revenue Refunding Bonds, Series 2010A, due serially on November 1 of each year through 2017, issued with coupons between 3.00% and 5.00%, payable semiannually on May 1 and November 1 of each year, including premium of \$2,353 and \$3,184 for 2014 and 2013, respectively.	21,688	32,274
Subordinate Sales Tax FasTracks Revenue Bonds, Series 2010, Denver Union Station Project Authority (DUSPA) with principal and interest due on February 1 and August 1 of every year through February 2040, with a coupon of 5.85%.	157,064	159,727
Sales Tax FasTracks Revenue Bonds, Series 2010A, due serially on November 1 of 2037 and 2038, issued with coupon of 5.0%, payable semiannually on May 1 and November 1 of each year, including premium of \$2,128 and \$2,217 for 2014 and 2013, respectively.	81,268	81,357
Sales Tax FasTracks Revenue Bonds Taxable (Direct Pay Build America Bonds), Series 2010B, due serially on November 1 of 2046 through 2050, issued with coupon of 5.844%, payable semiannually on May 1 and November 1 of each year.	300,000	300,000
Sales Tax FasTracks Revenue Bonds, Series 2012A, due serially on November 1 of 2023 and 2037, issued with coupon of 3.0% and 5.0%, payable semiannually on May 1 and November 1 of each year, including premium of \$65,014 and \$67,862 for 2014 and 2013, respectively.	539,949	542,797
Sales Tax Revenue Refunding Bonds, Series 2013A, due serially on November 1 of 2013 and 2021, issued with coupon of .25% and 2.207%, payable semiannually on May 1 and November 1 of each year; including premium of \$498 and \$571 for 2014 and 2013, respectively.	78,443	91,296
Sales Tax FasTracks Revenue Refunding Bonds, Series 2013A, due serially on November 1 of 2027 and 2036, issued with coupon of 4.25% and 5.0%, payable semiannually on May 1 and November 1 of each year; including premium of \$42,635 and \$44,587 for 2014 and 2013, respectively.	247,455	249,407

REGIONAL TRANSPORTATION DISTRICT  
Notes to Financial Statements  
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**NOTE E – LONG-TERM DEBT (CONTINUED)**

	<u>2014</u>	<u>2013</u>
TIFIA Sales Tax FasTracks Loan, due on May 1 of 2025 thru 2045, loaned with coupon of 3.14% and interest capitalized thru November 1, 2020. Payable semiannually on May 1 and November 1 of each year from 2021 thru 2045.	\$ 212,282	\$ 126,093
Certificates of Participation Refunding Obligations, Series 2004A, under a lease agreement for acquisition of transit buses and vehicles, payments are due semiannually on June 1 and December 1 to 2014, issued with coupons between 3.5% and 5.00%, including premium of \$0 and \$297 for 2014 and 2013, respectively.	-	7,427
Certificates of Participation Obligations, Series 2005A, under a lease agreement for acquisition of light rail vehicles, payments are due semiannually on June 1 and December 1 to 2015, issued with coupons between 3.50% and 5.00%, including premium of \$151 and \$513 for 2014 and 2013, respectively.	5,336	10,658
Certificates of Participation Taxable Refunding Obligations, Series 2007A, under a lease agreement for acquisition of transit buses and vehicles, payments are due semiannually on June 1 and December 1 to 2021, issued with a 5.535% coupon.	10,135	11,300
Certificates of Participation Obligations, Amended and Restated Series 2002A, under a lease agreement for acquisition of transit vehicles and facilities, payments are due semiannually on June 1 and December 1 to 2022, issued with coupons between 4.00% and 5.00%, including premium of \$4,206 and \$4,738 for 2014 and 2013, respectively.	95,206	104,843
Certificates of Participation Obligations, Series 2010A, under a lease purchase agreement for acquisition of light rail vehicles, construct, install and improve certain equipment and other capital projects. Payments are due semiannually on June 1 and December 1 to 2031, issued with coupons between 3.00% and 5.50%, including premium of \$2,789 and \$3,149 for 2014 and 2013, respectively.	199,074	205,655
Certificates of Participation Taxable (Direct Pay Build America Bonds), Obligations, Series 2010B, under a lease purchase agreement for acquisition of light rail vehicles, construct, install and improve certain equipment and other capital projects. Payments are due semiannually on June 1 and December 1 through 2040, issued with a coupon of 7.672%.	100,000	100,000
Certificates of Participation Obligations, Series 2013A, as Lessee Under an Annually Renewable Lease Purchase Agreement. Payments are due semiannually on June 1 and December 1 to 2027, issued with coupons between 2.00% and 5.00%, including premium of \$32,566 and \$35,189 for 2014 and 2013, respectively.	253,901	259,233

REGIONAL TRANSPORTATION DISTRICT  
Notes to Financial Statements  
December 31, 2014 and 2013 (Dollars in Thousands)

**NOTE E – LONG-TERM DEBT (CONTINUED)**

	<u>2014</u>	<u>2013</u>
Certificates of Participation Obligations, Series 2014A, as Lessee Under an Annually Renewable Lease Purchase Agreement. Payments are due semiannually on June 1 and December 1 to 2044, issued with coupons between 4.125% and 5.00%, including premium of \$24,993 and \$0 for 2014 and 2013, respectively.	\$ 465,908	\$ -
	<u>3,219,223</u>	<u>2,717,599</u>
Less current portion	<u>( 54,348)</u>	<u>( 57,002)</u>
	<u>\$ 3,164,875</u>	<u>\$ 2,660,597</u>

The Sales Tax Revenue Bonds are payable from and secured by RTD's sales and use tax revenue. RTD is required to maintain certain minimum deposits, as defined in the bond resolution, to meet debt service requirements. The bonds may be redeemed in inverse order of maturity, at a price equal to the principal amount plus accrued interest thereon to the date of redemption and a premium Sales Tax Revenue Bonds debt service requirements to maturity are as follows:

Year ending December 31,	Principal	TIFIA Capitalized Interest	Interest	Total
2015	\$ 26,438	\$ -	\$ 84,101	\$ 110,539
2016	27,043	-	83,490	110,533
2017	27,573	-	82,820	110,393
2018	28,212	-	81,932	110,144
2019	20,818	-	80,930	101,748
2020-2024	120,927	-	422,638	543,565
2025-2029	375,052	14,110	378,580	767,742
2030-2034	463,593	14,110	272,673	750,376
2035-2039	396,262	14,110	162,066	572,438
2040-2044	142,394	-	111,295	253,689
2045-2049	260,155	-	71,649	331,804
2050-2054	<u>67,190</u>	<u>-</u>	<u>3,927</u>	<u>71,117</u>
	<u>\$1,955,657</u>	<u>\$ 42,330</u>	<u>\$1,836,101</u>	<u>\$3,834,088</u>

Certificates of Participation are issued by Regional Transportation District Asset Acquisition Authority, Inc., a nonprofit corporation. The Authority issued Certificates of Participation (Certificates) with the proceeds being used to acquire certain equipment and facilities to be used by RTD as well as for construction of the North Metro commuter rail line. RTD leases the equipment acquired and elements constructed with the proceeds from the Certificates under separate Master Lease Purchase Agreements. For financial reporting purposes, RTD accounts for the Certificates as its own obligations.

REGIONAL TRANSPORTATION DISTRICT  
Notes to Financial Statements  
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**NOTE E – LONG-TERM DEBT (CONTINUED)**

Annual repayment requirements on the Certificates to maturity are as follows:

Year ending December 31,	Principal	Interest	Total
2015	\$ 27,910	\$ 54,661	\$ 82,571
2016	34,655	53,232	87,887
2017	31,325	51,663	82,988
2018	37,440	50,079	87,519
2019	37,205	48,298	85,503
2020-2024	242,515	206,666	449,181
2025-2029	180,375	148,673	329,048
2030-2034	160,825	107,732	268,557
2035-2039	159,500	59,574	219,074
2040-2044	153,105	18,301	171,406
	<u>\$ 1,064,855</u>	<u>\$ 798,879</u>	<u>\$1,863,734</u>

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2014, was as follows:

	Balance 12/31/2013	2014 Additions	2014 Reductions	Balance 12/31/2014	Due Within One Year
Sales Tax Revenue Bonds	\$1,895,180	\$ 86,189	\$ 25,712	\$1,955,657	\$ 26,438
Certificates of Participation	655,230	440,915	31,290	1,064,855	27,910
Issuance premiums and discounts	167,189	42,486	10,964	198,711	-
Total Bonds-COPs Payable	2,717,599	569,590	67,966	3,219,223	54,348
Other liabilities*	191,626	34,483	-	226,109	-
Total long-term liabilities	<u>\$2,909,225</u>	<u>\$ 604,073</u>	<u>\$ 67,966</u>	<u>\$3,445,332</u>	<u>\$ 54,348</u>

\*Other liabilities consist of Net Pension Obligation liability reflecting the cumulative differences between pension cost and employer's contributions to the plan, Eagle P3 finance charge liability, 2007 Sales Tax arbitrage call modification liability and the CCD Aviation Intergovernmental Agreement (IGA).

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Balance 12/31/2012	2013 Additions	2013 Reductions	Balance 12/31/2013	Due Within One Year
Sales Tax Revenue Bonds	\$1,828,762	\$ 427,493	\$ 361,075	\$1,895,180	\$ 25,712
Certificates of Participation	494,950	224,045	63,765	655,230	31,290
Issuance premiums and discounts	108,668	83,457	24,936	167,189	-
Total Bonds-COPs Payable	2,432,380	734,995	449,776	2,717,599	57,002
Other liabilities*	171,717	19,909	-	191,626	-
Total long-term liabilities	<u>\$2,604,097</u>	<u>\$ 754,904</u>	<u>\$ 449,776</u>	<u>\$2,909,225</u>	<u>\$ 57,002</u>

\*Other liabilities consist of Net Pension Obligation liability reflecting the cumulative differences between pension cost and employer's contributions to the plan, Eagle P3 finance charge liability and CCD Aviation IGA.

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**NOTE E – LONG-TERM DEBT (CONTINUED)**

In prior years, RTD defeased certain obligations by placing the proceeds of new obligations in an irrevocable trust to provide for all future service payments on the old obligations. Accordingly, the trust account assets and the liability for the defeased obligations are not included in these financial statements. Outstanding as of December 31, 2014 are the following amounts which are considered defeased:

2006A ST FT Bonds	FasTracks Facilities and Equipment	\$ 369,562
2004A & 2005A ST Bonds	Senior Sales Tax Escrow	\$ 93,886
2005A COPs	FasTracks Escrow	\$ 38,900
2007A ST FT Bonds	FasTracks Facilities and Equipment	\$ 254,195

In July 2014, RTD issued its Certificates of Participation, Series 2014A in the par amount of \$440,915 with an average interest rate of 4.46% for the purpose of funding the construction of the North Metro Rail Line from Denver Union Station to approximately 124<sup>th</sup> Avenue. Certain proceeds were also used to fund a debt service reserve fund for the certificates and pay for related costs of issuance. The final maturity of the certificates is in 2044.

In 2014, RTD drew \$80,000 from the Transportation Infrastructure and Innovation Act (TIFIA) loan. Under the TIFIA loan authorization, RTD may draw up to \$280,000. The draws from the TIFIA loan will be used to pay for “Eligible Project Costs” on RTD’s Eagle Project. The interest rate on the TIFIA loan is 3.14% with principal and interest payments anticipated to begin in 2025 and final maturity expected in 2045. The TIFIA loan will be used to complement the other sources of debt, resulting in a lower cost of funding than would have otherwise been available in the capital markets. The first TIFIA draw of \$125,000 was made in 2013 with the remaining \$75,000 of the \$280,000 authorization to be drawn in futures years. The TIFIA loan is secured by a pledge of RTD’s 0.4% FasTracks sales and use tax.

In December 2014, RTD entered into a Modification and Exchange agreement with Citibank N.A. who owned certain of the RTD Sales Tax Revenue Refunding Bonds (FasTracks Project), Series 2007A. The agreement modified the call dates on the affected bonds from November 1, 2017 to November 1, 2024. The affected bonds which were all owned by Citibank N.A. were as follows:

<u>Maturity</u>	<u>Outstanding Principal Amount</u>	<u>Principal Amount Owned by Citibank</u>	<u>Percentage of Maturity Owned by Citibank</u>	<u>Original CUSIP for 2007A Bonds Owned by Citibank</u>	<u>New CUSIP for Amended Bonds</u>
11/1/2030	\$ 56,375,000	\$ 56,375,000	100.00%	759136NM2	759136NSQ8
11/1/2031	33,915,000	33,915,000	100.00	759136NN0	759136NSR6
11/1/2032	36,535,000	36,535,000	100.00	759136NP5	759136NSS4
11/1/2033	64,300,000	34,000,000	52.88	759136NQ3	759136NST2
11/1/2035	70,220,000	60,000,000	85.45	759136NS9	759136NSV7



**NOTE E – LONG-TERM DEBT (CONTINUED)**

The 2007A bonds that are not owned by Citibank N.A. were not affected by this Modification and Exchange agreement. Proceeds of the agreement were \$17,068 of which \$552 was used for costs and RTD accrued a long term arbitrage liability of \$2,620.

In March 2013, RTD issued its Taxable Sales Tax Revenue Refunding Bonds, Series 2013A in the par amount of \$96,580 with an average interest rate of 1.44% for the purpose of advance refunding the Series 2004A and 2005A Sales Tax Revenue Bonds with an average interest rate of 5.00%. The proceeds of the 2013A bonds were deposited with the escrow bank and invested in government obligations maturing at such time and in such amounts as required to provide funds sufficient to pay the principal and interest on the refunded bonds as they become due. The Series 2004A and 2005A bonds had required debt service payments of \$131,949 and the Series 2013A bonds require debt service payments of \$102,055. The refunding achieved an economic gain (difference between the present value of the debt service on the old and new bonds) of 4.19% or \$4,378.

In April 2013, RTD issued its Certificates of Participation Series 2013A in the par amount of \$224,045 with an average interest rate of 4.72% for both the purpose of advance refunding the then outstanding Series 2005 Certificates of Participation in the amount of \$52,920 with an average interest rate of 4.83% and the acquisition of buses and ticket vending machines for use in RTD's operations. Certain proceeds were also used to fund a debt service reserve fund for the Certificates. The Series 2005 certificates had required debt service payment of \$52,196 and the Series 2013A certificates require debt service payments of \$45,857. The refunding achieved economic gain (difference between the present value of the debt service on the old and new bonds) of 6.93% or \$2,633.

In May 2013, RTD issued its Sales Tax Revenue Refunding Bonds (FasTracks Project), Series 2013A in the par amount of \$204,820 with an average interest rate of 4.85% for the purpose of advance refunding the Sales Tax Revenue Bonds (FasTracks Project), Series 2006A with an average interest rate of 4.75%. The proceeds of the 2013A FasTracks bonds were deposited with the escrow bank and invested in government obligations maturing at such time and in such amounts as required to provide funds sufficient to pay the principal and interest on the refunded bonds as they become due. The Series 2006A bonds had required debt service payments of \$430,956 and the Series 2013A FasTracks bonds require debt service payments of \$376,798. The refunding achieved economic gain (difference between the present value of the debt service on the old and new bonds) of 5.50% or \$12,972.

**NOTE F– EMPLOYEE RETIREMENT AND UNEARNED COMPENSATION PLANS**

**Plan Description**

RTD maintains two single-employer defined benefit pension plans and one defined contribution plan for substantially all full-time employees. The Regional Transportation District Salaried Employees' Pension Plan (the RTD Plan) covers all non-union, full-time salaried employees whom were hired prior to January 1, 2008. The RTD defined contribution plan (the RTD DC Plan) represents full-time salaried employees hired after January 1, 2008. The Regional Transportation District and Amalgamated Transit Union Division 1001 Pension Plan (the Union Plan) was established pursuant to collective bargaining agreements between RTD and the Union. This plan covers substantially all full-time union-represented employees in accordance with the union agreement. The Board of Directors of each plan has the authority for establishing and amending benefits and funding policy. Each plan is administered by a pension board and issues audited financial statements, which include financial information for that plan. Those financial statements may be obtained from the plan:

Regional Transportation District	RTD ATU 1001 Pension Plan
Salaried Employees Pension Trust	2821 S. Parker Road
7000 North Broadway, Building 106	Aurora, Colorado 80014-2602
Denver, Colorado 80221	

The RTD Plan provides retirement benefits to RTD salaried employees who retire at or after age 55 with at least five years of service. These employees are entitled to a single lump sum distribution or an annual retirement benefit, payable monthly for life. The normal retirement benefit is equal to 2.5% of average final compensation to which a participant is entitled on the day the participant retires, multiplied by the number of years of credited service.

The RTD Board adopted amendment No. 8, effective January 1, 2008, in which salaried employee new hires shall not be eligible to participate in the RTD Plan. New salaried employees will be eligible to participate in the new RTD DC Plan. The Board of Directors for the RTD DC Plan has the authority for establishing and amending benefits and funding policy. RTD contributes 9% of the employee's qualifying wage. Contributions totaled \$2,394 and \$1,884 in 2014 and 2013, respectively. RTD employees cannot contribute to the RTD DC Plan. Membership was 392 and 322 active employees in 2014 and 2013, respectively. In addition, RTD has one employee in 2014 and 2013 participating in both the RTD plan and the RTD DC Plan due to a compensation level in excess of the 2014-2013 compensation limits imposed under IRC section 401(a) (17).

The Union Plan provides retirement benefits to employees who retire at or after a certain age with at least a specified number of years of service. These employees are entitled to a percentage of their final average earnings based on age and credited service at retirement.

The following schedule (derived from the most recent actuarial valuation reports) reflects membership for the plans as of January 1, 2014:

	<u>RTD Plan</u>	<u>Union Plan</u>
Active employees	382	1,581
Pensioners	222	1,363
Inactive vests	<u>112</u>	<u>1,226</u>
Total	<u>716</u>	<u>4,170</u>

**NOTE F – EMPLOYEE RETIREMENT AND UNEARNED COMPENSATION PLANS  
(CONTINUED)**

**Funding Policy**

Contributions to the RTD Plan are actuarially determined. RTD employees are not required to contribute to the RTD Plan. Contributions to the Union Plan are made in accordance with the collective bargaining agreement. This agreement requires RTD to contribute 8% and the employee to contribute 3% of the employee's qualifying wages. Effective March 1, 2013 RTD is to contribute 12% and the employee to contribute 4%. RTD has no liability to the Union Plan beyond its contributions.

**Funding Status**

Based on actuarial valuations performed as of January 1, 2014, the RTD Plan had unfunded actuarial accrued liabilities of \$19,890 and the Union Plan had unfunded actuarial accrued liabilities of \$218,837. The actuarial value of assets for both plans is determined by spreading gains and losses over a five-year period.

**Schedule of Funding Progress – RTD Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funding Excess (Deficiency)	Funding Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as % of Covered Payroll
1/1/14	\$ 113,743	\$ 133,633	\$ (19,890)	85.12%	\$ 31,193	(63.76%)

**Schedule of Funding Progress – Union Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funding Excess (Deficiency)	Funding Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as % of Covered Payroll
1/1/14	\$ 207,435	\$ 426,272	\$ (218,837)	48.66%	\$ 81,040	(270.03%)

The schedule of funding progress presented as Required Supplementary Information following the notes to the financial statements provides multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actual accrued liability.

**Three-year Trend Information – RTD Plan**

	Annual pension cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<i>RTD Pension Plan</i>			
Year-end December 31,			
2012	\$ 3,372	85%	\$ 3,892
2013	4,345	71%	5,137
2014	5,538	56%	7,575

**NOTE F – EMPLOYEE RETIREMENT AND UNEARNED COMPENSATION PLANS  
(CONTINUED)**

*Annual Pension Cost and Net Pension Obligation*

*RTD Pension Plan NPO Liability*

<i>Disclosure</i>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially Determined Contribution (ARC)	\$ 5,682	\$ 4,444	\$ 3,450
Interest on NPO	385	292	254
Adjustment	<u>(529)</u>	<u>(391)</u>	<u>(332)</u>
Annual Pension Cost (APC)	5,538	4,345	3,372
Contribution Made	<u>3,100</u>	<u>3,100</u>	<u>2,865</u>
Increase NPO	2,438	1,245	507
NPO Beginning of year	<u>5,137</u>	<u>3,892</u>	<u>3,385</u>
NPO Ending of year	<u>\$ 7,575</u>	<u>\$ 5,137</u>	<u>\$ 3,892</u>

Three-Year Trend Information – Union Plan

*ATU 1001 Pension Plan*

Year-end December 31,	Annual pension cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 19,679	34%	\$ 47,006
2013	21,649	45%	58,944
2014	19,530	52%	68,348

*Annual Pension Cost and Net Pension Obligation*

*ATU 1001 Pension Plan NPO*

<i>Liability Disclosure</i>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially Determined Contribution (ARC)	\$ 18,752	\$ 21,029	\$ 19,234
Interest on NPO	4,112	3,278	2,351
Adjustment	<u>(3,334)</u>	<u>(2,658)</u>	<u>(1,906)</u>
Annual Pension Cost (APC)	19,530	21,649	19,679
Contribution Made	<u>10,126</u>	<u>9,711</u>	<u>6,658</u>
Increase NPO	9,404	11,938	13,021
NPO Beginning of year	<u>58,944</u>	<u>47,006</u>	<u>33,985</u>
NPO Ending of year	<u>\$ 68,348</u>	<u>\$ 58,944</u>	<u>\$ 47,006</u>

**NOTE F – EMPLOYEE RETIREMENT AND UNEARNED COMPENSATION PLANS  
(CONTINUED)**

**Actuarial Methods and Assumptions**

RTD annual pension cost for the current year, based on actuarial valuation plans performed as of January 1, 2014, and related information for each plan, is as follows:

	RTD Pension Plan	ATU 1001 Pension Plan
Contribution rates RTD	\$3,100/year	12%
Contribution rates Employees	-	4%
Annual pension cost	\$ 5,538	\$ 19,530
Contributions made	\$ 3,100	\$ 10,126
Actuarial valuation date	January 1, 2014	January 1, 2014
Actuarial cost method	Entry Age Normal	Individual Entry Age
Amortization method	Level-dollar; closed	Level percentage of payroll; open
Remaining amortization period	17 Years	30 years
Asset valuation method	5-Year Smoothed Market Value (20% Corridor)	5-Year Smoothed Market Value (20% Corridor)
Actuarial assumptions:		
Inflation/Payroll Growth	3.5% to 8.5%	3%
Investment rate of return	7.5%	7%
Projected salary increases	Age based table	3-7%

**Amalgamated Transit Union Division 1001 Health and Welfare Trust**

The Amalgamated Transit Union Division 1001 Health and Welfare Trust was formed pursuant to a Trust Agreement effective July 1, 1971, between Amalgamated Transit Union Division 1001 (ATU 1001) and an agent of a transit enterprise owned by the City and County of Denver, through July 3, 1974, and the Regional Transportation District (RTD) thereafter. In addition to the original Denver Metro Division, employees of other RTD divisions have been approved for participation in the Trust benefits. The Trust agreement shall continue in full force and effect in all its terms and provisions so long as there continues to be a collective bargaining agreement between the Union and RTD.

The Trust provides health benefits (hospital, medical, dental, vision, life and short-term disability) for represented employees of RTD and certain officers of ATU 1001 and health care benefits for retired employees actively working 600 hours or more per quarter. The Trust is funded through contribution by the employer and employee, the share of benefit plan contributions is set by the Collective Bargaining Agreement (CBA). RTD's contribution was \$13,876 and \$11,727 for the years ended December 31, 2014 and 2013, respectively. The Trust also provides insurance coverage for felonious assault for each employee and funds the Amalgamated Transit Union Division 1001 Legal Services Trust. The Trust self-insures part of its health benefits, life insurance coverage and short-term disability. The plan issues audited financial statements, which include financial information for the plan. The financial statements may be obtained from the plan.

RTD ATU 1001 Health and Welfare Trust  
2821 S. Parker Road, Suite 1005  
Aurora, Colorado 80014-2602

**NOTE F – EMPLOYEE RETIREMENT AND UNEARNED COMPENSATION PLANS  
(CONTINUED)**

**Unearned Compensation Plan**

RTD offers its employees an unearned compensation plan (the Plan), created in accordance with Internal Revenue Code Section 457, which is available to substantially all employees and permits them to defer a portion of their compensation to future years. Under the terms of the Plan, the unearned compensation is available to participants upon termination, retirement, death or in the event of an unforeseeable emergency or other financial hardship.

**Compensated Absences**

RTD considers all accrued compensated absences as due within one year. Employees accrue paid time off (PTO), vacation, and sick leave based on time in service; employees are not allowed to accumulate more than twice their annual PTO or vacation accrual and sick leave based on years of service. Employees are paid any outstanding compensated absence balances upon leaving RTD. RTD records these accrued compensated absences as current liabilities under the principle of conservatism by assuming these amounts are the most RTD would be obligated to pay in the near-term.

Compensated absences activity for the year ended December 31, 2014, was as follows:

	12/31/2013	2014	2014	12/31/2014
	<u>Balance</u>	<u>Accruals</u>	<u>Payments</u>	<u>Balance</u>
Represented employees	\$ 2,209	\$ 1,491	\$ 1,241	\$ 2,459
Salaried employees	<u>9,180</u>	<u>5,882</u>	<u>5,317</u>	<u>9,745</u>
Total compensated absences due	<u>\$11,389</u>	<u>\$ 7,373</u>	<u>\$ 6,558</u>	<u>\$12,204</u>

Compensated absences activity for the year ended December 31, 2013, was as follows:

	12/31/2012	2013	2013	12/31/2013
	<u>Balance</u>	<u>Accruals</u>	<u>Payments</u>	<u>Balance</u>
Represented employees	\$ 2,157	\$ 1,241	\$ 1,189	\$ 2,209
Salaried employees	<u>8,325</u>	<u>5,317</u>	<u>4,462</u>	<u>9,180</u>
Total compensated absences due	<u>\$10,482</u>	<u>\$6,558</u>	<u>\$5,651</u>	<u>\$11,389</u>

The accrued compensation liabilities of \$20,809 and \$19,384 as of December 31, 2014 and December 31, 2013, include \$8,605 and \$7,995 of accrued wages, salaries, and fringe benefits in addition to accrued compensated absences.

**NOTE G – OPERATING LEASES – LESSOR**

**Union Station Alliance (USA) Lease**

In December 2013, RTD entered a contract with Union Station Alliance (USA) to renovate and lease RTD's historic Denver Union Station Building. The renovation by USA includes a hotel, Amtrak facilities, office space, retail and restaurant services as well as renovation of the Great Train Hall. The agreement includes a 60 year lease to USA to operate and maintain this facility in which RTD will participate in certain revenue collections.

**NOTE H – COMMITMENTS AND CONTINGENCIES**

**Commitments**

**Operating Lease**

In 1976, RTD entered into an operating lease for a portion of the land on which the Civic Center transfer facility is located in downtown Denver. As collateral for the lease, RTD must maintain an account balance with a minimum market value of \$1,500 in an escrow account, the interest on which accrues to RTD until the lease expires. This amount in escrow is included in restricted assets in the accompanying financial statements.

**Operating Leases**

Fixed rental commitments under the lease in years subsequent to December 31, 2014, are as follows:

<u>Year ending December 31,</u>	
2015	\$ 257
2016	259
2017	262
2018	265
2019	267
2020-2024	1,377
2025-2029	1,448
2030-2034	1,521
2035-2039	1,599
2040-2044	1,680
2045-2049	1,766
2050-2054	1,856
2055-2059	1,951
2060-2064	2,051
2065-2069	2,155
2070-2074	2,265
2075	<u>467</u>
	<u>\$ 21,446</u>

Rental expense relating to this lease amounted to \$254 and \$252 for the years ended December 31, 2014 and 2013, respectively.

**NOTE H – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

RTD has entered into a number of transactions in which certain of its light rail vehicles have been leased to and subleased back from certain U.S. and foreign companies and has entered into a transaction in which its maintenance facilities have been leased to and subleased back. As part of these transactions, RTD irrevocably set aside certain monies (which were received from each counter party as payment for its leasing of light rail vehicles and real property) with a third party trustee. The monies held by such trustees will be utilized to make the lease payments owed by the RTD under the transactions and are therefore considered fully funded and economically defeased.

**U.S. Leveraged Lease**

In July and December 1997, RTD entered into two U.S. leveraged lease agreements with Pitney Bowes Credit Corporation for the lease and leaseback of 17 light rail vehicles and four transportation and maintenance facilities. RTD has made investment arrangements to meet all its payment obligations throughout the terms of the leases. A termination agreement was executed and final payment on this defeased lease was made in March 2015.

**Capital Projects**

As of December 31, 2014, RTD has contracts for the construction of various capital projects and the purchase of buses and light rail vehicles. The costs to complete these projects and the purchase of buses/light rail vehicles total \$483,272 and \$514,934 in 2014 and 2013, respectively.

**Grant Match Requirements**

Under the provisions of current grants, RTD is obligated to satisfy certain matching requirements of these grants. At December 31, 2014, RTD had a commitment to provide \$16,130 in matching funds in order to receive \$50,301 in future federal grant funds.

**Privatization Contracts**

In response to the privatization legislation (Note A), RTD has awarded contracts for specific groups of routes, not to exceed 58% as required by law for vehicular services. As of January 2014, slightly over 52.37% of RTD's non-rail transit services are delivered by private contractors operating under the auspices and direction of RTD.

**ADA Paratransit Service**

With the passage of the Americans with Disabilities Act of 1990 (ADA), RTD was mandated to provide paratransit service to the disabled individuals unable to use RTD's fixed route buses, operating the same days and hours of service as the fixed route service. This service, called Access-a-Ride, is a curb-to-curb (with door-to-door assistance upon special request) transportation system offered to disabled individuals who cannot functionally use RTD's regular fixed route system. Passengers eligible for Access-a-Ride service must originate their trip within 3/4 of a mile of an RTD non-commuter fixed route. Since September 1996, RTD has been in full compliance with the Americans with Disabilities Act of 1990 requirement to provide paratransit service to the disabled individuals unable to use fixed route buses.



**NOTE H – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Future Commitments under Construction Contracts**

In 2010, RTD entered into a public-private partnership to design, build, finance and operate several of the transit improvements contemplated under the FasTracks program, including the Commuter Rail Maintenance Facility, the East Corridor, the Gold Line Rail Corridor and the electrified segment of the Northwest Rail Corridor (together, the “Eagle P3 Project”). The Eagle P3 Project is being delivered and operated under a concession agreement that RTD has entered into with a concessionaire that has been selected through a competitive proposal process. The selected concessionaire is known as Denver Transit Partners (DTP), a special purpose company owned by Fluor Enterprises, Uberior Investments and Laing Investments.

The Eagle P3 Project construction will be completed in two phases with Phase I completed in 2016 and Phase II completed in 2017. Under the terms of the Eagle P3 Project agreement, RTD will make scheduled construction payments to DTP each year from 2011 through 2017 for completed project elements totaling \$1,064,592. RTD will assume ownership of the Eagle P3 Project elements as they are constructed. In addition, RTD will make scheduled secured principal and interest payments to DTP from 2017 through 2044 for the remaining Eagle P3 Project obligation totaling \$1,438,234 resulting in a total project cost through 2044 of \$2,502,826. The Eagle P3 Project agreement also includes a provision whereby, upon project completion and placement in service, DTP will operate and maintain the Eagle P3 Project during the period 2016 through 2044 for which RTD will make service payments.

In 2011, RTD entered an Intergovernmental Agreement (IGA) with the Colorado Department of Transportation (CDOT) to provide funding for 18 miles of Bus Rapid Transit (BRT) elements between Denver and Boulder along the U.S. 36 highway. The funding will provide slip ramps and access improvements to Park-n-Rides along the corridor in addition to transit related improvements such as shared lanes along U.S. 36. The IGA requires funding of \$141,570 from RTD to CDOT of which \$90,000 has been paid through December 31, 2014. The remaining \$51,570 will be paid in future years.

In 2012, RTD entered a contract with Kiewit Infrastructure Company to complete the 10.5 mile I-225 light rail line, extending from the currently existing Nine Mile station to connect the Southeast Line to the East Line. The I-225 Line is being completed in coordination with the Colorado Department of Transportation’s I-225 highway project and will open in 2016 to provide connectivity to major activity centers like the Aurora City Center, Anschutz/Fitzsimons Medical Center and Denver International Airport through a transfer at Peoria to the East Rail Line.

In December 2013, RTD entered a contract with Regional Rail Partners to construct the North Metro Rail Line. The North Metro Rail Line is an 18.5-mile electric commuter rail line that will run from Denver Union Station through Commerce City, Thornton and Northglenn to Highway 7 at 162<sup>nd</sup> Avenue in North Adams County. The contract includes funding for the completion of the rail line through 124<sup>th</sup> Avenue in 2018 with an option to construct the remaining segments through 162<sup>nd</sup> Avenue.

**NOTE H – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Future Commitments under Service Contracts**

The fixed commitments under the Privatization contracts in the years subsequent to 2014 are as follows:

<u>Year ending December 31,</u>	
2015	\$ 125,550
2016	114,122
2017	101,414
2018	96,004
2019	<u>44,290</u>
Total	<u>\$ 481,380</u>

**Diesel Fuel Contract**

RTD contracts with Mansfield Oil Co of Gainesville, Inc. for diesel fuel. The contract is structured as a single year contract. The fixed commitment under the Mansfield contract in 2015 is \$15,989. RTD estimates usage of 9.8 million gallons at unit cost of \$2.95 per gallon: 5.42 million RTD usage and 4.38 million RTD private carriers usage.

**Contingencies**

**Federal Grants**

RTD receives federal grants for capital projects and operating assistance, which are subject to audit by FTA. Although the outcome of any such audit cannot be predicted, it is management's opinion these audits will not result in liabilities to such an extent that they would materially affect RTD's financial position.

**Self-Insurance**

RTD is self-insured for general liability and Workers' Compensation claims. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In addition, RTD offers a self-insured health benefit option as part of its employee benefits program in which costs are recognized as they are incurred.

RTD does not carry excess liability insurance for personal injury and property damage. Under the provisions of the Colorado Government Immunity Act, the maximum liability, with certain exceptions as defined in the Act, to RTD for claims involving personal injury and property damage is \$350 per individual and \$990 per incident.

For Workers' Compensation, an excess coverage insurance policy covers individual claims in excess of \$2,000. The amount of settlements has not exceeded insurance coverage in any of the past three years.

**NOTE H – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

RTD's liability for unpaid claims includes an amount for claims that have been incurred but not reported (IBNR). RTD's Risk Management determines incurred claims by investigating the accident and establishing a reserve. Reserves are established on the day of assignment, reviewed at 30 days and again at 90 days. Reserves are reviewed every 90 days thereafter and based on ultimate exposure. This amount is included in other accrued expenses in the statement of net assets. Changes in the balances of claims liabilities for both general liability and Worker's Compensation during the past year are as follows:

	General Liability	Workers' Compensation	Total
Unpaid claims, January 1, 2013	\$ 2,152	\$ 2,522	\$ 4,674
Incurred claims (including IBNR)	1,969	3,207	5,176
Claims payments	<u>(2,092)</u>	<u>(2,380)</u>	<u>(4,472)</u>
Unpaid claims, December 31, 2013	\$ 2,029	\$ 3,349	\$ 5,378
Incurred claims (including IBNR)	3,123	2,114	5,237
Claims payments	<u>(2,461)</u>	<u>(2,618)</u>	<u>(5,079)</u>
Unpaid claims, December 31, 2014*	<u>\$ 2,691</u>	<u>\$ 2,845</u>	<u>\$ 5,536</u>

\*All claim liabilities are considered current liabilities payable within one year.

**Contract Disputes and Legal Proceedings**

RTD is party to a number of pending or threatened lawsuits under which it may be required to pay certain amounts upon final disposition of these matters. RTD's legal counsel estimates that the ultimate outcome of these matters is either sufficiently covered by RTD's general liability and Workers' Compensation reserves or would not materially affect the financial statements of RTD. As of December 31, 2014, RTD owed \$7.8 million to the Denver International Airport (DIA) for certain costs that are part of RTD's Eagle Project Development. These costs are payable as a result of an arbitration. RTD is not disputing this obligation, has budgeted for it and will pay it before the end of 2015. DIA is seeking additional payments and has appealed the arbitration that resulted in the undisputed amount.

RTD is party to a pending lawsuit in which the claimant is seeking a refund of previously paid sales taxes on purchases of aviation fuel as well as the discontinuance of such future sales tax payments. The Federal Aviation Administration (FAA) has recently issued guidance regarding state and local taxation of aviation fuel in which RTD may no longer be authorized to collect such taxes and possibly refund some taxes previously collected.

REGIONAL TRANSPORTATION DISTRICT  
Notes to Financial Statements  
December 31, 2014 and 2013 (Dollars in Thousands)

**NOTE I – NET POSITION**

	December 31,	
	2014	2013
Net investment in capital assets	\$2,987,694	\$2,788,100
Restricted net position		
Restricted debt service and project related	109,822	77,795
TABOR emergency	19,193	18,304
FasTracks related	45,523	40,032
Total restricted net position	3,162,232	2,924,231
Unrestricted net position <sup>1</sup>	18,842	53,218
Total net position	\$3,181,074	\$2,977,449

<sup>1</sup> Substantially all of the unrestricted net position, although not legally restricted, have been appropriated or reserved by the RTD's Board for future capital acquisition, operating reserve policy, and debt liquidation during the budget process.

**NOTE J – BUDGETARY DATA**

RTD's annual budget is prepared on the same basis as that used for accounting except that the budget also includes proceeds of long-term debt and capital grants as revenue and expenditures include capital outlays and bond principal payments, and excludes TABOR rebates under Amendment One, extraordinary loss and depreciation on, as well as gains and losses on disposition of, property and equipment. The budget sets forth all proposed outlays for operations, planning, administration, development, debt service, and capital outlays for the calendar year. Prior to October 15, the General Manager submits to the Board of Directors a proposed operating and capital budget for the fiscal year commencing the following January 1, which is made available for public inspection and comment. On or before December 31, the budget is adopted in conjunction with an appropriation resolution by the Board of Directors, who must also approve subsequent amendments thereto. In the absence of such adoption, RTD has authority to begin making expenditures limited to 90% of the prior year's approved appropriation. RTD's policy on budget transfers authorizes the General Manager to approve certain transfers within the budget.

A reconciliation for the years ended December 31 of the annual budget, as amended, to actual revenue and expenses is as follows:

	2014	2013
Revenue, actual	\$ 732,194	\$ 710,079
Proceeds from debt / arbitrage relief	573,324	693,841
Federal capital grants and local contributions	206,431	242,566
Revenue, actual (budgetary basis)	<u>1,511,949</u>	<u>1,646,486</u>
Revenue, budget	<u>1,498,686</u>	<u>1,214,634</u>
Expenses, actual	735,000	704,106
Capital outlays	862,701	769,359
Depreciation, amortization, other	(139,045)	(127,256)
Long-term debt principal payment	57,002	442,598
Expenses, actual (budgetary basis)	<u>1,515,658</u>	<u>1,788,807</u>
Appropriations	<u>\$2,653,183</u>	<u>\$2,587,977</u>
Unused appropriations	<u>\$1,137,525</u>	<u>\$ 799,170</u>

**NOTE J – BUDGETARY DATA (CONTINUED)**

Unused appropriations lapse at year-end, except the Board of Directors has the authority, as stated in the adopted appropriation resolution, to carry over the unused portion of funds for capital projects not completed, for a period not to exceed three years. As of December 31, 2014, there was approximately \$809 of unused 2014 appropriations for capital outlays available for carryover to 2015.

**NOTE K – TAX, SPENDING AND DEBT LIMITATIONS**

In November 1992, Colorado voters passed an amendment (Amendment One) to the State Constitution (Article X, Section 20) that limits the revenue raising and spending abilities of state and local governments known as the Taxpayer's Bill of Rights (TABOR). The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded to the taxpayers unless voters approve retention of these revenues. In addition, the amendment mandates that reserves equal 3% of fiscal spending be established for declared emergencies.

On November 7, 1995, the voters of the District exempted the Regional Transportation District from the revenue and spending limitations concerning the Amendment through December 31, 2005. On November 2, 1999, the voters of the District further exempted RTD from the revenue and spending limitations outlined in the Amendment for the purpose of paying any debt incurred to finance the Southeast Corridor light rail project or to operate such project for as long as any debt remains outstanding, but in no event beyond December 31, 2026.

On November 2, 2004, the voters of the District authorized an increase in RTD's sales and use tax rate from 0.6% to 1.0%, effective January 1, 2005, to finance the FasTracks transit improvement program. This authorization also exempted RTD from any revenue and spending limitations on the additional tax and on any investment income generated by the increased tax revenue, and allowed RTD to incur debt to finance the capital improvements included in the FasTracks program. At the time that all FasTracks debt is repaid, RTD's sales and use tax rate will be reduced to a rate sufficient to operate the rapid transit system financed through FasTracks. RTD has \$3.477 billion in authorized debt, subject to the Amendments' limitations. This debt was authorized by the voters of the District in 2004 to pay for the FasTracks rapid transit improvement program. Based on estimated fiscal year spending for 2014, \$19,193 of year-end net position, as restated, has been reserved for emergencies.

The Amendment is complex and subject to judicial interpretation. RTD believes it is in compliance with the requirements of the Amendment based on the interpretations of the Amendment's language available at year-end.

*REQUIRED SUPPLEMENTARY INFORMATION*

## Required Supplementary Information

### REGIONAL TRANSPORTATION DISTRICT Pension Plan Summary As of December 31, 2014

#### Schedule of Funding Progress – RTD Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funding Excess (Deficiency)	Funding Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as % of Covered Payroll
1/1/12	\$103,941	\$110,910	\$ (6,967)	93.72%	\$31,659	(22.0%)
1/1/13	104,218	118,671	(14,453)	87.82%	31,447	(46.0%)
1/1/14	113,743	133,633	(19,890)	85.12%	31,193	(63.8%)

#### Schedule of Funding Progress – ATU 1001 Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funding Excess (Deficiency)	Funding Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as % of Covered Payroll
1/1/12	\$212,268	\$406,309	\$(194,041)	52.24%	\$79,743	(243.3%)
1/1/13	200,916	422,813	(221,897)	47.52%	83,084	(267.1%)
1/1/14	207,435	426,272	(218,837)	48.66%	81,040	(270.0%)

See accompanying independent auditors' opinion

*SUPPLEMENTAL INFORMATION*



REGIONAL TRANSPORTATION DISTRICT  
SCHEDULE OF EXPENSE AND REVENUE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
Year Ended December 31, 2014  
(In Thousands)

	Adopted Budget	Final Budget	Actual	Variance - positive (negative)
Operating revenue				
Passenger fares	\$ 124,985	\$ 124,985	\$ 120,497	\$ (4,488)
Other	5,423	5,423	4,406	(1,017)
Total operating revenue	<u>130,408</u>	<u>130,408</u>	<u>124,903</u>	<u>(5,505)</u>
Operating expenses				
Salaries and wages	130,949	139,326	143,113	(3,787)
Fringe benefits	39,892	45,271	61,677	(16,406)
Materials and supplies	68,395	67,259	62,156	5,103
Services	143,363	143,911	108,920	34,991
Utilities	14,031	15,334	14,151	1,183
Insurance	6,270	7,470	5,273	2,197
Purchased transportation	116,256	118,189	114,942	3,247
Leases and rentals	2,729	3,289	3,264	25
Miscellaneous	14,620	6,931	6,561	370
Total operating expenses	<u>536,505</u>	<u>546,980</u>	<u>520,057</u>	<u>26,923</u>
Operating loss	<u>(406,097)</u>	<u>(416,572)</u>	<u>(395,154)</u>	<u>21,418</u>
Nonoperating revenue (expenses)				
Sales and use tax	503,808	503,448	514,721	11,273
Grant operating assistance	85,854	92,866	75,544	(17,322)
Investment income	2,372	2,372	165	(2,207)
Other income	20,121	20,721	10,248	(10,473)
Gain/loss on capital assets		-	6,613	6,613
Interest expense	(99,410)	(99,405)	(72,293)	27,112
Other expense/unrealized loss capital assets	-	-	(3,605)	(3,605)
Total nonoperating revenue (expenses)	<u>512,745</u>	<u>520,002</u>	<u>531,393</u>	<u>11,391</u>
Proceeds from debt	<u>720,000</u>	<u>795,604</u>	<u>573,324</u>	<u>(222,280)</u>
Capital outlay				
Capital expenses	1,978,463	1,811,720	862,701	(949,019)
Less capital grants	(237,253)	(276,073)	(206,431)	69,642
	<u>1,741,210</u>	<u>1,535,647</u>	<u>656,270</u>	<u>(879,377)</u>
Long-term debt principal payment	<u>(61,458)</u>	<u>(62,187)</u>	<u>(57,002)</u>	<u>5,185</u>
Excess (deficiency) of revenue and nonoperating income over (under) expenses, capital outlays and debt principal payments	<u>\$ (976,020)</u>	<u>\$ (698,800)</u>	<u>(3,709)</u>	<u>\$ 695,091</u>
Increases (decreases) to reconcile budget basis to GAAP basis				
Capital expenses			862,701	
Proceeds from debt			(573,324)	
Long-term debt principal payment			57,002	
Depreciation			(139,045)	
INCREASE IN NET POSITION			<u>\$ 203,625</u>	

See accompanying independent auditors' opinion

REGIONAL TRANSPORTATION DISTRICT  
SUMMARY OF SCHEDULES OF NET POSITION  
As of December 31,  
(In Thousands)

	BASE OPERATIONS		FASTRACKS		TOTAL	
	2014	2013	2014	2013	2014	2013
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
Current Assets	\$ 221,488	\$ 213,440	\$ 328,284	\$ 333,436	\$ 549,772	\$ 546,876
Current assets - restricted	128,963	239,237	453,273	471,402	582,236	710,639
Capital assets (net of accumulated depreciation)	1,384,939	1,339,249	4,028,516	3,357,486	5,413,455	4,696,735
Other noncurrent assets	32,111	-	269,062	151,611	301,173	151,611
Total assets before deferred outflow of resources	1,767,501	1,791,926	5,079,135	4,313,935	6,846,636	6,105,861
Deferred outflows of resources	12,655	15,052	27,081	28,419	39,736	43,471
Total assets and deferred outflows of resources	1,780,156	1,806,978	5,106,216	4,342,354	6,886,372	6,149,332
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>						
Current Liabilities	172,170	150,711	141,517	168,293	313,687	319,004
Noncurrent Liabilities	594,009	633,777	2,796,975	2,218,446	3,390,984	2,852,223
Total liabilities before deferred inflow of resources	766,179	784,488	2,938,492	2,386,739	3,704,671	3,171,227
Deferred inflows of resources	-	-	627	656	627	656
Total liabilities and deferred inflows of resources	766,179	784,488	2,939,119	2,387,395	3,705,298	3,171,883
<b>NET POSITION</b>						
Net investment in capital assets	949,722	923,590	2,037,972	1,864,510	2,987,694	2,788,100
Restricted	45,413	45,682	129,125	90,449	174,538	136,131
Unrestricted	18,842	53,218	-	-	18,842	53,218
Total net position	\$ 1,013,977	\$ 1,022,490	\$ 2,167,097	\$ 1,954,959	\$ 3,181,074	\$ 2,977,449

See accompanying independent auditors' opinion

REGIONAL TRANSPORTATION DISTRICT  
SUMMARY SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
Year ended December 31,  
(In Thousands)

	BASE OPERATIONS		FASTRACKS		TOTAL	
	2014	2013	2014	2013	2014	2013
<b>OPERATING REVENUE</b>						
Passenger fares	\$ 116,468	\$ 115,094	\$ 4,029	\$ 2,747	\$ 120,497	\$ 117,841
Advertising, rent, and other	4,406	5,199	-	-	4,406	5,199
Total operating revenue	<u>120,874</u>	<u>120,293</u>	<u>4,029</u>	<u>2,747</u>	<u>124,903</u>	<u>123,040</u>
<b>OPERATING EXPENSES</b>						
Salaries and wages	131,238	126,110	11,875	9,550	143,113	135,660
Fringe benefits	57,135	53,400	4,542	3,345	61,677	56,745
Materials and supplies	59,997	63,309	2,159	1,489	62,156	64,798
Services	57,407	51,020	51,513	61,459	108,920	112,479
Utilities	11,845	12,078	2,306	1,489	14,151	13,567
Insurance	5,935	5,631	(662)	(63)	5,273	5,568
Purchased transportation	114,942	113,006	-	-	114,942	113,006
Leases and rentals	1,762	1,833	1,502	1,377	3,264	3,210
Miscellaneous	(10,094)	(9,874)	16,655	16,322	6,561	6,448
Depreciation	83,855	90,650	55,190	36,606	139,045	127,256
Total operating expenses	<u>514,022</u>	<u>507,163</u>	<u>145,080</u>	<u>131,574</u>	<u>659,102</u>	<u>638,737</u>
OPERATING LOSS	<u>(393,148)</u>	<u>(386,870)</u>	<u>(141,051)</u>	<u>(128,827)</u>	<u>(534,199)</u>	<u>(515,697)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>						
Sales and use tax	308,833	281,152	205,888	187,434	514,721	468,586
Grant operating assistance	75,959	76,204	(415)	12,039	75,544	88,243
Investment income	691	529	(526)	1,511	165	2,040
Other income	2,017	10,457	(2,017)	17,713		28,170
Gain/(Loss) capital assets	8,952	(84)	7,909	2	16,861	(82)
Interest expense	(19,594)	(18,500)	(52,699)	(42,723)	(72,293)	(61,223)
Other expense	(105)	(2,402)	(3,500)	(1,662)	(3,605)	(4,064)
Net nonoperating revenue (expenses)	<u>376,753</u>	<u>347,356</u>	<u>154,640</u>	<u>174,314</u>	<u>531,393</u>	<u>521,670</u>
<b>INCOME BEFORE CAPITAL GRANTS AND LOCAL CONTRIBUTIONS</b>	<u>(16,395)</u>	<u>(39,514)</u>	<u>13,589</u>	<u>45,487</u>	<u>(2,806)</u>	<u>5,973</u>
Capital grants and local contributions	<u>7,882</u>	<u>10,894</u>	<u>198,549</u>	<u>231,672</u>	<u>206,431</u>	<u>242,566</u>
<b>CHANGE IN NET POSITION</b>	<u>(8,513)</u>	<u>(28,620)</u>	<u>212,138</u>	<u>277,159</u>	<u>203,625</u>	<u>248,539</u>
<b>NET POSITION, beginning of year</b>	<u>1,022,490</u>	<u>1,051,110</u>	<u>1,954,959</u>	<u>1,677,800</u>	<u>2,977,449</u>	<u>2,728,910</u>
<b>NET POSITION, end of year</b>	<u>\$ 1,013,977</u>	<u>\$ 1,022,490</u>	<u>\$ 2,167,097</u>	<u>\$ 1,954,959</u>	<u>\$ 3,181,074</u>	<u>\$ 2,977,449</u>

See accompanying independent auditors' opinion

## **STATISTICAL SECTION**

This part of the Regional Transportation District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosure, and required supplementary information says about the government's overall financial health.

### **Contents**

### **Page**

#### **Financial Trends**

**79-80**

These tables contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

#### **Revenue Capacity**

**81-82**

These tables contain information to help the reader assess the government's most significant revenue source.

#### **Debt Capacity**

**83-84**

These tables present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

#### **Demographic and Operating Information**

**85**

These tables contain service and infrastructure data to help the reader understand how the information in the financial report relates to service the government provides and the activities it performs. The demographic and economic indicators help the reader understand the environment within which the government's financial activities take place.

REGIONAL TRANSPORTATION DISTRICT  
NET POSITION BY COMPONENT<sup>1</sup> (In Thousands)

Table 1

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Invested in capital assets, net of related debt (Note I)	\$ 2,987,694	\$ 2,788,100	\$ 2,348,966	\$ 1,872,790	\$ 1,597,631	\$ 1,456,493	\$ 1,338,453	\$ 1,162,486	\$ 1,167,667	\$ 1,027,361
Restricted (Note I)										
Emergencies	19,193	18,304	17,451	16,392	15,486	15,158	16,821	16,829	15,078	14,048
Debt and other	155,345	117,827	316,711	491,313	424,348	442,489	393,223	412,822	232,702	120,653
Unrestricted (Note I)	18,842	53,218	45,782	46,199	166,299	132,035	143,913	186,280	140,626	204,176
Total net position	<u>\$ 3,181,074</u>	<u>\$ 2,977,449</u>	<u>\$ 2,728,910</u>	<u>\$ 2,426,694</u>	<u>\$ 2,203,764</u>	<u>\$ 2,046,175</u>	<u>\$ 1,892,410</u>	<u>\$ 1,778,417</u>	<u>\$ 1,556,073</u>	<u>\$ 1,366,238</u>

<sup>1</sup> Data is taken from the financial records of RTD and is presented on the accrual basis.

REGIONAL TRANSPORTATION DISTRICT  
SUMMARY OF STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
(In Thousands)

Table 2

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating Revenues:										
Passenger Fares	\$ 120,497	\$ 117,841	\$ 112,929	\$ 108,497	\$ 97,942	\$ 96,890	\$ 88,205	\$ 77,128	\$ 66,211	\$ 57,638
Other	4,406	5,199	5,333	4,882	4,414	4,357	4,124	4,382	3,310	5,103
Total Operating Revenues	124,903	123,040	118,262	113,379	102,356	101,247	92,329	81,510	69,521	62,741
Operating Expenses:										
Salaries, wages, fringe benefits	204,790	192,405	178,974	166,332	160,498	161,747	155,799	150,560	136,733	130,371
Materials and supplies	62,156	64,798	58,300	52,015	48,310	56,835	61,056	49,157	43,709	39,869
Services	108,920	112,479	109,853	48,357	60,553	42,783	36,835	30,654	29,864	22,344
Utilities	14,151	13,567	11,833	11,627	10,977	9,512	10,575	8,678	7,530	7,170
Insurance	5,273	5,568	3,776	6,089	5,429	3,767	5,333	5,090	5,722	6,569
Purchased transportation	114,942	113,006	111,130	108,865	104,514	103,975	102,743	97,819	93,003	86,330
Leases and rentals	3,264	3,210	2,401	1,964	2,515	2,680	2,464	2,195	1,758	1,568
Miscellaneous	6,561	6,448	15,741	2,082	3,315	6,866	2,619	2,390	3,144	2,347
Total Operating Expenses	520,057	511,481	492,008	397,331	396,111	388,165	377,424	346,543	321,463	296,568
Operating loss before depreciation	(395,154)	(388,441)	(373,746)	(283,952)	(293,755)	(286,918)	(285,095)	(265,033)	(251,942)	(233,827)
Depreciation	139,045	127,256	115,269	104,280	104,176	106,025	102,252	103,302	67,526	58,924
Operating Loss	(534,199)	(515,697)	(489,015)	(388,232)	(397,931)	(392,943)	(387,347)	(368,335)	(319,468)	(292,751)
Nonoperating income (expense):										
Sales and use tax revenues	514,721	468,586	449,787	415,180	397,549	371,405	412,824	418,407	399,557	386,427
Grant operating assistance	75,544	88,243	68,927	89,592	92,655	68,146	50,814	47,040	42,805	41,322
Interest income	165	2,040	2,613	6,484	8,065	29,379	52,456	57,471	29,936	15,624
Other income	10,248	28,170	11,035	11,356	3,653	3,243	3,106	4,706	4,031	3,484
Gain/Loss on Capital Assets	6,613	(82)	3,459	(6,101)	(3,474)	40	1	1,055	1,929	1,450
Interest expense	(72,293)	(61,223)	(51,371)	(51,274)	(48,735)	(34,179)	(56,273)	(52,272)	(29,689)	(21,163)
Other expense/Unrealized Loss Asset:	(3,605)	(4,064)	(4,895)	(150)	(1,671)	(23,037)	(977)	(861)	(805)	(790)
Total Nonoperating Income	531,393	521,670	479,555	465,087	448,042	414,997	461,951	475,546	447,764	426,354
Net income before capital grants and local contributions	(2,806)	5,973	(9,460)	76,855	50,111	22,054	74,604	107,211	128,296	133,603
Capital grants and local contributions	206,431	242,566	311,676	238,292	107,478	131,711	39,389	115,133	61,537	97,384
Increase in Net Position	203,625	248,539	302,216	315,147	157,589	153,765	113,993	222,344	189,833	230,987
Net Position at Beginning of Year, as restated	2,977,449	2,728,910	2,426,694	2,111,547	2,046,175	1,892,410	1,778,417	1,556,073	1,366,240	1,140,841
Prior Period Adjustment					(92,217)					(5,588)
Net Position at End of Year	\$ 3,181,074	\$ 2,977,449	\$ 2,728,910	\$ 2,426,694	\$ 2,111,547	\$ 2,046,175	\$ 1,892,410	\$ 1,778,417	\$ 1,556,073	\$ 1,366,240

OPERATING AND OTHER EXPENSES AND CAPITAL OUTLAYS<sup>1</sup>

Table 3

Last Ten Years (Unaudited)

(In Thousands)

Year	Transit Operating Expenses <sup>2</sup>	Planning, Administrative and Development	Depreciation	Interest Expense <sup>2</sup>	Other Nonoperating Expenses	Capital Outlays <sup>2</sup>	Total
2005	\$ 264,840	\$ 31,728	\$ 58,924	\$ 21,163	\$ 790	\$ 273,843	651,288
2006	284,360	37,104	67,526	29,689	805	208,361	627,845
2007	302,626	43,916	103,302	52,272	861	156,785	659,762
2008	324,931	52,492	102,252	56,273	977	282,758	819,683
2009	326,324	61,841	106,025	34,179	23,037	410,354	961,760
2010	318,751	77,360	104,176	48,735	5,145	712,552	1,266,719
2011	333,301	64,030	104,280	51,274	6,251	616,953	1,176,089
2012	414,893	77,115	115,269	51,371	4,895	702,119	1,365,662
2013	429,700	81,781	127,256	61,223	4,146	769,359	1,473,465
2014	436,905	83,152	139,045	72,293	3,605	862,701	1,597,701

<sup>1</sup> Data is taken from the financial records of RTD and is presented on the accrual basis.<sup>2</sup> RTD capitalizes certain interest costs, which are included in capital outlays.

REGIONAL TRANSPORTATION DISTRICT

REVENUE BY SOURCE<sup>1</sup>

Last Ten Years (Unaudited)

(In Thousands)

Table 4

Year	Operating Revenues	Sales/Use Tax <sup>2</sup>	Grant Operating Assistance	Interest Income	Other	Total Revenue	Capital Grants	Local Contributions	Total Revenue and Capital Grant & Contributions
2005	\$ 62,741	\$ 386,427	\$ 41,322	\$ 15,624	\$ 3,484	\$ 509,598	\$ 86,523	\$ 10,861	\$ 606,982
2006	69,521	399,557	42,805	29,936	4,032	545,851	57,413	4,123	607,387
2007	81,510	418,407	47,041	57,471	4,706	609,135	107,577	7,556	724,268
2008	92,329	412,824	50,814	52,456	3,106	611,529	39,220	169	650,918
2009	101,247	371,405	68,146	29,379	3,283	573,460	129,211	2,500	705,171
2010	102,356	397,549	92,655	8,065	3,653	604,278	102,213	5,265	711,756
2011	113,379	415,180	89,592	6,484	11,356	635,991	186,073	52,219	874,283
2012	118,262	449,787	68,927	2,613	14,494	654,083	193,991	117,685	965,759
2013	123,040	468,586	88,243	2,040	28,170	710,079	159,783	82,783	952,645
2014	124,903	514,721	75,544	165	16,861	732,194	171,549	34,882	938,625

<sup>1</sup> Data is taken from the financial records of RTD and is presented on the accrual basis.

<sup>2</sup> RTDs Sales/Use Tax increased from 0.6% to 1.0% effective January 1, 2005.



## REGIONAL TRANSPORTATION DISTRICT

DEBT COVERAGE RATIOS<sup>1</sup>

Table 5

(In Thousands)

## LAST TEN YEARS (UNAUDITED)

	<u>Sales Tax Bond Debt Service Requirements<sup>2</sup></u>			<u>Sales Tax</u>		<u>Coverage</u>
		<u>Interest</u>	<u>Principal</u>	<u>Total</u>	<u>Collections</u>	<u>Ratio</u>
2005	\$	18,683	\$ 12,415	\$ 31,098	\$ 386,427	12.43
2006		21,048	15,015	36,063	399,557	11.08
2007		48,445	38,590	87,035	418,407	4.81
2008		44,944	45,505	90,449	412,824	4.56
2009		43,210	44,430	87,640	371,405	4.24
2010		46,324	44,511	90,835	397,549	4.38
2011		70,646	25,010	95,656	415,180	4.34
2012		70,752	26,211	96,963	449,787	4.64
2013		76,786	20,725	97,511	468,586	4.81
2014		84,821	25,712	110,533	514,721	4.66

Certificate of Participation Debt Service Requirements

		<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2005	\$	12,651	\$ 11,470	\$ 24,121
2006		14,393	16,155	30,548
2007		14,428	17,105	31,533
2008		14,502	17,515	32,017
2009		13,714	18,340	32,054
2010		13,711	26,725	40,436
2011		28,973	25,955	54,928
2012		28,451	28,575	57,026
2013		31,285	25,735	57,020
2014		43,502	31,290	74,792

REGIONAL TRANSPORTATION DISTRICT  
DEBT COVERAGE RATIOS<sup>2</sup> (Continued)  
(In Thousands)

Table 5

	<u>Total Debt Service Requirements</u>			<u>Total</u>		<u>Coverage</u>
		<u>Interest</u>	<u>Principal</u>	<u>Total</u>	<u>Revenue</u>	<u>Ratio</u>
2005	\$	31,334	\$ 23,885	\$ 55,219	\$ 509,598	6.13
2006		35,441	31,170	66,611	545,851	9.23
2007		62,873	55,695	118,568	609,135	8.19
2008		59,446	63,020	122,466	611,528	5.14
2009		56,924	62,770	119,694	573,460	4.99
2010		60,035	71,236	131,271	654,083	4.98
2011		99,619	50,965	150,584	874,283	5.81
2012		99,203	54,786	153,989	965,494	6.27
2013		108,071	46,460	154,531	952,645	6.16
2014		128,323	57,002	185,325	938,625	5.06

<sup>1</sup> Source: The financial records of RTD and the Official Statements of the respective debt issues.

<sup>2</sup> Sales Tax Bonds include the 2001A Commercial Paper.

REGIONAL TRANSPORTATION DISTRICT  
DEMOGRAPHIC AND OPERATING DATA

Table 6  
Last Ten Years (Unaudited)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
January 1 population within RTD service area <sup>1</sup>	2,870,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,760,000	2,700,000	2,619,000	2,598,000
Cities and towns served	40	40	40	40	40	40	40	40	39	40
Square miles in service area	2,340	2,340	2,340	2,348	2,348	2,348	2,337	2,331	2,329	2,327
Total miles <sup>2</sup>	45,746,927	45,246,715	38,824,067	42,996,614	41,449,988	48,862,622	49,947,763	50,706,993	49,167,392	49,167,392
Passenger stops	9,751	9,509	9,841	9,698	10,140	10,199	10,199	10,329	10,596	10,366
Number of fixed routes	138	136	145	138	148	150	165	170	166	174
Local	65	65	71	64	66	67	72	73	73	67
Limited	11	11	11	11	11	11	13	15	15	16
Express	14	14	17	16	20	20	24	25	24	37
Regional	17	17	17	17	16	16	18	18	16	20
Skyride	5	5	5	5	5	5	5	5	5	5
Boulder City	13	13	13	12	14	15	15	15	15	15
Longmont City	4	4	4	4	7	7	7	8	8	8
Miscellaneous	9	7	7	9	9	9	11	11	10	6
Ridership average weekday, without Mall Shuttle and Light Rail	211,702	208,387	210,811	205,504	209,172	212,758	224,918	207,734	198,629	194,077
Ridership average weekday, including Mall Shuttle	255,696	254,071	255,501	254,197	255,068	259,873	273,737	255,987	246,992	254,928
Ridership average weekday, including Mall Shuttle, Light Rail, ADA, and Van Pool	344,348	335,391	326,747	325,900	323,311	328,291	344,954	320,311	294,791	292,407
Total annual boardings without Mall Shuttle, Light Rail and ADA	63,935,032	63,010,579	63,640,443	61,634,723	62,902,963	63,578,004	67,910,015	62,007,583	57,662,038	56,736,687
Total annual boardings, including Mall Shuttle	77,464,530	77,079,604	77,320,228	76,577,627	76,825,609	77,928,088	82,727,534	76,620,488	74,637,863	75,100,270
Total annual boardings, including Mall Shuttle and Light Rail	103,851,061	100,844,239	97,959,296	97,272,342	96,657,335	97,687,476	103,362,667	95,275,984	85,915,718	85,557,899
Total annual boardings, including Mall Shuttle, Light Rail, ADA service, and Van Pool	104,987,248	101,966,009	99,122,065	98,384,882	97,724,928	98,746,429	104,071,339	96,326,580	86,842,675	86,371,859
Daily miles operated (average weekday), including Mall Shuttle	107,635	106,709	129,517	117,261	124,248	149,750	152,848	155,153	154,078	158,464
Daily miles operated (average weekday), including Mall Shuttle and Light Rail	119,706	118,385	139,083	126,849	134,294	159,824	163,987	166,571	165,666	163,398
Diesel fuel consumption, gallons <sup>3</sup>	5,550,000	5,600,000	5,400,000	5,400,000	5,200,000	5,400,000	6,000,000	6,000,000	6,100,000	6,100,000
Total active buses	1,011	992	998	969	1,025	1,050	1,039	1,071	1,071	1,071
Wheelchair lift equipped buses	1,011	992	998	969	1,025	1,050	1,039	1,071	1,071	1,071
Number of employees <sup>3</sup>										
Salaried	735	752	700	697	696	664	623	611	613	591
Represented (includes part-time)	1,929	1,901	1,715	1,785	1,744	1,802	1,903	1,923	1,907	1,919
Fleet requirements ( peak hours)	821	785	779	797	806	830	862	862	851	880
Operating facilities <sup>3</sup>	7	6	6	6	6	6	6	6	6	6

<sup>1</sup> Source: Population is based on estimates provided by the Denver Regional Council of Governments. All other data comes from the financial records of RTD.

<sup>2</sup> Reflects total Mile, including Light Rail.

<sup>3</sup> Excludes purchased transportation services.

## Debt Disclosure Tables for 2014 CAFR

CAFR Table	Table Title
7	SBP Operations Program
8	SBP Capital Program
9	RTD Statement of Debt
10	RTD Annual Ridership and Fare Revenue
11	RTD Advertising and Ancillary Revenues
12	RTD Federal Grant Receipts
13	Five-Year Summary of Revenue/Expense Statements
14	Five-Year Summary of Budget/Actuals
15	RTD 2014 and 2015 Budget
16	Trip Fares
17	RTD Net Retail Sales

## Debt Disclosure Tables Updated in Body of 2013

Table Title	Location in CAFR
RTD Revenues by Source Summary Balance Sheet	Statistical Section – Table 4 Statements of Net Position – pg. 38-39

REGIONAL TRANSPORTATION DISTRICT  
2015-2020 STRATEGIC BUDGET PLAN - OPERATIONS (In Thousands)

Table 7

	2015	2016	2017	2018	2019	2020	Total Cost
Interest Payments <sup>1,2</sup>	\$ 26,465	\$ 27,300	\$ 27,312	\$ 26,763	\$ 26,812	\$ 27,561	\$ 162,213
Bus Operations – Current RTD	128,036	128,300	132,089	134,984	138,279	141,736	803,424
Bus Operations – Private Carrier after Contract	97,861	100,251	102,699	105,208	107,778	110,472	624,269
Bus Operations - call-n-Ride	6,991	7,162	7,338	7,517	7,701	7,894	44,603
Private Contract Administration Costs	259	266	272	279	286	293	1,655
Service Increases – RTD-Operated	-	-	-	-	-	-	-
Service Increases – Private Contractor	-	-	-	-	-	-	-
FasTracks Service Allocation - Bus <sup>1</sup>	(15,020)	(15,396)	(15,781)	(16,175)	(16,580)	(16,994)	(95,946)
Cost Sharing Agreements - Bus Service	2,124	2,177	2,231	2,287	2,344	2,403	13,566
Van Pool Program	1,429	1,465	1,501	1,539	1,577	1,617	9,128
Section 5011 Local Match	1,009	1,034	1,060	1,086	1,113	1,141	6,443
LRT Operations	37,227	37,694	39,568	41,638	41,095	41,458	238,680
ADA Operating Costs	43,905	44,982	46,086	47,217	48,376	49,586	280,152
FasTracks Service Allocation - ADA <sup>1</sup>	(1,907)	(1,954)	(2,003)	(2,053)	(2,104)	(2,157)	(12,178)
Facilities Maintenance - Base	40,697	41,715	42,758	43,826	44,922	46,045	259,963
Facilities Maintenance - Additional Costs	2,850	8,734	17,352	4,147	2,342	2,447	37,872
	3,719	3,812	3,908	4,005	4,106	4,208	23,758
Capital Programs - Additional Costs	923	1,245	1,194	1,356	1,152	1,356	7,226
Direct Costs - Other Departments	830	849	868	888	907	930	5,272
Indirect Costs - Other Departments	73,315	74,972	76,900	80,782	83,812	84,264	474,045
Grand Total	<u>\$ 450,713</u>	<u>\$ 464,608</u>	<u>\$ 485,352</u>	<u>\$ 485,294</u>	<u>\$ 493,918</u>	<u>\$ 504,260</u>	<u>\$ 2,884,145</u>

<sup>1</sup> Interest payments and FasTracks service allocation are not presented in year of expenditure dollars.

<sup>2</sup> Interest payments on bonds and certificates of participation (COPS) issued for purposes other than FasTracks.

## REGIONAL TRANSPORTATION DISTRICT

## 2015-2020 STRATEGIC BUDGET PLAN - CAPITAL PROGRAM (In Thousands)

Table 8

	2015	2016	2017	2018	2019	2020	Total Cost
Long Term Debt Service <sup>1,2</sup>	\$ 53,733	\$ 65,712	\$ 63,959	\$ 77,306	\$ 75,748	\$ 84,127	\$ 420,585
Existing Corridors	-	-	-	-	-	-	-
Transit Buses	40,734	37,721	4,613	33,189	54,788	69,926	240,971
ADA Vehicles	4,435	9,573	593	1,301	592	6,207	22,701
Other	205	210	215	221	226	232	1,309
Light Rail Vehicles	14,400	14,400	38,400	6,400	6,400	-	80,000
Bus and Rail Infrastructure	7,792	3,415	6,246	6,733	3,338	754	28,278
park-n-Rides <sup>3</sup>	1,281	630	1,615	1,656	2,715	-	7,897
Capital Support Equipment <sup>3</sup>							
Vehicles and Bus Maintenance Equipment	1,776	2,224	2,413	2,282	1,868	1,163	11,726
Treasury	-	52	-	33	-	-	85
Information Systems, Computer Equip. for Ops.	15,803	8,661	6,977	6,427	2,874	423	41,165
Security Equipment	472	1,681	1,723	1,766	-	-	5,642
Bus Maintenance Facilities <sup>3</sup>							
Boulder	-	-	-	-	-	-	-
District Shops	-	263	2,692	-	-	-	2,955
East Metro	-	-	-	-	-	-	-
Platte	-	-	-	-	-	-	-
Light Rail Maintenance Facilities <sup>3</sup>							
Central Rail Line	-	410	-	-	-	-	410
Maintenance of Way	-	-	-	276	283	290	849
District-wide	-	-	-	353	-	-	353
Facilities Construction and Maintenance	9,379	1,649	1,960	5,791	147	151	19,077
Discretionary Capital <sup>3</sup>	154	158	162	165	170	174	983
Grand Total	\$ 150,164	\$ 146,759	\$ 131,568	\$ 143,899	\$ 149,149	\$ 163,447	\$ 884,986

<sup>1</sup> Principal payments are set at the time the bonds are issued and do not change with inflation.<sup>2</sup> Long-term debt service costs include principal payments on bonds and COPs and are not presented in year of expenditure dollars.<sup>3</sup> Capital expenditures and discretionary capital amounts are presented in year of expenditure dollars.

REGIONAL TRANSPORTATION DISTRICT  
STATEMENT OF DEBT  
as of December 31, 2014

Table 9

<u>Sales Tax Bonds</u>	<u>Outstanding<sup>2</sup></u>
RTD Sales Tax Revenue Refunding Bonds, Series 2007 <sup>1</sup> - FasTracks	\$ 376,193
RTD Sales Tax Revenue Refunding Bonds, Series 2007 <sup>1</sup>	75,321
RTD Sales Tax Revenue Refunding Bonds, Series 2010 <sup>1</sup>	21,688
RTD Subordinate Sales Tax Revenue (DUSPA) Fastracks, Series 2010	157,064
RTD Sales FasTracks Tax Revenue Bonds, Series 2010AB <sup>1</sup>	381,268
RTD Sales FasTracks Tax Revenue Bonds, Series 2012A <sup>1</sup>	539,949
RTD Sales Tax Revenue Bonds, Series 2013A <sup>1</sup>	78,443
RTD Sales FasTracks Tax Revenue Bonds, Series 2013AB <sup>1</sup>	247,455
RTD Sales Tax TIFIA Loan <sup>4</sup>	212,282
Total Sales Tax Revenue Debt	<u>\$ 2,089,663</u>

<u>Lease Purchase Agreements</u>	<u>Outstanding<sup>2</sup></u>
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, Series 2005A	5,336
Master Lease Purchase Agreement II Fixed Rate Taxable Certificates of Participation, Series 2007A	10,135
Amended and Restated Certificates of Participation, Series 2002A	95,206
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, FasTracks Series 2010AB	299,074
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, Series 2013A	253,901
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, Series 2014A	465,908
Total Certificates of Participation Debt	<u>\$ 1,129,560</u>
Total Debt	<u>\$ 3,219,223</u>

RTD Seven County Populaiton 2013 <sup>3</sup>	2,951,798
Per Capita Debt Requirement	\$ 1,091

<sup>1</sup> The Bond Resolution pursuant to which the RTD Sales Tax Revenue Bonds are issued provides that pledged for the payment of such Bonds are the Sales Tax Revenues and "any additional revenues legally available to RTD which the Board in its discretion may hereafter by Supplemental Resolution pledge to the payment of the Bonds".

<sup>2</sup> RTD is current on its obligations under all such debt.

<sup>3</sup> Metro Denver Economic Profile 2012-2013

<sup>4</sup> Capitalized interest thru 2020

**ANNUAL RIDERSHIP AND FARE REVENUE - 2005-2014**

Table 10

(In Thousands)

Year	Revenue Boardings <sup>1</sup>	Fare Revenue	Percent Change in Fare Revenue
2005	67,994	\$ 57,638	4.0%
2006	69,867	66,211	14.9%
2007	81,714	77,128	16.5%
2008	89,254	88,205	14.4%
2009	83,337	96,890	9.8%
2010	83,732	97,942	1.1%
2011	83,428	108,497	10.8%
2012	85,442	112,929	4.1%
2013	87,820	117,841	4.3%
2014	91,049	120,497	2.3%

<sup>1</sup> Totals for 2005-2014 include both access-a-Ride boardings and vanpool boardings.

**ADVERTISING AND ANCILLARY REVENUES - 2005-2014**

Table 11

(In Thousands)

Year	Advertising Revenue	Ancillary Revenues
2005	\$ 3,196	\$ 3,484
2006	2,800	4,032
2007	3,194	4,706
2008	2,854	3,106
2009	2,866	3,243
2010	3,301	2,892
2011	3,992	2,528
2012	3,524	2,214
2013	2,924	20,123
2014	4,324	2,085

**GRANT RECEIPTS AND OTHER CONTRIBUTIONS - 2005-2014**

Table 12

(In Thousands)

Year	Grant Capital	Other Contributions	Grant Operating Assistance
2005	\$ 86,523	\$ 10,861	\$ 41,322
2006	57,413	4,124	42,805
2007	107,577	7,556	47,041
2008	39,220	169	50,814
2009	129,211	2,500	68,146
2010	102,213	5,265	92,655
2011	186,073	52,219	89,592
2012	193,991	117,685	68,927
2013	159,783	82,783	88,243
2014	171,549	34,882	75,544



REGIONAL TRANSPORTATION DISTRICT  
FIVE-YEAR SUMMARY OF STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
(In Thousands)

Table 13

	Years ended December 31				
	2014	2013	2012	2011	2010
Operating Revenues:					
Passenger Fares	\$ 120,497	\$ 117,841	\$ 112,929	\$ 108,497	\$ 97,942
Other	4,406	5,199	5,333	4,882	4,414
Total Operating Revenues	<u>124,903</u>	<u>123,040</u>	<u>118,262</u>	<u>113,379</u>	<u>102,356</u>
Operating Expenses:					
Salaries, wages, fringe benefits	204,790	192,405	178,974	166,332	160,498
Materials and supplies	62,156	64,798	58,300	52,015	48,310
Services	108,920	112,479	109,853	48,357	60,553
Utilities	14,151	13,567	11,833	11,627	10,977
Insurance	5,273	5,568	3,776	6,089	5,429
Purchased transportation	114,942	113,006	111,130	108,865	104,514
Leases and rentals	3,264	3,210	2,401	1,964	2,515
Miscellaneous	6,561	6,448	15,741	2,082	3,315
Total Operating Expenses	<u>520,057</u>	<u>511,481</u>	<u>492,008</u>	<u>397,331</u>	<u>396,111</u>
Operating loss before depreciation	(395,154)	(388,441)	(373,746)	(283,952)	(293,755)
Depreciation	<u>139,045</u>	<u>127,256</u>	<u>115,269</u>	<u>104,280</u>	<u>104,176</u>
Operating Loss	(534,199)	(515,697)	(489,015)	(388,232)	(397,931)
Nonoperating income (expense):					
Sales and use tax revenues	514,721	468,586	449,787	415,180	397,549
Grant operating assistance	75,544	88,243	68,927	89,592	92,655
Interest income	165	2,040	2,613	6,484	8,065
Other income	10,248	28,170	11,035	11,356	3,653
Gain/Loss on Capital Assets	6,613	(82)	3,459	(6,101)	(3,474)
Interest expense	(72,293)	(61,223)	(51,371)	(51,274)	(48,735)
Other expense/Unrealized Loss	(3,605)	(4,064)	(4,895)	(150)	(1,671)
Total Nonoperating Income	<u>531,393</u>	<u>521,670</u>	<u>479,555</u>	<u>465,087</u>	<u>448,042</u>
Net income before capital grants and local contribu	(2,806)	5,973	(9,460)	76,855	50,111
Federal capital grants and local contributions	<u>206,431</u>	<u>242,566</u>	<u>311,676</u>	<u>238,292</u>	<u>107,478</u>
Increase in Net Position	203,625	248,539	302,216	315,147	157,589
Net Position at Beginning of Year (as restated)	2,977,449	2,728,910	2,426,694	2,111,547	2,046,175
Prior Period Adjustment (as restated)					(92,217)
Net Position at End of Year	<u>\$ 3,181,074</u>	<u>\$ 2,977,449</u>	<u>\$ 2,728,910</u>	<u>\$ 2,426,694</u>	<u>\$ 2,111,547</u>

Table 14

REGIONAL TRANSPORTATION DISTRICT  
 FIVE-YEAR SCHEDULE OF EXPENSES AND REVENUES - BUDGET AND ACTUAL - BUDGETARY BASIS (In Thousands)\*

	<u>2014</u>		<u>2013</u>		<u>2012</u>		<u>2011</u>		<u>2010</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Operating revenues:										
Passenger fares	\$ 124,985	\$ 120,497	\$ 119,346	\$ 117,841	\$ 116,092	\$ 112,929	\$ 103,236	\$ 108,497	\$ 93,449	\$ 97,942
Other	5,423	4,406	5,423	5,199	5,425	5,333	5,374	4,882	4,117	4,414
Total operating revenues	<u>130,408</u>	<u>124,903</u>	<u>124,769</u>	<u>123,040</u>	<u>121,517</u>	<u>118,262</u>	<u>108,610</u>	<u>113,379</u>	<u>97,566</u>	<u>102,356</u>
Operating expenses:										
Salaries, wages, fringe benefits	184,597	204,790	131,347	192,405	159,460	178,974	155,286	166,332	149,840	160,498
Materials and supplies	67,259	62,156	69,469	64,798	59,714	58,300	54,981	52,015	50,333	48,310
Services	143,911	108,920	149,007	112,479	189,519	109,853	89,609	48,357	86,355	60,553
Utilities	15,334	14,151	14,846	13,567	11,705	11,833	11,180	11,627	9,920	10,977
Insurance	7,470	5,273	6,270	5,568	6,299	3,776	6,943	6,089	7,505	5,429
Purchased transportation	118,189	114,942	116,675	113,006	113,346	111,130	110,487	108,865	109,032	104,514
Leases and rentals	3,289	3,264	3,263	3,210	2,464	2,401	2,482	1,964	2,463	2,515
Miscellaneous	6,931	6,561	17,916	6,448	16,983	15,741	3,575	2,082	11,640	3,315
Total Operating Expenses	<u>546,980</u>	<u>520,057</u>	<u>508,793</u>	<u>511,481</u>	<u>559,490</u>	<u>492,008</u>	<u>434,543</u>	<u>397,331</u>	<u>427,088</u>	<u>396,111</u>
Operating loss	(416,572)	(395,154)	(384,024)	(388,441)	(437,973)	(373,746)	(325,933)	(283,952)	(329,522)	(293,755)
Nonoperating revenue (expense):										
Sales and use tax	503,448	514,721	466,429	468,586	436,521	449,787	419,136	415,180	386,390	397,549
Grant operating assistance	92,866	75,544	82,385	88,243	79,760	68,927	84,789	89,592	94,042	92,655
Interest income	2,372	165	3,165	2,040	3,338	2,613	10,765	6,484	16,039	8,065
Other income	20,721	10,248	15,246	28,170	21,186	11,035	1,479	11,356	1,644	3,653
Gain/Loss on capital assets	-	6,613	-	(82)	-	3,459	-	(6,101)	-	(3,474)
Interest expense	(99,405)	(72,293)	(79,473)	(61,223)	(50,079)	(51,371)	(41,747)	(51,274)	(73,057)	(48,735)
Other expense/Unrealized loss	-	(3,605)	-	(4,064)	-	(4,895)	-	(3,895)	-	(1,671)
Total nonoperating revenue	<u>520,002</u>	<u>531,393</u>	<u>487,752</u>	<u>521,670</u>	<u>490,726</u>	<u>479,555</u>	<u>474,422</u>	<u>461,342</u>	<u>425,058</u>	<u>448,042</u>
Proceeds from issuance of long-term debt	795,604	573,324	261,376	693,841	583,788	545,763	-	-	279,865	916,475
Capital outlay										
Capital expenses	1,811,720	862,701	1,811,720	769,359	1,709,182	702,119	1,327,839	616,953	1,227,124	712,552
Less capital grants	(276,073)	(206,431)	(261,264)	(242,566)	(260,907)	(311,676)	(261,849)	(238,292)	(270,488)	(107,478)
	<u>1,535,647</u>	<u>656,270</u>	<u>1,550,456</u>	<u>526,793</u>	<u>1,448,275</u>	<u>390,443</u>	<u>1,065,990</u>	<u>378,661</u>	<u>956,636</u>	<u>605,074</u>
Long-term debt principal payment	<u>62,187</u>	<u>57,002</u>	<u>46,460</u>	<u>442,598</u>	<u>56,563</u>	<u>57,827</u>	<u>50,965</u>	<u>53,882</u>	<u>71,660</u>	<u>74,101</u>
Excess (deficit) of revenue and nonoperating income over (under) expenses, capital outlay and debt principal payments	<u>\$ (698,800)</u>	<u>(3,709)</u>	<u>\$ (1,231,812)</u>	<u>(142,321)</u>	<u>\$ (868,297)</u>	<u>203,302</u>	<u>\$ (968,466)</u>	<u>(255,153)</u>	<u>\$ (652,895)</u>	<u>391,587</u>
Increases (decreases) to reconcile budget basis to GAAP basis										
Capital expenditures		862,701		769,359		702,119		616,953		712,552
Long-term debt proceeds		(573,324)		(693,841)		(545,763)		-		(916,475)
Long-term debt principal		57,002		442,598		57,827		53,882		74,101
Depreciation		(139,045)		(127,256)		(115,369)		(104,280)		(104,176)
Net Income	<u>\$ 203,625</u>	<u>\$ 203,625</u>	<u>\$ 248,539</u>	<u>\$ 248,539</u>	<u>\$ 302,116</u>	<u>\$ 302,116</u>	<u>\$ 311,402</u>	<u>\$ 311,402</u>	<u>\$ 157,589</u>	<u>\$ 157,589</u>

\* RTD's annual budget is prepared on the same basis as that used for accounting except that the budget also includes proceeds of long-term debt and capital grants as revenues, and expenditures include capital outlays and bond principal

REGIONAL TRANSPORTATION DISTRICT  
FISCAL YEAR 2014 AND 2015 BUDGET SUMMARY (in thousands)

Table 15

	2014	June 2014	2015
	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Adopted Budget</u>
<b>Beginning net position</b>	\$ 3,354,175	\$ 2,977,449	\$ 3,904,531
Revenues:			
Operating	130,408	130,408	128,559
Sales & use taxes	503,809	503,448	535,146
Federal and local grants	339,830	319,097	284,829
Interest and other income	22,493	23,093	15,330
FasTracks - change in construction reserve	5,858	5,858	5,858
Financing proceeds	720,000	795,604	333,369
Contributed capital	49,841	49,841	73,798
Total Revenues	<u>1,772,239</u>	<u>1,827,349</u>	<u>1,376,889</u>
Expenditures:			
Operating	529,524	543,172	518,495
Interest expense	99,410	99,410	97,472
Debt payments	61,458	62,187	62,471
Current capital	915,298	919,067	600,422
Capital carryforward	1,063,165	926,185	1,303,115
Total expenditures	<u>2,668,855</u>	<u>2,550,021</u>	<u>2,581,975</u>
Adjustments <sup>1</sup>	<u>1,219,728</u>	<u>1,649,754</u>	<u>1,505,333</u>
<b>Ending net position</b>	<u>\$ 3,677,287</u>	<u>\$ 3,904,531</u>	<u>\$ 4,204,778</u>
<b>Net position summary:</b>			
Net investment in capital assets	3,071,712	3,601,193	3,898,421
Restricted debt service, project related and other <sup>2</sup>	365,590	80,983	79,883
Restricted TABOR fund	19,223	19,193	19,819
Restricted FasTracks <sup>3</sup>	130,000	130,000	130,000
Restricted Board appropriated and capital replacement fund <sup>4</sup>	67,307	63,811	63,925
Unrestricted fund	23,465	9,351	12,730
<b>Ending net position</b>	<u>\$ 3,677,297</u>	<u>\$ 3,904,531</u>	<u>\$ 4,204,778</u>

<sup>1</sup> Adjustments reflect cash activity from the Statement of Net Position.

<sup>2</sup> Funds restricted by bond covenants, other contracts and policy guidelines.

<sup>3</sup> Appropriated funds which are available to fund future year expenditures for the FasTracks program.

<sup>4</sup> Board appropriated funds per policy guidelines and funds designated for capital replacement.

REGIONAL TRANSPORTATION DISTRICT  
TRIP FARES

Table 16

<b>Single Trip Fares</b>	<b>Fare</b>	<b>Senior/ Disabled/ Student Fare<sup>1</sup></b>
Mall Shuttle	Free	Free
Local - Denver, Boulder, Longmont and light rail	\$ 2.25	\$ 1.10
Light rail and bus express <sup>2</sup>	4.00	2.00
Light rail and bus regional <sup>3</sup>	5.00	2.50
SkyRide		
Zone 1	13.00	6.50
Zone 2	11.00	5.50
Zone 3	9.00	4.50

<sup>1</sup> Seniors include age 65 and older

<sup>2</sup> Trips consisting of three fare zones

<sup>3</sup> Trips consisting of four fare zones

<b>Multiple Trip Fares</b>	<b>Regular 10-Ride</b>	<b>Other 10-Ride<sup>1</sup></b>	<b>Regular Monthly</b>	<b>Other Monthly<sup>1</sup></b>
Local - Denver, Boulder and Longmont and light rail	\$ 20.00	\$ 10.00	\$ 79.00	\$ 39.50
Light rail and bus express	36.00	18.00	140.00	70.00
Light rail and bus regional	45.00	22.50	176.00	88.00

<sup>1</sup> Includes monthly fares for youth, student, disabled and senior patrons. Youth patrons include children ages 6-19. Student includes any student with a school identification card. Seniors include age 65 and older.

REGIONAL TRANSPORTATION DISTRICT  
RTD NET TAXABLE RETAIL SALES (In Millions)

Table 17

<b>Year</b>	<b>City and County of Denver</b>	<b>Boulder County</b>	<b>Jefferson County</b>	<b>Adams County<sup>1</sup></b>	<b>Arapahoe County<sup>1</sup></b>	<b>Douglas County<sup>1</sup></b>	<b>City and County of Broomfield<sup>1</sup></b>	<b>Other<sup>2</sup></b>	<b>Total Taxable Transactions</b>	<b>Percent Annual Increase or Decrease</b>
2005	\$ 9,429	\$ 3,248	\$ 5,823	\$ 4,471	\$ 6,851	\$ 2,463	\$ 891	\$ 609	\$ 33,785	5.4%
2006	9,793	3,336	5,952	4,577	6,889	2,562	902	572	34,583	2.4%
2007	10,751	3,538	6,185	4,804	7,294	2,616	934	592	36,714	6.2%
2008	11,057	3,491	6,043	4,785	7,098	2,524	901	666	36,565	-0.4%
2009	9,269	3,216	5,536	4,240	6,459	2,319	790	474	32,303	-11.7%
2010	9,766	3,391	5,656	4,433	6,817	2,390	935	718	34,106	5.6%
2011	11,239	3,721	6,001	4,749	7,486	2,778	944	1,041	37,959	11.3%
2012	12,415	3,851	6,202	5,323	8,109	2,912	991	1,036	40,839	7.6%
2013	12,861	4,033	6,538	5,731	8,456	3,108	1,004	-	41,731	2.2%
2014	14,254	4,359	7,013	6,436	9,211	3,318	1,045	-	45,636	9.4%

<sup>1</sup> Only a portion of each of these counties lies within the District

<sup>2</sup> Represent taxable transactions that occur within RTD's service area but with sales tax collections occurring outside of RTD's service area

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## **APPENDIX C**

### **AN ECONOMIC AND DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA**

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## Introduction

Colorado posted the third-fastest employment growth rate of the 50 states in 2014. Despite the strong growth rate at the state level, employment growth has not been consistent across the state's regions. Employment growth in the Denver metropolitan area has been strong and diverse, while Weld County has been the fastest growing region in the state due to the expanding energy sector. On the other hand, the Colorado Springs metropolitan area has experienced a slower growth rate due to its reliance on military spending, and activity remains sluggish on the Western Slope.

The Denver metropolitan area is comprised of seven counties – Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson. The Denver metropolitan area economy strongly influences the economy statewide as the area accounts for about 62 percent of Colorado jobs and 56 percent of the state's total population. Indeed, the Denver metropolitan area added 52,200 jobs of the total 78,900 jobs added in the state during 2014. Four industry supersectors – natural resources and construction, professional and business services, education and health services, and leisure and hospitality – accounted for 67 percent of Denver metropolitan area jobs added between 2013 and 2014.

The Regional Transportation District (RTD) operates as a public transportation system whose 2,340-square-mile service area includes all or parts of eight counties, consisting of parts of the seven Denver metropolitan area counties plus a small part of Weld County. Specifically, RTD serves 40 municipalities within six counties and two city/county jurisdictions: the City and County of Denver, the City and County of Broomfield, the counties of Boulder and Jefferson, the western portions of Adams and Arapahoe Counties, the northeastern portion of Douglas County, and portions of Weld County annexed by Longmont and Erie. RTD operates more than 1,000 buses on 138 fixed routes and 172 light rail vehicles on 48 miles of track. As the area of Weld County served by RTD is relatively small, this report describes economic activity in the seven-county Denver metropolitan region using mostly annual statistics.

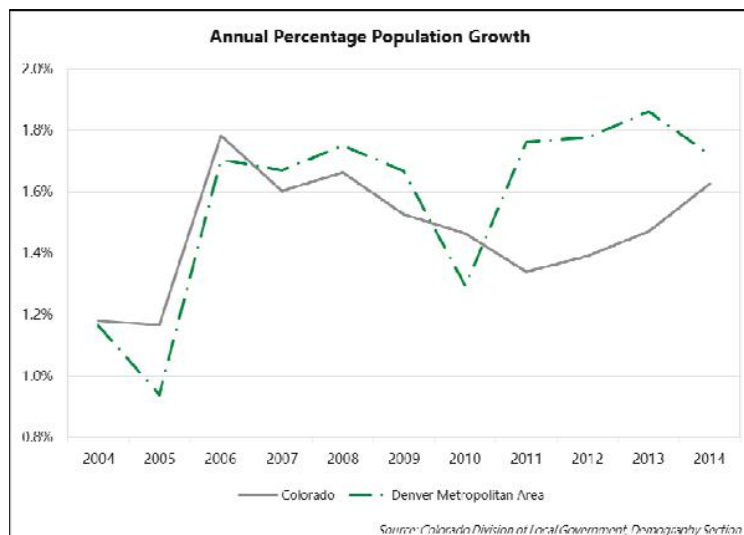
## Population

### Colorado

U.S. Census Bureau population data show Colorado as the fourth fastest-growing state between July 2013 and July

2014. According to the Colorado Demography Office, the Colorado population increased 1.6 percent to over 5.3 million, a rate over two times faster than the rate of the nation due to a high birth rate, low death rate, and positive net migration.

Population growth depends on two components – natural increase and net migration. Natural increase is the difference between births and deaths, and typically changes only gradually as the population ages. Net migration reflects the number of in-migrants to the state minus the number leaving, and it tends to be more volatile as economic cycles, housing costs, and other



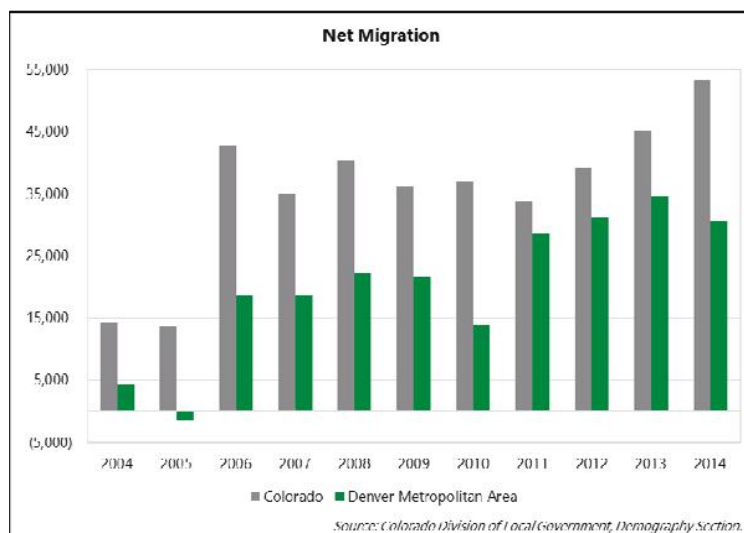
## AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

less-predictable factors tend to influence population mobility. Natural increase accounted for 49 percent of Colorado's total population change between 2004 and 2014, and net migration accounted for 51 percent.

Demographers expect net migration will be the major contributing factor to Colorado's population growth throughout the decade, representing about 62 percent of the state's population increase in 2014. Colorado is experiencing two major demographic shifts in the state's population. First, in 2014, the largest generational group residing in the state became the millennials (born 1981-1997), surpassing the baby boomers (born 1946-1964). Second, Colorado's share of the population 65 years and older is increasing rapidly. Among the 50 states, Colorado ranked as having the fourth lowest share of those 65+ (10 percent) in 2010. By 2025, this percentage will increase to 17 percent of the population. This means that the over 65 population will double from 2010 to 2025, with the population increasing from 555,000 to 1.1 million.

### *Denver Metropolitan Area*

The Denver metropolitan area is a magnet for new Colorado residents, although the two nationwide recessions that occurred over the past ten years made the share of regional population growth due to net migration somewhat smaller than it was during the 1990s and early 2000s. Net migration represented 49 percent of total



Denver metropolitan area population growth between 2004 and 2014, and natural increase represented 51 percent of total growth. The prior decade (1994-2004) showed net migration represented 56 percent of the population change.

Even with slower net migration during recession periods, the Denver metropolitan area's average annual population growth over the past ten years (1.6 percent) was noticeably faster than the national average (0.9 percent). The region's population grew 1.7 percent between 2013 and 2014, and the Denver metropolitan area is now home to over 3 million residents.

In 2012 and 2013, net migration in the Denver metropolitan area accounted for more than 75 percent of total Colorado migration. Just as the area historically was known as a magnet for the baby boomers, the area is now a choice location for the millennials. The millennials are the largest population group in the Denver metropolitan area, numbering just over 713,800 in 2014. While generation X (685,100 population) and baby boomers (684,500 population) dominate the labor force today, the millennials are making their mark on the workplace today and will represent the largest component of the labor force within 10 years.

According to the Colorado Demography Office, the Denver metropolitan area's largest population group are young adults (ages 25-34), representing 14.7 percent of the population. The area's median age (36.8) is lower than the nationwide median (37.5) and the total share of the region's population age 65 and older (11.8 percent) is smaller than the comparable share nationwide (13.5 percent).

**Denver Metropolitan Area Population by County**

	2004	2009	2014	Avg. Annual Population Growth	
				2004-2009	2009-2014
<b>Adams</b>	385,945	436,323	477,870	2.5%	1.8%
<b>Arapahoe</b>	523,715	566,480	616,881	1.6%	1.7%
<b>Boulder</b>	283,288	293,641	313,624	0.7%	1.3%
<b>Broomfield</b>	46,406	55,378	61,100	3.6%	2.0%
<b>Denver</b>	560,230	595,573	662,670	1.2%	2.2%
<b>Douglas</b>	233,646	282,163	311,589	3.8%	2.0%
<b>Jefferson</b>	524,876	532,606	558,896	0.3%	1.0%
<b>Denver Metropolitan Area</b>	2,558,106	2,762,164	3,002,629	1.5%	1.7%
<b>Colorado</b>	4,608,811	4,976,853	5,350,572	1.5%	1.5%

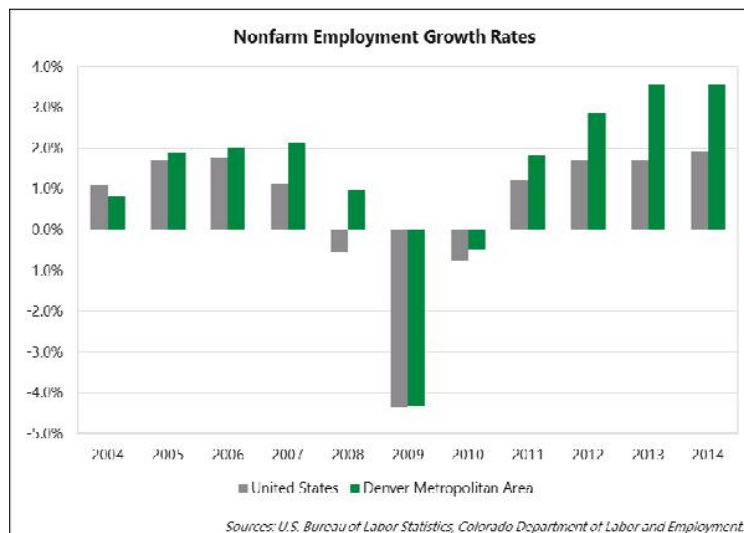
Source: Colorado Division of Local Government, Demography Section.

Of the seven Denver metropolitan area counties, the City and County of Denver, the City and County of Broomfield, and Douglas County reported the fastest population growth over the past five years. Growth in five of the seven counties exceeded both the statewide and national average growth rates between 2009 and 2014.

## Employment

The U.S. Bureau of Labor Statistics releases employment data based on two different surveys. The household survey – also called the Current Population Survey (CPS) – reflects employment characteristics by place of residence and is the data source for statistics on labor force, employment and self-employment, and

unemployment by county. This data is discussed in the Labor Force & Unemployment section of this report.



The so-called “establishment” survey is the data source for the Current Employment Statistics (CES) series, which includes detailed information on employment, hours, and earnings by industry. Although the survey does not count the self-employed, the CES data are some of the most closely watched and widely used gauges of employment trends. CES data was revised in March 2015, and annual benchmark data are included in this report.

Industry employment data in the CES series are grouped according to North American Industry Classification System (NAICS) codes. This coding structure includes 20 detailed industry sectors that are combined to form 11 “supersectors.”

## Colorado

During the past ten years, Colorado employment grew at an annual average rate of 1.2 percent, more than two times the national rate (0.5 percent). The most recent recession caused significant declines in employment growth in Colorado, as the state posted more negative growth rates during the last recession than the national average. While Colorado was harder hit by the last recession than the rest of the nation, the area recovered at a much faster pace and recorded higher employment growth for the last four years.

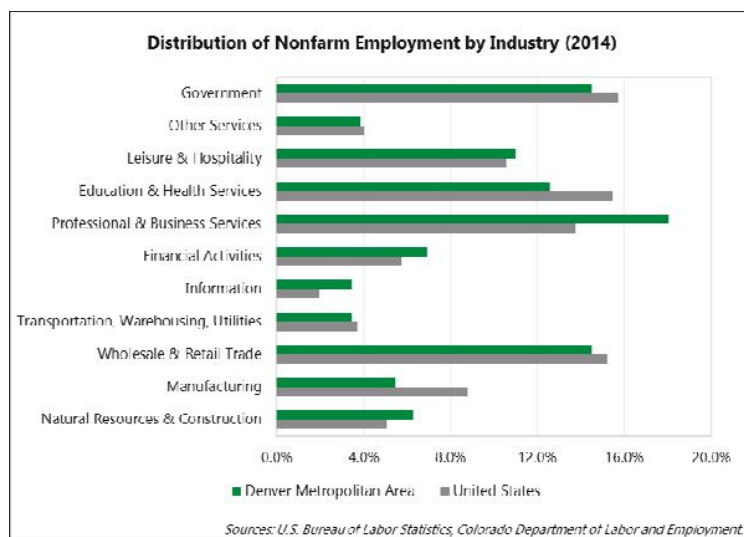
## AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

The concentration of certain industries in the state gave it unique advantages in recent times of economic growth. A large presence of high-tech, natural resource, and construction activity positioned Colorado to expand at a steady pace over the last few years. Colorado employment rose across all supersectors from 2013 to 2014, most notably in natural resources and construction (+11.5 percent). The education and health services supersector and the transportation, warehousing, and utilities supersector both recorded a 4.2 percent increase in employment between 2013 and 2014. Total employment in Colorado increased 3.3 percent between 2013 and 2014. Colorado's employment growth rate was 1.4 percentage points higher than the national growth rate of 1.9 percent during the same period.

### *Denver Metropolitan Area*

The U.S. Bureau of Labor Statistics also compiles CES data for a number of Metropolitan Statistical Areas (MSAs), including the Denver-Aurora-Lakewood MSA (Denver MSA) and the Boulder MSA. The Denver MSA consists of ten counties: Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties. Because CES data are not available for the counties individually, data in this section of the report reflect the Denver MSA and Boulder MSA (Boulder County) combined.

This 11-county region has a nonfarm employment base of over 1.5 million workers. Growth in the region has been slightly stronger than the state, with employment rising 3.6 percent between 2013 and 2014. Accounting for about 62 percent of the state's employment, the Denver metropolitan area added 52,200 jobs of the total 78,900 jobs added in the state during the last year. The ten-year average annual growth rate for the area (1.4 percent) was higher than the state average of 1.2 percent. Both the state and the 11-county region began to report economic expansion in 2011, but the Denver metropolitan area has consistently expanded at a faster pace than the state each year since the recovery began.



Four industry supersectors – natural resources and construction, professional and business services, education and health services, and leisure and hospitality – accounted for 67 percent of Denver metropolitan area jobs added between 2013 and 2014. Part of these industries' large impact on overall job growth reflects their sheer size, as they are some of the region's largest sectors in terms of total jobs. The wholesale and retail trade and the government supersectors are the region's second and third largest industries by employment, reporting over-the-year employment growth of 2.5 percent and 2 percent, respectively.

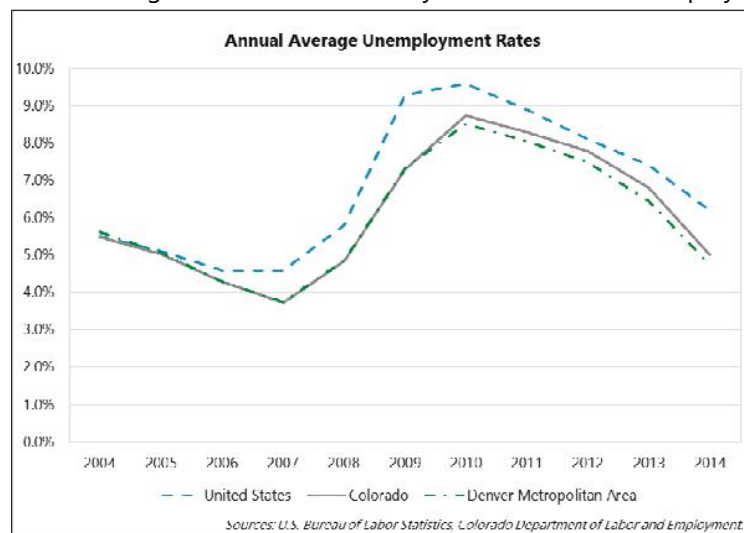
U.S. oil producing states experienced an energy boom through 2014, as oil production picked up due to improved drilling technologies. According to the U.S. Energy Information Administration, Colorado supplies about one out of every 50 barrels of U.S. oil output. This helps explain the 12.2 percent increase in employment between 2013 and 2014 in the natural resources and construction sector. The sector reported the largest over-the-year increase in employment, adding 10,400 new jobs in the region and representing nearly 20 percent of all jobs added in 2014. Growth in the sector also occurred in both 2012 (+5.1 percent) and 2013 (+9.7 percent).

## Labor Force & Unemployment

In 2014, the economic recovery picked up speed, pushing the national unemployment rate to the lowest level since 2008. Companies began hiring at a faster pace as consumers became more confident and companies were more optimistic about future economic conditions. The national unemployment rate fell significantly, but the rate remains at levels that signal the national economy is still in recovery mode. Revised data show the unemployment rate declined to 6.2 percent in 2014, a decline of 1.2 percentage points from the 2013 rate (7.4 percent).

### Colorado

Colorado's unemployment rate fell faster than the national average, reaching 5 percent in 2014, the lowest level since 2008. Colorado's annual average unemployment rate peaked at 8.7 percent in 2010 and the rate has fallen at an increasing rate over the last four years. The state's unemployment rate has remained at or below the national



level since 1990. Colorado's unemployment rate of 5 percent in 2014 was 1.2 percentage points below the national average. Colorado achieved significant improvements in the labor market through 2014, with the last six months of the year reporting unemployment rates below five percent.

### Denver Metropolitan Area

The most recent recession pushed the Denver metropolitan area unemployment rate to a peak of 8.5 percent in 2010, but the area recorded improvements over the last four years. The unemployment rate fell 1.7 percentage points between 2013 and 2014 to 4.8 percent, the lowest level since 2007. The

Denver MSA tied for the eighth lowest unemployment rate of the 32 largest metropolitan areas based on data for February 2015. The lowest rate was 3.4 percent in the Austin-Round Rock, Texas MSA and the highest was in the Las Vegas-Henderson-Paradise, Nev. MSA at 7.2 percent.

## Major Employers

Colorado's small businesses play a major role in the state's job creation and economic growth. Data from the U.S. Census Bureau show that, as of 2013, more than 98 percent of Colorado businesses employed fewer than 100 workers. Self-employment is another important economic driver in Colorado: according to the U.S. Bureau of Economic Analysis, Colorado had the nation's fourth-largest share of total jobs linked to sole proprietorship in 2013.

While small businesses and the self-employed are vitally important to the Denver metropolitan area economy, larger firms are also key providers of jobs and income. Census Bureau data show 121 firms with 1,000 or more employees were operating in Colorado in 2013 and 60 percent of these large businesses were located in the Denver metropolitan area.

## AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

### Metro Denver Largest Private Sector Employers

Company	Product/Service	Employment
King Soopers Inc.	Grocery	14,290
Wal-Mart	General Merchandise	11,830
HealthONE Corporation	Healthcare	11,050
Centura Health	Healthcare	8,310
SCL Health System	Healthcare	8,270
Lockheed Martin Corporation	Aerospace & Defense Related	7,100
CenturyLink	Telecommunications	6,500
Kaiser Permanente	Healthcare	6,280
Comcast Corporation	Telecommunications	5,910
University of Colorado Health	Healthcare, Research	5,860
Children's Hospital Colorado	Healthcare	5,740
Safeway Inc.	Grocery	5,660
Target Corporation	General Merchandise	5,550
United Airlines	Airline	4,900
Wells Fargo	Financial Services	4,450
University of Denver	University	4,230
IBM Corporation	Computer Systems & Services	4,200
DISH Network	Satellite TV & Equipment	3,990
Level 3 Communications	Communication & Internet	3,830
United Parcel Service	Parcel Delivery	3,380

Source: Development Research Partners, May 2015.

Nine companies headquartered in Colorado were included on the 2014 *Fortune 500* list. Arrow Electronics (138th) was the highest-ranked Colorado company, followed by DISH Network (204th), DaVita Inc. (230th), Liberty Interactive Corporation (246th), Ball Corporation (321st), Newmont Mining (327th), Level 3 Communications (413th), CH2M Hill (437th), and Western Union (458th).

Private sector businesses account for the majority of employment in the Denver metropolitan area, but the public sector also represents a sizeable portion of the area's job base. As the capital of Colorado, the City and County of Denver has a large concentration of government employees. Specifically, public sector employment in Denver consists of 13,700 federal government employees, 13,700 state government employees, and 35,900 employees in local government entities including

Denver Public Schools (15,150 employees) and the City and County of Denver (11,200 employees).

## International Trade

The Denver metropolitan area is located just west of the nation's geographic center and at the exact midpoint between Tokyo and Frankfurt. As a result, it serves as an ideal hub for businesses focused on interstate and international commerce. Shipping businesses can access the Denver metropolitan area via all transportation modes except water, and the region's location midway between Canada and Mexico – U.S. partners under the North American Free Trade Agreement (NAFTA) – is another asset for trade-focused companies. About one-third of the total dollar value of export shipments from Colorado went to Canada and Mexico in 2014; others of the state's largest trading partners include China, Japan, Netherlands, and Malaysia.

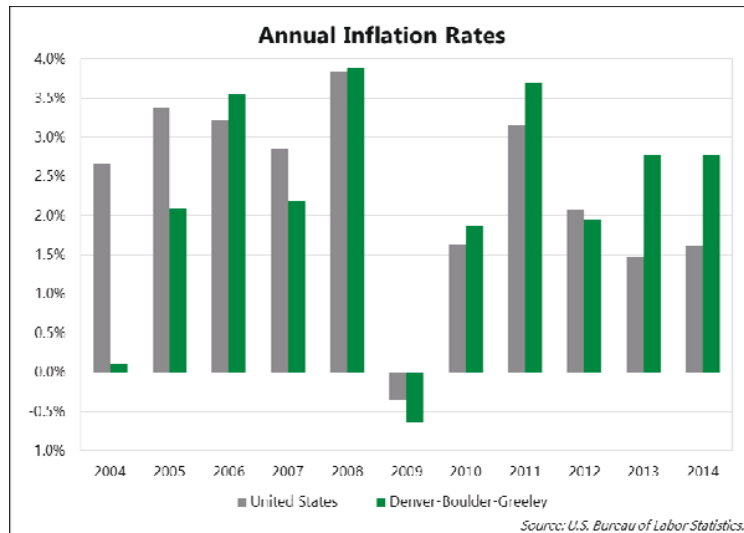
Between 2010 and 2013, Colorado's exports posted significant over-the-year growth, surpassing pre-recession levels. However, there was a 2.1 percent decline in exports between 2013 and 2014, marking the first over-the-year decline in exports since 2009. Much of the decline is attributed to exports to Canada, with an 18.7 percent decline during the period. The state exported considerably less agriculture and construction machinery and industrial machinery products to Canada in 2014. National exports increased from 2013 to 2014, rising 2.8 percent.

Key exports for Colorado include computer and electronic products, food and kindred products, machinery, and chemicals. Machinery exports decreased 21.8 percent between 2013 and 2014, the largest decrease of all export products, while computer exports declined 4.1 percent. The largest increases in the state's major export products occurred in electrical equipment products (20.7 percent), food products (9.3 percent), and chemicals (6 percent).



## Inflation

The U.S. Bureau of Labor Statistics measures inflation – or deflation – as a change in the Consumer Price Index (CPI). The CPI is a compilation of price measures for items in eight broad categories, the most heavily weighted of which are housing, transportation, and food and beverages. Housing carries the most weight of these three categories.



The weight placed on housing costs is one reason why the U.S. average and Denver-Boulder-Greeley CPIs have varied over the past decade. Slow economic growth following the 2001 recession and a milder-than-average home price boom meant the Denver-Boulder-Greeley CPI rose at a slower-than-average pace between 2003 and 2005. Oil prices – which tend to drive CPI when they are most volatile – rose in 2005 and brought the local and national inflation rates closer together.

The Denver-Boulder-Greeley area reported prices that increased at a faster pace than the U.S. in four of the last five years. The Denver-Boulder-Greeley CPI rose 2.8 percent in 2013, 1.3 percentage points higher than the U.S. CPI.

During 2014, the Denver-Boulder-Greeley index rose 2.8 percent, while the U.S. index increased 1.6 percent.

CPI data suggests a few categories are driving the price increases that are faster than the national average. Housing costs in the Denver-Boulder-Greeley area rose 4.9 percent between 2013 and 2014, while housing costs across the U.S. rose just 2.6 percent during the same period. Further, transportation costs rose 0.7 percent in the Denver-Boulder-Greeley area but declined 0.7 percent nationally.

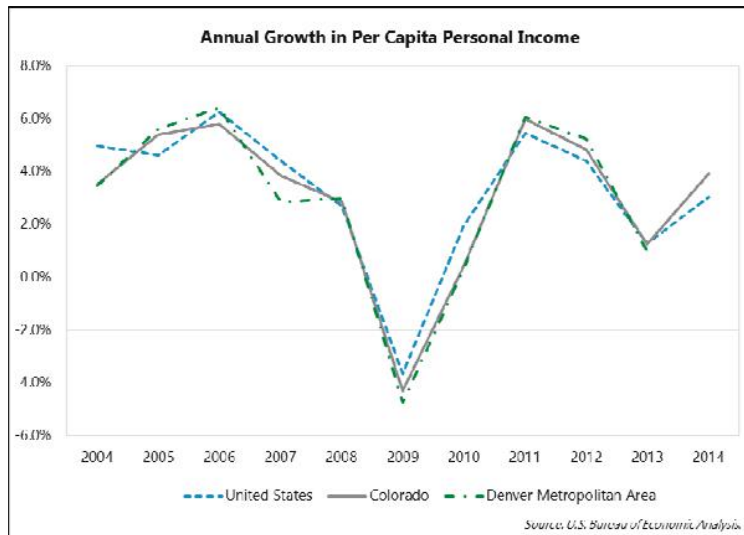
Denver-Boulder-Greeley prices for education and communication, food and beverages, housing, medical care, recreation, and transportation rose more quickly than U.S. prices in 2014. Apparel and other goods and services reported lower price indices for 2014 compared with the prior year.

## Income

### Colorado

The largest component of personal income is earnings from work, meaning a difficult labor market and slow wage growth can affect overall personal income trends. The 2008 housing crisis pushed total personal income growth downward, leading to a decline of 2.7 percent in 2009. Growth began to recover in 2010 (1.9 percent) and continued in 2011 (7.5 percent). In mid-2013, the Colorado economy was one of only 13 states to recover all jobs lost during the 2008 recession, starting the state on a path of economic expansion. With the rest of the country still in recovery mode, personal income in Colorado rose at a slightly faster pace than the national average. This was also the time when investments began to rise, with the stock market reaching new highs and the housing market rebounding. State personal income grew at a 6.3 percent pace in 2012, 2.8 percent in 2013, and 5.6 percent in 2014.

## AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA



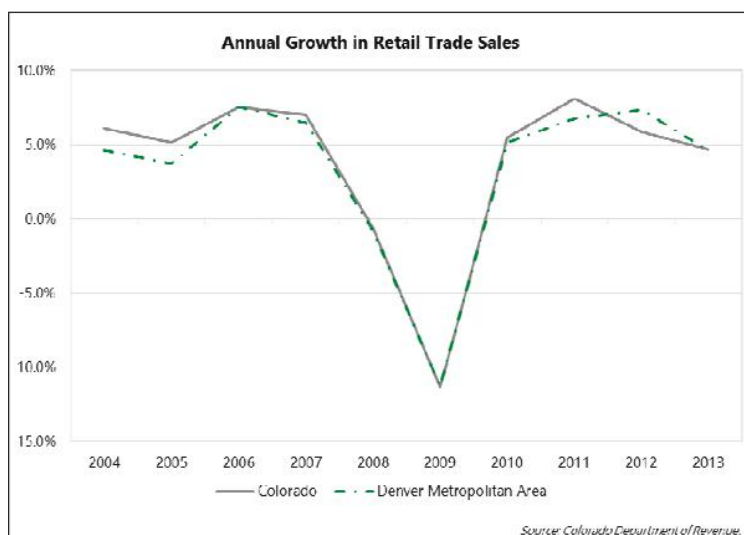
Growth in per capita personal income – or total personal income divided by population – has recently been faster-than-average in Colorado. The state’s population growth has historically grown at a pace faster than the national average, which sometimes dampens per capita income growth rates. For example, the state’s per capita income growth rate of rate of 1.3 percent in 2013 matched the national rate. In 2014, per capita income growth picked up again as unemployment rates fell, rising 3.9 percent. In Colorado, per capita personal income was \$48,730 in 2014, or 106 percent of the national average, representing the 14th highest level of the states.

### Denver Metropolitan Area

Personal income trends in the Denver metropolitan area have roughly followed the statewide trend over the past decade. Income growth slowed after the 2001 recession, accelerated between 2004 and 2006, and slowed – eventually declining – during the most recent recession. The decline in Denver metropolitan area total personal income between 2008 and 2009 (-3.1 percent) was steeper than the decline reported nationwide (-2.8 percent), but the region’s personal income grew faster than the national average in 2013, increasing 2.9 percent compared with the national increase of 2 percent.

Denver metropolitan area per capita personal income in 2013 (\$52,357) was 117 percent of the U.S. average. Comparatively high wage rates tend to keep per capita personal income in the Denver metropolitan area above the national average. A separate measure, the Denver metropolitan area average annual wage, reached \$56,514 in 2013, which was up 0.3 percent over the 2012 annual average.

### Retail Trade



Retail sales account for a large part of the nation’s total economic output and are a useful indicator of overall consumer health. The recession pushed national retail sales down in 2008 and 2009, when sales declined 1.2 percent and 7.1 percent, respectively. However, as consumer financial situations recovered and confidence rose, retail sales also grew, increasing 4.2 percent in 2013 and 4 percent in 2014. Durable goods sales also recovered, an encouraging sign since these products tend to be more expensive and represent a long-term commitment, such as cars. In fact, motor vehicle sales rose 9.3 percent in 2013 and 8.2 percent in 2014. The strong increase in consumers purchasing



## AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

### Denver Metropolitan Area Retail Trade Sales (\$000s)

Industry	2012	2013	Percent Change
Retail Trade:			
Motor Vehicle / Auto Parts	\$8,903	\$9,639	8.3
Furniture and Furnishings	\$1,542	\$1,685	9.3
Electronics and Appliances	\$1,471	\$1,415	-3.8
Building Materials / Nurseries	\$2,752	\$3,043	10.6
Food/Beverage Stores	\$8,802	\$8,989	2.1
Health and Personal Care	\$1,759	\$1,926	9.5
Service Stations	\$2,770	\$2,689	-2.9
Clothing and Accessories	\$2,386	\$2,427	1.7
Sporting/Hobby/Books/ Music	\$1,505	\$1,543	2.5
General Merchandise/			
Warehouse	\$6,552	\$6,646	1.4
Misc. Store Retailers	\$1,863	\$2,148	15.3
Non-Store Retailers	\$796	\$817	2.7
Total Retail Trade	\$41,101	\$42,968	4.5
Food / Drinking Services	\$5,760	\$6,061	5.2
<b>TOTAL</b>	<b>\$46,861</b>	<b>\$49,029</b>	<b>4.6</b>

*Note: Data are not adjusted for inflation. Sales by industry may not add to totals due to rounding and data suppression. Source: Colorado Department of Revenue.*

vehicles signaled that households were financially more stable than they were during the recession when motor vehicles sales decreased significantly by 14 percent in 2008 and 13.9 percent in 2009. The impressive rebound may also partially be due to the delay in purchasing big ticket items during difficult times.

### Colorado

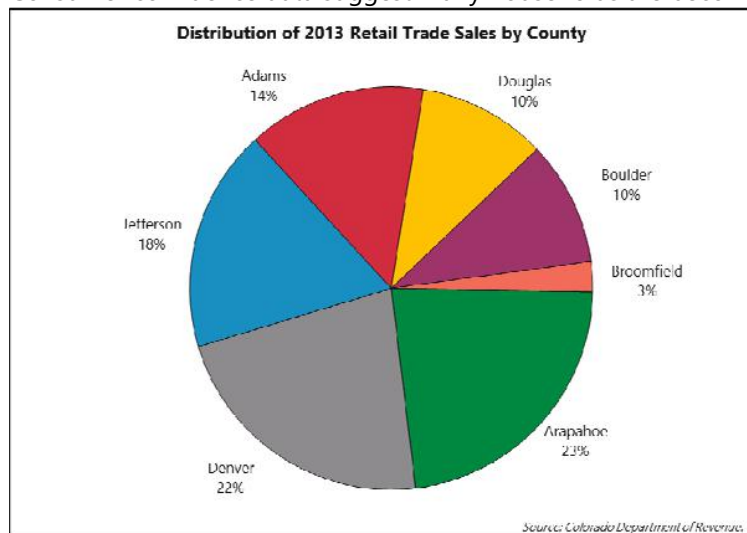
Reflecting the recessions that began in 2001 and 2007, retail trade sales in Colorado fell in 2002 and 2003 and again in 2008 and 2009. However, as the labor market recovered, retail trade sales increased with the consumers' recovering incomes and spending abilities. After a decline in 2009, retail trade sales increased 5.5 percent in 2010 and increased even more in 2011 by 8.1 percent. Sales growth slowed slightly in 2012 to 5.9 percent, possibly reflecting the slower growth in personal income and that much of the pent-up demand was satisfied in 2011. The increase in retail trade sales continued to slow through 2013,

growing at a rate of 4.7 percent or 1.2 percentage points slower than in 2012.

### Denver Metropolitan Area

Like sales in Colorado, retail trade sales in the Denver metropolitan area grew rapidly in 2006 and 2007. A strong housing market allowed households more asset-based wealth, and solid job and income growth also supported retail activity. When the most recent recession dramatically lessened household wealth and drove unemployment higher, Denver metropolitan area retail trade sales fell 0.8 percent in 2008 and 11.3 percent in 2009.

Consumer confidence data suggest many households are becoming more optimistic about the economic



situation, and consumers have noticeably increased their spending since the recession. Denver metropolitan area retail trade sales rose 7.3 percent in 2012 and 4.6 percent in 2013. Sales of motor vehicles and auto parts, a good indicator of healthy spending, rose 8.3 percent in 2013. Furniture and furnishings, another durable goods category, increased 9.3 percent. Sales for two of the largest contributors to total Denver metropolitan area retail trade sales – grocery stores and general merchandise stores – rose 2.1 percent and 1.4 percent between 2012 and 2013, respectively.

Arapahoe County – which has the largest share of retail trade activity in the Denver metropolitan area – showed retail trade sales

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growth of 5.6 percent. Sales in each county in the Denver metropolitan area increased in 2013, with the smallest over-the-year gain in the City and County of Broomfield (1.9 percent). The other counties increased between 3.2 percent (Jefferson County) and 6.3 percent (Douglas County).

### Residential Real Estate

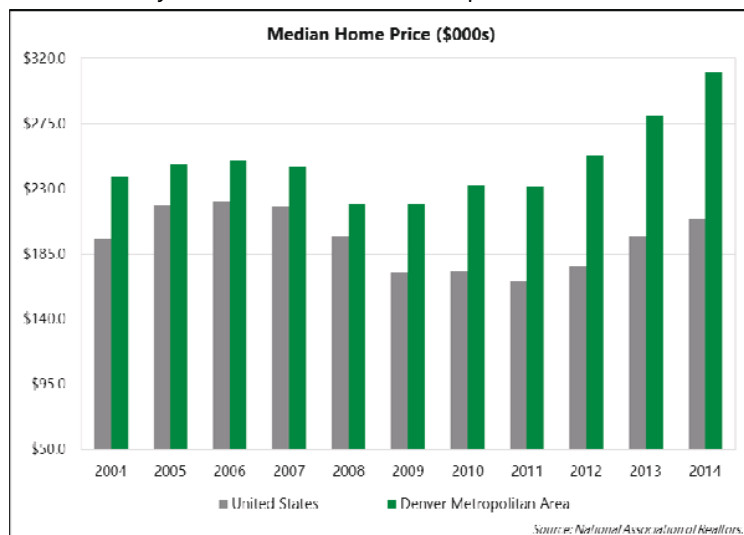
Combined, all aspects of the housing market – from new home construction to money spent on mortgage and rental payments, furnishings, and home improvements – contribute significantly to the nation's economy.

With strong population growth throughout the state, the housing market makeup has changed to adjust to the preferences of the growing millennial population and the aging baby boomers. Census data show the U.S. homeownership rate fell from 69.1 percent in the first quarter of 2005 to a third quarter 2014 rate of 64.4 percent, the lowest rate reported since 1995. The shift in homeownership for individual states has been even more profound: Colorado's homeownership rate fell from 72.1 percent in the first quarter of 2005 to 64.8 percent in the fourth quarter of 2014.

The decline in the Colorado homeownership rate is likely due to several factors, including rapidly rising prices that are keeping some households out of the ownership market, the limited supply of homes available for sale, and changing housing preferences due to demographic shifts. While interest rates are at record lows nationally, the disconnect between the high demand for homes and the low supply has pushed home prices to record high levels. Demand for housing is urging new construction activity, resulting in increasing new residential building permits for single-family attached and detached homes.

### Residential Home Prices

The limited supply of homes for sale and the high demand from new home buyers drove up the median home price in the Denver metropolitan area through 2014. The median home price rose 10.5 percent to \$310,200. Of the past six years, 2011 was the only year to record a decline in the median home price, falling 0.4 percent over-the-year. Since 2011, median home prices have risen at a rapid pace in the Denver metropolitan area. The median home price increased over-the-year in both 2012 and 2013, rising 9.1 percent and 11.2 percent, respectively. The Denver metropolitan area median home price is now 24 percent higher than the 2006 peak, whereas the 2014 national median home price remained 6 percent lower than the 2006 peak. Many states throughout the country are still in recovery mode from the Great Recession, therefore housing prices have not risen as rapidly across the nation as they have in the Denver metropolitan area. Further, housing inventory has not kept up with the fast population growth.



The S&P/Case-Shiller Home Price Index shows that the Denver home price index reached record highs in 2014. Denver and Dallas remain the only two cities tracked in the index that have surpassed their prerecession peaks. The December 2014 data shows the Denver index was 12.8 percent above its peak in August 2006. The 20 city composite index was 16.2 percent below its peak in July 2006. Another housing price index, the Federal Housing Finance Agency's Home Price Index shows Denver as having the 13th highest (+9.2 percent) over-the-year increase of 100 metropolitan areas using fourth quarter 2014

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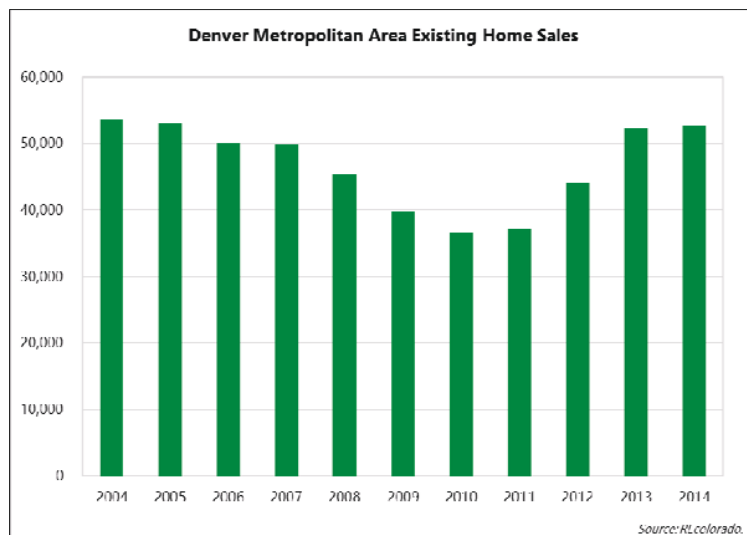
data. When comparing the Denver area index to its five-year value change, it ranks 11th with a positive change (+33.9 percent). Both price indexes, though using different methodologies, indicate that Denver metropolitan area home prices are rising rapidly. While increasing home prices are a positive sign for the economy, the rate at which prices are rising suggests a significant disconnect in the supply and demand for homes.

### *Foreclosures*

According to experts, foreclosure activity recently reached some of the lowest levels in 20 years. Foreclosure filings fell 29 percent in 2014 to 5,342 in the Denver metropolitan area, following a 50 percent decline in 2013. Each of the seven counties in the Denver metropolitan area recorded a substantial decline in foreclosures in 2014, ranging from a 44 percent decline in the City and County of Broomfield to a 23 percent decline in Arapahoe County. The count of new filings reported in the City and County of Denver in 2014 (1,087) was 33 percent lower than the 2013 count.

### *Residential Home Sales*

Denver metropolitan area existing home sales reached a peak (53,482) in 2004. Sales declined for six years following that time, reaching a low of 36,650 sales in 2010. Beginning in 2011, there has been positive over-the-year growth in existing home sales, signaling a strengthening housing market. With a growing job market pushing households into a healthier financial situation, demand for homes increased. While demand remains high, low



inventory and rapidly rising prices challenged home sales during 2014.

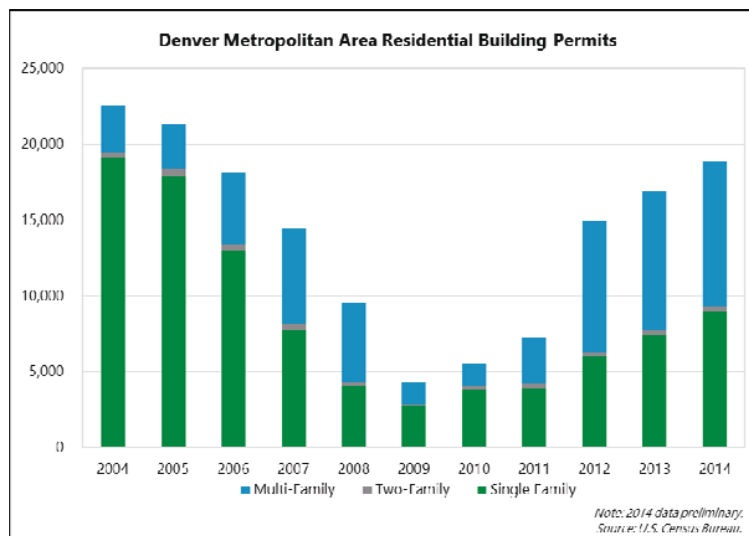
Existing home sales rose 18.6 percent between 2012 and 2013, but sales rose only 0.6 percent between 2013 and 2014. The slower growth rate is another indication of the tight inventory levels. There were 52,723 total home sales in 2014, which was 1.4 percent lower than the 2004 peak. Inventory levels are at the lowest level on record, constraining options for homebuyers and potentially inhibiting further growth. As mortgage lending rules become less restrictive and new units come online, the pent up demand in the residential real estate market should be alleviated.

### *Residential Building Permits*

Metro Denver is a top destination for relocation with above-average employment growth and a high quality of life. With a growing job market pushing households into a healthier financial situation, demand for homes increased significantly. High demand and low inventory have constrained the residential real estate market, and new development has just recently started to provide some relief.

With aging baby boomers and an expanding economy, there has been a shift in the type of housing demanded. There has been an increased demand for senior living facilities, ranging from independent senior living to assisted living facilities. During the recession, many families doubled up in housing in order to conserve financial stability. With the Denver metropolitan area's economy on an expansionary path, those families that doubled up during the recession are looking to move into their own home.

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While the dynamics of the residential real estate market are shifting, construction permits rose at a steady pace through 2014. There were over 18,800 residential construction permits issued in the Denver metropolitan area in 2014, an increase of 11.4 percent compared with 2013. Single-family detached permits rose 20.9 percent over 2013, single-family attached permits decreased 5.5 percent, and multi-family construction increased 4.4 percent. It is important to note that multi-family construction, which has historically represented between 25 and 30 percent of the total number of new units each year, represented 50 percent of the total in 2014.

Total permits issued in the City and County of Denver rose 1.5 percent between 2013 and 2014, after an increase the previous year of 5.2 percent. The slight increase was attributed to a 33.2 percent increase in single-family detached permits (1,710 permits) and a 12.1 percent increase in single-family attached units (287 permits). Multi-family permits declined 8.5 percent, reaching 3,961 total permits.

### *Apartment Market*

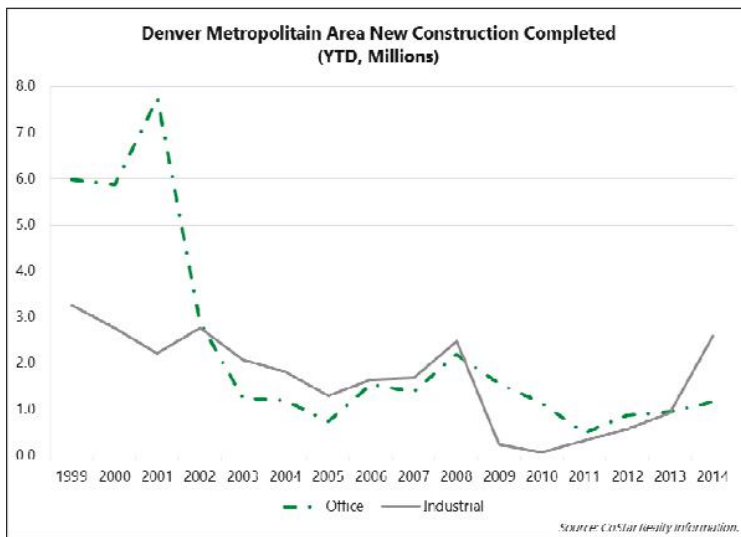
Apartment vacancy data also indicates that demand for apartments is at an all-time high in the Denver metropolitan area. The vacancy rate reached 3.9 percent during the third quarter of 2014, the lowest vacancy rate in the area since 2001. The fourth quarter level (4.7 percent) was 0.5 percentage points lower than the prior year and 4.3 percentage points lower than the peak of 9 percent in 2009. The *Denver Metro Apartment Vacancy and Rent Survey* shows average annual vacancy rates decreased from 2013 to 2014 in four of the six county-level markets included in the report. The vacancy rate increased 2.1 percentage points in the Boulder/Broomfield submarket and was unchanged in Arapahoe County. Vacancy rate changes in the other counties ranged from a decrease of 0.8 percentage points in Adams County to a 0.1 percentage point decline in the City and County of Denver.

Rising apartment demand and falling vacancy rates pushed average lease rates to record highs: the Denver metropolitan area average rent increased 9.7 percent between 2013 and 2014 to \$1,126 per month. Every county reported over-the-year increases in the average rental rate. Adams County recorded the largest increase in the average rental rate, reporting an 11.2 percent increase between 2013 and 2014. The City and County of Denver recorded an average rental rate of \$1,130 for 2014, an increase of 8.8 percent from the previous year.

### **Commercial Real Estate**

The first decade of the new millennium presented many challenges for the commercial real estate market. The nation suffered two recessions, one in 2001 and another in 2007 through 2009. Prior to the 2001 recession, commercial development in the Denver metropolitan area was booming, adding millions of square feet of new office construction each year. Construction activity dropped significantly after the 2001 recession and has remained below those all-time highs. Recent office construction has been impacted by companies demanding less space as they implement new strategies to use space more efficiently, utilize coworking space and desk sharing, and offer more telecommuting options.

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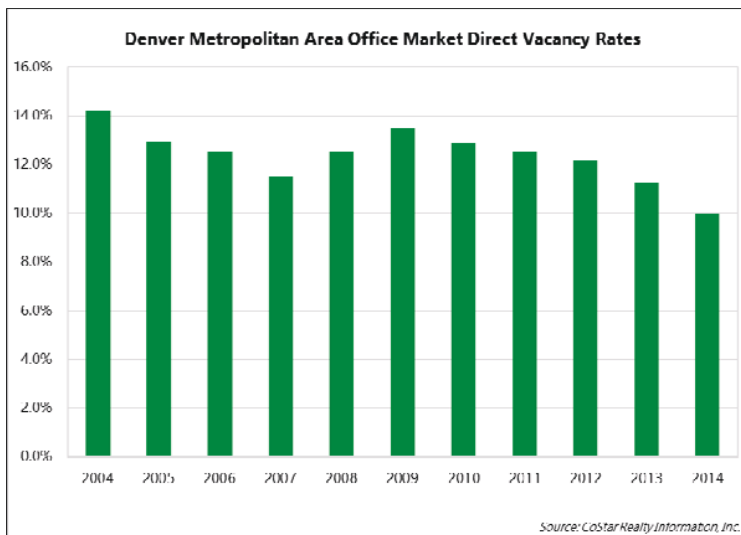
While the 2001 recession strongly affected the office market, the 2007-2009 recession had a larger impact on the industrial market in the Denver metropolitan area. Between 2008 and 2010, new industrial construction fell from nearly 2.5 million square feet to under 0.1 million square feet. The recession led to decreases in personal consumption and consumer confidence, which led to a decline in demand for industrial space as space for manufacturing and inventory storage was not needed.

Due to the volatile path of commercial real estate construction over the past 12 years, construction activity over the last several years was slow and allowed for the continued

decline in vacancy rates. The commercial real estate markets in the Denver metropolitan area reported significant improvements in 2014, recording record low vacancy rates and record high average lease rates. The recent improvement in the commercial real estate markets has triggered build-to-suit activity and speculative commercial development for the first time since the Great Recession.

### Office Activity

Data from CoStar Realty Information, Inc. show the direct office market vacancy rate in the Denver metropolitan area fell in 2014 to 10.1 percent, the lowest rate since 2001. Office lease rates have steadily



increased since the fourth quarter of 2010 and have continued to record new highs every quarter since. The average lease rate in the fourth quarter of 2014 (\$22.89 per square foot) was the highest recorded lease rate since at least 1999.

Several large build-to-suit office projects were completed in 2014, including the Charles Schwab Campus world headquarters, the One Union Station south wing, and the Cornerstar Healthcare Plaza. As of the end of 2014, 1.2 million square feet of office space was completed and 2.85 million square feet was under construction.

### Industrial and Flex Activity

CoStar Realty Information shows that the industrial direct vacancy rate for the Denver metropolitan area of 2.9 percent during the fourth quarter of 2014 was the lowest level on record. The improved local economy triggered growth in the manufacturing sector, leading to increased demand for inventory and production space. This growth pushed the vacancy rate down and the average lease rate up. The high demand for industrial space pushed the

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average lease rate to \$6.06 per square foot in the fourth quarter of 2014, 19 percent higher than the previous year's level of \$5.09 per square foot.

Flex market lease rates surpassed their 2008 peak in the fourth quarter of 2014. The Denver metropolitan area direct flex market lease rate was \$9.88 per square foot, 2.2 percent above than the fourth quarter 2008 average. Direct flex market vacancy in the fourth quarter (8.5 percent) was 1 percentage point below the year-ago level and was the lowest level since 1999.

New construction in the industrial and flex markets was mostly build-to-suit projects. After the completion of about 1 million square feet of new industrial and flex space in 2013, nearly 3.2 million square feet was completed in 2014. Some of the more notable projects completed in 2014 included multiple buildings at the Enterprise Business Center, Caprice Commerce Center buildings one and two, a new ViaWest datacenter, the Benjamin West headquarters, and a new building at the Concord Business Center. In the fourth quarter of 2014, there was just under 1.7 million square feet of industrial and flex space under construction.

### *Retail Activity*

Personal consumption and retail sales increased at a healthy clip in 2014. Low interest rates and falling gasoline prices in 2014 led to an income effect, which gave consumers additional funds for discretionary spending and allowed them to purchase big ticket items. These positive components of the market increased demand for retail space, but the retail market has not responded at the same pace as the office, industrial, and flex markets. The direct vacancy rate for the retail market was 5.5 percent in 2014, falling 2.7 percentage points from the 2009 peak of 8.2 percent. While the vacancy rate has fallen, the average lease rate for retail space has been mostly unchanged. The fourth quarter 2014 average lease rate was \$15.50 per square foot, which was just 0.5 percent higher than the rate one year ago.

The amount of retail construction completed slowed in 2014, with nearly 600,000 square feet of space completed compared with the 1.15 million square feet of space completed the previous year. Most of the new spaces completed were small, with an average of 11,600 square feet of space per building in 2014. There was nearly 900,000 square feet of retail space under construction as of the end of 2014.

### *Medical Facilities*

The Denver metropolitan area is a leading healthcare and wellness hub and receives support from cutting-edge research and development facilities, unmatched talent, and state-of-the-art amenities. The healthcare system has experienced a rapid increase in demand for healthcare services due to changes in healthcare policy and the aging population. The elevated demand furthered new construction activity in the healthcare sector from diversified hospitals to clinics and urgent care facilities.

Completed projects through 2014 included the \$623 million National Jewish Health-Saint Joseph Hospital, the \$3.7 million Platte Valley Medical Center in Commerce City, and Centura Health opened three new health and wellness centers. Other projects continuing construction and slated to begin in 2015 include an expansion of the stroke and neuroscience program at Swedish Medical Center, an expansion of the Littleton Adventist Hospital, a \$90 million expansion and renovation of Craig Hospital, and continued construction at Centura Health's St. Anthony North Health Campus.

The healthcare field is particularly active in Aurora, which is home to the Fitzsimons Life Sciences District and the adjacent Anschutz Medical Campus, the largest medical-related redevelopment site in the nation. The University plans to build a \$63 million Center for Personalized Medicine and Biomedical Informatics. Adjacent to the Anschutz Medical Campus is the U.S. Department of Veterans Affairs (VA) Eastern Colorado Healthcare System



hospital and facility. Construction on this facility continues, and will house the VA Schizophrenia Research Center, one of three nationwide.

### Transportation

With access by road, rail, and air, the Denver metropolitan area is one of the country's most important transportation hubs. The region's national and international connectivity both reflects and supports its dynamic economy.

#### *Highways*

Colorado's transportation network includes almost 1,000 miles of Interstate highway, more than 300 miles of other freeways and expressways, and almost 87,100 miles of arterials, collectors, and local roads. The Texas Transportation Institute compiles data on transportation in cities across the U.S. and reported that the Denver-Aurora area had nearly 1.4 million commuters who logged 22.2 billion vehicle-miles of freeway travel and 542 million passenger miles on public transportation in 2011. Commuters in the Denver-Aurora area also observe 45 hours of traffic congestion annually per commuter, ranking Denver with the 13 highest traffic congestion of the 101 tracked metropolitan areas.

There are several major highway projects in progress throughout the Denver metropolitan area, with the goal of making travel easier on the commuter and enhancing the performance of the highway system. The I-25 and Santa Fe Drive project replaced bridge structures on I-25 over Santa Fe Drive and will add a single point interchange at the intersection. Another project will use the existing highway infrastructure to expand the capacity of I-25 by adding one HOV/tolled Express Lane in each direction. The US 6 Bridges Design-Build Project will replace six existing bridges, build six new bridges, construct new ramp structures to accommodate existing traffic, construct a bicycle/pedestrian bridge, and improve mobility through the I-25 and US 6 interchange.

#### *Mass Transit*

The Regional Transportation District (RTD), funded by a one percent sales tax, oversees the Denver metropolitan area's mass transit system. RTD operates 1,011 buses on 138 fixed routes and 172 light rail vehicles on six light rail lines (C, D, E, F, H, and W). The District operates 77 Park-n-Rides, 46 light rail stations, and more than 9,700 bus stops. RTD also operates 36 hybrid-electric buses along the 16th Street Mall in downtown Denver and transports 45,000 visitors daily from one end of the mile-long pedestrian mall to the other free of charge. System-wide ridership for 2014 resulted in nearly 105 million boardings.

RTD works continually to expand capacity and services for public transportation in order to meet increasing demand. The FasTracks program is a \$7.4 billion buildout of a comprehensive, multi-modal metro transit system. Major FasTracks projects were completed in 2014 and several are ongoing in 2015. Denver's Union Station was completed in July 2014 and serves as the region's transportation hub providing passenger rail service for Amtrak, the Ski Train, and future FasTracks commuter rail lines; an expanded regional bus facility for RTD regional and express buses, the Downtown Circulator, and the 16th Street Mall Shuttle; and light rail service. RTD also broke ground on the North Metro Rail Line (opening 2018) and obtained approval for the Southeast Light Rail extension into Lone Tree. RTD expects to open five new projects in 2016 consisting of the East (downtown Denver to Denver International Airport), Gold (downtown Denver to Wheat Ridge), and I-225 rail lines, a portion of the Northwest rail line, and the U.S. 36 Bus Rapid Transit Corridor. When the system is completed, there will be 122 miles of new rail service, 18 miles of bus rapid transit, 57 new stations, 31 new Park-n-Rides, and 21,000 new parking spaces.

### *Air*

Denver International Airport (DIA) is a state-of-the-art facility owned and operated by the City and County of Denver and celebrates 20 years of operation in 2015. Occupying 53 square miles and located approximately 24 miles northeast of downtown Denver, DIA is the primary airport serving the nine-county region and the state of Colorado. DIA has more than 35,000 badged employees who work at the airport and approximately 1,200 City and County of Denver employees.

DIA accommodated 53.5 million passengers in 2014 with six runways, three concourses, 109 gates, and 42 regional aircraft positions. DIA serves the ever-expanding international travel market via the sixth runway, the longest in North America. DIA has 15 commercial carriers offering scheduled nonstop service from Denver to more than 180 domestic and international destinations, with major hubs for United, Southwest, and Frontier Airlines. In 2014, DIA and airline staff managed about 1,500 flight operations and more than 146,000 passengers every 24 hours. Total airport passenger traffic rose 1.7 percent between 2013 and 2014 and was about 916,200 passengers above the prior year's level of 52.6 million. DIA ranks as the nation's fifth-busiest airport by passenger traffic and is the 15th busiest airport worldwide.

The Denver metropolitan area is a natural hub for cargo operations due to its central U.S. location and access to an extensive freight network and major interstate highways. Additionally, the airport's air cargo and mail facilities comprise 375,000 square feet in five buildings south of the airfield, with room to expand. DIA is home to several world-class cargo companies and support facilities, including World Port Cargo Support, DHL, UPS, FedEx, and United Airlines cargo. The U.S. Postal Service facility is also located nearby, providing a wide array of competitive shipping and receiving options. Further, more than 50 freight forwarders and customs brokers operate within 20 miles of DIA. The total amount of cargo shipped through DIA increased slightly between 2013 and 2014. With the consumers and businesses growing more confident in the economy, air freight activity picked up and gained a greater portion of the airport's daily operations. Eight cargo airlines and 13 major and national carriers currently provide DIA cargo service, and the carriers handled roughly 519 million pounds of shipments – including 486.6 million pounds of freight and express and 32.9 million pounds of air mail – in 2014.

DIA is a recognized leader in sustainability efforts, and was the first airport in the nation to receive ISO 14001 Environmental Management System certification in 2004. The airport is also a Gold Member of the Colorado Department of Public Health and Environment's Environmental Leadership Program. The airport continually works to reduce its carbon footprint through a variety of energy efficient technologies. DIA is the largest distributed generation photovoltaic energy producer in Colorado and its four solar array systems produce approximately 6 percent of the airport's total electrical power requirements. The airport has one of the largest compressed natural gas fleets in the country including 172 buses, sweepers, and other alternatively fueled vehicles, and 121 electric and hybrid electric vehicles. Alternative vehicles comprise roughly 51 percent of the airport's light duty fleet.

Construction continued in 2014 on the Hotel and Public Transit Center. The Westin Hotel at Denver International Airport will have 519 rooms, a 26,000-square-foot conference center to hold up to 2,500 people, and many amenities including a pool and workout center. The Westin Hotel is expected to open in November 2015. The airport also completed a \$10.3 million reconstruction of Runway 7-25, a \$14.7 million upgrade to the lighting system on Runway 8-26, replaced the lighting in the east and west parking garages with energy-efficient LED lighting, and added the fourth solar array that is capable of generating 2 megawatts (MW) of power.

Three reliever airports complement DIA's expanding role in the Denver metropolitan area economy. Centennial Airport serves the southeast metro area; Front Range Airport is located six miles southeast of DIA and serves the northeast Denver metropolitan area; and Rocky Mountain Metropolitan Airport serves Jefferson, Broomfield, and Boulder Counties in the northwest area. Three general aviation airports – Boulder Municipal Airport, Erie Municipal Airport, and Vance Brand Municipal Airport in Longmont – also serve the Denver metropolitan area.



## Rail

Rail lines are a critical component of the nation's transportation system and are vital to the Denver metropolitan area's economic health and global competitiveness. Colorado is home to 14 freight railroads operating on more than 2,660 miles of track, and the Denver metropolitan area serves as a major hub for the Burlington Northern Santa Fe and Union Pacific railroad. In 2012, coal accounted for 74 percent of rail shipments originating in Colorado and more than 58 percent of shipments ending in the state. Cement was the second largest originating commodity (6 percent), while stone, sand, and gravel (8 percent) was the second largest commodity ending in the state. Colorado was ranked sixth in the country for originated rail tons of coal and fourth in rail tons of cement.

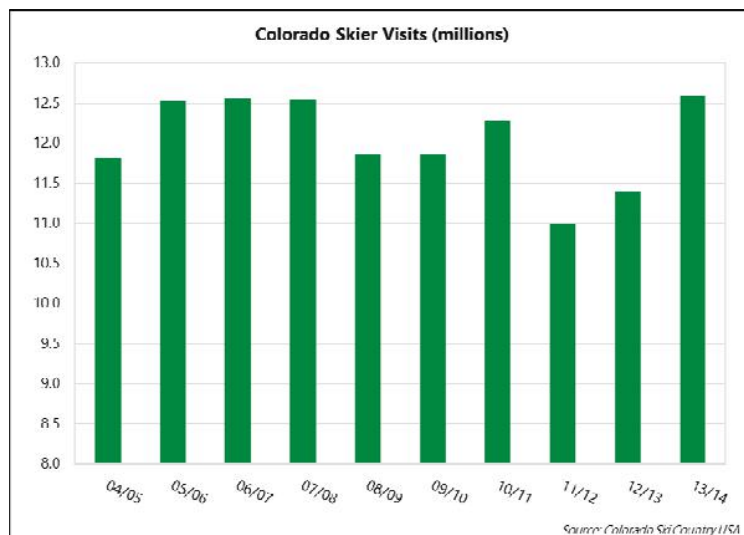
Passenger rail adds to the variety of travel options available in the Denver metropolitan area. Amtrak's California Zephyr route offers area residents transportation through the Rocky Mountains west of Denver and connects Chicago to San Francisco. The Southwest Chief route passes through Lamar, La Junta, and Trinidad, providing transportation between Kansas City, Kan. and Albuquerque, N.M. Almost 203,000 travelers passed through Colorado Amtrak stations in fiscal year 2014, and 55 percent of those travelers either boarded or alighted from trains in the Denver metropolitan area. There were 2.3 percent more riders in fiscal year 2014 than there were during the 2013 fiscal year.

## Tourism

The Denver metropolitan area is an international hub of tourism, drawing visitors in through outdoor recreation opportunities, arts and cultural events, and music and sports entertainment. The area is home to seven professional sports teams with three sports arenas, 90 golf courses, 850 miles of bike paths with 57 bike sharing stations, and 200 parks covering over 20,000 acres. The area also offers major attractions including a zoo, an aquarium, two waterparks, two amusement parks, over 40 museums, and 13 historical sites.

According to the most recent study by Longwoods International, Denver tourism activity increased to a record 14 million overnight visitors spending \$4 billion in 2013, representing a 3 percent increase in visitors and a 12 percent increase in spending over 2012. Top Denver attractions included the 16th Street Mall, the LoDo Historic District, and the Cherry Creek Shopping District, as well as numerous cultural facilities such as the Denver Zoo and the Colorado State Capitol.

Denver metropolitan area residents and visitors have access to numerous opportunities for skiing, hiking, backpacking, camping, biking, rafting, boating, mountain climbing, and hunting. The state is home to 25 ski and snowboard resorts, offering 325 ski lifts, 2,460 trails, and 42,680 skiable acres. Colorado is one of the nation's most-favored destinations for skiing: 12 of the 30 top resorts in *Ski* magazine's "2015 Resort Rankings" are located in the Colorado Rocky Mountains, with 11 resorts in the top 20.

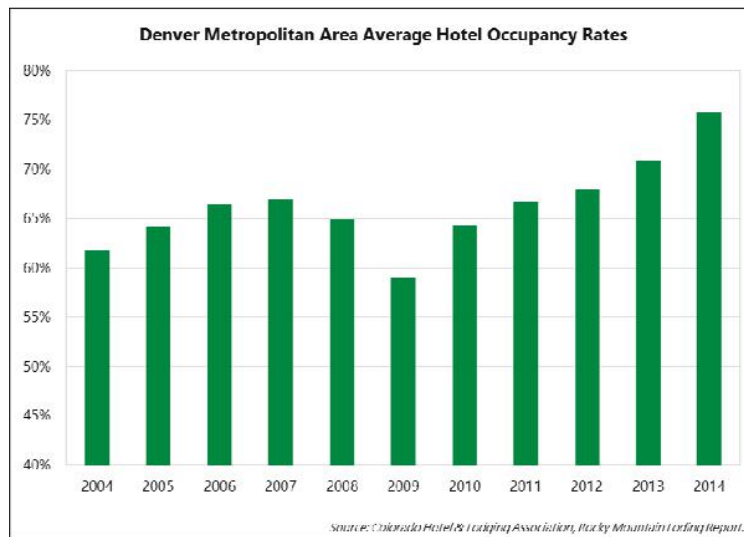


Twelve Colorado ski resorts – including several in the top resorts ranking – are located within two hours of the Denver metropolitan area. Data from Colorado Ski Country USA and Vail Resorts, Inc. indicate that 2013-14 ski season set new records for resort visitations, recording 12.6 million ski visits. This was a 10.1 percent increase from the prior season, with 1.15

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million additional skier visits. Colorado skier visits – or the count of persons skiing or snowboarding for any part of one day – increased in response to early snowfall and prime winter conditions, which helped set up a robust holiday visitation period.

While Colorado and the Denver metropolitan area are known to draw recreational visitors and outdoor enthusiasts, business, professional, and leisure travel has become increasingly popular in recent years. The Colorado Convention Center reported that there were 220 distinct events through 2013 and there were nearly 842,500 attendees. In 2013, attendance at cultural events exceeded 14 million in Metro Denver with an economic impact of \$1.9 billion.



Hotels, restaurants, and other attractions and events in Metro Denver were awarded numerous accolades in 2014. Among the awards were hotels recognized by *Travel + Leisure* as some of the top 100 in the world, *Livability* ranked Denver the second best city in the nation for beer, and *Forbes* named Denver the 13th best city for shopping. Events such as the National Western Stock Show, the Cinco de Mayo Festival, the USA Pro Challenge, and the Great American Beer Festival contribute positive economic impacts and attract thousands of tourists to the area.

Rising interest for business and leisure travel has led to elevated demand for hotel development throughout the Denver

metropolitan area. There are several new hotels in the pipeline for 2015, including a \$70 million Sage Hospitality hotel in Cherry Creek and two 18-story buildings that will house the AC Hotel by Marriot hotel and the Starwood-branded Le Meridien Hotel.

Between the increased demand for hotel rooms by travelers and the addition of new hotels to the market, average room rates for the Denver metropolitan area hit record highs in 2014. Data from the *Rocky Mountain Lodging Report* shows the region's average nightly room rate for 2014 (\$124.37) was 8.1 percent higher than the 2013 average, and the average occupancy rate for 2014 (75.8 percent) was also higher than the 2013 rate (70.8 percent).

### Summary

The Denver metropolitan area has a nonfarm employment base of over 1.5 million workers. Growth in the region has been slightly stronger than the state, with employment rising 3.6 percent between 2013 and 2014. Accounting for about 62 percent of the state's employment, the Denver metropolitan area added 52,200 jobs of the total 78,900 jobs added in the state during the last year. The unemployment rate in the Denver metropolitan area averaged 4.8 percent in 2014, representing a tightening of labor market conditions.

Just as the area historically was known as a magnet for the baby boomers, the area is now a choice location for the millennials. The millennials are the largest population group in the Denver metropolitan area, numbering just over 713,800 in 2014. While generation X (685,100 population) and baby boomers (684,500 population) dominate the labor force today, the millennials are making their mark on the workplace today and will represent the largest component of the labor force within 10 years.

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With limited supply in the residential real estate market and above average population growth, the median home price in the Denver metropolitan area increased 10.5 percent in 2014 to \$310,200 compared with the U.S. median of \$209,000. There were over 18,800 residential construction permits issued in the Denver metropolitan area in 2014, an increase of 11.4 percent compared with 2013. However, the dynamics of the residential real estate market are shifting. Multi-family construction, which has historically represented between 25 and 30 percent of the total number of new housing units built each year, represented 50 percent of the new construction in 2014.

The commercial real estate markets in the Denver metropolitan area reported significant improvements in 2014, recording record low vacancy rates and record high average lease rates. The recent improvement in the commercial real estate markets has triggered significant build-to-suit activity and speculative commercial development. The Denver metropolitan area is an international hub of tourism, attracting visitors with outdoor recreation opportunities, arts and cultural events, and music and sports entertainment. Continuing buildout of the FasTracks system, along with various other infrastructure improvements throughout the region, ensure the continued appeal of the Denver metropolitan area for new businesses, residents, and visitors.

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>POPULATION (July 1)</b>											
United States (thousands)	292,805	295,517	298,380	301,231	304,094	306,772	309,347	311,722	314,112	316,498	318,857
Colorado	4,608,811	4,662,534	4,745,660	4,821,784	4,901,938	4,976,853	5,049,717	5,117,368	5,188,504	5,264,890	5,350,572
Denver Metropolitan Area	2,558,106	2,582,177	2,626,197	2,670,038	2,716,819	2,762,164	2,797,896	2,847,228	2,897,837	2,951,798	3,002,629
<b>POPULATION GROWTH RATE</b>											
United States	0.9%	0.9%	1.0%	1.0%	1.0%	0.9%	0.8%	0.8%	0.8%	0.8%	0.7%
Colorado	1.2%	1.2%	1.8%	1.6%	1.7%	1.5%	1.5%	1.3%	1.4%	1.5%	1.6%
Denver Metropolitan Area	1.2%	0.9%	1.7%	1.7%	1.8%	1.7%	1.3%	1.8%	1.8%	1.9%	1.7%
<b>NET MIGRATION</b>											
Colorado	14,300	13,779	42,896	35,000	40,469	36,267	36,954	33,745	39,166	45,275	53,339
Denver Metropolitan Area	4,263	(1,367)	18,864	18,704	22,326	21,639	13,892	28,512	31,215	34,603	30,629
<b>NONAGRICULTURAL EMPLOYMENT</b>											
United States (millions)	131.7	134.0	136.4	137.9	137.2	131.2	130.3	131.8	134.1	136.4	139.0
Colorado (thousands)	2,179.6	2,226.0	2,279.1	2,331.3	2,350.3	2,245.6	2,222.3	2,258.6	2,313.0	2,381.9	2,460.8
Denver Metropolitan Area (thousands)	1,324.9	1,350.0	1,377.4	1,407.0	1,420.5	1,359.2	1,352.8	1,377.7	1,417.2	1,467.8	1,520.0
<b>NONAGRICULTURAL EMPLOYMENT GROWTH RATE</b>											
United States	1.1%	1.7%	1.8%	1.1%	-0.6%	-4.3%	-0.7%	1.2%	1.7%	1.7%	1.9%
Colorado	1.2%	2.1%	2.4%	2.3%	0.8%	-4.5%	-1.0%	1.6%	2.4%	3.0%	3.3%
Denver Metropolitan Area	0.8%	1.9%	2.0%	2.1%	1.0%	-4.3%	-0.5%	1.8%	2.9%	3.6%	3.6%

**2014 EMPLOYMENT DISTRIBUTION BY INDUSTRY**

	<b>United States</b>	<b>Colorado</b>	<b>Denver Metropolitan Area</b>
Natural Resources & Construction	5.1%	7.2%	6.3%
Manufacturing	8.8%	5.6%	5.4%
Wholesale & Retail Trade	15.2%	14.4%	14.5%
Transportation, Warehousing, Utilities	3.7%	3.2%	3.5%
Information	2.0%	2.8%	3.5%
Financial Activities	5.7%	6.2%	6.9%
Professional & Business Services	13.7%	15.7%	18.0%
Education & Health	15.4%	12.1%	12.5%
Leisure & Hospitality	10.6%	12.2%	11.0%
Other Services	4.0%	4.1%	3.8%
Government	15.7%	16.6%	14.5%

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>UNEMPLOYMENT RATE</b>											
United States	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%
Colorado	5.5%	5.0%	4.3%	3.7%	4.8%	7.3%	8.7%	8.3%	7.8%	6.8%	5.0%
Denver Metropolitan Area	5.6%	5.1%	4.3%	3.8%	4.9%	7.3%	8.5%	8.1%	7.5%	6.5%	4.8%
<b>CONSUMER PRICE INDEX (CPI-U, 1982-84=100)</b>											
United States	188.9	195.3	201.6	207.3	215.3	214.5	218.1	224.9	229.6	233.0	236.7
Denver-Boulder-Greeley	187.0	190.9	197.7	202.0	209.9	208.5	212.4	220.3	224.6	230.8	237.2
<b>INFLATION RATE</b>											
United States	2.7%	3.4%	3.2%	2.8%	3.8%	-0.4%	1.6%	3.2%	2.1%	1.5%	1.6%
Denver-Boulder-Greeley	0.1%	2.1%	3.6%	2.2%	3.9%	-0.6%	1.9%	3.7%	1.9%	2.8%	2.8%

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>TOTAL PERSONAL INCOME (millions, except as noted)</b>											
United States (billions)	\$10,043	\$10,606	\$11,376	\$11,990	\$12,429	\$12,080	\$12,418	\$13,190	\$13,873	\$14,151	\$14,709
Colorado	\$166,625	\$177,819	\$191,699	\$202,599	\$212,102	\$206,438	\$210,454	\$226,145	\$240,350	\$247,069	\$260,993
Denver Metropolitan Area	\$103,467	\$110,486	\$119,633	\$125,274	\$131,368	\$127,325	\$129,909	\$140,275	\$150,270	\$154,613	N/A
<b>TOTAL PERSONAL INCOME GROWTH RATE</b>											
United States	5.9%	5.6%	7.3%	5.4%	3.7%	-2.8%	2.8%	6.2%	5.2%	2.0%	3.9%
Colorado	4.6%	6.7%	7.8%	5.7%	4.7%	-2.7%	1.9%	7.5%	6.3%	2.8%	5.6%
Denver Metropolitan Area	4.3%	6.8%	8.3%	4.7%	4.9%	-3.1%	2.0%	8.0%	7.1%	2.9%	N/A
<b>PER CAPITA PERSONAL INCOME</b>											
United States	\$34,300	\$35,888	\$38,127	\$39,804	\$40,873	\$39,379	\$40,144	\$42,332	\$44,200	\$44,765	\$46,129
Colorado	\$36,421	\$38,390	\$40,611	\$42,174	\$43,377	\$41,518	\$41,689	\$44,183	\$46,315	\$46,897	\$48,730
Denver Metropolitan Area	\$40,855	\$43,148	\$45,909	\$47,216	\$48,625	\$46,314	\$46,459	\$49,280	\$51,854	\$52,357	N/A
<b>PER CAPITA PERSONAL INCOME GROWTH RATE</b>											
United States	5.0%	4.6%	6.2%	4.4%	2.7%	-3.7%	1.9%	5.5%	4.4%	1.3%	3.0%
Colorado	3.5%	5.4%	5.8%	3.8%	2.9%	-4.3%	0.4%	6.0%	4.8%	1.3%	3.9%
Denver Metropolitan Area	3.5%	5.6%	6.4%	2.8%	3.0%	-4.8%	0.3%	6.1%	5.2%	1.0%	N/A
<b>RETAIL TRADE SALES (millions, except as noted)</b>											
United States (billions)	\$3,834	\$4,084	\$4,304	\$4,446	\$4,394	\$4,083	\$4,306	\$4,627	\$4,863	\$5,067	\$5,270,328
Colorado	\$62,288	\$65,492	\$70,437	\$75,375	\$74,911	\$66,454	\$70,105	\$75,804	\$80,248	\$83,993	N/A
Denver Metropolitan Area	\$37,197	\$38,589	\$41,491	\$44,177	\$43,829	\$38,882	\$40,894	\$43,658	\$46,861	\$49,029	N/A

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>RETAIL TRADE SALES GROWTH RATE</b>											
United States	6.1%	6.5%	5.4%	3.3%	-1.2%	-7.1%	5.5%	7.5%	5.1%	4.2%	4.0%
Colorado	6.1%	5.1%	7.6%	7.0%	-0.6%	-11.3%	5.5%	8.1%	5.9%	4.7%	N/A
Denver Metropolitan Area	4.6%	3.7%	7.5%	6.5%	-0.8%	-11.3%	5.2%	6.8%	7.3%	4.6%	N/A
<b>MEDIAN HOME PRICE (thousands)</b>											
United States	\$195.2	\$219.0	\$221.9	\$217.9	\$196.6	\$172.1	\$173.1	\$166.2	\$177.2	\$197.4	\$209.0
Denver Metropolitan Area	\$239.1	\$247.1	\$249.5	\$245.4	\$219.3	\$219.9	\$232.4	\$231.4	\$252.4	\$280.6	\$310.2
<b>EXISTING HOME SALES</b>											
Denver Metropolitan Area	53,482	53,106	50,244	49,789	45,506	39,892	36,650	37,189	44,164	52,391	52,723
<b>NEW RESIDENTIAL UNITS</b>											
<b>DENVER METROPOLITAN AREA</b>											
Single Family	19,069	17,888	12,938	7,799	4,037	2,690	3,791	3,885	5,947	7,396	8,944
Two-Family	374	471	428	398	224	133	285	309	299	399	377
Multi-Family	3,108	2,953	4,769	6,195	5,296	1,465	1,478	3,005	8,679	9,145	9,545
Total Units	22,551	21,312	18,135	14,392	9,557	4,288	5,554	7,199	14,925	16,940	18,866
<b>OFFICE VACANCY RATE</b>											
Denver Metropolitan Area	14.1%	12.9%	12.5%	11.4%	12.5%	13.4%	12.9%	12.5%	12.1%	11.2%	10.1%
<b>HOTEL OCCUPANCY RATE</b>											
Denver Metropolitan Area	61.9%	64.1%	66.4%	67.0%	65.0%	59.0%	64.4%	66.8%	68.0%	70.8%	75.8%
<b>SKIER VISITS</b>											
	<b>04/05</b>	<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	<b>08/09</b>	<b>09/10</b>	<b>10/11</b>	<b>11/12</b>	<b>12/13</b>	<b>13/14</b>	<b>13/15</b>
Colorado (millions)	11.8	12.5	12.6	12.5	11.9	11.9	12.3	11.0	11.4	12.6	N/A

N/A: Not Available

**Sources:** U.S. Department of Commerce, Bureau of the Census; Colorado Division of Local Government, Demography Section; U.S. Department of Labor, Bureau of Labor Statistics; Colorado Department of Labor and Employment, Labor Market Information; U.S. Department of Commerce, Bureau of Economic Analysis; Colorado Department of Revenue; National Association of REALTORS; REcolorado; CoStar Realty Information, Inc.; Rocky Mountain Lodging Report; and Colorado Ski Country USA.

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**APPENDIX D**

**FORM OF SPECIAL COUNSEL OPINION**

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August 20, 2015

Regional Transportation District  
1600 Blake Street  
Denver, Colorado 80202

**\$193,915,000**  
**Certificates of Participation, Series 2015A**  
**Evidencing Assignments of Proportionate Interests in Rights to Receive**  
**Certain Revenues Pursuant to a Lease Purchase Agreement,**  
**between RTD Asset Acquisition Authority, Inc., as Lessor,**  
**and Regional Transportation District, as Lessee**

Ladies and Gentlemen:

We have acted as special counsel to the Regional Transportation District, Colorado (the “District”) in connection with its authorization, execution and delivery of the Lease Purchase Agreement dated as of August 20, 2015 (the “Lease”), between RTD Asset Acquisition Authority, Inc. (the “Corporation”), as lessor, and the District, as lessee. Certificates of Participation dated as of the date of their delivery (the “2015A Certificates”) are authorized under an Indenture of Trust dated as of August 20, 2015 (the “Indenture”), between the Corporation and UMB Bank, n.a., as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Lease and the Indenture. The 2015A Certificates represent assignments in rights to receive certain revenues pursuant to the Lease, as provided in the 2015A Certificates, the Lease and the Indenture.

In our capacity as special counsel, we have examined certified proceedings of the Board of Directors of the District and the Board of Directors of the Corporation, the Lease, the Indenture and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter.

Regarding questions of fact material to our opinions, we have relied upon the certified proceedings of the District, certifications of the Corporation and the Trustee, certifications of the Underwriters, and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as special counsel that:

1. The Lease has been duly authorized by the District and duly executed and delivered by authorized officials of the District and, assuming due authorization, execution and delivery by the Corporation, constitutes a valid and binding obligation of the District. Neither the Lease nor the 2015A Certificates constitutes a general obligation, other indebtedness or multiple fiscal year financial obligation of the District within the meaning of any constitutional or statutory debt limitation. Notwithstanding the foregoing, the District’s failure specifically to budget and appropriate funds to make payments due under the Lease for the ensuing Fiscal Year

will extinguish the obligations of the District to pay Base Rentals and Additional Rentals beyond the then current Fiscal Year.

2. Assuming the due authorization, execution, and delivery of the Lease by the Corporation, the due authorization, execution and delivery of the Indenture by the Corporation and the Trustee, and the due execution and delivery of the 2015A Certificates by the Trustee, the 2015A Certificates represent valid and binding assignments of rights to receive certain payments under the Lease.

3. The portion of the Base Rentals which is designated as interest in the Lease and paid as interest on the 2015A Certificates is excludable from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code (except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations), and is excludable from Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof; except that we express no opinion as to the effect which any termination of the District's obligations under the Lease may have upon the treatment for federal or Colorado income tax purposes of any moneys received or paid under the Indenture subsequent to such termination. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the District's certified proceedings and in certain other documents or certain other certifications furnished to us.

The opinions expressed in this opinion letter are subject to the following:

The rights of the owners of the 2015A Certificates and the enforceability of the 2015A Certificates and the Lease are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In rendering the foregoing opinions, we are not passing upon matters of the corporate status of the Corporation or the Trustee, the power of the Corporation to execute or deliver the Lease or the Indenture, the enforceability of the Lease or the Indenture against the Corporation, the power of the Trustee to execute or deliver the Indenture or the 2015A Certificates, or the enforceability of the Indenture or the 2015A Certificates against the Trustee.

In this opinion letter issued in our capacity as special counsel, we are opining only upon those matters set forth herein and we are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the 2015A Certificates, or upon any federal or state tax consequences arising from the receipt or accrual of interest on, or the rights and obligations under, the Lease or the 2015A Certificates, except those specifically addressed herein, or upon any matters pertaining to the priority of any security instrument executed in connection with this transaction, the existence

of any liens or other encumbrances on the 2015A Leased Property or the ownership of or proper description of any property included in the 2015A Leased Property.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

Butler Snow LLP

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**APPENDIX E**  
**FORM OF LEASE**

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**RTD ASSET ACQUISITION AUTHORITY, INC.,**

**AS LESSOR**

**AND**

**REGIONAL TRANSPORTATION DISTRICT,**

**AS LESSEE**

---

**LEASE PURCHASE AGREEMENT**

(With Authorization for Certificates of Participation, Series 2015A, in the Aggregate Principal Amount of \$193,915,000 Evidencing Assignments of Proportionate Interests in Rights to Receive Certain Payments Hereunder)

---

**DATED AS OF AUGUST 20, 2015**

The interest of RTD Asset Acquisition Authority, Inc. in this Lease Purchase Agreement has been assigned to UMB Bank, n.a., Denver, Colorado, as trustee (the "Trustee") under the Indenture of Trust dated as of August 20, 2015, between RTD Asset Acquisition Authority, Inc. and the Trustee, and is subject to the security interest of the Trustee.

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## **LEASE PURCHASE AGREEMENT**

THIS LEASE PURCHASE AGREEMENT (this “Lease”) dated as of August 20, 2015, entered into by and between the RTD ASSET ACQUISITION AUTHORITY, INC. (the “Corporation”), a nonprofit corporation duly organized and validly existing under the laws of the State of Colorado, as lessor, and the REGIONAL TRANSPORTATION DISTRICT, a public body corporate and politic and a political subdivision of the State of Colorado duly organized and existing under the laws of the State of Colorado (the “District”), as lessee;

### **WITNESSETH:**

WHEREAS, the District is authorized by part 1 of article 9 of title 32, Colorado Revised Statutes (the “Act”) to develop, maintain and operate a mass transportation system (the “System”) and in connection therewith to purchase or otherwise acquire personal property; and

WHEREAS, the Corporation is a nonprofit corporation organized, existing and in good standing under the laws of the State of Colorado (the “State”), is duly qualified to do business in the State, and, under its articles and bylaws, is authorized to own and manage its properties, to conduct its affairs in the State and to act in the manner contemplated herein; and

WHEREAS, the District has determined that it is in the best interest of the District to acquire certain equipment, vans, buses and light rail vehicles to be used in the System, all as described herein (the “2015A Acquisition Project” or the “Project”), and the District has determined to apply a portion of the moneys received in connection with the execution of this Lease, together with other available moneys of the District, to effectuate the 2015A Acquisition Project; and

WHEREAS, pursuant to this Lease, the District has leased from the Corporation the buses and light rail vehicles that comprise a portion of the 2015A Acquisition Project, as more specifically set forth in Exhibit A attached hereto, as it may be amended from time to time in accordance herewith (collectively, “2015A Leased Property”); and

WHEREAS, the equipment (the “2015A Equipment”) and vans (the “ADA Vans”) that will be acquired as part of the 2015A Acquisition Project will not be subject to this Lease and will not constitute 2015A Leased Property hereunder; and

WHEREAS, the Corporation has entered into a certain Indenture of Trust dated as of August 20, 2015 (as amended or supplemented from time to time, the “Indenture”), with UMB Bank, n.a., Denver, Colorado, as trustee (the “Trustee”); and

WHEREAS, pursuant to the Indenture, the Corporation has assigned (with certain exceptions) all of its rights, title and interest in, to and under this Lease to the Trustee; and

WHEREAS, pursuant to the Indenture, there are being executed and delivered the “Certificates of Participation, Series 2015A” (the “2015A Certificates”); and

WHEREAS, the proceeds from the sale of the 2015A Certificates will be disbursed by the Trustee, at the direction of the District as agent for the Corporation, to defray the costs of the 2015A Acquisition Project; and

WHEREAS, the 2015A Certificates shall evidence assignments of proportionate interests in the rights to receive Lease Revenues (as hereinafter defined) and shall be payable solely from the sources herein provided, and the Base Rentals and Additional Rentals (both as hereinafter defined) payable by the District hereunder shall constitute currently appropriated expenditures of the District, and shall not constitute a general obligation or other indebtedness of the District or multiple fiscal year direct or indirect debt or other financial obligation whatsoever or a mandatory charge or requirement against the District in any Fiscal Year (as hereinafter defined) beyond the then current Fiscal Year; and

WHEREAS, the Project and the execution, delivery and performance by the District of this Lease have been duly authorized and approved by the District; and

WHEREAS, the execution, delivery and performance of this Lease and the Indenture by the Corporation have been duly authorized and approved by the Board of Directors of the Corporation;

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

## **ARTICLE I DEFINITIONS**

All words and phrases defined in Article I of the Indenture shall have the same meaning in this Lease. In addition, the following terms, except where the context indicates otherwise, shall have the meanings in this Lease set forth below.

“2015A Acquisition Project” means the acquisition of the 2015A Equipment, the ADA Vans, and certain buses and light rail vehicles with the net proceeds of the 2015A Certificates. The buses and light rail vehicles acquired as part of the 2015A Acquisition Project shall constitute 2015A Leased Property hereunder. The 2015A Equipment and the ADA Vans acquired as part of the 2015A Acquisition Project shall not constitute 2015A Leased Property hereunder.

“2015A Certificates” means the “Certificates of Participation, Series 2015A” executed and delivered pursuant to the Indenture.

“2015A Equipment” means the equipment acquired as part of the 2015A Acquisition Project with a portion of the proceeds of the 2015A Certificates, which shall not constitute 2015A Leased Property under this Lease. The maximum aggregate net proceeds of the 2015A Certificates that shall be used to finance the cost of the 2015A Equipment shall not exceed \$8.0 million. For purposes of this definition, the buses and light rail vehicles that will be acquired with the net proceeds of the 2015A Certificates shall not be deemed to be 2015A Equipment.

“2015A Leased Property” means, collectively, the buses and light rail vehicles that comprise a portion of the 2015A Acquisition Project, and any other property that is subject to this Lease, as set forth in Exhibit A, as it may be amended from time to time or supplemented, and any property acquired in replacement or substitution therefor pursuant to the provisions of this Lease, which shall be leased to the District pursuant to this Lease. The 2015A Equipment and ADA Vans that are acquired as a portion of the 2015A Acquisition Project shall not be subject to this Lease and shall not constitute 2015A Leased Property hereunder.

“Act” means part 1 of article 9 of title 32, Colorado Revised Statutes, as the same may be amended from time to time.

“ADA Vans” means the ADA Vans acquired as part of the 2015A Acquisition Project with a portion of the proceeds of the 2015A Certificates, which shall not constitute 2015A Leased Property under this Lease. The maximum aggregate net proceeds of the 2015A Certificates that shall be used to finance the cost of the ADA Vans shall not exceed \$200,000.

“Additional Certificates” means any Certificates hereafter issued, in addition to the 2015A Certificates, as provided in the Indenture.

“Additional Rentals” means the cost of all taxes, insurance premiums, reasonable expenses and fees of the Trustee and the Corporation, costs of maintenance, upkeep, repair, restoration, modification, improvement and replacement, Reserve Fund payments, payments to any provider of a Qualified Reserve Fund Insurance Policy, Rebate Fund payments, Credit Enhancement Fees and all other charges and costs, including reasonable attorneys’ fees, which the District assumes or agrees to pay hereunder with respect to the 2015A Leased Property or the Certificates. Additional Rentals do not include Base Rentals.

“Base Rentals” means the payments payable by the District pursuant to Section 6.2 hereof and Exhibit B hereto, as it may be amended hereunder, during the Initial Term and any Renewal Term, which constitute the payments payable by the District for and in consideration of the right to use the 2015A Leased Property during the Lease Term.

“Base Rentals Fund” means the Base Rentals Fund created by the Indenture.

“Board” means the Board of Directors of the District.

“Certificates” means, collectively, the 2015A Certificates and any Additional Certificates.

“Completion Date” means the date of final acceptance of all of the 2015A Acquisition Project by the District, as evidenced by the certificate provided for in Section 7.3 hereof.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, between the District and Digital Assurance Certification, L.L.C., as dissemination agent, which constitutes an undertaking pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission.

“Corporation” means the RTD Asset Acquisition Authority, Inc., a Colorado nonprofit corporation, acting as lessor under this Lease and grantor under the Indenture, or any successor thereto.

“Corporation Representative” means any duly qualified director of the Corporation and any other person or persons at the time designated to act on behalf of the Corporation under this Lease or the Indenture by a written certificate furnished to the District and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by any duly authorized officer of the Corporation. The designation of the Corporation Representative may be changed by the Corporation from time to time by furnishing a new certificate to the District and the Trustee.

“Costs” or “Costs of the Project” shall be deemed to include payment of or reimbursement to the District for all costs and expenses in connection with the 2015A Acquisition Project and the 2015A Leased Property, including without limitation:

- (a) obligations incurred or assumed for labor, materials and equipment in connection with the 2015A Acquisition Project;
- (b) the cost of performance and payment bonds and of insurance of all kinds (including, without limitation, liability insurance) that may be necessary or appropriate in connection with the 2015A Leased Property;
- (c) the costs of engineering and other professional and technical services, including obligations incurred or assumed for preliminary design and development work, plans and specifications;
- (d) administrative costs related to the 2015A Acquisition Project incurred prior to the Completion Date, including supervision of the construction, acquisition and installation as well as the performance of all of the other duties required by or consequent upon the construction, other acquisition and installation of the 2015A Acquisition Project; including, without limitation, costs of preparing and securing all Project Documents, engineering and other professional and technical fees, legal fees and expenses, independent inspection fees, auditing fees, and advertising expenses in connection with the 2015A Acquisition Project;
- (e) costs of issuance of any Certificates, including the initial compensation and expenses of the Trustee, any financial advisor’s fees and expenses in connection with the issuance of any Certificates, any fees or expenses of the Corporation prior to the Completion Date, legal fees and expenses, costs incurred in obtaining ratings from rating agencies, the premium for any Qualified Reserve Fund Insurance Policy, Credit Enhancement Fees, costs of immediately available funds, costs of publication, printing and engraving, accountants’ fees and recording and filing fees;
- (f) all costs which shall be required to be paid under the terms of any Project Contract;



(g) all costs which are considered to be a part of the Costs of the Project in accordance with generally accepted accounting principles;

(h) interest on any Certificates through the Completion Date;

(i) payments to the Reserve Fund to the extent necessary to establish or maintain the Reserve Fund Requirement; and

(j) any and all other costs necessary to acquire the 2015A Leased Property or to acquire any other 2015A Leased Property that may hereafter be included under this Lease, to the extent the same are permitted by the laws of the State and will not adversely affect the exclusion from gross income for federal income tax purposes of the designated interest component of Base Rentals related to the 2015A Certificates.

“Credit Enhancement Fees” means any periodic or other cost, fee or expense lawfully payable by the Corporation or the District in consideration for any letter of credit, insurance policy, Qualified Reserve Fund Insurance Policy, or other financial instrument issued to or for the account of the Corporation or the District for the purpose of providing a guarantee of or support for the payment of the principal of or interest on any Certificate, or for the purpose of providing liquidity for any Certificate or as a source for payment of any optional or mandatory purchase price thereof.

“District Representative” means the General Manager or Chief Financial Officer of the District and any other person or persons at the time designated to act on behalf of the District for the purposes of performing any act under this Lease or the Indenture by a written certificate furnished to the Trustee and the Corporation containing the specimen signature of such person or persons and signed by the Chair of the Board of Directors of the District. The designation of the District Representative may be changed by the District from time to time by furnishing a new certificate to the Trustee and the Corporation.

“Event of Default” means one or more events as defined in Section 14.1 hereof.

“Event of Nonappropriation” means the non-renewal of this Lease by the District, determined by the Board’s failure, for any reason, to specifically budget and appropriate with respect to this Lease by the last day of each Fiscal Year, or a failure to adopt a supplemental specific budget and appropriation with respect to this Lease prior to the date in any Fiscal Year when Additional Rentals exceed the amount appropriated for Additional Rentals (i) sufficient amounts to be used to pay all Base Rentals when due in the next Fiscal Year and (ii) sufficient amounts to pay such Additional Rentals as are estimated to become due in the next Fiscal Year or, with respect to any supplemental budget and appropriation due in the current Fiscal Year (as provided in Section 6.2 hereof), all as more specifically set forth in Section 6.6 hereof. The term also includes the event described in the second paragraph of Section 6.6 hereof. An Event of Nonappropriation may also occur under certain circumstances described in Section 10.3(c) hereof.

“Extraordinary Revenues” means (i) the Purchase Option Price, if paid; (ii) all Net Proceeds, if any, of casualty insurance, performance bonds, condemnation awards and any Net Proceeds received as a consequence of breaches of warranty or defaults under Project Contracts

or otherwise in connection with the 2015A Leased Property, not applied to the repair, restoration, modification, improvement or replacement of the 2015A Leased Property; and (iii) all Net Proceeds, if any, derived from the sale, repossession, liquidation, leasing or other disposition of all or a portion the 2015A Leased Property by the Trustee pursuant to Section 7.2 of the Indenture.

“Fiscal Year” means the District’s fiscal year, which begins on January 1 of any year and ends on December 31 of such year or any other twelve-month period adopted as the District’s fiscal year.

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

“General Manager” means the General Manager or Interim General Manager of the District.

“Indenture” means the Indenture of Trust dated as of the date hereof between the Corporation and UMB Bank, n.a., as trustee.

“Initial Term” means the period which commences on the date of delivery of this Lease and terminates on December 31, 2015.

“Lease” means this Lease Purchase Agreement and any amendments or supplements hereto, including all exhibits hereto and thereto.

“Lease Revenues” means (i) Extraordinary Revenues, if any; (ii) the Base Rentals, including any prepayment of Base Rentals; (iii) any portion of the proceeds of any Certificates deposited in the Base Rentals Fund, the Project Fund or the Reserve Fund; (iv) any moneys and securities, including investment income, held by the Trustee in the funds and accounts established under the Indenture (except for moneys and securities held in the Rebate Fund or any defeasance escrow account); (v) all other revenues derived from this Lease, excluding (a) Additional Rentals (other than Reserve Fund payments made to the Trustee pursuant to Section 3.3(b) of the Indenture), and (b) payments constituting compensation to the Trustee for its services or payments or reimbursements to the Trustee or the Corporation for costs or expenses; and (vi) any other moneys to which the Trustee may be entitled for the benefit of the Owners.

“Lease Term” means the Initial Term and any Renewal Terms as to which the District may exercise its option to renew this Lease by effecting an appropriation of funds for the payment of Base Rentals and Additional Rentals hereunder, as provided in and subject to the provisions of this Lease. “Lease Term” refers to the time during which the District is the lessee of the 2015A Leased Property under this Lease.

“Net Proceeds” when used with respect to any performance or payment bond proceeds, or proceeds of insurance or bonds required hereby or any condemnation award, or any proceeds

resulting from default or breaches of warranty under a Project Contract or otherwise in connection with the 2015A Leased Property, or proceeds derived from any sale, repossession, liquidation, leasing or other disposition of the 2015A Leased Property by the Trustee in accordance with the Indenture, or proceeds from the sale or trade-in of 2015A Leased Property by the District pursuant to Section 9.3 hereof (in which event the proceeds of a trade-in shall be deemed to be the amount of any credit received upon such trade-in), means the amount remaining after deducting from such proceeds thereof (i) all expenses (including, without limitation, attorneys' fees and costs) incurred in the collection of such proceeds or award; and (ii) all other fees, expenses and payments due to the Trustee or the Corporation.

"Owners" means the registered owners of any Certificates and Beneficial Owners (as defined in the Indenture).

"Permitted Encumbrances" means, as of any particular time, (i) liens which may remain unpaid pursuant to the provisions of Articles VIII and IX of this Lease; (ii) this Lease and the Indenture; (iii) restrictions and exceptions which the District Representative certifies will not interfere with or impair the effective use or operation of the 2015A Leased Property; (iv) any financing statements or certificates of title filed to perfect security interests pursuant to this Lease or the Indenture; (v) any encumbrance represented by financing statements filed to perfect purchase money security interests in any or all of the 2015A Leased Property; (vi) any verified statements of amounts due and unpaid pursuant to Section 38-26-107 of the Colorado Revised Statutes, as amended; (vii) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the 2015A Leased Property and as do not, in the opinion of the District Representative, materially impair title to the Leased Property.

"Project" means the 2015A Acquisition Project.

"Project Contract" means any contract between the District or the Corporation and any contractor or vendor regarding the construction, production or other acquisition or installation of any part of the 2015A Acquisition Project that constitutes 2015A Leased Property hereunder.

"Project Contract Collateral" means, collectively, all light rail vehicles and buses that comprise a portion of the 2015A Acquisition Project, any and all plans and specifications, raw materials, work in process and finished goods inventory, and any and all equipment obtained or fabricated by the contractor or vendor specifically for the construction of such light rail vehicles or buses under a Project Contract.

"Project Documents" means the following: (i) the Project Contracts; (ii) policies of collision, comprehensive, replacement, casualty, public liability, property damage and worker's compensation insurance, or certificates thereof, as required by the Lease with respect to the 2015A Leased Property; (iii) contracts with any engineers or consultants or any maintenance or repair personnel hired by the District in connection with the 2015A Leased Property; and (iv) any and all other documents executed by or furnished to the District in connection with the Project.

"Project Fund" means the Project Fund created by the Indenture.

“Purchase Option Price” means the amount payable on any date, at the option of the District, to prepay Base Rentals, terminate this Lease and purchase the 2015A Leased Property pursuant to Article XII hereof, which amount shall be the amount necessary to discharge the Indenture as provided in Article VI thereof.

“Qualified Reserve Fund Insurance Policy” means any insurance policy, surety bond, irrevocable letter of credit or similar instrument deposited in or credited to the Reserve Fund in lieu of or in partial substitution for moneys on deposit therein; provided that any such substitution shall be submitted to each Rating Agency then maintaining a rating on the 2015A Certificates and shall not cause the then-current ratings on the 2015A Certificates or the ratings outlook on the 2015A Certificates to be adversely affected.

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

“System” means the mass transportation system developed, maintained and operated by the District.

“Tax Certificate” means the Tax Compliance Certificate entered into by the District with respect to this Lease.

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

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

## **ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES**

Section 2.1 Representations, Covenants and Warranties of the District. The District represents, covenants and warrants, for the benefit of the Corporation and the Trustee, as follows:

(a) The District is a political subdivision duly organized and existing under the Constitution and laws of the State. The District is authorized by the Act and otherwise to enter into the transactions contemplated by this Lease and to carry out the obligations of the District hereunder. The delivery and performance of this Lease has been duly authorized and approved. This Lease has been duly executed by an authorized officer of the District and constitutes a legal, valid and binding obligation of the District enforceable against the District in accordance with its terms, subject to any applicable bankruptcy, insolvency, moratorium or other similar laws or equitable principals affecting the enforcement of creditor's rights generally or against governmental entities such as the District and liens securing such rights.

(b) The District agrees that the proceeds of the 2015A Certificates will be used to finance the 2015A Acquisition Project pursuant to the Indenture, to satisfy, in whole or in part, the Reserve Fund Requirement, and to pay the costs of issuance of the 2015A Certificates.

(c) Nothing in this Lease shall be construed as diminishing, unlawfully delegating or otherwise restricting any of the sovereign powers of the District. Nothing in this Lease shall be construed to require the District to operate the 2015A Leased Property other than as lessee, or to require the District to exercise its option to purchase the 2015A Leased Property as provided in Article XII hereof.

(d) The 2015A Acquisition Project, under the terms and conditions provided for in this Lease, is necessary, essential and in furtherance of the District's governmental purposes, is in furtherance of the purposes of the Act, serves a public purpose and is in the best interests of the District and its inhabitants.

(e) During the Lease Term, the 2015A Leased Property will at all times be used by the District for the purpose of performing one or more lawful governmental functions. The District expects that the 2015A Leased Property will adequately serve the needs for which it is being leased throughout the Lease Term.

(f) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the District is now a party or by which the District is bound, or constitutes a default under any of the foregoing or results in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the District, except for Permitted Encumbrances.

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

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

Section 2.2 Representations, Covenants and Warranties of the Corporation. The Corporation represents, covenants and warrants, for the benefit of the District and the Trustee, as follows:

(a) The Corporation is a nonprofit corporation duly organized, existing and in good standing under the laws of the State, is duly qualified to do business in the State, has all necessary power to enter into this Lease, is possessed of full power to own, hold and lease (as lessor or lessee) personal property and has duly authorized the execution and delivery of this Lease. This Lease has been duly executed by an authorized officer of the Corporation and constitutes a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms, subject to any applicable bankruptcy, insolvency, moratorium or other similar laws or equitable principals affecting the enforcement of creditor's rights generally and liens securing such rights.

(b) The Corporation will not pledge or assign the Lease Revenues or any of its other rights under this Lease except pursuant to the Indenture, and will not encumber the 2015A Leased Property except for Permitted Encumbrances.

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

(d) Except as specifically provided in this Lease and the Indenture, the Corporation will not assign this Lease, its rights to payments from the District, nor its duties and obligations hereunder to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Section 2.2.

(e) The Corporation acknowledges and recognizes that this Lease will be terminated upon the occurrence of an Event of Nonappropriation and that such event is a legislative act and, as such, is solely within the discretion of the Board.

(f) To the Corporation's knowledge, there is no litigation or proceeding pending against the Corporation affecting the right of the Corporation to execute and deliver this Lease or the Indenture or to perform its obligations thereunder.

**ARTICLE III**  
**DEMISING CLAUSE**

The Corporation demises and leases the 2015A Leased Property to the District, and the District leases the 2015A Leased Property from the Corporation, in accordance with the provisions of this Lease, subject only to Permitted Encumbrances, to have and to hold for the Lease Term.



## **ARTICLE IV LEASE TERM**

Section 4.1 Duration of the Lease Term. The Lease Term shall commence as of the date hereof. The Initial Term shall terminate on December 31, 2015. This Lease may be renewed, solely at the option of the District, for twenty-five (25) Renewal Terms, with the Lease Term terminating no later than December 31, 2040. The District hereby finds that the maximum Lease Term hereunder does not exceed the weighted average useful life of the 2015A Leased Property. The District further determines and declares that the period during which the District has an option to purchase the 2015A Leased Property (i.e. the entire maximum Lease Term) does not exceed the useful life of the 2015A Leased Property.

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

In the event that the District shall determine, for any reason, to exercise its annual right to not renew and terminate this Lease, the District shall give written notice to such effect to the Trustee and the Corporation not later than fifteen (15) days prior to the end of the Initial Term or the then current Renewal Term; provided, however, that a failure to give such notice shall not constitute an Event of Default, nor prevent the District from declining to renew this Lease, nor result in any liability on the part of the District. The exercise of the District's annual option to renew or not renew this Lease shall be conclusively determined by the District's failure, for any reason, to specifically budget and appropriate with respect to this Lease by the last day of each Fiscal Year or a failure to adopt a supplemental specific budget and appropriation prior to the date in any Fiscal Year when Additional Rentals exceed the amount appropriated for Additional Rentals (i) sufficient amounts to be used to pay all Base Rentals when due in the next Fiscal Year and (ii) sufficient amounts to pay such Additional Rentals as are estimated to become due in the next Fiscal Year or, with respect to any supplemental budget and appropriation, due in the current Fiscal Year (as provided in Section 6.2 hereof), all as more specifically set forth in Section 6.6 hereof or upon the occurrence of an event described in the second paragraph of Section 6.6 hereof, all as further provided in Section 6.6 hereof.

The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Initial Term, except that the Base Rentals shall be as provided in Exhibit B to this Lease.

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

(a) the expiration of the Initial Term or any Renewal Term during which there occurs an Event of Nonappropriation pursuant to Section 4.1 and Article VI of this Lease (provided that the Lease Term shall not be deemed to have been terminated in the event that the Event of Nonappropriation is cured as provided in Section 6.6(c) or (d) hereof);

(b) the occurrence of an Event of Nonappropriation under this Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in Section 6.6(c) or (d) hereof);

(c) the conveyance of the 2015A Leased Property to the District upon payment of the Purchase Option Price or the payment by the District of all Base Rentals for the entire Lease Term, and all Additional Rentals then due, up to the amount specifically appropriated for the payment of Additional Rentals, as provided in Article XII hereof; or

(d) An uncured Event of Default and termination of this Lease by the Trustee as provided in Article XIV hereof; or

(e) Discharge of the Indenture, as provided in Article VI thereof.

Termination of the Lease Term shall terminate all unaccrued obligations of the District under this Lease. If the termination occurs because of the occurrence of an Event of Nonappropriation or an Event of Default, the District's right to possession of the 2015A Leased Property hereunder shall terminate and (i) the District shall, within 30 days of receiving written notice from the Trustee, surrender the 2015A Leased Property; and (ii) if and to the extent the Board has appropriated funds for the payment of Base Rentals and Additional Rentals during the period between the termination of the Lease Term and the date the 2015A Leased Property is surrendered pursuant to clause (i), the District shall pay such appropriated Base Rentals and Additional Rentals for such time as the District continues to use the 2015A Leased Property. All other provisions of this Lease, including all obligations of the District accrued prior to such termination, and all other obligations of the Trustee with respect to the Owners and the receipt and disbursement of funds, shall be continuing until the Indenture is discharged.

**ARTICLE V**  
**ENJOYMENT OF 2015A LEASED PROPERTY**

The Corporation hereby covenants that during the Lease Term the District shall peaceably and quietly have and hold and enjoy the 2015A Leased Property without suit, trouble or hindrance from the Corporation, except as expressly required or permitted by this Lease or the Indenture. The Corporation shall not interfere with the quiet use and enjoyment of the 2015A Leased Property by the District during the Lease Term so long as no Event of Nonappropriation or Event of Default shall have occurred. The Corporation shall, at the request of the District and at the cost of the District, but only to the extent amounts for Additional Rentals which have been specifically appropriated by the District are available for the payment of such costs, join and cooperate fully in any legal action in which the District asserts its right to such possession and enjoyment, or which involves the imposition of any taxes or other governmental charges on or in connection with the 2015A Leased Property. In addition, the District may at its own expense join in any legal action affecting its possession and enjoyment of the 2015A Leased Property and shall be joined in any action affecting its liabilities hereunder.

The provisions of this Article V shall be subject to the Trustee's right to inspect the 2015A Leased Property as provided in Section 10.3 of the Indenture, and to the Trustee's right to complete the acquisition of the 2015A Acquisition Project under certain circumstances as provided in Section 7.1 hereof. The District also hereby consents to the provisions of Section 10.3 of the Indenture relating to inspection of records by the Trustee.

## **ARTICLE VI PAYMENTS BY THE DISTRICT**

Section 6.1 Payments to Constitute Currently Appropriated Expenditures of the District. The District and the Corporation acknowledge and agree that the Base Rentals and Additional Rentals hereunder shall constitute currently appropriated expenditures of the District and may be paid from any legally available funds. The District's obligations under this Lease shall be subject to the District's annual right to terminate this Lease (as further provided in Sections 4.1, 4.2, 6.2 and 6.6 hereof), and shall not constitute a mandatory charge or requirement in any Fiscal Year beyond the then current Fiscal Year. No provision of this Lease shall be construed or interpreted as creating a general obligation or other indebtedness of the District or a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the District within the meaning of any constitutional or statutory debt limitation. No provision of this Lease shall be construed or interpreted as creating a delegation of governmental powers nor as a donation by or a lending of the credit of the District, within the meaning of Sections 1 or 2 of Article XI of the Constitution of the State. Neither this Lease nor the issuance of any Certificates shall directly or indirectly obligate the District to make any payments beyond those specifically appropriated for its then current Fiscal Year. The District shall be under no obligation whatsoever to exercise its option to purchase the 2015A Leased Property. No provision of this Lease shall be construed to pledge or to create a lien on any class or source of moneys of the District, nor shall any provision of this Lease restrict the future issuance of any obligations of the District, payable from any class or source of moneys of the District (provided, however, that the restrictions of Section 2.14 of the Indenture shall apply to the execution and delivery of Additional Certificates).

Section 6.2 Base Rentals and Additional Rentals. The District shall pay Base Rentals directly to the Trustee for distribution to the Owners in accordance with the Indenture during the Lease Term, on the due dates set forth in Exhibit B attached hereto and made a part hereof, as it may be amended or supplemented from time to time. The Base Rentals during the Lease Term shall be in an amount equal to the amounts in the "Total Base Rentals" column, as set forth in Exhibit B, as it may be amended or supplemented from time to time. There shall be credited against the amount of Base Rentals otherwise payable hereunder amounts equal to (i) that portion of the proceeds of the sale of any Certificates that is deposited in the Base Rentals Fund as accrued interest or capitalized interest, if any; (ii) any earnings derived from the investment of the Base Rentals Fund, (iii) any moneys deposited into the Base Rentals Fund pursuant to Sections 3.3(b) or 3.4(b) of the Indenture (except moneys deposited pursuant to Section 3.3(b)(1) thereof); and (iv) any moneys otherwise deposited into the Base Rentals Fund and directed by the District to be applied toward Base Rentals. Five Business Days prior to the date on which any payment of Base Rentals is due, the Trustee shall notify the District as to the exact amounts which will be applied in reduction of Base Rentals due on such date. If further amounts applicable in reduction of Base Rentals accrue during such five Business Day period, such amounts shall be carried over to be applied as a reduction of the next succeeding payment of Base Rentals or, if such date is the final payment date, then such accrued amounts shall be applied as a reduction to the final payment of Base Rentals.

The Base Rentals set forth in Exhibit B to this Lease shall be recalculated by the Trustee in the event of any partial redemption of the Certificates prior to maturity, as provided in Section

4.5 of the Indenture, and in the event of the issuance of Additional Certificates, as provided in Section 2.14(a) of the Indenture.

The District shall pay Additional Rentals during the Lease Term as herein provided. The Additional Rentals during the Lease Term shall be estimated annually by the General Manager (or any other officer at any time charged with the responsibility of formulating budget proposals for the District) and shall be in an amount sufficient to pay the following costs during the next ensuing Fiscal Year: (i) the reasonable fees and expenses of the Trustee and the Corporation; (ii) the cost of insurance premiums, (iii) the cost of maintenance, upkeep and repair costs of the 2015A Leased Property; (iv) payments into the Reserve Fund required by Section 3.3 of the Indenture or repayment of draws on any Qualified Reserve Fund Insurance Policy and any other amounts due to the provider of any Qualified Reserve Fund Insurance Policy; (v) payments into the Rebate Fund required by Section 5.3 of the Indenture; and (vi) all other costs expressly required to be paid by the District as Additional Rentals hereunder. Any such estimate shall specifically identify the amounts designated for payments into the Reserve Fund required by Section 3.3 of the Indenture. In the event the Lease Term is renewed for the next ensuing Renewal Term, the District's obligation under this Lease to pay Additional Rentals during such Renewal Term shall be limited to the amount so appropriated for Additional Rentals in accordance with the procedures described above and any amounts subsequently appropriated by supplemental appropriation for payment of Additional Rentals during such Renewal Term. Additional Rental obligations in excess of the amounts so appropriated shall in no event be due or owing from the District.

The District hereby agrees that, to the extent that the Reserve Fund is cash-funded and moneys are applied pursuant to paragraph (b)(1) of Section 3.3 of the Indenture or, to the extent that, for any other reason (other than as described in section 3.3(b)(6) of the Indenture), the amounts in the Reserve Fund are less than the Reserve Fund Requirement, the District will (unless the Lease has theretofore been terminated by the District) promptly pay to the Trustee, for deposit in the Reserve Fund, from the amounts appropriated as described above for the payment of Additional Rentals, such amounts as are required to restore the amount on deposit in the Reserve Fund to the Reserve Fund Requirement within thirty months in 30 approximately equal monthly installments.

The District hereby agrees that it will (unless the Lease has theretofore been terminated by the District) pay to the Trustee, for deposit into the Rebate Fund, from the amounts appropriated as described above for the payment of Additional Rentals such amounts as are required to be paid into the Rebate Fund in accordance with the provisions of Section 5.3 of the Indenture.

All Additional Rentals shall be paid by the District on a timely basis directly to the person or entity to which such Additional Rentals are owed (except that Reserve Fund and Rebate Fund payments shall be made to the Trustee as provided in Sections 3.3 and 5.3 of the Indenture).

Section 6.3 Interest Component. A portion of each payment of Base Rentals is paid as, and represents payment of, interest, and Exhibit B hereto, as it may be amended and

supplemented from time to time, sets forth the interest component of each payment of Base Rentals.

Section 6.4 Manner of Payment. The Base Rentals and, if paid, the Purchase Option Price, shall be paid by lawful money of the United States of America to the Trustee at its principal operations office. The obligation of the District to pay the Base Rentals and Additional Rentals required under this Article VI and other sections hereof, during the Lease Term, shall, subject to the provisions of Section 6.6 hereof, be absolute and unconditional, and payment of the Base Rentals and Additional Rentals shall not be abated through accident or unforeseen circumstances. Notwithstanding any dispute between the District and the Corporation, the Trustee, any Owner, any contractor or subcontractor retained with respect to the 2015A Leased Property, any supplier of labor or materials in connection therewith, any vendor or other supplier of the 2015A Leased Property, or any other Person, the District shall, during the Lease Term, make all payments of Base Rentals and Additional Rentals when due and shall not withhold any Base Rentals or Additional Rentals pending final resolution of such dispute (except to the extent permitted by Sections 8.2 with respect to certain Additional Rentals), nor shall the District assert any right of set-off or counter-claim against its obligation to make such payments required hereunder; provided, however, that the making of such payments shall not constitute a waiver by the District of any rights, claims or defenses which the District may assert. No action or inaction on the part of the Corporation or the Trustee shall affect the District's obligation to pay Base Rentals and Additional Rentals (except to the extent provided by Sections 8.2 hereof with respect to certain Additional Rentals) during the Lease Term.

Section 6.5 Necessity of 2015A Leased Property; Determinations as to Fair Market Value and Fair Purchase Price. The District has determined and hereby determines that it has a current need for the 2015A Leased Property. It is the present intention and expectation of the District that this Lease will be renewed annually until title to the 2015A Leased Property is acquired by the District pursuant to this Lease; but this declaration shall not be construed as contractually obligating or otherwise binding the District. The District has determined and hereby determines that the Base Rentals under this Lease during the Lease Term for the 2015A Leased Property represent the fair value of the use of the 2015A Leased Property and that the Purchase Option Price for the 2015A Leased Property will represent the fair purchase price of the 2015A Leased Property at the time of the exercise of the option. The District has determined and hereby determines that the Base Rentals do not exceed a reasonable amount so as to place the District under an economic compulsion to renew this Lease or to exercise its option to purchase the 2015A Leased Property hereunder. In making such determinations, the District has given consideration to the estimated current value of the 2015A Leased Property, the uses and purposes for which the 2015A Leased Property will be employed by the District, the benefit to the citizens and inhabitants of the District by reason of the use of the 2015A Leased Property pursuant to the terms and provisions of this Lease, the District's option to purchase the 2015A Leased Property and the expected eventual vesting of unencumbered title to the 2015A Leased Property in the District. The District hereby determines and declares that the period during which the District has an option to purchase the 2015A Leased Property (i.e., the entire maximum Lease Term for the 2015A Leased Property) does not exceed the weighted average useful life of the 2015A Leased Property.

The District acknowledges that the delivery schedule for certain of the buses and the light rail vehicles comprising the 2015A Acquisition Project extends over a period of time subsequent to the execution of this Lease. In making its determination to enter into this Lease with respect to such portion of the 2015A Acquisition Project, the District has determined that it is in the best interests of the District to obtain financing for such 2015A Acquisition Project by means of this Lease, and has determined to make payment of Base Rentals and Additional Rentals hereunder, prior to the delivery of all such buses and light rail vehicles comprising the 2015A Acquisition Project, in order to secure financing therefor on terms that are favorable to the District, given due consideration to the current interest rate market and other considerations material to the District.

Section 6.6 Nonappropriation by the District. In the event that the District fails, for any reason, to specifically budget and appropriate with respect to this Lease by the last day of each Fiscal Year or fails to adopt a supplemental specific budget and appropriation with respect to this Lease prior to the date in any Fiscal Year when Additional Rentals exceed the amount appropriated for Additional Rentals (i) sufficient amounts to be used to pay all Base Rentals when due in the next Fiscal Year and (ii) sufficient amounts to pay such Additional Rentals as are estimated to become due in the next Fiscal Year or, with respect to any supplemental budget and appropriation, due in the current Fiscal Year (as provided in Section 6.2 hereof), or upon the occurrence of an event described in the second paragraph of this Section 6.6, an Event of Nonappropriation shall be deemed to have occurred; subject, however, to each of the following provisions:

(a) The Trustee shall declare an Event of Nonappropriation on any earlier date on which the Trustee receives official, specific written notice from the District that this Lease will not be renewed.

(b) Absent such notice from the District, the Trustee shall give written notice to the District of any Event of Nonappropriation, on or before ten days after the end of such Fiscal Year in the event of the initial appropriation for a Fiscal Year, but any failure of the Trustee to give such written notice shall not prevent the Trustee from declaring an Event of Nonappropriation or from taking any remedial action which would otherwise be available to the Trustee.

(c) Subject to the terms of the Indenture, the Trustee may waive any Event of Nonappropriation which is cured by the District within a reasonable time if in the Trustee's judgment such waiver is in the best interests of the Owners.

(d) The Trustee shall waive any Event of Nonappropriation, other than an Event of Nonappropriation as described in the second paragraph of this Section 6.6, which is cured by the District by the fifteenth day of the ensuing Fiscal Year, by appropriating (i) sufficient amounts to be used to pay all Base Rentals and (ii) sufficient amounts to pay such Additional Rentals as are estimated to become due (as provided in Section 6.2 hereof), during such Fiscal Year.

(e) Notwithstanding the occurrence of any Event of Nonappropriation, or any Event of Default, the assignment and security interest granted by the District to the Trustee under Section 7.4 of this Lease concerning the Project Contracts and other

contracts referred to therein, shall continue to exist, and be enforceable by the Trustee in its discretion, and the District shall reasonably cooperate, at the cost and expense of the Trustee, in the enforcement by the Trustee of its security interest in such contracts, if the Trustee shall provide to the District written notice of an intent to enforce such security interest and requesting assistance from the District.

In the event that during the Initial Term or any Renewal Term, any Additional Rentals shall accrue in excess of amounts included in a duly enacted appropriation resolution for the payment of Additional Rentals, then, in the event that moneys are not specifically authorized and directed by the District to be used to pay such Additional Rentals by the earlier of the last day of the current Fiscal Year or 90 days subsequent to the date upon which such Additional Rentals accrue, an Event of Nonappropriation shall be deemed to have occurred, upon written notice by the Trustee to the District to such effect (subject to waiver by the Trustee as provided in paragraph (c) above).

If an Event of Nonappropriation occurs, the District shall not be obligated to make payment of the Base Rentals or Additional Rentals or any other payments provided for herein beyond the amounts specifically appropriated by the District for the Initial Term or any Renewal Term during which such Event of Nonappropriation occurs; provided, however, that, subject to the limitations of Sections 6.2 and 14.3 hereof, the District shall continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the District shall continue to retain possession of any of the 2015A Leased Property.

The District shall in all events surrender the 2015A Leased Property to the Trustee by the thirtieth day following an Event of Nonappropriation. Such surrender of the 2015A Leased Property shall consist of delivering the 2015A Leased Property to the Trustee at a site or sites selected by the Trustee within the District.

The Trustee shall, upon the occurrence of an Event of Nonappropriation, be entitled to all moneys then on hand and being held in all funds and accounts created under the Indenture, including the Base Rentals Fund, the Reserve Fund and the Project Fund (but excluding the Rebate Fund and any escrow accounts theretofore established pursuant to Article VI of the Indenture), for the benefit of the Owners. By the thirtieth day following an Event of Nonappropriation, the Trustee may proceed to exercise all remedies under Section 14.2 of this Lease and Section 7.2 of the Indenture, subject to the limitations set forth in Section 14.3 hereof. All property, funds and rights acquired by the Trustee upon the termination of this Lease by reason of an Event of Nonappropriation as provided herein, less any moneys due and owing to the Trustee, shall be held by the Trustee for the benefit of the Owners as set forth in the Indenture.

Section 6.7 Disposition of Base Rentals. Upon receipt by the Trustee of each payment of Base Rentals, the Trustee shall apply the amount of each Base Rentals payment in the following manner and order:

- (a) first, the amount of such payment of Base Rentals designated and paid as interest under Exhibit B, as it may be amended or supplemented from time to time, plus



the amount of any past due interest on the Certificates, shall be deposited in the Interest Account of the Base Rentals Fund; and

(b) second, the remaining portion of such payment of Base Rentals shall be deposited in the Principal Account of the Base Rentals Fund.

**ARTICLE VII**  
**THE 2015A ACQUISITION PROJECT**

**Section 7.1    Agreement to Acquire the 2015A Acquisition Project.**

(a)     The District hereby agrees that it will act as agent for the Corporation in making all contracts, orders, receipts, writings and instructions with any other persons, firms or corporations and in general do all things which may be necessary, requisite or proper for the acquisition of the 2015A Acquisition Project. The District agrees to comply with all applicable laws in connection with the making of contracts for the 2015A Acquisition Project. The District, the Corporation and the Trustee further agree, notwithstanding anything to the contrary contained in this Lease or the Indenture, that all Project Documents relating to the 2015A Acquisition Project shall be made and approved by the District. The District hereby further agrees that:

(1)     The District, acting on behalf of the Corporation, shall cause the 2015A Acquisition Project to be acquired as herein provided; and

(2)     Title to the buses and light rail vehicles acquired in connection with the 2015A Acquisition Project shall be held by the Corporation, subject to this Lease and the Indenture. Title to the 2015A Equipment and the ADA Vans acquired in connection with the 2015A Acquisition Project shall be held by the District and shall not be subject to this Lease or the Indenture.

Acquisition of the 2015A Acquisition Project that constitutes 2015A Leased Property hereunder shall be in accordance with the Project Documents, subject to reasonable change orders or any other reasonable changes approved by the District. So long as this Lease is in full force and effect and no Event of Nonappropriation or Event of Default shall have occurred, the District shall have full power to carry out the acts and agreements provided in this Section 7.1, and such power is granted and conferred under this Lease to the District, and is accepted by the District and shall not be terminated or restricted by act of the Corporation, the Trustee or the District, except as provided in this Section 7.1.

(b)     The District agrees to complete the acquisition of the 2015A Acquisition Project that constitutes 2015A Leased Property hereunder, on behalf of the Corporation, through the application of moneys to be disbursed from the Project Fund pursuant to Section 7.2 hereof and Section 3.4 of the Indenture by the Trustee upon the authorization of the District Representative. The District agrees to complete the acquisition of such portion of the 2015A Acquisition Project with all reasonable dispatch, and to use its best efforts to complete such acquisition by a date not later than three years subsequent to the Closing Date; but if for any reason all the 2015A Acquisition Project is not acquired by such date there shall be no resulting liability on the part of the District or the Corporation or Event of Default hereunder, and there shall be no diminution in or postponement of the Base Rentals and Additional Rentals required to be paid by the District during the Lease Term. However, in the event that all of the buses and light rail vehicles that comprise a portion of the 2015A Acquisition Project shall not have been acquired and placed in service (as evidenced by the certificate provided for in Section 7.3 hereof) by such date,

the Trustee, acting on behalf of the Corporation, shall, upon thirty days written notice to the District, be authorized, but not required, to complete the acquisition of such buses and light rail vehicles from any moneys remaining in the Project Fund.

Notwithstanding the foregoing or any provision to the contrary contained herein or in the Indenture, with respect to the 2015A Equipment and the ADA Vans that comprise a portion of the 2015A Acquisition Project but do not constitute 2015A Leased Property hereunder, the Trustee shall have no rights under any contracts relating to such 2015A Equipment or ADA Vans and the Trustee shall have no authority with respect to the acquisition of any such 2015A Equipment or ADA Vans.

(c) When any motor vehicle or light rail vehicle which shall constitute 2015A Leased Property hereunder is acquired by the District as part of the 2015A Acquisition Project, the District agrees to prepare and deliver to the Corporation and the Trustee, whenever amounts are disbursed from the Project Fund to acquire any such motor vehicle or light rail vehicle, an amendment to the description of the 2015A Leased Property in Exhibit A hereto, which amendment shall include the purchase date, purchase price, type of vehicle and vehicle identification number for each vehicle acquired. When any such motor vehicle is acquired by the District as part of the 2015A Acquisition Project, the District agrees to deliver the original certificate of title to each vehicle so acquired to the appropriate office of the Department of Motor Vehicles so as to cause the certificate of title, if required under the laws of the State to perfect a security interest for any vehicle constituting part of the 2015A Acquisition Project, to show the Corporation as the owner and to evidence the first and exclusive security interest of the Trustee. The reissued certificate of title to each such motor vehicle comprising a portion of the 2015A Acquisition Project shall be delivered to and maintained in the possession and control of the Trustee. Notwithstanding the foregoing or any provision to the contrary contained herein or in the Indenture, title to the ADA Vans shall remain in the District, shall not be transferred to the Corporation and shall not be subject to this Lease or the Indenture.

(d) The District hereby grants a first priority security interest to the Corporation in all Project Contracts. Promptly upon entering into each Project Contract, the District or the Corporation shall file, or cause to be filed by the Trustee, a financing statement covering the applicable Project Contract, naming the District as the “debtor,” the Corporation as the “secured party,” and the Trustee as the “assignee of the secured party,” in such places as are necessary to perfect the security interest of the Corporation in the Project Contracts. In addition, whenever the District enters into a Project Contract, the District shall prepare and deliver to the Corporation and the Trustee an amendment to the description of the 2015A Leased Property in Exhibit A hereto, which amendment shall set forth the contract number and the 2015A Leased Property that is being manufactured and acquired pursuant to such Project Contract.

(e) Each Project Contract shall contain a provision whereby the vendor or contractor grants a first priority security interest in favor of the Corporation in all Project Contract Collateral. Promptly upon entering into each Project Contract, the District or the Corporation shall file, or cause to be filed by the Trustee, a financing statement covering the Project Contract Collateral, naming the vendor or contractor as the “debtor,”

the Corporation and/or the District, as applicable, as the “secured party,” and the Trustee as the “assignee of the secured party,” in such places as are necessary to perfect the security interest of the Corporation and the District, as applicable, in the Project Contract Collateral.

**Section 7.2 Disbursements from the Project Fund.** So long as no Event of Nonappropriation or Event of Default shall occur, and so long as the District’s right to control the acquisition of the 2015A Acquisition Project has not otherwise been terminated pursuant to Section 7.1 hereof, the Trustee shall, at the direction of the District, disburse moneys from the Project Fund in payment of Costs of the Project. Such disbursements shall be made upon receipt by the Trustee of a requisition signed by the District Representative in substantially the form set forth in Exhibit D hereto. No disbursement shall be made from the Project Fund to pay or reimburse any payments due under a Project Contract related to any motor vehicle or light rail vehicle that comprises a portion of the 2015A Acquisition Project unless either: (i) the District Representative certifies that the Project Contract is fully and freely assumable by the Trustee in accordance with the provisions of Section 7.4 hereof, or (ii) the payment or reimbursement requested under any such Project Contract is for motor vehicles or light rail vehicles that have already been accepted by the District and titled in the name of the Corporation. The Trustee shall have no duty to review or examine any accompanying bill, invoice or statement of account, but may conclusively rely on the properly executed disbursement request.

If an Event of Nonappropriation or an Event of Default shall occur prior to completion of the acquisition of all of the 2015A Acquisition Project, the Project Fund may be utilized by the Trustee to complete the acquisition of the remaining 2015A Acquisition Project that constitutes 2015A Leased Property hereunder, as provided in Section 7.4 hereof, or may be disbursed as provided in Sections 4.2 and 4.3 of the Indenture, as the Trustee may deem appropriate in the best interests of the Owners.

Under the Indenture, the Corporation has authorized and directed the Trustee to disburse moneys from the Project Fund to pay Costs of the Project as provided herein. The District hereby consents and agrees to such disbursements by the Trustee. The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom as reasonably directed by the District, and after the acquisition of all the 2015A Acquisition Project has been completed and the certificate as to payment of costs has been filed with the Trustee as provided in Section 7.3 hereof, the Trustee shall file an accounting thereof with the District.

**Section 7.3 Completion Certificate.** Upon the acquisition of all of the 2015A Acquisition Project and the acceptance thereof by the District, the District Representative shall deliver to the Corporation and the Trustee a certificate stating that, to the best of the District’s knowledge based upon the representations of the District Representative and the contractors, engineers, vendors or other consultants, and except for any amounts estimated by the District Representative to be necessary for payment of any Costs of the Project not then due and payable, the acquisition of all of the 2015A Acquisition Project has been completed and accepted by the District, and all Costs of the Project have been paid. Notwithstanding the foregoing, such certificate shall not, and shall state that it does not, prejudice any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Simultaneous with the delivery of the certificate described in this Section 7.3, the District shall,

upon the written request of the Trustee, provide to the Trustee a list of all 2015A Equipment, ADA Vans, light rail vehicles and buses acquired as part of the 2015A Acquisition Project and shall execute such financing statements relating to the light rail vehicles and buses which are subject to this Lease as the Trustee may reasonably request.

Section 7.4 Project Contracts. All Project Contracts and any District contract with any engineer or consultant with respect to the 2015A Acquisition Project that constitutes 2015A Leased Property hereunder are hereby assigned to the Trustee, which assignment shall become effective only upon a termination of the Lease Term by reason of the occurrence of an Event of Nonappropriation or an Event of Default, or upon the Trustee's assuming control over completion of the acquisition of such 2015A Acquisition Project as provided in Section 7.1 hereof. Such contracts shall be fully and freely assumable by the Trustee without the consent of any other person and the Trustee may choose to assume or not assume such contracts. In the event that a Project Contract provides that such Project Contract is assumable by the Trustee upon notice to the applicable contractor signed by the District and the Trustee of such assumption, the District agrees, upon written request from the Trustee, to provide such notice of assumption to any such applicable contractor, and such obligation of the District to provide any such notice shall survive any termination of this Lease. If the Trustee does so assume such contracts, the other party or parties thereto shall perform the agreements contained therein for the Trustee, subject to the term of such contract. Nothing set forth in this section shall obligate the Trustee to assume any such contracts, or to become responsible for performance by the District of any of its obligations thereunder, and if the Trustee shall determine not to assume such contract, the Trustee shall have no responsibility for any payments with respect thereto.

Section 7.5 Project Documents. The District shall furnish to the Trustee copies of any Project Documents, as soon after the commencement of the Lease Term as such Project Documents shall become available to the District. Neither the Project Documents nor any change or amendment thereto shall (a) cause the 2015A Acquisition Project to be used for any purpose prohibited hereby or by the Constitution and laws of the State; (b) result in a material reduction in the value of the 2015A Acquisition Project; (c) adversely affect the ability of the District to meet its obligations hereunder; or (d) cause the District to violate its tax covenant in Section 11.7 hereof.

Section 7.6 Defaults Under the Project Contracts. In the event of any default under any of the Project Contracts or otherwise in connection with the acquisition of the 2015A Acquisition Project that constitutes 2015A Leased Property hereunder, or in the event of a breach of warranty with respect to any materials, workmanship or performance or with respect to the 2015A Leased Property, which default or breach results in frustration of the purpose for which the 2015A Leased Property was intended, the District shall promptly proceed, if deemed appropriate in the reasonable judgment of the District's officials charged with the authority to direct the institution of any suit, action or proceeding, either separately or in conjunction with others, to pursue diligently its remedies, including any remedy against the surety of any bond securing the performance of the Project Contract or other contracts relating to the 2015A Leased Property involved. The Net Proceeds of any amount recovered by way of damages, defects, adjustments or otherwise in connection with the foregoing, remaining after deduction of expenses incurred in such recovery (including without limitation, attorneys' fees and costs), and after reimbursement to the District of any amounts theretofore paid by the District and not

previously reimbursed to the District for correcting or remedying the default or breach of warranty which gave rise to the proceedings, shall be paid into a separate fund to be held by the Trustee and applied as provided in Section 10.2 or 10.3 hereof, as the case may be.

**ARTICLE VIII**  
**TITLE TO THE 2015A LEASED PROPERTY; LIMITATIONS ON ENCUMBRANCES**

Section 8.1 Title to the 2015A Leased Property. Except personal property purchased by the District at its own expense pursuant to Section 9.2 hereof, title to the 2015A Leased Property and any and all additions and modifications thereto and replacements thereof shall be held in the name of the Corporation, subject to this Lease and the Indenture, until sold, liquidated, conveyed or otherwise disposed of as provided in Section 7.2 of the Indenture or Article XII hereof, notwithstanding (i) a termination hereof by the District by reason of an Event of Nonappropriation as provided in Section 6.6 hereof; (ii) the occurrence of one or more Events of Default as defined in Section 14.1 hereof; (iii) the occurrence of any event of damage, destruction, condemnation, or construction defect, breach of warranty or title defect, as provided in Article X hereof; or (iv) the violation by the Corporation (or by the Trustee as assignee of the Corporation, or any other sublessee or assignee pursuant to the Indenture) of any provision hereof.

The District shall have no right, title or interest in the 2015A Leased Property or any additions and modifications thereto or replacements thereof, except as expressly set forth in this Lease.

Section 8.2 No Encumbrance, Mortgage or Pledge of 2015A Leased Property. The District shall not permit any mechanic's or other lien to remain against the 2015A Leased Property; provided that, if the District shall first notify the Trustee of the intention of the District so to do, the District may in good faith contest any mechanic's or other lien filed or established against the 2015A Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Trustee shall notify the District that, in the opinion of Independent Counsel, by nonpayment of any such items the Corporation's title to the 2015A Leased Property or the lien on the 2015A Leased Property pursuant to the Indenture will be materially endangered, or the 2015A Leased Property or any part thereof will be subject to loss or forfeiture, in which event the District shall promptly pay and cause to be satisfied and discharged all such unpaid items; provided, however, that such payment shall not be required to be made and no obligation to pay any fees or charges of Independent Counsel shall be incurred if such lien is filed or submitted pursuant to the provisions of Section 38-26-107 of the Colorado Revised Statutes, as amended, and further provided that such payment shall not constitute a waiver by the District of the right to continue to contest such items. The Corporation and the Trustee will cooperate fully with the District in any such contest, upon the request and at the expense of the District, subject to appropriation by the District. Neither the Corporation nor, except as provided above, the District, shall directly or indirectly create, incur or assume any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the 2015A Leased Property, except Permitted Encumbrances. The District shall promptly, at its own expense, subject to appropriation by the District, take such action as may, in its discretion be deemed necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above which it shall have created, incurred, or suffered to exist. The Corporation shall promptly, at its own expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above which it shall have created or incurred.

## **ARTICLE IX**

### **MAINTENANCE; MODIFICATION; DISPOSAL; AND INSURANCE**

Section 9.1 Maintenance of the 2015A Leased Property by the District. The District agrees that at all times during the Lease Term the District will maintain, preserve and keep the 2015A Leased Property or cause the 2015A Leased Property to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, subject to normal wear and tear, and that the District will from time to time make or cause to be made all necessary and proper repairs, except as otherwise provided in Sections 9.3 and 10.3 hereof. Neither the Corporation, the Trustee nor any of the Owners shall have any responsibility in any of these matters or for the making of any additions, modifications or replacements to the 2015A Leased Property.

Section 9.2 Modification of the 2015A Leased Property; Installation of Furnishings, Machinery and Equipment of the District. The District shall have the privilege of remodeling or making additions, modifications or improvements to the 2015A Leased Property, at its own cost and expense; and the same shall be the property of the Corporation, subject to this Lease and the Indenture, and shall be included under the terms of this Lease and the Indenture; provided, however, that such remodeling, additions, modifications and improvements shall not in any way damage the 2015A Leased Property or cause it to be used for purposes other than lawful governmental functions of the District, and provided that the 2015A Leased Property, as remodeled, improved or altered, upon completion of such remodeling, or such making of additions, modifications and improvements, shall be of a value not less than the value of the 2015A Leased Property immediately prior to such remodeling or such making of additions, modifications and improvements.

The District may also, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in or on the 2015A Leased Property. All such machinery, equipment and other tangible property shall remain the sole property of the District in which neither the Corporation, the Trustee nor the Owners shall have any interest; provided, however, that title to any such machinery, equipment and other tangible property which becomes permanently affixed to the 2015A Leased Property shall be in the Corporation, subject to this Lease and the Indenture, and shall be included under the terms of this Lease and the Indenture, in the event the Trustee shall reasonably determine that the 2015A Leased Property would be damaged by the removal of such machinery, equipment or other tangible property.

Section 9.3 Disposal of Certain 2015A Leased Property. The District shall not be under any obligation to repair or replace any inadequate, obsolete or worn-out 2015A Leased Property. In any instance where the District Representative determines any 2015A Leased Property set forth in Exhibit A hereto has become inadequate, obsolete or worn-out, the District may (acting for the Corporation) sell, trade in, exchange or otherwise dispose of such 2015A Leased Property (as a whole or in part) without any responsibility or accountability to the Corporation or the Trustee therefor, provided that the District shall either:

- (a) Substitute (by direct payment of the costs thereof or by designating vehicles, equipment, machinery or other personal property not theretofore included



pursuant to Section 9.2 hereof as 2015A Leased Property ) and acquire or install other vehicles, equipment, machinery or related property having equal or greater value and utility (but not necessarily having the same function) to the District, provided, however, that such substituted vehicles, equipment, machinery or related property shall have a useful life of not less than the remaining useful life of the 2015A Leased Property for which it is substituted; or

(b) Not make any such substitution and installation, provided (i) that in the case of the sale or other disposition of any such 2015A Leased Property to anyone other than itself or in the case of the scrapping thereof, the District shall pay to the Trustee for deposit into the Principal Account of the Base Rentals Fund the Net Proceeds from such sale or other disposition or the scrap value thereof, as the case may be, (ii) that in the case of the trade-in of such 2015A Leased Property for other vehicles, machinery, equipment or related property not to be included in the 2015A Leased Property subject to this Lease, the District shall pay to the Trustee for deposit into the Principal Account of the Base Rentals Fund the Net Proceeds of the credit received by it in such trade-in, and (iii) that in the case of the sale or other disposition of any such 2015A Leased Property to the District, the District shall pay to the Trustee for deposit into the Principal Account of the Base Rentals Fund an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting practices.

The District will promptly report in writing to the Corporation and to the Trustee each removal, substitution, sale or other disposition under this Section 9.3 and will pay to the Trustee all amounts required by subsection (b) of this Section 9.3 to be paid into the Principal Account of the Base Rentals Fund promptly after any subsequent sale, trade-in or other disposition requiring such payment. All substituted vehicles, machinery, equipment or related personal property made subject to the Lease and the Indenture pursuant to this Section 9.3 shall be free of all liens and encumbrances (other than Permitted Encumbrances) and shall become a part of the 2015A Leased Property for all purposes of this Lease and the Indenture. In the absence of a clearly expressed intention by the District that vehicles, machinery, equipment or related property are to be substituted for 2015A Leased Property pursuant to subsection (a) of this Section 9.3, it shall be presumed that any disposition of 2015A Leased Property pursuant to this Section 9.3 has been accomplished in accordance with subsection (b) of this Section 9.3. The Corporation and the Trustee will cooperate with the District in implementing the District's rights to dispose of 2015A Leased Property pursuant to this Section 9.3 and will execute any and all conveyances, releases or other documents necessary or appropriate in connection therewith.

The removal of any portion of the 2015A Leased Property pursuant to the provisions of this Section 9.3 shall not entitle the District to any postponement, abatement or diminution of the Base Rentals or other payments required to be made under Section 6.2 hereof.

**Section 9.4 Provisions Regarding Casualty, Public Liability and Property Damage Insurance.** Upon the completion and acceptance of each portion of the 2015A Leased Property and until termination of the Lease Term pursuant to Section 4.2 hereof, the District shall, at its own expense, cause casualty and property damage insurance to be carried and maintained with respect to each such portion of the 2015A Leased Property in an amount equal to the full replacement value of such portion of the 2015A Leased Property. Such insurance policy may

have a deductible clause in an amount deemed reasonable by the District. The District may, in its discretion, insure the 2015A Leased Property under blanket insurance policies which insure not only the 2015A Leased Property, but other equipment and property as well, as long as such blanket insurance policies comply with the requirements hereof. In addition, the District, at its election, may provide for property damage and casualty insurance with respect to the 2015A Leased Property, partially or wholly by means of a self-insurance fund as provided by applicable law, in compliance with the requirements hereof. Any such self-insurance shall be deemed to be insurance coverage hereunder. Any such self-insurance shall be reviewed on a periodic basis (not required to be more frequently than once every year) by an independent insurance consultant to determine the adequacy thereof.

Upon the execution and delivery of this Lease and until termination of the Lease Term pursuant to Section 4.2 hereof, the District shall, at its own expense, cause public liability insurance to be carried and maintained with respect to the activities to be undertaken by the District and on behalf of the District by the Corporation in connection with this Lease, in an amount not less than the limitations provided in the Colorado Governmental Immunity Act (article 10 of title 24, Colorado Revised Statutes, as amended). The public liability insurance required by this Section 9.4 may be by blanket insurance policy or policies. The District, at its election, may provide for such public liability insurance, partially or wholly by means of a self-insurance fund as provided by applicable law, in compliance with the requirements hereof. Any such self-insurance shall be deemed to be insurance coverage hereunder.

Any casualty and property damage insurance policy required by this Section 9.4 shall be so written or endorsed as to make losses, if any, payable to the District, the Corporation and the Trustee, as their respective interests may appear, and the Trustee shall be named additional insured. Each insurance policy provided for in this Section 9.4 shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of the District, the Corporation or the Trustee without first giving written notice thereof to the District, the Corporation and the Trustee at least 10 days in advance of such cancellation or modification. All insurance policies issued pursuant to this Section 9.4, or certificates evidencing such policies, shall be deposited with the Trustee. No agent or employee of the District shall have the power to adjust or settle any loss with respect to the 2015A Leased Property, whether or not covered by insurance, without the prior written consent of the Trustee; except that losses not exceeding \$100,000 may be adjusted or settled by the District without the Trustee's consent. The consent of the Corporation shall not be required for any such adjustments or settlement, regardless of the amount of the loss.

**ARTICLE X**  
**DAMAGE, DESTRUCTION OR CONDEMNATION; USE OF NET PROCEEDS**

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

- (i) the 2015A Leased Property, or any portion thereof, shall be destroyed (in whole or in part), or damaged by fire or other casualty; or
- (ii) title to, or the temporary or permanent use of, the 2015A Leased Property, or any portion thereof or the estate of the District, the Corporation or the Trustee in the 2015A Leased Property or any portion thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; or
- (iii) a breach of warranty or any material defect with respect to the 2015A Leased Property, or any portion thereof, shall become apparent, or
- (iv) title to or the use of the 2015A Leased Property, or any portion thereof, shall be lost by reason of defect in the title thereto;

then the District shall be obligated to continue to pay Base Rentals and Additional Rentals (subject to Article VI hereof) regardless of whether the certificate of completion provided for in Section 7.3 of this Lease shall have been delivered to the Corporation and the Trustee.

Section 10.2 Obligation of the District to Repair and Replace the 2015A Leased Property. Subject to the provisions of Section 10.3 hereof, the District (and, to the extent such Net Proceeds are within their control, the Corporation and the Trustee) shall cause the Net Proceeds of any insurance, performance bonds, condemnation awards, or Net Proceeds received as a consequence of default or breach of warranty under Project Contracts or other contracts relating to the 2015A Leased Property, made available by reason of any occurrence described in Section 10.1 hereof, to be deposited in a separate trust fund held by the Trustee. Except as set forth in Section 10.3 hereof, all Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of such 2015A Leased Property by the District upon receipt of requisitions signed by the District Representative and setting forth: (i) the requisition number; (ii) the name and address of the person, firm or corporation to whom payment is due or has been made; (iii) the amount to be paid or reimbursed; and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the separate trust fund and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. In carrying out any of the provisions of this Section 10.2, the District shall have all power and authority granted under Article VII hereof; and the Trustee shall cooperate with the District in the administration of such fund and shall not unreasonably withhold its approval of requisitions under this Section 10.2.

The balance of any such Net Proceeds remaining after such repair, restoration, modification, improvement or replacement has been completed shall, at the option of the District, be deposited into the Principal Account or the Interest Account of the Base Rentals Fund, or be used by the District to add to, modify or alter the 2015A Leased Property or add new components thereto. Any repair, restoration, modification, improvement or replacement paid for

in whole or in part out of such Net Proceeds shall be the property of the Corporation, subject to this Lease and the Indenture, and shall be included as part of the 2015A Leased Property under this Lease and the Indenture.

Section 10.3 Insufficiency of Net Proceeds. If there occurs an event described in Section 10.1 hereof, and if any Net Proceeds received as a consequence of such event shall be insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the 2015A Leased Property required under Section 10.2 hereof, the District may elect one of the following options:

(a) The District may, in accordance with Section 10.2 hereof, repair, restore, modify or improve such 2015A Leased Property or replace such 2015A Leased Property (or portion thereof) with property of a value equal to or in excess of such 2015A Leased Property, and pay any cost in excess of the amount of the Net Proceeds, and the District agrees that, if by reason of any such insufficiency of the Net Proceeds, the District shall make any such additional payments pursuant to the provisions of this Section 10.3(a), the District shall not be entitled to any reimbursement therefor from the Corporation, the Trustee or the Owners, nor shall the District be entitled to any diminution of the Base Rentals and Additional Rentals payable under Section 6.2 hereof.

(b) The District may discharge its obligation to repair or replace the applicable 2015A Leased Property under Section 10.2 hereof by applying the Net Proceeds (i) of any insurance, performance bonds or condemnation awards, or (ii) received as a consequence of a default or a breach of warranty under Project Contracts or any other contracts relating to such 2015A Leased Property, made available by reason of one or more of the occurrences described in Section 10.1 hereof, to the payment of the Purchase Option Price, in accordance with Article XII hereof. In the event of an insufficiency of the Net Proceeds for such purpose, the District shall pay such amounts as may be necessary to equal the Purchase Option Price; and in the event the Net Proceeds shall exceed the Purchase Option Price, such excess shall be retained by the District.

(c) If, by the last day of the Fiscal Year in which an event specified in Section 10.1 hereof occurs (or the last day of any subsequent Fiscal Year in which the insufficiency of Net Proceeds to repair, restore, modify, improve or replace the 2015A Leased Property become apparent), the District has not appropriated amounts sufficient to proceed under either paragraph (a) or paragraph (b) of this Section 10.3, an Event of Nonappropriation shall be deemed to have occurred. Unless such Event of Nonappropriation is cured as provided in Section 6.6 hereof, the Trustee may then pursue remedies as provided in Sections 6.6 and 14.2 hereof and Section 7.2 of the Indenture. If there are any excess moneys remaining after payment or redemption of the Certificates as provided in Sections 4.1 and 4.2 of the Indenture, such excess moneys shall be paid to the District.

It is hereby declared to be the District's present intention that, if an event described in Section 10.1 hereof should occur and if the Net Proceeds shall be insufficient to pay in full the cost of repair, restoration, modification, improvement or replacement of the 2015A Leased Property, the District would use its best efforts to proceed under either paragraph (a) or

paragraph (b) above; but it is also acknowledged that the District must operate within budgetary and other economic constraints applicable to it at the time, which cannot be predicted with certainty; and accordingly the foregoing declaration shall not be construed to contractually obligate or otherwise bind the District.

Section 10.4 Cooperation of the Corporation. The Corporation shall cooperate fully with the District and the Trustee in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in Section 10.1 hereof, in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the 2015A Leased Property or any portion thereof, and in the prosecution of any action relating to defaults or breaches of warranty under Project Contracts or any other contracts relating to such 2015A Leased Property, and the Corporation hereby assigns to the Trustee its interests in such policies solely for such purposes. In no event shall the Corporation voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding, or any action relating to defaults or breaches of warranty under Project Contracts or any other contracts relating to such 2015A Leased Property or any portion thereof without the written consent of the Trustee and the District. The District shall pay to the Corporation as Additional Rentals all reasonable fees and expenses incurred by the Corporation under this Section 10.4. This Section 10.4 shall not be construed to obligate the Corporation to advance its own funds in order to take any action hereunder.

## **ARTICLE XI**

### **DISCLAIMER OF WARRANTIES; OTHER COVENANTS**

Section 11.1 Disclaimer of Warranties. NEITHER THE CORPORATION, THE TRUSTEE NOR THE OWNERS MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE 2015A LEASED PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE 2015A LEASED PROPERTY OR ANY PORTION THEREOF. The District hereby acknowledges and declares that the District has been and is solely responsible for the design, construction, acquisition, selection, maintenance and operation of the 2015A Leased Property, and that neither the Corporation, the Trustee, nor the Owners has any responsibility therefor. In no event shall the Corporation, the Trustee or the Owners be liable for any direct or indirect, incidental, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or use by the District of any item, product or service provided for herein.

Section 11.2 Further Assurances and Corrective Instruments. The Corporation and the District agree that so long as this Lease is in full force and effect and no Event of Nonappropriation or Event of Default shall have occurred, the Corporation and the District shall have full power to carry out the acts and agreements provided herein and they will, so far as it may be authorized by law, from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the 2015A Leased Property hereby leased or intended so to be, or for otherwise carrying out the intention of or facilitating the performance of this Lease. This Section 11.2 shall not be construed to obligate the Corporation to advance its own funds, other than proceeds of the Certificates, in order to take any action hereunder.

Section 11.3 Corporation, District or Trustee Representatives. Whenever under the provisions hereof the approval of the Corporation, the District or the Trustee is required, or the District, the Corporation or the Trustee is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given for the Corporation by the Corporation Representative, for the District by the District Representative, and for the Trustee by the Trustee Representative, and the Corporation, the District and the Trustee shall be authorized to act on any such approval or request.

Section 11.4 Partial Release and Substitution of 2015A Leased Property. So long as no Event of Default or Event of Nonappropriation shall have occurred and be continuing, the District shall be entitled to substitute any equipment, machinery, vehicle or other personal property (collectively, the "Replacement Property"), for any 2015A Leased Property then subject to this Lease and the Indenture, upon receipt by the Trustee of a written request of the District Representative requesting such release and substitution, provided that:

- (a) such Replacement Property shall have an equal or greater value and utility (but not necessarily the same function) to the District as the 2015A Leased Property proposed to be released, as determined by a certificate from the District to that effect;

(b) any Replacement Property comprised of equipment, machinery, vehicles or personal property shall have a useful life of not less than the remaining useful life of the 2015A Leased Property for which it is substituted, as determined by a certificate from the District to that effect;

(c) the fair market value of Replacement Property shall be not less than the fair market value of the 2015A Leased Property proposed to be released from this Lease and the Indenture, or, in the alternative, the fair market value of the 2015A Leased Property remaining after the proposed release shall be at least equal to the aggregate principal amount of the Outstanding Certificates. The fair market value of any equipment, machinery, vehicles or personal property shall be determined by a report of an independent valuation consultant submitted by the District to the Trustee; and

(d) such supplements and amendments to this Lease and the Indenture and any other documents necessary to subject any Replacement Property to be substituted for the portion of the 2015A Leased Property to be released to the lien of the Indenture shall be executed and delivered.

The Corporation and the Trustee shall cooperate with the District in implementing the District's rights to release and substitute property pursuant to this Section 11.4 and shall execute any and all conveyances, releases or other documents necessary or appropriate in connection therewith.

Section 11.5 Compliance with Requirements. During the Lease Term, the District, the Corporation and the Trustee shall observe and comply promptly with all current and future orders of all courts having jurisdiction over the 2015A Leased Property or any portion thereof, and all current and future requirements of all insurance companies writing policies covering the 2015A Leased Property or any portion thereof.

Section 11.6 District Acknowledgment of the 2015A Certificates. The District acknowledges and consents to the assignment by the Corporation to the Trustee, pursuant to the Indenture, of all rights, title and interest of the Corporation in, to and under this Lease (other than the rights of the Corporation with respect to payments for or reimbursement of certain fees and expenses under Section 6.2 hereof); and to the delegation by the Corporation to the Trustee, pursuant to the Indenture, of all duties of the Corporation under this Lease. The District acknowledges and consents to the execution, sale and delivery of the 2015A Certificates pursuant to the Indenture. The District acknowledges and approves the form of the 2015A Certificates contained in the Indenture.

Section 11.7 Tax Covenant. The District covenants for the benefit of Owners of the 2015A Certificates that it will not take any action or omit to take any action with respect to the 2015A Certificates, the proceeds thereof, any other funds of the District or any facilities financed with the proceeds of the 2015A Certificates (except for the possible exercise of the District's right to terminate this Lease as provided in Section 6.6 hereof) if such action or omission (i) would cause the interest on the 2015A Certificates to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Certificates to lose its exclusion from alternative minimum taxable income as defined in

Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the 2015A Certificates to lose its exclusion from Colorado taxable income or to lose its exclusion from Colorado alternative minimum taxable income under present Colorado law. Subject to the District's right to terminate this Lease as provided in Section 6.6 hereof, the foregoing covenant shall remain in full force and effect, notwithstanding the payment in full or defeasance of the 2015A Certificates, until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code and Colorado law have been met.

In addition, the District covenants that its direction of investments pursuant to Article V of the Indenture shall be in compliance with the procedures established by the Tax Certificate to the extent required to comply with its covenants contained in the foregoing provisions of this Section. The District hereby agrees that, to the extent necessary and subject to Section 6.6 hereof, it will, during the Lease Term, pay to the Trustee such sums as are required for the Trustee to pay the amounts due and owing to the United States Treasury as rebate payments. Any such payment shall be accompanied by directions to the Trustee to pay such amounts to the United States Treasury. Any payment of District moneys pursuant to the foregoing sentence shall be Additional Rentals for all purposes of this Lease.

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

Section 11.8 Undertaking to Provide Ongoing Disclosure. The District covenants for the benefit of the Owners of the Certificates to comply with the terms of the Continuing Disclosure Agreement, provided that a failure of the District to do so shall not constitute an Event of Default. The Trustee shall have no power or duty to enforce this Section. Unless otherwise required by law, no Certificate owner shall be entitled to damages for the District's non-compliance with its obligations under this Section.



## **ARTICLE XII CONVEYANCE OF 2015A LEASED PROPERTY**

Section 12.1 Conveyance of 2015A Leased Property. The Corporation shall transfer and convey all of the 2015A Leased Property to the District in the manner provided for in Section 12.2 hereof, provided, however, that prior to such assignment, transfer and conveyance of all of the 2015A Leased Property (other than with respect to the 2015A Leased Property conveyed pursuant to Section 12.3 hereof or Section 11.4 hereof), either:

- (a) the District shall have paid the then applicable Purchase Option Price; or
- (b) the District shall have paid all Base Rentals set forth in Exhibit B hereto for the entire maximum Lease Term through the last date specified in Exhibit B hereto, and all then current Additional Rentals required hereunder.

The District is hereby granted the option to terminate this Lease and to purchase the 2015A Leased Property in whole, on any date, upon payment by the District of the then applicable Purchase Option Price. In order to exercise the option granted by this Article XII, the District shall give written notice to the Trustee of its intention to purchase the 2015A Leased Property, specifying a closing date for such purchase which shall be no less than 10 days after the giving of such written notice (provided, however, that no such notice shall be required for conveyance pursuant to (b) above). The Trustee may waive such notice or may agree to a shorter notice period. At the District's option, amounts then on deposit in any fund or account (except the Rebate Fund and any escrow accounts theretofore established pursuant to Article VI of the Indenture) held under the Indenture may be credited toward the Purchase Option Price.

The Corporation shall also transfer and convey all or a portion of the 2015A Leased Property in accordance with the terms and in the manner provided for in Sections 11.4 and 12.3 hereof.

Section 12.2 Manner of Conveyance. At the closing of any purchase or other conveyance of the 2015A Leased Property pursuant to Sections 11.4, 12.1 and 12.3 hereof, the Corporation and the Trustee shall execute and deliver to the District all necessary documents assigning, transferring and conveying good and marketable title to the applicable 2015A Leased Property, as it then exists, to the District, subject to the following: (i) Permitted Encumbrances, other than this Lease and the Indenture; (ii) all liens, encumbrances and restrictions created or suffered to exist by the Corporation or the Trustee as required or permitted by this Lease or the Indenture or arising as a result of any action taken or omitted to be taken by the Corporation or the Trustee as required or permitted by this Lease or the Indenture; (iii) any lien or encumbrance created or suffered to exist by action of the District; and (iv) those liens and encumbrances (if any) to which title to the applicable 2015A Leased Property was subject when acquired by the Corporation.

Section 12.3 Partial Release Upon Amortization of 2015A Leased Property. When the principal component of Base Rentals paid by the District, plus the principal amount of any 2015A Certificates redeemed through optional redemption, or the total principal amount of 2015A Certificates paid or deemed to be paid pursuant to Article VI of the Indenture, equals the

amount set forth in Exhibit C hereto, the cost of the corresponding portion of the 2015A Leased Property set forth in Exhibit C (or of any property substituted for such portion of the 2015A Leased Property pursuant to any provision of this Lease) shall be deemed to have been fully amortized and the Corporation and the Trustee shall release such portion of the 2015A Leased Property from this Lease and the lien thereon granted to the Trustee pursuant to the Indenture. Upon such release of a portion of the 2015A Leased Property, the Corporation and the Trustee shall execute and deliver to the District all necessary documents assigning, transferring and conveying title to such portions of the 2015A Leased Property, as it then exists, to the District, subject to the following: (i) Permitted Encumbrances, other than this Lease and the Indenture; (ii) all liens, encumbrances and restrictions created or suffered to exist by the Corporation or the Trustee as required or permitted by this Lease or the Indenture or arising as a result of any action taken or omitted to be taken by the Corporation or the Trustee as required or permitted under this Lease or the Indenture; (iii) any lien or encumbrance created or suffered to exist by action of the District; and (iv) those liens and encumbrances (if any) to which title to the applicable 2015A Leased Property was subject when acquired by the Corporation.

### **ARTICLE XIII ASSIGNMENT, SUBLEASING AND SELLING**

Section 13.1 Assignment by the Corporation. The Corporation's rights under this Lease (other than its rights with respect to certain fees and expenses under Section 6.2 hereof), including rights to receive and enforce payments hereunder, have been assigned to the Trustee pursuant to the Indenture.

Section 13.2 Assignment and Subleasing by the District. This Lease may not be assigned by the District for any reason. However, the 2015A Leased Property may be subleased, as a whole or in part, by the District, without the necessity of obtaining the consent of the Corporation, the Trustee or any Owners; subject, however, to each of the following conditions:

(a) The 2015A Leased Property may be subleased, in whole or in part, to any entity or entities if, in the opinion of nationally recognized bond counsel, such sublease will not cause the District to violate its tax covenant in Section 11.7 hereof;

(b) This Lease, and the obligations of the District hereunder, shall, at all times during the Lease Term, remain obligations of the District, and the District shall maintain its direct relationships with the Corporation and the Trustee, notwithstanding any sublease;

(c) The District shall furnish or cause to be furnished to the Corporation and the Trustee a copy of any sublease agreement;

(d) No sublease by the District shall cause the 2015A Leased Property to be used for any purpose which would cause the District to violate its tax covenant in Section 11.7 hereof; and

(e) The District shall take such action as shall be necessary to maintain the perfection and priority of any security interest granted for the benefit of the Trustee and the Certificate holders in any equipment, vehicles or personal property proposed to be subleased.

Section 13.3 Restrictions on the Grant of a Security Interest In or Sale of 2015A Leased Property. The District and the Corporation agree that, except for (i) the Corporation's assignment of this Lease and the grant of a security interest in the 2015A Leased Property to the Trustee pursuant to the Indenture, (ii) any exercise by the Trustee of the remedies afforded by Section 14.2 hereof, (iii) the District's right to sublease pursuant to Section 13.2 hereof, (iv) any conveyance to the District pursuant to Article XII hereof, (v) any release and substitution of portions of the 2015A Leased Property pursuant to Section 11.4 hereof, (vi) any modifications to the 2015A Leased Property pursuant to Section 9.2 hereof, (vii) any disposition of the 2015A Leased Property pursuant to Section 9.3 hereof, (viii) any replacement of the 2015A Leased Property pursuant to Section 10.2 hereof, and (ix) any release of any of the 2015A Leased Property pursuant to Section 12.3 hereof, neither the Corporation nor the District will grant a security interest in, sell, assign, transfer or convey the 2015A Leased Property or any portion thereof during the Lease Term.

**ARTICLE XIV**  
**EVENTS OF DEFAULT AND REMEDIES**

Section 14.1 Events of Default Defined. Any one of the following shall constitute an “Event of Default” under this Lease:

(a) failure by the District to pay any Base Rentals or Additional Rentals, which have been specifically appropriated by the District for such purpose, during the Initial Term or any Renewal Term, within five (5) Business Days of the date on which they are due; or

(b) failure by the District to surrender the 2015A Leased Property by the thirtieth day following an Event of Nonappropriation, as provided in Section 6.6 hereof; or

(c) failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in (a) or (b) above (and other than a failure to comply with Section 11.8 hereof related to the Continuing Disclosure Agreement), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be given to the District by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not withhold its consent to an extension of such time if corrective action shall be instituted by the District within the applicable period and diligently pursued until the default is corrected; or

(d) the District shall institute a voluntary case, or shall file a petition or answer or consent seeking reorganization or arrangement under the Bankruptcy Code or any other similar applicable Federal or State law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver, trustee, liquidator or custodian of it or of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or corporate action shall be taken by the District in furtherance of any of the aforesaid purposes, or an order or decree by a court of competent jurisdiction declaring the District bankrupt under the United States Bankruptcy Code or appointing a receiver of all or a material portion of the District’s assets or revenues is entered without the consent or acquiescence of the District and is not vacated or discharged within 30 days after it is entered.

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

(i) the District shall be obligated to pay the Base Rentals and Additional Rentals, which have been specifically appropriated by the District for such purpose, only during the then current Lease Term, except as otherwise expressly provided in this Lease; and

(ii) if, by reason of Force Majeure, the District shall be unable in whole or in part to carry out any agreement on its part herein contained, other than the obligations on the part of the District contained in Article VI hereof and until

termination of the Lease Term pursuant to Section 4.2 hereof, the District shall not be deemed in default during the continuance of such inability. The District agrees, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the District from carrying out its agreement; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the District.

Section 14.2 Remedies on Default. Whenever any Event of Default referred to in Section 14.1 hereof shall have happened and be continuing, the Trustee, acting for the Corporation, may or at the request of the owners of a majority in aggregate principal amount of the Certificates Outstanding and upon indemnification as to costs and expenses as provided in Section 8.1(m) of the Indenture shall, without any further demand or notice, take one or any combination of the following remedial steps:

(a) The Trustee may terminate the Lease Term and give written notice to the District to surrender the 2015A Leased Property, in the manner provided in Section 4.2 hereof, within 30 days from the date of such notice.

(b) The Trustee may proceed to foreclose through the courts on or otherwise sell, liquidate, repossess or otherwise dispose of the 2015A Leased Property, including sale of the 2015A Leased Property or any portion thereof, or the lease or sublease of the 2015A Leased Property or any portion thereof, and the Trustee may exercise all the rights and remedies of a secured party under the Colorado Uniform Commercial Code; provided, however, that the Trustee may not recover from the District any deficiency which may exist following the sale, liquidation or other disposition of the 2015A Leased Property.

(c) The Trustee, acting for the Corporation, may recover from the District:

(i) the portion of Base Rentals and Additional Rentals, to the extent amounts for such Additional Rentals have been specifically appropriated in accordance with the provisions of Section 6.2 hereof, which would otherwise have been payable hereunder, during any period in which the District continues to retain possession of the 2015A Leased Property; and

(ii) Base Rentals and Additional Rentals, to the extent amounts for such Additional Rentals have been specifically appropriated in accordance with the provisions of Section 6.2 hereof, which would otherwise have been payable by the District hereunder during the remainder of the Fiscal Year in which such Event of Default occurs.

(d) The Trustee, acting for the Corporation, may take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the 2015A Leased Property under this Lease and the Indenture, subject, however, to the limitations contained in this Lease with respect to the District's obligations upon the occurrence of an Event of Nonappropriation.

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

Section 14.3 Limitations on Remedies. A judgment requiring a payment of money may be entered against the District by reason of an Event of Default only as to the District's liabilities described in paragraph (c) of Section 14.2 hereof. A judgment requiring a payment of money may be entered against the District by reason of an Event of Nonappropriation only to the extent that the District fails to surrender the 2015A Leased Property as required by Section 6.6 hereof, and only as to the liabilities described in paragraph (c)(i) of Section 14.2 hereof. The remedy described in paragraph (c)(ii) of Section 14.2 hereof shall not be available for an Event of Default consisting of failure by the District to surrender the 2015A Leased Property by the thirtieth day following an Event of Nonappropriation.

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

Section 14.5 Waivers. Subject to the terms of the Indenture, the Trustee may waive any Event of Default under this Lease and its consequences, as the Trustee deems to be in the best interest of the Owners. In the event that any agreement contained herein is breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

In view of the assignment of the Corporation's rights under this Lease to the Trustee pursuant to the Indenture, the Corporation shall have no right to waive any Event of Default hereunder without the consent of the Trustee; and the waiver of any Event of Default hereunder by the Trustee shall constitute a waiver of such Event of Default by the Corporation, without the necessity of any action of or consent by the Corporation. A waiver of an Event of Default under the Indenture shall constitute a waiver of the corresponding Event of Default under this Lease; provided that no such waiver shall extend to or affect any subsequent or other Event of Default under this Lease or impair any right consequent thereon.

## **ARTICLE XV MISCELLANEOUS**

Section 15.1 Notices. All notices, certificates or other communications required to be given pursuant to this Lease shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, addressed as follows:

(a) If the notice is to the Corporation, then it shall be addressed to the RTD Asset Acquisition Authority, Inc., 1600 Blake Street, Denver, Colorado 80202-1399, Attention: President.

(b) If the notice is to the District, then it shall be addressed to Regional Transportation District, 1600 Blake Street, Denver, Colorado 80202-1399; Attention: Chief Financial Officer.

(c) If the notice is to the Trustee, then it shall be addressed to UMB Bank, n.a., 1670 Broadway, Denver, Colorado 80202, Attention: Corporate Trust and Escrow Services.

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

Section 15.2 Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Corporation and the District and their respective successors and assigns, subject, however, to the limitations contained in Article XIII hereof.

Section 15.3 No Individual Liability. All covenants, stipulations, promises, agreements and obligations of the District or the Corporation, as the case may be, contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the District or the Corporation, as the case may be, and not of any member, director, officer, employee, servant or other agent of the District or the Corporation in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation (including, without limitation, any obligations relating to payment of principal of, redemption premium, if any, or interest on the Certificates), or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the District or the Corporation or any natural person executing this Lease, the Indenture, the Certificates, or any related document or instrument.

Section 15.4 Amendments, Changes and Modifications. Except as otherwise provided in this Lease or the Indenture, subsequent to the issuance of the 2015A Certificates and prior to the discharge of the Indenture, this Lease may not be effectively amended, changed, modified or altered without the written consent of the Trustee as provided in the Indenture and other than by the execution of a subsequent document in the same manner as this Lease is executed.

Section 15.5 Amounts Remaining in Funds and Accounts. It is agreed by the parties hereto that any amounts remaining in the Base Rentals Fund, the Reserve Fund, the Project Fund, the Extraordinary Revenue Fund, or any other fund or account created under the Indenture upon

termination of the Lease Term, and after payment in full of the Certificates together with accrued interest thereon (or provision for payment thereof having been made in accordance with the provisions of this Lease and the Indenture), and fees and expenses of the Trustee and the Corporation in accordance with this Lease, shall belong to and be paid to the District by the Trustee as an overpayment of Base Rentals; except that amounts remaining in the Rebate Fund shall be applied as provided in Section 5.3 of the Indenture.

Section 15.6 Triple Net Lease. This Lease shall be deemed and construed to be a “triple net lease” and, subject to the prior appropriation requirements hereof, the District shall pay absolutely net during the Lease Term, the Base Rentals, the Additional Rentals and all expenses of, or other payments in respect of, the 2015A Leased Property as required to be paid by the District under this Lease, for which a specific appropriation has been effected by the District for such purpose, free of any deductions, and without abatement, deduction or setoff (other than credits against Base Rentals expressly provided for in this Lease).

Section 15.7 Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Lease, shall be a day other than a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Lease.

Section 15.8 Severability. Except for the requirement of the District to pay Base Rentals for which a specific appropriation has been effected by the District for such purpose and the requirement of the Corporation and the Trustee to provide quiet enjoyment of the 2015A Leased Property and to convey the 2015A Leased Property to the District under the conditions set forth in Article XII of this Lease (which, if held invalid or unenforceable by any court of competent jurisdiction, may have the effect of invalidating or rendering unenforceable the other provisions of this Lease), in the event that any other provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 15.9 Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15.10 Applicable Law. This Lease shall be governed by and construed in accordance with the law of the State of Colorado.

Section 15.11 Governmental Immunity. Notwithstanding any other provisions of this Lease to the contrary, no term or condition of this Lease shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections or other provisions of the Colorado Governmental Immunity Act, Section 24-10-101, et. seq., C.R.S., as now or hereafter amended.



Section 15.12 Recitals. The Recitals set forth in this Lease are hereby incorporated by this reference and made a part of this Lease.

Section 15.13 Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

IN WITNESS WHEREOF, the Corporation has executed this Lease in its corporate name with its corporate seal hereunto affixed and attested by its duly authorized officers; and the Chair and Secretary of the Board have executed this Lease for and on behalf of the District, all as of the date first above written.

RTD ASSET ACQUISITION AUTHORITY, INC.,  
as Lessor

By: \_\_\_\_\_  
President

(SEAL)

ATTEST:

By: \_\_\_\_\_  
Secretary-Treasurer

REGIONAL TRANSPORTATION DISTRICT,  
as Lessee

By: \_\_\_\_\_  
Chair

(SEAL)

ATTEST:

By: \_\_\_\_\_  
Secretary

## EXHIBIT A\*

### DESCRIPTION OF THE 2015A LEASED PROPERTY

One Hundred Seventy-Nine (179) 40 Foot Transit Buses acquired pursuant to RTD Contract Number 13FH053 between Regional Transportation District and Gillig LLC.<sup>(1)</sup>

Eighteen (18) 60 Foot Articulated Buses acquired pursuant to RTD Contract Number 13FK001 between Regional Transportation District and New Flyer of America Inc.<sup>(2)</sup>

Seven (7) Mall Shuttle Buses\*

Twenty-Nine (29) articulated six-axle electrically powered light rail vehicles.\*

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\*The District is in the process of acquiring the buses and light rail vehicles that comprise the 2015A Leased Property, but the exact number of each type of these buses and light rail vehicles and some of the manufacturers are yet to be determined by the District. Pursuant to Section 7.1(d) of this Lease, as the District enters into Project Contracts for any vehicles that comprise a portion of the 2015A Leased Property, the District shall prepare and deliver to the Corporation and the Trustee an amendment to the description of the 2015A Leased Property in this Exhibit A, which amendment shall set forth the contract number and the 2015A Leased Property that is being manufactured and acquired pursuant to such Project Contract.

(1) The District entered into the Contract with Gillig LLC in connection with the acquisition of 40 foot transit buses financed with a portion of the proceeds of certain 2013A Certificates of Participation (the “2013A Certificates”). The District then exercised an option for additional buses under this Contract that will be financed with a portion of the proceeds of the 2015A Certificates.

(2) The District entered into the Contract with New Flyer of America Inc. in connection with the acquisition of 60 foot articulated buses financed with a portion of the proceeds of the 2013A Certificates. The District then exercised an option for additional buses under this Contract that will be financed with a portion of the proceeds of the 2015A Certificates.

EXHIBIT B  
BASE RENTALS SCHEDULE

<u>Date</u>	<u>Base Rentals Principal Component</u>	<u>Base Rentals Interest Component(1)</u>	<u>Total Base Rentals</u>
11/15/2015	-	\$2,564,558.34	\$2,564,558.34
5/15/2016	-	4,570,500.00	4,570,500.00
11/15/2016	-	4,570,500.00	4,570,500.00
5/15/2017	-	4,570,500.00	4,570,500.00
11/15/2017	-	4,570,500.00	4,570,500.00
5/15/2018	-	4,570,500.00	4,570,500.00
11/15/2018	-	4,570,500.00	4,570,500.00
5/15/2019	\$10,710,000.00	4,570,500.00	15,280,500.00
11/15/2019	-	4,302,750.00	4,302,750.00
5/15/2020	11,255,000.00	4,302,750.00	15,557,750.00
11/15/2020	-	4,021,375.00	4,021,375.00
5/15/2021	11,735,000.00	4,021,375.00	15,756,375.00
11/15/2021	-	3,728,000.00	3,728,000.00
5/15/2022	12,335,000.00	3,728,000.00	16,063,000.00
11/15/2022	-	3,419,625.00	3,419,625.00
5/15/2023	12,970,000.00	3,419,625.00	16,389,625.00
11/15/2023	-	3,095,375.00	3,095,375.00
5/15/2024	13,630,000.00	3,095,375.00	16,725,375.00
11/15/2024	-	2,754,625.00	2,754,625.00
5/15/2025	14,330,000.00	2,754,625.00	17,084,625.00
11/15/2025	-	2,396,375.00	2,396,375.00
5/15/2026	15,070,000.00	2,396,375.00	17,466,375.00
11/15/2026	-	2,019,625.00	2,019,625.00
5/15/2027	15,840,000.00	2,019,625.00	17,859,625.00
11/15/2027	-	1,623,625.00	1,623,625.00
5/15/2028	4,440,000.00	1,623,625.00	6,063,625.00
11/15/2028	-	1,512,625.00	1,512,625.00
5/15/2029	4,655,000.00	1,512,625.00	6,167,625.00
11/15/2029	-	1,410,731.25	1,410,731.25
5/15/2030	4,880,000.00	1,410,731.25	6,290,731.25
11/15/2030	-	1,288,731.25	1,288,731.25
5/15/2031	5,105,000.00	1,288,731.25	6,393,731.25
11/15/2031	-	1,185,893.75	1,185,893.75
5/15/2032	5,310,000.00	1,185,893.75	6,495,893.75
11/15/2032	-	1,081,718.75	1,081,718.75
5/15/2033	5,510,000.00	1,081,718.75	6,591,718.75

11/15/2033	-	981,850.00	981,850.00
5/15/2034	5,760,000.00	981,850.00	6,741,850.00
11/15/2034	-	837,850.00	837,850.00
5/15/2035	6,050,000.00	837,850.00	6,887,850.00
11/15/2035	-	686,600.00	686,600.00
5/15/2036	6,330,000.00	686,600.00	7,016,600.00
11/15/2036	-	560,000.00	560,000.00
5/15/2037	6,585,000.00	560,000.00	7,145,000.00
11/15/2037	-	428,300.00	428,300.00
5/15/2038	6,855,000.00	428,300.00	7,283,300.00
11/15/2038	-	291,200.00	291,200.00
5/15/2039	7,135,000.00	291,200.00	7,426,200.00
11/15/2039	-	148,500.00	148,500.00
5/15/2040	<u>7,425,000.00</u>	<u>148,500.00</u>	<u>7,573,500.00</u>
	\$193,915,000.00	\$110,108,808.34	\$304,023,808.34

(1) With respect to 2015A Certificates that were sold in the initial offering at a discount, the difference between the stated redemption price of such 2015A Certificates at maturity and the initial offering price of those 2015A Certificates to the public will be treated as “original issue discount” for federal income tax purposes and will constitute interest on the 2015A Certificates.

Base Rental payments are due on May 15 and November 15 of each year during the Lease Term. The Base Rentals have been calculated on the basis of a 360-day year of twelve 30-day months. If Base Rentals are stated to be due on any date that is not a Business Day, such Base Rentals shall be due on the next day that is a Business Day without the accrual of interest on Base Rentals between such dates.

# EXHIBIT C

## RELEASE AND AMORTIZATION SCHEDULE

TOTAL AMOUNTS OF BASE RENTALS PRINCIPAL PAYMENTS AND OPTIONAL PRIOR REDEMPTIONS WHICH MUST BE MADE OR OF CERTIFICATES WHICH MUST BE PAID OR DEFEASED, TO RELEASE (1)	PORTION OF THE 2015A LEASED PROPERTY TO BE RELEASED(2)
\$21,965,000	One light rail vehicle and Buses in the Cumulative Aggregate Amount Valued at no more than \$7,402,500
\$33,700,000	All Leased Property Set forth above plus: one light rail vehicle and Buses in the Cumulative Aggregate Amount Valued at no more than \$15,277,500
\$46,035,000	All Leased Property Set forth above plus: one light rail vehicle and Buses in the Cumulative Aggregate Amount Valued at no more than \$23,553,000
\$59,005,000	All Leased Property Set forth above plus: one light rail vehicle and Buses in the Cumulative Aggregate Amount Valued at no more than \$32,256,000
\$72,635,000	All Leased Property Set forth above plus: one light rail vehicle and Buses in the Cumulative Aggregate Amount Valued at no more than \$41,400,000
\$86,965,000	All Leased Property Set forth above plus: one light rail vehicle and Buses in the Cumulative Aggregate Amount Valued at no more than \$51,016,500
\$102,035,000	All Leased Property Set forth above plus: one light rail vehicle and Buses in the Cumulative Aggregate Amount Valued at no more than \$61,128,000

\$117,875,000	All Leased Property Set forth above plus: one light rail vehicle and Buses in the Cumulative Aggregate Amount Valued at no more than \$71,757,000
\$122,315,000	All Leased Property Set forth above plus: one light rail vehicle and Buses in the Cumulative Aggregate Amount Valued at no more than \$71,941,500
\$126,970,000	All Leased Property Set forth above plus: one light rail vehicle and Buses in the Cumulative Aggregate Amount Valued at no more than \$72,135,000
\$131,850,000	All Leased Property Set forth above plus: two light rail vehicles and Buses in the Cumulative Aggregate Amount Valued at no more than \$72,337,500
\$136,955,000	All Leased Property Set forth above plus: one light rail vehicle and Buses in the Cumulative Aggregate Amount Valued at no more than \$72,549,000
\$142,265,000	All Leased Property Set forth above plus: one light rail vehicle and Buses in the Cumulative Aggregate Amount Valued at no more than \$72,769,500
\$147,775,000	All Leased Property Set forth above plus: two light rail vehicles and Buses in the Cumulative Aggregate Amount Valued at no more than \$72,994,500
\$153,535,000	All Leased Property Set forth above plus: one light rail vehicle and Buses in the Cumulative Aggregate Amount Valued at no more than \$73,233,000
\$159,585,000	All Leased Property Set forth above plus: two light rail vehicles and Buses in the Cumulative Aggregate Amount Valued at no more than \$73,480,500
\$165,915,000	All Leased Property Set forth above plus: two light rail vehicles and Buses in the Cumulative Aggregate Amount Valued at no more than \$73,741,500

\$172,500,000	All Leased Property Set forth above plus: one light rail vehicle and Buses in the Cumulative Aggregate Amount Valued at no more than \$74,011,500
\$179,355,000	All Leased Property Set forth above plus: two light rail vehicles and Buses in the Cumulative Aggregate Amount Valued at no more than \$74,295,000
\$186,490,000	All Leased Property Set forth above plus: two light rail vehicles and Buses in the Cumulative Aggregate Amount Valued at no more than \$74,587,500
\$193,915,000	All remaining Leased Property

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(1) Pursuant to Section 12.3 of this Lease, when the principal component of Base Rentals paid by the District, plus the principal amount of Certificates redeemed through optional redemption, or the total principal amount of Certificates paid or deemed to be paid, totals the amount set forth in this column, the corresponding portion of the Leased Property will be deemed amortized and shall be released.

(2) For purposes of this Release Schedule each vehicle shall be deemed to have a release value equal to the purchase price of such vehicle. In connection with any request to release any vehicle, the release request shall set forth the value of each vehicle based on its original purchase price.

EXHIBIT D  
FORM OF PROJECT FUND REQUISITION

PROJECT FUND REQUISITION NO. \_\_\_\_\_

To: UMB Bank, n.a., as Trustee  
1670 Broadway  
Denver, CO 80202  
Attention: Corporate Trust and Escrow Services

The undersigned District Representative (the "District Representative") of the Regional Transportation District (the "District"), as the lessee's representative under the Lease Purchase Agreement dated as of August 20, 2015 (the "Lease"), between RTD Asset Acquisition Authority (the "Corporation"), as lessor, and the District, as lessee, hereby requisitions the following sum from the Project Fund established under the Indenture of Trust dated as of August 20, 2015 (the "Indenture"), entered into by you, as Trustee, and in connection with such request, certifies as follows:

<u>Name and Address of Payee</u>	<u>Purpose for Which Obligation was Incurred</u>	<u>Date Payment Made By District**</u>	<u>Amount To Be Paid</u>
_____	_____	_____	_____
_____	_____	_____	_____

The District Representative further certifies that

- (a) the obligation described above has been properly incurred, is a proper charge against the Project Fund and has not been the basis of any previous withdrawal or requisition;
- (b) all conditions required by the Lease and the Indenture to be met prior to the disbursement of the above amount have been satisfied;
- (c) the disbursement requested is due and payable and will be used for the "Costs of the Project " permitted under the Lease and the Indenture;
- (d) no Event of Default or Event of Nonappropriation has occurred and is continuing;
- (e) the bill, invoice or statement of account for the obligation is attached to this requisition form, if applicable; and
- (f) to the extent that payment is due under a Project Contract or the District is seeking reimbursement for payments made under a Project Contract, either (i) such Project Contract is fully and freely assumable by the Trustee in accordance with Section 7.4 of the Lease, or (ii) the payment or reimbursement requested under any Project Contract is for motor

\_\_\_\_\_

\*\*Applicable only for reimbursement to District.



vehicles or light rail vehicles that have already been accepted by the District and titled in the name of the Corporation.

Dated: \_\_\_\_\_

REGIONAL TRANSPORTATION DISTRICT

By \_\_\_\_\_  
District Representative

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**APPENDIX F**  
**FORM OF INDENTURE**

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RTD ASSET ACQUISITION AUTHORITY, INC.

AND

UMB BANK, N.A.,  
AS TRUSTEE

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INDENTURE OF TRUST

Dated as of  
August 20, 2015

This is a security agreement with respect to chattels.

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(This Table of Contents is not a part of this Indenture of Trust and is only for convenience of reference.)

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INDENTURE OF TRUST dated as of August 20, 2015 (as amended or supplemented from time to time, the “Indenture”), by and between RTD ASSET ACQUISITION AUTHORITY, INC. (the “Corporation”), a nonprofit corporation duly organized and validly existing under the laws of the State of Colorado, and UMB Bank, n.a., as Trustee (the “Trustee”), having an office and place of business in Denver, Colorado, duly organized and existing under the laws of the United States of America, being authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America.

WITNESSETH:

WHEREAS, the Regional Transportation District (the “District”) is authorized by part 1 of article 9 of title 32, Colorado Revised Statutes (the “Act”) to develop, maintain and operate a mass transportation system (the “System”) and in connection therewith to purchase or otherwise acquire real and personal property; and

WHEREAS, the Corporation is a nonprofit corporation organized, existing and in good standing under the laws of the State of Colorado (the “State”), is duly qualified to do business in the State, and, under its articles and bylaws, is authorized to own and manage its properties, to conduct its affairs in the State and to act in the manner contemplated herein; and

WHEREAS, the District has determined that it is in the best interest of the District to acquire certain equipment, vans, buses and light rail vehicles to be used in the System, as described in the Lease (the “2015A Acquisition Project” or the “Project”), and the District has determined to apply a portion of the moneys received in connection with the execution of the Lease, together with other available moneys of the District, to effectuate the 2015A Acquisition Project; and

WHEREAS, the District and the Corporation have entered into an annually renewable Lease Purchase Agreement, dated as of August 20, 2015 (as amended or supplemented from time to time, the “Lease”) pursuant to which the District has leased from the Corporation the buses and light rail vehicles that comprise a portion of the 2015A Acquisition Project, as set forth in Exhibit A attached thereto, as it may be amended from time to time (collectively, the “2015A Leased Property”); and

WHEREAS, the equipment (the “2015A Equipment”) and vans (the “ADA Vans”) that will be acquired as part of the 2015A Acquisition Project will not be subject to the Lease and will not constitute 2015A Leased Property thereunder; and

WHEREAS, pursuant to the Lease, and subject to the right of the District not to renew the Lease and other limitations as therein provided, the District will pay certain Base Rentals to the Corporation in consideration for the District’s right to use the 2015A Leased Property; and

WHEREAS, pursuant to this Indenture, the Corporation’s right to receive the Base Rentals, and rights to receive certain other payments as provided herein and in the Lease, and the Corporation’s rights under the Lease, have been assigned to the Trustee; and

WHEREAS, pursuant to this Indenture, the Corporation has also granted to the Trustee a security interest in the 2015A Leased Property; and

WHEREAS, there will be executed and delivered by the Trustee pursuant to this Indenture the “Certificates of Participation, Series 2015A (the “2015A Certificates”), evidencing assignments of proportionate interests in rights to receive certain revenues under the Lease, which rights have been assigned to the Trustee by the Corporation; and

WHEREAS, the proceeds from the sale of the 2015A Certificates will be disbursed by the Trustee, at the direction of the District as agent for the Corporation (as further provided in the Lease), to defray the costs of the 2015A Acquisition Project; and

WHEREAS, the 2015A Certificates shall be payable solely from the sources provided herein and in the Lease, and shall not constitute a general obligation or other indebtedness or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the District or a mandatory payment obligation of the District in any Fiscal Year (as hereinafter defined) beyond the then current Fiscal Year; and

WHEREAS, the Trustee has entered into this Indenture for and on behalf of the registered owners of the Certificates (the “Owners”), and will hold its rights hereunder, including its rights with respect to the 2015A Leased Property, except as otherwise specifically provided herein, for the equal and proportionate benefit of the Owners, and will disburse moneys received by it in accordance with this Indenture; and

WHEREAS, the 2015A Certificates are to be in substantially the form set forth in Exhibit A hereto, with such necessary or appropriate variations, omissions and insertions as required by the circumstances or as permitted or required by this Indenture; and

WHEREAS, all things necessary to make the 2015A Certificates and any additional certificates of participation executed and delivered pursuant to this Indenture (collectively, the “Certificates”), when authenticated and delivered by the Trustee and authenticated by the District as in this Indenture provided, legal, valid, and binding assignments of proportionate interests in rights to receive Base Rentals and certain other revenues, as herein provided, and to constitute this Indenture a valid, binding and legal instrument for the security of the Certificates in accordance with its terms, have been done and performed;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

That the Corporation, in consideration of the premises and the mutual covenants herein contained and for the benefit of the Owners and the sum of One Dollar to it duly paid by the Trustee at or before the execution of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on all Certificates at any time Outstanding under this Indenture, according to their tenor and effect, and to secure the performance and observance of all the covenants and conditions in the Certificates and herein contained, and to declare the terms and conditions upon and subject to which the Certificates are executed and delivered and secured, has executed and delivered this Indenture and has granted, bargained, sold, warranted, mortgaged, alienated, remised, released, conveyed, assigned, pledged, set over, granted a security interest in and confirmed, and by these presents does grant, bargain, sell, warrant, mortgage, alien, remise, release, convey, assign, pledge, set over, grant a security interest in and

confirm unto UMB Bank, n.a., Denver, Colorado, as Trustee, and to its successors and assigns forever, all and singular the following described property, franchises and income (collectively, the "Trust Estate"):

(a) The 2015A Leased Property (subject to Permitted Encumbrances, as defined in the Lease, and subject to Sections 7.1, 9.2, 9.3, 11.4 and 12.3 of the Lease).

(b) All rights, title and interest of the Corporation in, to and under the Lease, other than the rights, title and interest of the Corporation with respect to certain payments or reimbursements to the Corporation thereunder for its costs, fees and expenses.

(c) All Lease Revenues and any other receipts receivable by or on behalf of the Corporation pursuant to the Lease including, without limitation, (i) all Base Rentals (as defined in the Lease) to be received from the District pursuant to the Lease and pursuant to the terms of which Base Rentals (as defined in the Lease) are to be paid directly to the Trustee; (ii) all Extraordinary Revenues received pursuant to the Lease; and (iii) all rights to enforce payments under the Lease when due (other than the rights of the Corporation with respect to certain payments or reimbursements to the Corporation thereunder for its costs, fees and expenses) or otherwise to enforce rights under the Lease for the benefit of the Owners.

(d) The Project Documents, including all extensions and renewals of the terms thereof, if any, together with the rights, titles and interests of the District in and to the Project Documents, including, but not limited to, the present and continuing right to make claim for, collect, receive and receipt for any of the sums, amounts, income, revenues, issues and profits and any other sums of money payable or receivable under the Project Documents, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the District under the Project Documents is or may become entitled to, provided, however, that for so long as the Lease is in effect, the District shall retain the right to bring actions and proceedings under the Project Documents and enforce the provisions thereof against the parties thereto other than the District.

(e) All money and securities from time to time held by the Trustee under this Indenture (except the Rebate Fund as hereinafter defined and any defeasance escrow accounts and except as otherwise expressly provided herein and in the Lease) and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specially mortgaged, pledged, or hypothecated, as and for additional security hereunder, by the Corporation, or by anyone on its behalf, in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Trustee and its successors in said trust and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms herein set forth for the equal and proportionate benefit, security and protection of all Owners, without privilege, priority or distinction as to the lien or otherwise of any of the Certificates over any other of the Certificates;

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

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

## **ARTICLE I DEFINITIONS AND OTHER MATTERS**

Section 1.2 Definitions. All words and phrases defined in Article I of the Lease shall have the same meanings in this Indenture. In addition, the following terms, except where the context indicates otherwise, shall have the respective meanings in this Indenture set forth below.

“2015A Acquisition Project” means the acquisition of the 2015A Equipment, the ADA Vans, and certain buses and light rail vehicles with the net proceeds of the 2015A Certificates. The buses and light rail vehicles acquired as part of the 2015A Acquisition Project shall constitute 2015A Leased Property under the Lease. The 2015A Equipment and the ADA Vans acquired as part of the 2015A Acquisition Project shall not constitute 2015A Leased Property thereunder.

2015A Certificates” means the “Certificates of Participation, Series 2015A” executed and delivered pursuant to this Indenture.

“2015A Equipment” means the equipment acquired as part of the 2015A Acquisition Project with a portion of the proceeds of the 2015A Certificates, which shall not constitute 2015A Leased Property under the Lease. The maximum aggregate net proceeds of the 2015A Certificates that shall be used to finance the cost of the 2015A Equipment shall not exceed \$8.0 million. For purposes of this definition, the buses and light rail vehicles that will be acquired with the net proceeds of the 2015A Certificates shall not be deemed to be 2015A Equipment.

“2015A Leased Property” means, collectively, the buses and light rail vehicles that comprise a portion of the 2015A Acquisition Project, and any other property that is subject to the Lease, as set forth in Exhibit A thereto, as it may be amended from time to time or supplemented, and any property acquired in replacement or substitution therefor pursuant to the provisions of the Lease, which shall be leased to the District pursuant to the Lease. The 2015A Equipment and ADA Vans that are acquired as a portion of the 2015A Acquisition Project shall not be subject to the Lease and shall not constitute 2015A Leased Property thereunder.

“ADA Vans” means the ADA Vans acquired as part of the 2015A Acquisition Project with a portion of the proceeds of the 2015A Certificates, which shall not constitute 2015A Leased Property under the Lease. The maximum aggregate net proceeds of the 2015A Certificates that shall be used to finance the cost of the ADA Vans shall not exceed \$200,000.

“Additional Certificates” means any Certificates hereafter executed and delivered, in addition to the 2015A Certificates, as provided in Section 2.14 hereof.

“Authorized Denomination” means, (i) with respect to a particular 2015A Certificate, \$5,000 or any integral multiple thereof, (ii) with respect to Certificates other than 2015A Certificates, such amount as is set forth in a supplemental indenture.

“Base Rentals” means the rental payments payable by the District during the Lease Term, which constitute payments payable by the District for and in consideration of the right to possess and use the 2015A Leased Property as set forth in Exhibit B of the Lease. Base Rentals does not include Additional Rentals.

“Base Rentals Fund” means the special fund created by Section 3.2 hereof, which includes both the Interest Account and the Principal Account as provided herein.

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

“Business Day” means a day which is not (i) a Saturday, Sunday or legal holiday on which banking institutions in the State or the State of New York are authorized by law to close or (ii) a day on which the New York Stock Exchange is closed.

“Certificates of Participation” or “Certificates” means one or more certificates of participation executed and delivered pursuant hereto and evidencing assignments of proportionate interests in rights to receive Lease Revenues as provided herein and in the Lease. The term includes the 2015A Certificates and any Additional Certificates.

“Closing Date” means the date of the initial authentication and delivery of the 2015A Certificates.

“Combined Average Annual Debt Service Requirements” means the aggregate of all Debt Service Requirements due on all Outstanding Certificates during the period commencing on the date of such computation and ending with the date on which the last of such Debt Service Requirements are payable, divided by the number of years or portions thereof between such dates.

“Combined Maximum Annual Debt Service Requirements” means the maximum amount of the Debt Service Requirements due on all Outstanding Certificates in any single Fiscal Year during the period commencing on the date of such computation and ending with the date on which the last of such Debt Service Requirements are payable.

“Completion Date” means the date of final acceptance of all of the 2015A Acquisition Project by the District, as evidenced by the completion certificate provided for in Section 7.3 of the Lease.

“Debt Service Requirements” means, for any period, an amount equal to the principal of and interest on any designated series of Certificates required to be paid during such period; provided that the determination of the Debt Service Requirements of any series of Certificates shall assume the redemption and payment of such Certificates on any applicable mandatory redemption dates but shall exclude any redemption premiums.

“Defaulted Interest” means interest on any Certificate which is payable but not duly paid on the date due.

“Depository” means DTC or any successor Depository appointed pursuant to Section 2.16 hereof.

“District Representative” means the General Manager or Chief Financial Officer of the District and any other person or persons at the time designated to act on behalf of the District for the purposes of performing any act under the Lease or the Indenture by a written certificate

furnished to the Trustee and the Corporation containing the specimen signature of such person or persons and signed by the Chair of the Board of Directors of the District. The designation of the District Representative may be changed by the District from time to time by furnishing a new certificate to the Trustee and the Corporation.

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

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

“Event of Default” means any of the events specified in Section 7.1 hereof.

“Extraordinary Revenue Fund” means the special fund created by Section 3.5 hereof into which Extraordinary Revenues are to be deposited.

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

“Fitch” means Fitch Ratings Inc.

“Funds” means any of the accounts or funds established pursuant to this Indenture (other than the Rebate Fund and any defeasance escrow account created hereunder).

“General Manager” means the General Manager or Interim General Manager of the District.

“Hazardous Substance” means and includes: (a) the terms “hazardous substance,” “release” and “removal” which, as used herein, shall have the same meaning and definition as set forth in paragraphs (14), (22) and (23), respectively, of Title 42 U.S.C. §9601 and in Colorado law, provided, however, that the term “hazardous substance” as used herein shall also include “hazardous waste” as defined in paragraph (5) of 42 U.S.C. §6903 and “petroleum” as defined in paragraph (8) of 42 U.S.C. §6991; (b) the term “superfund” as used herein means the Comprehensive Environmental Response, Compensation and Liability Act, as amended, being Title 42 U.S.C. §9601 et seq., as amended, and any similar State of Colorado statute or local ordinance applicable to the 2015A Leased Property, including, without limitation, Colorado rules and regulations promulgated, administered and enforced by any governmental agency or authority pursuant thereto; and (c) the term “underground storage tank” as used herein shall have the same meaning and definition as set forth in paragraph (1) of 42 U.S.C. §6991.

“Immediate Notice” means notice by telephone or telecopier to such address as the addressee shall have directed in writing, promptly followed by written notice by first class mail, postage prepaid; provided, however, that if any Person required to give an Immediate Notice shall not have been provided with the necessary information as to the telephone or telecopier number of an addressee, Immediate Notice shall mean written notice by first class mail, postage prepaid.

“Indenture” means this Indenture of Trust and any amendments or supplements hereto, including all exhibits hereto and thereto.

“Independent Counsel” means an attorney duly admitted to the practice of law before the highest court in the State and who is not an employee of the Corporation, the Trustee or the District.

“Initial Purchasers” means, with respect to the 2015A Certificates, the initial purchasers of the 2015A Certificates, and, with respect to any Additional Certificates, means the purchasers designated as such in any amendments or supplements hereto or to the Lease.

“Interest Payment Date” means (i) June 1 and December 1, commencing December 1, 2015, with respect to the 2015A Certificates, and, with respect to any Additional Certificates means (ii) the date or dates designated as Interest Payment Dates in any amendments or supplements hereto.

“Lease” means the annually renewable Lease Purchase Agreement dated as of August 20, 2015, between the Corporation, as lessor, and the District, as lessee, as it may be amended or supplemented from time to time.

“Maturity” means the scheduled maturity date of any Certificate without regard to optional or mandatory redemption.

“Moody’s” means Moody’s Investors Service.

“Opinion of Counsel” means a written opinion of legal counsel, who may be counsel to the Trustee, the District or the Corporation.

“Outstanding” or “Certificates Outstanding” means all Certificates which have been executed and delivered, except:

(a) Certificates canceled or which shall have been surrendered to the Trustee for cancellation;

(b) Certificates in lieu of which other Certificates have been executed under Section 2.10 or 2.11 hereof;

(c) Certificates which have been deemed to be redeemed as provided in Article IV hereof (including Certificates redeemed on payment of an amount less than the Outstanding principal thereof and accrued interest thereon to the redemption date under certain circumstances, as provided in Sections 4.2 and 4.3 hereof); and

(d) Certificates which are paid or otherwise deemed discharged pursuant to Section 6.1 hereof.

“Owner” or “owner” or “registered owner” of a Certificate means the registered owner of any Certificate as shown in the registration records of the Trustee.



“Person” means natural persons, firms, associations, corporations and public bodies.

“Permitted Investments” means those investments the District is authorized to enter into under the laws of the State.

“Principal Office” means when used with respect to the Trustee, the principal operations office of the Trustee currently located in Kansas City, Missouri.

“Project” means the 2015A Acquisition Project.

“Project Contract” means any contract between the District or the Corporation and any contractor or vendor regarding the construction, production or other acquisition or installation of any part of the 2015A Acquisition Project that constitutes 2015A Leased Property under the Lease.

“Project Documents” means the following: (i) the Project Contracts; (ii) policies of collision, comprehensive, replacement, casualty, public liability, property damage and worker’s compensation insurance, or certificates thereof, as required by the Lease with respect to the 2015A Leased Property; (iii) contracts with any engineers or consultants or any maintenance or repair personnel hired by the District in connection with the 2015A Leased Property; and (iv) any and all other documents executed by or furnished to the District in connection with the Project.

“Project Fund” means the special fund created by Section 3.4 hereof and includes the 2015A Project Account and the Costs of Execution and Delivery Account, and any other accounts or subaccounts created therein by the Trustee.

“Qualified Reserve Fund Insurance Policy” means any insurance policy, surety bond, irrevocable letter of credit or similar instrument deposited in or credited to the Reserve Fund in lieu of or in partial substitution for moneys on deposit therein; provided that any such substitution shall be submitted to each Rating Agency then maintaining a rating on the 2015A Certificates and shall not cause the then-current ratings on the 2015A Certificates or the ratings outlook on the 2015A Certificates to be adversely affected.

“Rating Agency” means each nationally recognized securities rating agency then maintaining a rating on the 2015A Certificates and initially means Standard & Poor’s, Moody’s and Fitch.

“Rebate Fund” means the special fund created by Section 5.3 hereof.

“Record Date” means May 15 and November 15 (whether or not a Business Day); provided, however, that if the Closing Date of any Certificate shall occur on or after May 15 but prior to June 1 or on or after November 15 but prior to December 1, the initial Record Date shall be the Closing Date.

“Representation Letter” means the Letter of Representations between the District and DTC.

“Reserve Fund” means the special fund created by Section 3.3 hereof. The Reserve Fund shall secure only the payment of the 2015A Certificates unless otherwise provided in the ordinance or indenture authorizing the execution and delivery of Additional Certificates.

“Reserve Fund Requirement” in respect of the 2015A Certificates means, as of any date of calculation, an amount equal to the lesser of: (a) \$7,667,902.35; (b) 5% of the Outstanding aggregate principal amount of the 2015A Certificates, (c) 50% of the Maximum Annual Debt Service Requirements on the Outstanding 2015A Certificates, or (d) 62.5% of the Average Annual Debt Service Requirements on the Outstanding 2015A Certificates. The Reserve Fund Requirement shall be determined on December 31 of each year and upon any principal payment of the 2015A Certificates, whether at stated maturity or upon redemption, and upon the defeasance of all or a portion of the 2015A Certificates. If the Reserve Fund secures Additional Certificates, the Reserve Fund Requirement shall also include such additional amount as set forth in the resolution or indenture authorizing the execution and delivery of such Additional Certificates.

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

“Special Record Date” means a special date fixed to determine the names and addresses of registered owners of Certificates for purposes of paying Defaulted Interest, all as provided in Section 2.4 hereof.

“Standard & Poor’s” means Standard & Poor’s Ratings Group, a division of the McGraw-Hill Companies, Inc.

“State” means the State of Colorado.

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

“Tax Certificate” means the Tax Compliance Certificate entered into by the District with respect to the Lease.

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

“Term Certificates” means any Certificates that are payable on or before their specified maturity dates from sinking fund payments established for the purpose and calculated to retire such Certificates on or before their specified maturity dates.

“Trust Estate” means the property pledged and assigned to the Trustee pursuant to the granting clauses hereof. The Trust Estate does not include the Rebate Fund or any defeasance escrow accounts established pursuant to Article VI hereof.

“Trustee” means UMB Bank, n.a. organized under the laws of the United States of America, with an office located in Denver, Colorado, acting in the capacity of trustee for the Owners pursuant hereto, and any successor thereto appointed under this Indenture.

“Trustee Representative” means the Person or Persons at the time designated to act on behalf of the Trustee for purposes of performing any act on behalf of the Trustee under this Indenture or the Lease by a written certificate furnished to the District and the Corporation containing the specimen signature of such Person or Persons and signed on behalf of the Trustee by any duly authorized officer of the Trustee. The designation of the Trustee Representative may be changed by the Trustee from time to time by furnishing a new certificate to the District and the Corporation.

Section 1.3 Enforceability of this Indenture. The Corporation represents that this Indenture has been duly authorized, executed and delivered by the Corporation and that this Indenture is enforceable against the Corporation in accordance with its terms, subject to any applicable bankruptcy, insolvency, moratorium or other similar laws or equitable principles affecting the enforcement of creditors generally and liens securing such rights. The Trustee represents that this Indenture has been duly authorized, executed and delivered by the Trustee and that this Indenture is enforceable against the Trustee in accordance with its terms, subject to any applicable bankruptcy, insolvency, moratorium or other similar laws or equitable principles affecting the enforcement of creditors generally and liens securing such rights.

## ARTICLE II

### AUTHORIZATION, TERMS, EXECUTION AND DELIVERY OF CERTIFICATES

Section 2.1 Authorized Amount of Certificates. No Certificates may be executed and delivered hereunder except in accordance with this Article II. The aggregate principal amount of Certificates that may be executed and delivered hereunder shall not be limited in amount; provided, however, that Certificates other than the 2015A Certificates shall be executed and delivered only as Additional Certificates in compliance with Section 2.14 of this Indenture.

Section 2.2 Execution and Delivery of 2015A Certificates. The 2015A Certificates shall be sold, executed and delivered hereunder to defray the cost of the 2015A Acquisition Project and to pay the costs of execution and delivery of the 2015A Certificates. The 2015A Certificates shall evidence assignments of proportionate interests in the right to receive Lease Revenues under the Lease.

The 2015A Certificates shall be executed and delivered in fully registered form in Authorized Denominations not exceeding the aggregate principal amount stated to mature on any given date. The 2015A Certificates shall be numbered consecutively in such manner as the Trustee shall determine; provided that while the 2015A Certificates are held by a Depository, one 2015A Certificate shall be executed and delivered for each maturity bearing interest at the same interest rate of the Outstanding 2015A Certificates.

#### Section 2.3 2015A Certificate Details.

(a) The 2015A Certificates shall be in substantially the form attached hereto as Exhibit A, and all provisions and terms of the 2015A Certificates set forth therein are incorporated in this Indenture. The 2015A Certificates are issued under the authority of the Supplemental Act and shall so recite. Pursuant to Section 11-57-210 of the Supplemental Act, such recital shall be conclusive evidence of the validity and the regularity of the issuance of the 2015A Certificates after their delivery for value.

(b) The aggregate principal amount of the 2015A Certificates shall be \$193,915,000. The 2015A Certificates shall be dated as of their date of execution and delivery and shall mature on the dates and in the amounts, with interest thereon at the rates, set forth below (payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2015):

<u>Maturity (June 1)</u>	<u>Principal</u>	<u>Interest Rate</u>
2019	\$10,710,000	5.000%
2020	11,255,000	5.000
2021	11,735,000	5.000
2022	12,335,000	5.000
2023	12,970,000	5.000
2024	13,630,000	5.000
2025	14,330,000	5.000
2026	15,070,000	5.000
2027	15,840,000	5.000

2028	4,440,000	5.000
2029	1,655,000	3.250
2029	3,000,000	5.000
2030	4,880,000	5.000
2031	3,305,000	3.500
2031	1,800,000	5.000
2032	3,810,000	3.500
2032	1,500,000	5.000
2033	5,510,000	3.625
2034	5,760,000	5.000
2035	6,050,000	5.000
2040	34,330,000	4.000

(c) The 2015A Certificates shall bear interest from their date of execution and delivery to maturity or prior redemption at the rates per annum set forth above, payable on each Interest Payment Date, beginning on December 1, 2015. Each 2015A Certificate authenticated prior to the first Interest Payment Date thereon shall bear interest from the date of execution and delivery of the 2015A Certificates, except that if, as shown by the records of the Trustee, interest on such 2015A Certificate shall be in default, any 2015A Certificate issued in exchange for or upon the registration of transfer of such 2015A Certificate shall bear interest from the date to which interest has been paid in full on such 2015A Certificate or, if no interest has been paid on such 2015A Certificate, the date of execution and delivery of the 2015A Certificates. Each 2015A Certificate shall bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the rates borne by such 2015A Certificate from the date on which such principal, premium or interest became due and payable.

#### Section 2.4 Payment of Certificates.

The 2015A Certificates shall bear interest until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions hereof, whether at Maturity, upon redemption or otherwise. Interest accrued on the 2015A Certificates shall be paid on each Interest Payment Date. Interest on the 2015A Certificates shall be computed upon the basis of a 360-day year consisting of twelve 30-day months.

The payment of principal and premium, if any, on any Certificate shall be payable when due to an Owner upon presentation and surrender of such Certificate at the Principal Office of the Trustee. Interest on any Certificate shall be paid on each Interest Payment Date by check mailed by the Trustee on that date to the Person in whose name the Certificate is registered at the close of business on the Record Date applicable to that Interest Payment Date on the registration books maintained by the Trustee at the address appearing therein. Notwithstanding the foregoing, in the case of any Certificates for which DTC is acting as Depository, the principal of, premium, if any, and interest on such Certificates shall be payable as directed in writing by the Depository and in accordance with the Representation Letter. Notwithstanding the foregoing, in the case of an Owner of \$1,000,000 or more in aggregate principal amount of Certificates, the principal of, premium, if any, and interest on such Certificates may be payable by wire transfer of funds to a bank account designated by the Certificate Owner in written instructions to the Trustee.

If and to the extent, however, that payment of interest on any Certificate on any Interest Payment Date is not made, that interest shall cease to be payable by the Trustee to the Person who was the Owner of that Certificate as of the applicable Record Date. When moneys become available for payment of the interest, the Trustee shall establish a Special Record Date for the payment of that interest which shall be not more than 15 nor fewer than 10 days prior to the date of the proposed payment, and the Trustee shall cause notice of the proposed payment and of the Special Record Date to be mailed by first class mail, postage prepaid, to such Owner at its address as it appears on the registration books maintained by the Trustee no fewer than 10 days prior to the Special Record Date and thereafter the interest shall be payable to the Persons who are the Owners of the Certificates at the close of business on the Special Record Date. The principal of and interest on the Certificates shall be payable in lawful money of the United States of America without deduction for the services of the Trustee.

Section 2.5 Limited Obligation. Each Certificate shall evidence an assignment of a proportionate interest in the right to receive Lease Revenues under the Lease. The Certificates are payable solely from Lease Revenues as, when and if the same are received by the Trustee, which Lease Revenues are to be held in trust by the Trustee for such purposes in the manner and to the extent provided herein. The Certificates shall not constitute a mandatory charge or requirement of the District in any Fiscal Year beyond the then current Fiscal Year, and shall not constitute or give rise to a general obligation or other indebtedness of the District, or a multiple fiscal year direct or indirect District debt or other multiple fiscal year obligation whatsoever, within the meaning of any constitutional or statutory debt limitation. No provision of the Certificates shall be construed or interpreted as creating a delegation of governmental powers nor as a donation by or a lending of the credit of the District within the meaning of sections 1 or 2 of article XI of the State Constitution. The Certificates shall not directly or indirectly obligate the District to make any payments beyond those specifically appropriated for its then current Fiscal Year. The Certificates shall not constitute a debt or liability of the Corporation, and the Corporation shall have no obligation with respect to the Certificates except to the extent of its assignment of the Trust Estate to the Trustee pursuant to this Indenture; and neither the Lease nor this Indenture shall create any pecuniary liability on the part of any director, officer, official or employee of the District or the Corporation.

Section 2.6 Execution of Certificates. Each Certificate shall be executed with the manual signature of a duly authorized representative of the Trustee. It shall not be necessary that the same authorized representative of the Trustee sign all of the Certificates executed and delivered hereunder. In case any authorized representative of the Trustee whose signature appears on the Certificates ceases to be such representative before delivery of the Certificates, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such authorized representative had remained as such authorized representative until delivery.

Section 2.7 Effect of Execution. No Certificate shall be valid or obligatory for any purpose or entitled to any security or benefit hereunder unless and until executed in the manner prescribed by Section 2.6 hereof, and such execution of any Certificate shall be conclusive evidence that such Certificate has been properly executed and delivered hereunder.

Section 2.8 Form of Certificates. The 2015A Certificates shall be substantially in the form set forth in Exhibit A hereto and any Additional Certificates shall be substantially in such

form or in the forms set forth in any amendments or supplements hereto relating to such Additional Certificates, with such appropriate variations, omissions and insertions as may be required by the circumstances, or as may be permitted or required hereby.

Section 2.9 Delivery of the Certificates. Upon the execution and delivery of this Indenture, and, with respect to any Additional Certificates, the execution and delivery of any required amendment or supplement hereto, the Trustee shall execute and deliver the Certificates to the Initial Purchasers thereof, as hereinafter in this Section provided:

(a) Prior to the delivery by the Trustee of any of the Certificates, there shall have been filed with the Trustee originally executed counterparts of the Indenture and the Lease or any amendments or supplements thereto, as the case may be, a certified copy of the resolution adopted by the District approving the Lease and a certified copy of the resolution adopted by the Corporation approving the Lease and this Indenture or any amendments or supplements thereto or hereto, as the case may be.

(b) Thereupon, the Trustee shall deliver the Certificates to the Initial Purchasers thereof, upon payment to the Trustee of the agreed purchase price. Such sum shall be applied as provided by Article III hereof.

Section 2.10 Mutilated, Lost, Stolen or Destroyed Certificates. In the event that any Certificate is mutilated, lost, stolen or destroyed, a new Certificate may be executed on behalf of the Trustee, of like date, maturity, interest rate and denomination as that mutilated, lost, stolen or destroyed; provided that the Trustee shall have received such evidence, information or indemnity from the owner of the Certificate as it and the District may reasonably require, and provided further, in case of any mutilated Certificate, that such mutilated Certificate shall first be surrendered to the Trustee. In the event that any such Certificate shall have matured, instead of issuing a duplicate Certificate, the Trustee may pay the same without surrender thereof. The Trustee may charge the owner of the Certificate with its reasonable fees and expenses in this connection and require payment of such fees and expenses as a condition precedent to the delivery of a new Certificate.

Section 2.11 Registration of Certificates; Persons Treated as Owners; Transfer and Exchange of Certificates. Records for the registration and transfer of Certificates shall be kept by the Trustee which is hereby appointed the registrar. The principal of, interest on, and any prior redemption premium on any Certificate shall be payable only to or upon the order of the registered owner or his legal representative (except as otherwise herein provided with respect to Record Dates and Special Record Dates for the payment of interest). Upon surrender for transfer of any Certificate at the Principal Office of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Trustee shall enter such transfer on the registration records and shall execute and deliver in the name of the transferee or transferees a new fully registered Certificate or Certificates of a like aggregate principal amount, interest rate, and of the same maturity, bearing a number or numbers not previously assigned.

Fully registered Certificates may be exchanged at the Principal Office of the Trustee for an equal aggregate principal amount of fully registered Certificates of the same maturity and

interest rate of other Authorized Denominations. The Trustee shall execute and deliver Certificates which the Owner making the exchange is entitled to receive, bearing numbers not previously assigned.

The Trustee may require the payment, by the owner of any Certificate requesting exchange or transfer, of any reasonable charges as well as any taxes, transfer fees or other governmental charges required to be paid with respect to such exchange or transfer.

The Trustee shall not be required to transfer or exchange (i) all or any portion of any Certificate during the period beginning at the opening of business 15 days before the day of the mailing by the Trustee of notice calling any Certificates for prior redemption and ending at the close of business on the day of such mailing, or (ii) all or any portion of a Certificate after the mailing of notice calling such Certificate or any portion thereof for prior redemption.

Except as otherwise herein provided with respect to Record Dates and Special Record Dates for the payment of interest, the Person in whose name any Certificate shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal, premium, if any, or interest on any Certificate shall be made only to or upon the written order of the registered owner thereof or his legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge such Certificate to the extent of the sum or sums paid.

Section 2.12 Required Information in 2015A Certificate Form. On each date on which the Trustee authenticates and delivers a 2015A Certificate, it shall complete the information required to be inserted by the 2015A Certificate form and shall keep a record of such information, identifying each such 2015A Certificate by CUSIP number or in any other manner as deemed appropriate by the Trustee.

Section 2.13 Cancellation of Certificates. Whenever any Outstanding Certificates shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment thereof or for or after replacement pursuant to Section 2.10 or 2.11 hereof, such Certificates shall be promptly canceled and destroyed by the Trustee, and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the District.

Section 2.14 Execution and Delivery of Additional Certificates. So long as the Lease Term shall remain in effect and no Event of Nonappropriation or Event of Default shall have occurred and be continuing, one or more issues of Additional Certificates may be executed and delivered upon the terms and conditions provided herein. The maturity dates, Interest Payment Dates and the times and amounts of payment of Additional Certificates shall be as provided in the supplemental indenture and amendment to the Lease entered into in connection therewith. Additional Certificates may be executed and delivered only to provide funds to pay the costs of refunding all or any portion of the Outstanding Certificates.

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

(a) Originally executed counterparts of a supplemental indenture and an amendment to the Lease adopted in accordance with the requirements of Article IX hereof,



expressly providing that, for all the purposes hereof, the Certificates shall mean and include the Additional Certificates being executed and delivered as well as any Certificates and Additional Certificates theretofore executed and delivered, except that the series description of the Additional Certificates, the date or dates of the Additional Certificates, the maturity dates and interest payment dates for the Additional Certificates, the rate or rates of interest on the Additional Certificates, and provisions for the redemption thereof, if any, all as may be provided in the supplemental indenture and amendment to the Lease rather than as provided in this Indenture; and further providing for an amendment of the Base Rentals required or authorized to be paid to the Trustee under the Lease and under Exhibit B to the Lease to reflect the execution and delivery of the Additional Certificates and the refunding of all or a portion of the then Outstanding Certificates.

(b) A written opinion of Special Counsel to the effect that the execution and delivery of the Additional Certificates have been duly authorized, that all conditions precedent to the delivery thereof have been fulfilled, that the execution and delivery of the Additional Certificates will not adversely affect the exclusion from gross income for federal income tax purposes of the portion of Base Rentals which is designated in the Lease and paid by the District as interest on the 2015A Certificates or other tax-exempt Additional Certificate hereafter executed and delivered, and that the sale, execution and delivery of the Additional Certificates will not constitute a default under the Lease or this Indenture nor cause any violation of the covenants or representations therein or herein.

(c) If the Additional Certificates are to be secured by the Reserve Fund, proceeds of such Additional Certificates or other legally available funds of the District or a Qualified Reserve Fund Insurance Policy, in an amount, if any, necessary to increase the amount on deposit in the Reserve Fund to the then applicable Reserve Fund Requirement.

(d) A written order to the Trustee by the District to deliver the Additional Certificates to the purchaser or purchasers therein identified upon payment to the Trustee of a specified sum therein identified.

Each of the Additional Certificates executed and delivered pursuant to this Section 2.14 shall evidence an assignment of a proportionate interest in rights to receive Lease Revenues under the Lease, as amended, proportionately and ratably secured with the Certificates originally executed and delivered and all other issues of Additional Certificates, if any, executed and delivered pursuant to this Section 2.14, without preference, priority or distinction of any Certificates or Additional Certificates over any other.

Section 2.15 Negotiability. Subject to the registration provisions hereof, the Certificates shall be fully negotiable and shall have all the qualities of negotiable paper, and the owner or owners thereof shall possess all rights enjoyed by the holders or owners of negotiable instruments under the provisions of the Uniform Commercial Code-Investment Securities. The principal of and interest on the Certificates shall be paid, and the Certificates shall be transferable, free from and without regard to any equities, set-offs or cross-claims between or among the District, the Corporation, the Trustee and the original or any intermediate owner of any Certificates.

Section 2.16 Book Entry.

(a) Notwithstanding any contrary provision of this Indenture, the Certificates shall initially be evidenced by one Certificate for each maturity bearing the same interest rates in denominations equal to the aggregate principal amount of the Certificates maturing for that maturity and bearing the same interest rate. Such initially delivered Certificates shall be registered in the name of “Cede & Co.” as nominee for The Depository Trust Company, the Depository for the Certificates. As long as the Certificates are held by DTC, the Trustee and the District may treat DTC (or its nominee) as the sole and exclusive Owner of the Certificates registered in its name for the purposes of payment of the principal of, premium if any, or interest on the Certificates, selecting the Certificates or portions thereof of a particular maturity to be redeemed, and for all other purposes whatsoever, and neither the Trustee nor the District shall be affected by any notice to the contrary. Neither the Trustee nor the District shall have any responsibility or obligation to any DTC Participant, any Beneficial Owner of the Certificates, or any other person which is not shown on the registration records of the Trustee as being an Owner of Certificates, with respect to the accuracy of any records maintained by DTC or any DTC Participant; the payment by DTC or any DTC Participant of any amount in respect of the principal of, premium, if any, or interest on the Certificates; any notice which is permitted or required to be given to the Owners of Certificates under this Indenture; the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the Certificates; or any consent given or other action taken by DTC as Owner of the Certificates. The Certificates may not thereafter be transferred or exchanged except:

(1) to any successor of The Depository Trust Company or its nominee, which successor must be both a “clearing corporation” as defined in Section 4-8-102(a)(5), C.R.S. 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 The Depository Trust Company or a successor or new depository under clause (1) or this clause (2) of this paragraph (a), or a determination by the District that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions and the designation by the District of another depository institution acceptable to the District and to the depository then holding the Certificates, which new depository institution must be both a “clearing corporation” as defined in Section 4-8-102(a)(5), C.R.S. 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 The Depository Trust Company or such successor or new depository; or

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

(b) In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) of paragraph (a) hereof or designation of a new

depository pursuant to clause (2) of paragraph (a) hereof, upon receipt of the Outstanding Certificates by the Trustee, together with written instructions for transfer satisfactory to the Trustee, a new Certificate for each maturity of the Certificates then Outstanding in the same principal amount and bearing interest at the same interest rate 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 institution for the Certificates as provided in clause (3) of paragraph (a) hereof, and upon receipt of the Outstanding Certificates by the Trustee, together with written instructions for transfer satisfactory to the Trustee, new Certificates shall be issued in the Authorized Denominations, as provided in and subject to the limitations of paragraph (c) hereof, registered in the names of such Persons, and in such authorized denominations as are requested in such written transfer instructions; however, the Trustee shall not be required to deliver such new Certificates within a period of less than 60 days from the date of receipt of such written transfer instructions.

(c) The District and the Trustee shall be entitled to treat the registered owner of any Certificate as the absolute owner thereof for all purposes hereof and of any applicable laws, notwithstanding any notice to the contrary received by either or both of them, and the District and the Trustee shall have no responsibility for transmitting payments to the Beneficial Owners of the Certificates held by The Depository Trust Company or any successor or new depository named pursuant to paragraph (a) hereof.

(d) The District and the Trustee shall endeavor to cooperate with The Depository Trust Company 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 Certificates 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 Certificates, Cede & Co. (or its successor) in its discretion may request the District to issue and authenticate a new Certificate or shall make an appropriate notation on the Certificates indicating the date and amount of prepayment, except in the case of final maturity, in which case the Certificates must be presented to the Trustee prior to payment.

Section 2.17 Payments and Notices to Cede & Co. Notwithstanding any other provision of this Indenture to the contrary, so long as any 2015A Certificates are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on the 2015A Certificates and all notices with respect to the 2015A Certificates shall be made and given, respectively, in the manner provided in the Representation Letter.

### **ARTICLE III REVENUES AND FUNDS**

Section 3.1 Source of Payment of Certificates. All payments by the District under the Lease shall be currently appropriated expenditures within and for the District's then current Fiscal Year, all as provided in sections 4.1, 4.2, 6.1, 6.2 and 6.6 of the Lease, and may be paid from any legally available funds of the District. The District's obligation to make payments under the Lease are from year to year only and do not constitute a mandatory charge or requirement in any Fiscal Year beyond the then current Fiscal Year. The Certificates herein authorized evidence assignments of proportionate interests in rights to receive Lease Revenues under the Lease. Lease Revenues, when, as, and if received by the Trustee, shall be held hereunder for payment of the principal of, premium, if any, and interest on the Certificates as provided in this Indenture.

Section 3.2 Base Rentals Fund. The Base Rentals Fund is hereby established and shall be maintained and applied as follows:

(a) Creation of the Base Rentals Fund. A special fund is hereby created and established with the Trustee to be designated the "Base Rentals Fund," which shall be used to pay the principal of, premium, if any, and interest on the Certificates. Within the Base Rentals Fund there are hereby created and ordered established an Interest Account and a Principal Account which shall be used as set forth in Section 3.2(d) hereof.

(b) Payments into the Interest Account of the Base Rentals Fund. There shall be deposited into the Interest Account of the Base Rentals Fund (i) all accrued interest and any capitalized interest received at the time of the sale, execution and delivery of the Certificates; (ii) that portion of each payment of Base Rentals made by the District which is designated and paid as the interest component thereof under Exhibit B to the Lease, as it may be amended; (iii) any portion of the Reserve Fund to be deposited into the Interest Account of the Base Rentals Fund, as provided in Section 3.3(b) hereof; (iv) any moneys transferred to the Interest Account of the Base Rentals Fund pursuant to Sections 3.4(b) or 5.3 hereof; and (v) all other moneys received by the Trustee under this Indenture accompanied by directions from the District that such moneys are to be deposited into the Interest Account of the Base Rentals Fund.

(c) Payments into the Principal Account of the Base Rentals Fund. There shall be deposited into the Principal Account of the Base Rentals Fund (i) that portion of each payment of Base Rentals made by the District which is designated and paid as the principal component thereof under Exhibit B to the Lease, as it may be amended from time to time; (ii) any portion of the Reserve Fund to be deposited into the Principal Account of the Base Rentals Fund, as provided in Section 3.3(b) hereof; (iii) any moneys transferred to the Principal Account of the Base Rentals Fund from the Project Fund pursuant to Section 3.4(b) hereof; and (iv) all other moneys received by the Trustee under this Indenture accompanied by directions from the District that such moneys are to be deposited into the Principal Account of the Base Rentals Fund.

(d) Use of Moneys in the Base Rentals Fund. Except as hereinafter provided, moneys in the Interest Account of the Base Rentals Fund shall be used solely for the payment of

the interest on the Certificates. In the event there are any remaining moneys upon payment of the interest due on the Certificates, such moneys may be used for the payment of the principal of and premium, if any, due on the Certificates whether at Maturity or on redemption. Except as hereinafter provided, moneys in the Principal Account of the Base Rentals Fund shall be used solely for the payment of the principal of and premium, if any, due on the Certificates whether at Maturity or on redemption. In the event the Certificates are to be redeemed in whole pursuant to Sections 4.1 or 4.2 hereof, any moneys remaining in the Base Rentals Fund shall be applied to such redemption along with other moneys held by the Trustee for such purpose.

Section 3.3 Reserve Fund. The Reserve Fund is hereby established and shall be maintained and applied as follows:

(a) Creation of the Reserve Fund. A special fund is hereby created and established with the Trustee to be designated the "Reserve Fund" which shall (except as otherwise expressly provided herein) be maintained in an amount not less than the Reserve Fund Requirement and be expended in accordance with Section 3.3(b) hereof.

Upon the execution and delivery of the 2015A Certificates, there shall be deposited to the Reserve Fund an amount equal to \$7,667,902.35, which is an amount equal to the Reserve Fund Requirement as of the date of execution and delivery of the 2015A Certificates.

(b) Use of Moneys in the Reserve Fund. Any moneys held in the Reserve Fund shall be invested and reinvested by the Trustee in accordance with Article V hereof. Except as provided in Section 5.3 hereof, income derived from the investment of the Reserve Fund shall be retained in the Reserve Fund to the extent the amount therein is less than the Reserve Fund Requirement and may, at the option and written direction of the District, to the extent the amount in the Reserve Fund exceeds such Reserve Fund Requirement, be used to pay any fees and expenses of the Trustee, to make payments into the Rebate Fund established pursuant to Section 5.3 hereof or be transferred to the Interest Account or the Principal Account of the Base Rentals Fund, or any combination of the foregoing, or as otherwise directed by the District as long as the use of any such excess money does not cause the District to violate its tax covenants in Section 11.7 of the Lease.

Moneys held in the Reserve Fund shall be applied, subject to Section 5.3 hereof, to any of the following purposes:

(1) To the payment of the principal amount of the Certificates secured by the Reserve Fund and interest thereon, as the same shall become due, to the extent of any deficiency in either the Interest Account or the Principal Account of the Base Rentals Fund for such purpose.

(2) At the option of the Trustee, upon the occurrence of an Event of Nonappropriation or an Event of Default, to the payment of any cost or expense necessary to preserve or protect the 2015A Leased Property or the interest of the Trustee or the Owners therein, or necessary to make any repairs or modifications to the 2015A Leased Property in

preparation for sale or other disposition thereof, as the Trustee may deem to be in the best interests of the Owners.

(3) Except to the extent applied pursuant to (2) above, upon the termination of the Lease Term by reason of the occurrence of an Event of Nonappropriation or an Event of Default, proportionately to the redemption of the Certificates secured by the Reserve Fund then Outstanding and the payment of interest thereon.

(4) In the event that the District shall exercise its option to purchase the 2015A Leased Property and terminate the Lease Term upon payment of the Purchase Option Price, as a reduction of such Purchase Option Price, or, at the option of the District, to be paid directly to the District.

(5) At the option of the District, in reduction of the final payment of Base Rentals payable by the District under the Lease and, to the extent moneys in the Reserve Fund exceed the amount of such final payment, a reduction of the next preceding payment or payments of Base Rentals.

(6) To be deposited in escrow for the payment of the Certificates secured by the Reserve Fund to effect a discharge of this Indenture pursuant to Article VI hereof or to be applied to a partial refunding and redemption of the Certificates secured by the Reserve Fund to the extent that upon such partial refunding or redemption, the Reserve Fund Requirement shall be reduced..

Notwithstanding the foregoing or any other provisions in this Indenture, to the extent that the Reserve Fund is funded in whole or in part with a Qualified Reserve Fund Insurance Policy, the Trustee shall draw on any such Qualified Reserve Fund Insurance Policy only for the purpose of paying the principal of or interest on the Certificates secured by such Qualified Reserve Fund Insurance Policy to the extent of any deficiency in the Base Rental Fund and for no other purposes, unless approved in writing by the provider of such Qualified Reserve Fund Insurance Policy.

To the extent that Reserve Fund moneys are applied pursuant to paragraph (b)(1) of this Section 3.3 or to the extent that, for any other reason, the amounts in the Reserve Fund are less than the Reserve Fund Requirement, the District has agreed to pay to the Trustee, as provided in sections 6.2 and 6.6 of the Lease, for deposit in the Reserve Fund, as Additional Rentals, to the extent amounts for such Additional Rentals which have been specifically appropriated by the District are available for such payment, such amounts as are required to restore the amount on deposit in the Reserve Fund to the Reserve Fund Requirement within thirty months, in 30 approximately equal monthly installments, unless the Lease has theretofore been terminated by the District.

(c) Qualified Reserve Fund Insurance Policy. The District may at any time substitute (i) cash or Permitted Investments for a Qualified Reserve Fund Insurance Policy, (ii) a Qualified Reserve Fund Insurance Policy for cash or Permitted Investments, or (iii) a Qualified Reserve Fund Insurance Policy for another Qualified Reserve Fund Insurance Policy so long as the amount on deposit in the Reserve Fund after any such substitution is at least equal to the

Reserve Fund Requirement. Notwithstanding the foregoing, or any other provisions contained herein, no Qualified Reserve Fund Insurance Policy shall be accepted by the Trustee for substitution for cash or Permitted Investments unless the Trustee has received an opinion of Special Counsel to the effect that such substitution and the intended use by the District of the cash or Permitted Investments to be released from the Reserve Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2015A Certificates.

For the purposes of determining the amount on deposit in the Reserve Fund, a Qualified Reserve Fund Insurance Policy shall be valued at the amount available to be drawn thereunder. If the Reserve Fund contains both cash or Permitted Investments and a Qualified Reserve Fund Insurance Policy, all cash and Permitted Investments held in the Reserve Fund shall be applied to the purposes of the Reserve Fund before a demand is made on the Qualified Reserve Fund Insurance Policy. In the event that the Reserve Fund contains two or more Qualified Reserve Fund Insurance Policies, demands shall be made on such Qualified Reserve Fund Insurance Policies on a pro-rata basis. All revenues available for replenishment of the Reserve Fund shall be applied first to reimburse the providers of the Qualified Reserve Fund Insurance Policies, and second to replenish cash or Permitted Investments in the Reserve Fund.

To the extent that draws are made on a Qualified Reserve Fund Insurance Policy that has been deposited in the Reserve Fund, the District has agreed to make any required payments to the provider of such Qualified Reserve Fund Insurance Policy as Additional Rentals. The District has further agreed that failure by the District to budget and appropriate moneys for the payment of Additional Rentals shall constitute an Event of Nonappropriation.

Section 3.4 Project Fund. The Project Fund is hereby established and shall be maintained and applied as follows:

(a) A special fund is hereby created and established with the Trustee to be designated the "Project Fund" and within the Project Fund there is hereby established the "2015A Project Account" and the "Costs of Execution and Delivery Account." The Trustee may establish from time to time such other accounts or subaccounts within the Project Fund as may be necessary or desirable. Any moneys held as part of the Project Fund shall be invested and reinvested by the Trustee in accordance with Article V hereof.

(b) Upon the delivery of the 2015A Certificates there shall be deposited into the Costs of Execution and Delivery Account from the net proceeds of the 2015A Certificates an amount equal to \$500,046.20. Payments from the Costs of Execution and Delivery Account shall be made by the Trustee upon receipt of a statement or a bill for the provision of costs of execution and delivery of the 2015A Certificates approved in writing by the District Representative.

Upon the final payment of all costs of execution and delivery of the 2015A Certificates, as certified in writing by the District Representative, any moneys remaining in the Costs of Execution and Delivery Account shall be transferred to the Interest Account or Principal Account of the Base Rentals Fund or the 2015A Project Account as directed in writing by the District Representative.

(c) Upon delivery of the 2015A Certificates, there shall be deposited into the 2015A Project Account from the net proceeds of the 2015A Certificates an amount equal to \$203,215,292.00.

Moneys held in the Project Fund shall be disbursed to pay the Costs of the Project in accordance with the provisions of the Lease.

Any moneys remaining in the 2015A Project Account on the Completion Date, except for amounts set aside by the Trustee to pay remaining Costs of the Project as provided in the completion certificate filed with the Trustee by the District Representative pursuant to Section 7.3 of the Lease, shall be transferred to the Interest Account or Principal Account of the Base Rentals Fund, as designated by the District Representative, and used for the purposes of such Fund.

(d) Upon receipt of any disbursement requisition or other written documentation from the District stating any revision to Exhibit A to the Lease is required as a result of such disbursement or as otherwise permitted or required hereunder, or indicating that the District has taken delivery of any 2015A Leased Property constituting part of the 2015A Acquisition Project, the Trustee shall file or cause to be filed any financing statements, certificates of title, or other documents required to be filed to perfect the Trustee's security interests pursuant to the Lease and this Indenture. Upon receipt of the completion certificate required by Section 7.3 of the Lease, the Trustee shall file or cause to be filed any financing statements or other documents (including for motor vehicles required to be registered, certificates of title) required to be filed to perfect the Trustee's security interests in the 2015A Leased Property pursuant to the Lease or this Indenture.

Section 3.5 Creation of the Extraordinary Revenue Fund. A special fund is hereby created and established with the Trustee to be designated the "Extraordinary Revenue Fund," into which shall be deposited all Extraordinary Revenues. Moneys on deposit in the Extraordinary Revenue Fund shall be disbursed as provided in Sections 4.2 and 4.3 hereof or, with respect to the payment of the Purchase Option Price, as provided in section 4.1 hereof. In the event of exercise by the District of its purchase option under circumstances such that the Certificates either are not subject to redemption or are not called for redemption, as provided in Section 4.1 hereof, the Extraordinary Revenue Fund may be maintained as an escrow for the payment of the Certificates to effect a discharge of this Indenture pursuant to Article VI hereof.

Section 3.6 Reserved.

Section 3.7 Nonpresentment of Certificates. Any moneys deposited with the Trustee pursuant to the terms of this Indenture to be used for the payment of principal of, premium, if any, or interest on any of the Certificates and remaining unclaimed by the Owners of such Certificates for a period of three (3) years after the final due date of any Certificate, whether the final date of maturity or the final redemption date, shall, upon the written request of the District, and if the District shall not at the time, to the knowledge of the Trustee, be in default with respect to any of the terms and conditions contained in this Indenture, in the Certificates or under the Lease, be paid to the District and such Owners shall thereafter look only to the District for payment and then only (a) to the extent of the amounts so received by the District from the



Trustee without interest thereon, (b) subject to the defense of any applicable statute of limitations and (c) subject to the District's appropriation of such payment. After payment by the Trustee of all of the foregoing, if any moneys are then remaining under this Indenture, the Trustee shall pay such moneys to the District as an overpayment of Base Rentals.

Section 3.8 Moneys to be Held in Trust. The Base Rentals Fund, the Project Fund, the Reserve Fund, the Extraordinary Revenue Fund, and any other fund or account created hereunder shall be held by the Trustee, for the benefit of the Owners as specified in this Indenture; provided, however, that, during the Lease Term, the Project Fund shall also be used by the District to pay Costs of the Project (as defined in the Lease), as provided herein and in the Lease; and provided further that the moneys held in the Rebate Fund pursuant to the provisions of Section 5.3 hereof shall be held and applied solely for the purposes and in the manner described in Section 5.3 hereof. Any escrow account established pursuant to Article VI hereof shall be held for the benefit of the owners of the Certificates to be paid therefrom as provided in the applicable escrow agreement.

Section 3.9 Repayment to the District from the Trustee. After payment in full of the Certificates, the interest thereon, any premium thereon, and the interest thereon, the fees, charges and expenses of the Trustee and the Corporation, and all other amounts required to be paid hereunder, any amounts remaining in the Base Rentals Fund, the Project Fund, the Reserve Fund, the Extraordinary Revenue Fund, or otherwise held by the Trustee pursuant hereto (other than any defeasance escrow account) shall be paid to the District upon the expiration or sooner termination of the Lease Term as a return of an overpayment of Base Rentals, except that amounts remaining in the Rebate Fund shall be applied as provided in Section 5.3 hereof.

## **ARTICLE IV REDEMPTION OF CERTIFICATES**

### **Section 4.1    Optional and Mandatory Sinking Fund Redemption.**

(a)    The 2015A Certificates are subject to optional redemption prior to their respective maturity dates as follows:

(1)    The 2015A Certificates maturing on or prior to June 1, 2020 are not subject to optional redemption prior to their respective maturity dates.

The 2015A Certificates maturing on June 1, 2021 through June 1, 2025, inclusive, are subject to redemption prior to maturity at the option of the District, on June 1, 2020, and on any date thereafter, in whole or in part, in any order of maturity and by lot within a maturity (giving proportionate weight to 2015A Certificates in denominations larger than \$5,000), at a redemption price equal to the principal amount of each 2015A Certificate, or portion thereof, so redeemed, plus accrued interest thereon to the redemption date, without premium.

The 2015A Certificates maturing on and after June 1, 2026 are subject to redemption prior to maturity at the option of the District, on June 1, 2025, and on any date thereafter, in whole or in part, in any order of maturity and by lot within a maturity (giving proportionate weight to 2015A Certificates in denominations larger than \$5,000), at a redemption price equal to the principal amount of each 2015A Certificate, or portion thereof, so redeemed, plus accrued interest thereon to the redemption date, without premium.

(2)    If less than all the Outstanding 2015A Certificates are to be redeemed, the Trustee, upon written instruction from the District, shall select the 2015A Certificates to be redeemed from the maturity dates selected by the District, and by lot within each such maturity in such manner as the Trustee shall determine; provided, that the portion of any 2015A Certificate to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

(b)    The 2015A Certificates are subject to mandatory sinking fund redemption as follows:

(1)    The 2015A Certificates constituting Term Certificates maturing on June 1, 2040 are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof plus accrued interest thereon to the redemption date. Such Term Certificates are to be selected by lot in such manner as the Trustee shall determine (giving proportionate weight to Certificates in denominations larger than \$5,000). As and for a sinking fund for the redemption of the 2015A Certificates constituting Term Certificates maturing on June 1, 2040, the District shall deposit in the Base Rentals Fund, on or before June 1 in each of the following years, moneys which are sufficient to redeem (after credit as hereinafter provided) the following principal amount of such Term Certificates:

<u>Redemption Date</u>	<u>Principal Amount</u>
6/1/2036	\$6,330,000
6/1/2037	6,585,000
6/1/2038	6,855,000
6/1/2039	7,135,000

The remaining \$7,425,000 of the 2015A Certificates maturing on June 1, 2040 shall be paid upon presentation and surrender at maturity unless redeemed pursuant to optional redemption prior to maturity.

Section 4.2 Extraordinary Mandatory Redemption. The 2015A Certificates shall be called for redemption in whole in the event that the Lease Term is terminated by reason of the occurrence of an Event of Nonappropriation or an Event of Default under the Lease, as further provided in Section 4.3 hereof. If called for redemption pursuant to this Section 4.2, the 2015A Certificates shall be redeemed on such date as the Trustee may determine to be in the best interests of the Owners, and shall be redeemed for a redemption price equal to the principal amount thereof plus accrued interest to the redemption date (subject, however, to the provisions of Section 4.3 hereof).

Section 4.3 Application of Moneys Upon Termination of the Lease Term by Reason of Certain Events. The Certificates shall be called for redemption as provided in Section 4.2 hereof in the event that the Lease Term shall be terminated by reason of the occurrence of an Event of Nonappropriation or an Event of Default. If the Certificates are to be redeemed by reason of any such event, the Owners shall have no right to payment from the District, the Corporation or the Trustee, in redemption of their Certificates or otherwise, except as expressly set forth in this Section 4.3.

Upon the termination of the Lease Term by reason of the occurrence of an Event of Nonappropriation or an Event of Default, if moneys available under this Indenture are insufficient to provide for the payment in full of all Outstanding Certificates and interest thereon, the Trustee may commence proceedings for the sale of the 2015A Leased Property or any portion thereof, the leasing of the 2015A Leased Property or any portion thereof, and the repossession, liquidation or other disposition of the 2015A Leased Property, as provided in Section 7.2 hereof. The Certificates then Outstanding shall be redeemed by the Trustee from the Net Proceeds of such subleasing, leasing, liquidation and sale, and all other moneys, if any, then on hand and being held by the Trustee for the Owners (including any moneys in the Project Fund). In the event that such Net Proceeds and other moneys shall be insufficient to redeem the Certificates at 100% of the principal amount thereof plus accrued interest to the redemption date, then such Net Proceeds and other moneys shall be allocated proportionately among the Certificates, according to the principal amount thereof Outstanding. In the event that such Net Proceeds and other moneys are in excess of the amount required to redeem the Certificates then Outstanding at 100% of the principal amount thereof plus accrued interest to the redemption date, then such excess moneys shall be paid to the District. Prior to any distribution of the Net Proceeds in redemption of the Certificates pursuant to this Section 4.3, the Trustee shall be entitled to payment therefrom of its reasonable and customary fees for all services rendered as well as reimbursement for all reasonable costs and expenses incurred thereby, including its reasonable attorneys' fees.

IF THE CERTIFICATES, INCLUDING THE 2015A CERTIFICATES, ARE TO BE REDEEMED PURSUANT TO THIS SECTION 4.3 FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF PLUS ACCRUED INTEREST TO THE REDEMPTION DATE, SUCH PAYMENT SHALL BE DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE CERTIFICATES, AND UPON SUCH PAYMENT NO OWNER SHALL HAVE ANY FURTHER CLAIM FOR PAYMENT AGAINST THE DISTRICT, THE CORPORATION OR THE TRUSTEE.

Section 4.4    Notice of Redemption.

Whenever Certificates are to be redeemed under any provision of this Indenture, the Trustee shall, not less than thirty (30) and not more than sixty (60) days prior to the redemption date (except for Extraordinary Mandatory Redemption under Section 4.2, which notice shall be given by Immediate Notice), mail notice of redemption to all Owners of all Certificates to be redeemed at their registered addresses, by first class mail, postage prepaid, or in the event that the Certificates to be redeemed are registered in the name of the Depository, such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Depository. In addition, the Trustee shall at all reasonable times make available to the District and any Owner, including the Depository, if applicable, information as to Certificates which have been redeemed or called for redemption. Any notice of redemption shall:

- (1) identify the Certificates to be redeemed;
- (2) specify the redemption date and the redemption price;
- (3) state that such redemption is subject to the deposit of the funds related to such option by the District on or before the stated redemption date; and
- (4) state that on the redemption date the Certificates called for redemption will be payable at the principal corporate trust office of the Trustee and that from that date interest will cease to accrue.

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

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Certificates so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Certificates called for redemption in the same manner as the original redemption notice was sent.

Section 4.5    Redemption Payments. On or prior to the date fixed for redemption, sufficient funds shall be on deposit with the Trustee to pay, and the Trustee is hereby authorized and directed to apply such funds to the payment of, the 2015A Certificates called, together with accrued interest thereon to the redemption date, and any required premium. Upon the giving of notice and the deposit of such funds as may be available for redemption pursuant to this

Indenture (which, in the case of redemption pursuant to Section 4.2 hereof, may be less than the full principal amount of the Outstanding 2015A Certificates so called for redemption and accrued interest thereon to the redemption date), interest on the 2015A Certificates or portions thereof thus called shall no longer accrue after the date fixed for redemption. Payments in full redemption shall be accompanied by a written designation prepared by the Trustee stating the portions of the payment representing principal, interest and premium, if any.

Whenever the 2015A Certificates are redeemed in part and the Lease remains in effect, the Trustee shall also recalculate the schedule of Base Rentals set forth in Exhibit B of the Lease to reflect the reduction in the Outstanding principal amount of the 2015A Certificates by reason of such redemption. Upon surrender and cancellation of any Certificate for redemption of only a portion thereof, a new Certificate or 2015A Certificates of the same Maturity and interest rate and of Authorized Denominations in an aggregate principal amount equal to the unredeemed portion thereof shall be executed on behalf of and delivered by the Trustee.

Section 4.6 Cancellation. All 2015A Certificates which have been redeemed shall not be reissued but shall be canceled and cremated or otherwise destroyed by the Trustee in accordance with Section 2.13 hereof.

Section 4.7 Partial Redemption. Nothing in this Indenture shall prevent the Trustee from applying any moneys available therefor hereunder to partial payments in redemption of 2015A Certificates ratably according to the amounts of principal and interest Outstanding, on more than one date, if the Trustee shall deem such application of moneys to be in the best interests of the Owners.

The 2015A Certificates shall be redeemed only in integral multiples of \$5,000. The Trustee shall treat any 2015A Certificate of denomination greater than \$5,000 as representing that number of separate 2015A Certificates each of the denomination of \$5,000 as can be obtained by dividing the actual principal amount of such 2015A Certificate by \$5,000.

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

## ARTICLE V INVESTMENTS

Section 5.1 Investment of Moneys. All moneys held as part of the Base Rentals Fund, the Project Fund, the Reserve Fund, the Extraordinary Revenue Fund, the Rebate Fund or any other Fund or account created hereunder shall be deposited or invested and reinvested by the Trustee, at the written direction of the District, in Permitted Investments; provided, however, that the Trustee shall make no deposits or investments of any fund or account created hereunder which shall interfere with or prevent withdrawals for the purpose for which the moneys so deposited or invested were placed in trust hereunder or for payment of the Certificates at or before maturity or interest thereon as required hereunder. If the Trustee is not provided written directions concerning investment of moneys held in the Funds, the Trustee may invest in money market mutual funds, provided that such funds are Permitted Investments at the time of such investment and provided further that they mature or are subject to redemption prior to the date such funds will be needed. Unless otherwise confirmed or directed in writing, an account statement delivered periodically by the Trustee to the District shall confirm that the investment transactions identified therein accurately reflect the investment directions of the District, unless the District notifies the Trustee in writing to the contrary within thirty (30) days of the date of such statement. The Trustee is specifically authorized to purchase or invest in shares of any investment company, provided that such investments are Permitted Investments at the time of such investment, that (i) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial, or other services for compensation), (ii) invests substantially all of its assets in short-term high-quality money-market instruments, limited to obligations issued or guaranteed by the United States, and (iii) maintains a constant asset value per share. The Trustee is specifically authorized to implement its automated cash investments system to assure that cash on hand is invested and to charge reasonable cash management fees, which may be deducted from income earned on investments. Any and all such deposits or investments shall be held by or under the control of the Trustee. The Trustee may make any and all such deposits or investments through its own investment department or the investment department of any bank or trust company under common control with the Trustee. Except as otherwise provided in Sections 3.3 and 5.3 hereof, deposits or investments shall at all times be a part of the fund or account from which the moneys used to acquire such deposits or investments shall have come, and all income and profits on such deposits or investments shall be credited to, and losses thereon shall be charged against, such fund or account. Pursuant to Section 5.3 hereof, any interest or other gain from moneys deposited in the Reserve Fund may be deposited to the Rebate Fund to the extent required by Section 5.3 hereof. Except as hereinafter provided, the Trustee shall sell and reduce to cash a sufficient amount of such deposits or investments in the respective funds whenever the cash balance in the Base Rentals Fund is insufficient to pay the principal of and interest on the Certificates when due, or whenever the cash balance in any fund or account created hereunder is insufficient to satisfy the purposes of such fund or account. The Trustee shall have no liability for losses or investments made pursuant to the written direction of the District.

In computing the amount in any fund or account (except defeasance escrows), Permitted Investments shall be valued at the market price, exclusive of accrued interest. With respect to all funds and accounts (except defeasance escrows, and except as otherwise provided in the Tax

Certificate with respect to the Rebate Fund), valuation shall occur as of December 31 of each year. The Reserve Fund shall also be valued as of December 31 of each year and upon any principal payment of the 2015A Certificates, whether at stated maturity or upon redemption, and upon the defeasance of all or a portion of the 2015A Certificates. In the event of a withdrawal from the Reserve Fund, the Reserve Fund shall also be valued immediately after such withdrawal. The Trustee shall calculate the value of investments on deposit in the Reserve Fund and all other funds and accounts held pursuant to the Indenture.

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

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

Section 5.2 Tax Certification. The Trustee hereby agrees to secure and retain the documentation with respect to investments of moneys in the funds and accounts created under this Indenture as required by and as described in the Tax Certificate. For purposes of rebate compliance, the Trustee shall track investments allocated to the Reserve Fund which are purchased with proceeds of different series of Certificates or investment income therefrom.

Section 5.3 Rebate Fund. A special fund is hereby created and established to be held by the Trustee, and to be designated the “Rebate Fund” (the “Rebate Fund”). To the extent necessary to comply with the provisions of the Tax Certificate, there shall be deposited into the Rebate Fund investment income on moneys in any fund created hereunder (except defeasance escrows). In addition to the deposit of investment income as provided herein, there shall be deposited into the Rebate Fund moneys received from the District as Additional Rentals for rebate payments pursuant to the Lease; moneys transferred to the Rebate Fund from any other fund created hereunder pursuant to the provisions of this Section 5.3; and all other moneys received by the Trustee when accompanied by directions not inconsistent with the Lease or this Indenture that such moneys are to be paid into the Rebate Fund. The District will cause (or direct the Trustee to cause) amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury at the address and times provided in the Tax Certificate, and in the amounts calculated to ensure that the District’s rebate obligations are met, in accordance with the District’s tax covenants in Section 11.7 of the Lease. Amounts on deposit in the Rebate Fund shall not be subject to the lien of this Indenture to the extent that such amounts are required to be paid to the United States Treasury.

If, at any time after the Trustee receives instructions by the District to make any payments from the Rebate Fund, the Trustee determines that the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, and if the Trustee does not receive Additional Rentals or cannot transfer investment income so as to make the amount on deposit in the Rebate Fund sufficient for its purpose, the Trustee may transfer moneys to the Rebate Fund from the following funds in the following order of priority: the Reserve Fund, the Project Fund (to the extent permitted by the District’s tax covenant in Section 11.7 of the Lease) and the Extraordinary Revenue Fund. Any moneys so advanced shall be included in the District’s estimates of Additional Rentals for the ensuing Fiscal Year pursuant to Section 6.2 of the Lease

and shall be repaid to the fund from which advanced upon payment to the Trustee of such Additional Rentals. Upon receipt by the Trustee of an opinion of Special Counsel to the effect that the amount in the Rebate Fund is in excess of the amount required to be therein pursuant to the provisions of the Tax Certificate, such excess shall be transferred to the Interest Account of the Base Rentals Fund.

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

Notwithstanding the foregoing, in the event that the Lease has been terminated or the District has failed to comply with Section 11.7 thereof so as to make the amount on deposit in the Rebate Fund sufficient for its purpose, the Trustee shall make transfers of investment income or of moneys from the above-described funds to make the Rebate Fund sufficient for its purpose.



## **ARTICLE VI DISCHARGE OF INDENTURE**

Section 6.1 Discharge of the Indenture. When the principal or redemption price (as the case may be) of, and interest on, all the Certificates executed and delivered hereunder have been paid or provision has been made for payment of the same (or, in the case of redemption of the Certificates pursuant to Section 4.2 of this Indenture, if full or partial payment of the Certificates and interest thereon is made as provided in Section 4.2 and 4.3 of this Indenture), then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Trustee to the Owners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee and the Corporation shall transfer and convey to (or to the order of) the District all property assigned, pledged or mortgaged to the Trustee by the Corporation then held by the Corporation or by the Trustee pursuant to this Indenture, and the Corporation and the Trustee shall execute such documents as may be reasonably required by the District and shall turn over to (or to the order of) the District any surplus in any fund created under this Indenture, except the Rebate Fund and any escrow accounts theretofore established pursuant to this Article VI. If payment or provision therefor is made with respect to less than all of the Certificates, the particular Certificates (or portion thereof) for which provision for payment shall have been considered made shall be selected by the District.

(b) Provision for the payment of all or a portion of the Certificates shall be deemed to have been made when the Trustee holds in the Base Rentals Fund, or there is on deposit in a separate escrow account or trust account held by a trust bank or escrow agent, (1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Federal Securities) in an amount sufficient to make all payments specified above, or (2) Federal Securities maturing on or before the date or dates when the payments specified above shall become due, the principal amount of which and the interest thereon, when due, is or will be, in the aggregate, sufficient without reinvestment to make all such payments, or (3) any combination of such cash and such Federal Securities the amounts of which and interest thereon, when due, are or will be, in the aggregate, sufficient without reinvestment to make all such payments. Prior to any discharge of this Indenture pursuant to this Section or the defeasance of any Certificates pursuant to this Section becoming effective, there shall have been delivered to the Trustee a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay the applicable Certificates in full on the maturity or redemption date thereof.

(c) Neither the Federal Securities nor the moneys deposited in the Base Rentals Fund or separate escrow account or trust account pursuant to this Section shall be withdrawn or used for any purpose other than, and shall be segregated and held in trust for, the payment of the principal of, premium, if any, and interest on the Certificates or portions thereof; provided, however, that other Federal Securities and moneys may be substituted for the Federal Securities and moneys so deposited prior to their use for such purpose subject to a report of an independent firm of nationally recognized certified public accounts verifying the sufficiency of the escrow established to pay the applicable Certificates in full on the maturity or redemption date thereof subsequent to any such substitution.

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

(e) At such time as any Certificates shall be deemed paid as aforesaid, such Certificates shall no longer be secured by or entitled to the benefits of this Indenture and the Lease, except for the purpose of exchange and transfer and any payment from such moneys or Federal Securities deposited in trust.

(f) In the event that there is a defeasance of only part of the Certificates of any maturity, the Trustee shall, if requested by the District, institute a system to preserve the identity of the individual certificates or portions thereof so defeased, regardless of changes in Certificate numbers attributable to transfers and exchanges of Certificates.

## **ARTICLE VII DEFAULTS AND REMEDIES**

Section 7.1 Events of Default. If any of the following events occur it is hereby defined as and shall be deemed an Event of Default under this Indenture:

(a) Default in the payment of the principal of or premium, if any, on any Certificate when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption;

(b) Default in the payment of any installment of interest on any Certificate when the same shall become due and payable; or

(c) The occurrence of an Event of Nonappropriation, which has not been cured by the District or waived by the Trustee as provided in Section 6.6 of the Lease; or an Event of Default as provided in the Lease.

Section 7.2 Remedies on Default. Upon the occurrence of an Event of Default described in Section 7.1(c) of this Indenture, the Trustee may, or at the request of the owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as to cost and expenses as provided in Section 8.1(m) hereof shall, without any further demand or notice, take one or any combination of the following remedial steps:

(a) The Trustee may terminate the Lease Term, become entitled to possession of the 2015A Leased Property, and give notice to the District to surrender the 2015A Leased Property as provided in Sections 6.6, 10.3(c) and 14.2 of the Lease, as the case may be.

(b) The Trustee may proceed to foreclose through the courts on or otherwise sell, liquidate, repossess or otherwise dispose of the 2015A Leased Property, including sale of the 2015A Leased Property or any portion thereof, or the lease or sublease of the 2015A Leased Property or any portion thereof, and the Trustee may exercise all the rights and remedies of a secured party under the Colorado Uniform Commercial Code; provided, however, that the Trustee may not recover from the District any deficiency which may exist following the sale, liquidation or other disposition of the 2015A Leased Property.

(c) The Trustee, on behalf of the Corporation, may recover from the District:

(1) the portion of Base Rentals and Additional Rentals, to the extent amounts for such Additional Rentals have been specifically appropriated in accordance with the provisions of Section 6.2 of the Lease, which would otherwise have been payable under the Lease, during any period in which the District continues to retain possession of the 2015A Leased Property; and

(2) Base Rentals and Additional Rentals, to the extent amounts for such Additional Rentals have been specifically appropriated in accordance with the provisions of Section 6.2 of the Lease, which would otherwise have been payable by the District under the Lease during the remainder of the Fiscal Year in which such Event of Default occurs.

(d) The Trustee, acting for the Corporation, may take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the 2015A Leased Property under the Lease and the Indenture, subject, however, to the limitations contained in the Lease with respect to the District's obligations upon the occurrence of an Event of Nonappropriation.

The Trustee shall also be entitled, upon any Event of Default described in Section 7.1 above, to any moneys in any funds or accounts created hereunder (except the Rebate Fund, or any defeasance escrow accounts established pursuant to Article VI hereof).

No right or remedy is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute. However, notwithstanding any other provision of the Lease or this Indenture, any and all remedies against the District under the Lease or this Indenture shall be limited as provided in section 14.3 of the Lease.

If any Event of Default under this Indenture shall have occurred and if requested by the owners of a majority in aggregate principal amount of Certificates then Outstanding and indemnified as provided in Section 8.1(m) hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners.

Section 7.3 Majority of Owners May Control Proceedings. Anything in this Indenture to the contrary notwithstanding, the owners of a majority in aggregate principal amount of the Certificates then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver, and any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions hereof. The Trustee shall not be required to act on any direction given to it pursuant to this Section until the indemnity described in Section 8.1(m) hereof is furnished to it by such Owners.

Section 7.4 Rights and Remedies of Owners. No Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless an Event of Default has occurred of which the Trustee has been notified as provided in Section 8.1(h) hereof, or of which by Section 8.1(h) it is deemed to have notice, and the owners of not less than a majority in aggregate principal amount of Certificates then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceedings in its own name, nor unless they have also offered to the Trustee indemnity as provided in Section 8.1(m) hereof nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers

and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his, her, its or their action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Owners of all Certificates then Outstanding. Nothing contained in this Indenture shall, however, affect or impair the right of any Owner to enforce the payment of the principal of, premium, if any, or interest on any Certificate at and after the maturity thereof.

Section 7.5 Purchase of 2015A Leased Property by Owners or Trustee; Application of Certificates Toward Purchase Price. Upon the occurrence of an Event of Default under this Indenture, the lien on the 2015A Leased Property created and vested in the Trustee hereunder may be foreclosed either by sale or by proceedings in equity. Upon any public sale at auction, any Owner or the Trustee may bid for and purchase the 2015A Leased Property; and, upon compliance with the terms of sale, may hold, retain and possess and dispose of such property in his, her or their own absolute right without further accountability; and any purchaser at any such sale may, if permitted by law, after allowing for the proportion of the total purchase price required to be paid in cash for the costs and expenses of the sale, compensation and other charges, in paying purchase money, turn in Certificates then Outstanding in lieu of cash, to the amount which shall, upon distribution of the Net Proceeds of such sale and any other moneys available hereunder, be payable thereon. If the Trustee shall acquire title to the 2015A Leased Property as a result of any such foreclosure sale, or any proceeding or transaction in lieu of foreclosure, the Trustee shall thereafter sell the 2015A Leased Property; and may take any further lawful action with respect to the 2015A Leased Property which it, being advised by counsel, shall deem to be in the best interest of the Owners, including but not limited to the enforcement of all rights and remedies set forth in the Lease and this Indenture and the taking of all other courses of action permitted herein or therein.

Section 7.6 Waiver of Appraisement, Valuation, Stay, Execution and Redemption Laws. The Corporation and the District agree, to the extent permitted by law, that in case of the occurrence of an Event of Default under this Indenture, neither the Corporation, the District nor anyone claiming through or under either of them shall or will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement or foreclosure of this Indenture, or the absolute sale of the Trust Estate to the extent permitted hereunder, or the final and absolute surrender of possession, immediately after such sale, to the purchasers; and the Corporation and the District, for themselves and all who may at any time claim through or under them, hereby waive, to the full extent that each may lawfully do so, the benefit of all such laws, and any and all right to have the estates comprised in the security intended to be hereby created marshaled upon any foreclosure of the lien hereof and agree that the Trustee or any court having jurisdiction to foreclose such lien may sell the 2015A Leased Property.

Section 7.7 Trustee May Enforce Rights Without Certificates. All rights of action and claims under this Indenture or any of the Certificates Outstanding hereunder may be enforced by the Trustee without the possession of any of the Certificates or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Trustee shall be

brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any owners of the Certificates, and any recovery of judgment shall be for the ratable benefit of the Owners, subject to the provisions hereof.

Section 7.8 Trustee to File Proofs of Claim in Receivership, Etc. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting the 2015A Leased Property, the Trustee shall, to the extent permitted by law, be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have claims of the Trustee and of the Owners allowed in such proceedings for the entire amount due and payable on the Certificates under this Indenture, at the date of the institution of such proceedings and for any additional amounts which may become due and payable after such date, without prejudice, however, to the right of any Owner to file a claim in its own behalf.

Section 7.9 Delay or Omission No Waiver. No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any Event of Default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such Event of Default, or acquiescence therein; and every power and remedy given by this Indenture may be exercised from time to time and as often as may be deemed expedient.

Section 7.10 No Waiver of One Event of Default to Affect Another. No waiver of any Event of Default hereunder, whether by the Trustee or the Owners, shall extend to or affect any subsequent or any other then existing Event of Default or shall impair any rights or remedies consequent thereon.

Section 7.11 Discontinuance of Proceedings on Event of Default; Position of Parties Restored. In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Corporation, the District, the Trustee, and the Owners shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 7.12 Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default hereunder and its consequences, and notwithstanding anything else to the contrary contained in this Indenture shall do so upon the written request of the owners of a majority in aggregate principal amount of all the Certificates then Outstanding; provided, however, that there shall not be waived without the consent of the owners of 100% of the Certificates then Outstanding as to which the Event of Default exists (a) any Event of Default in the payment of the principal of or premium, if any, on any Outstanding Certificates at the date of maturity specified therein, or (b) any Event of Default in the payment when due of the interest on any such Certificates, unless prior to such waiver or rescission, all arrears of interest and all arrears of payments of principal and premium, if any, then due, as the case may be, and all expenses of the Trustee in connection with such Event of Default and all Additional Rentals shall have been paid or provided for. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Corporation, the District,

the Trustee and the Owners shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 7.13 Notice of Default. If an Event of Default occurs of which the Trustee is by Section 8.1(h) required to take notice or if notice of an Event of Default is given as provided in such Section, the Trustee shall promptly give written notice thereof to the District and the Corporation setting forth the nature of such default.

Section 7.14 Application of Moneys in Event of Default. Any moneys received, collected or held by the Trustee following an Event of Default under the Indenture and any other moneys held as part of the Trust Estate (except for moneys held in the Rebate Fund or any defeasance escrow account) shall be applied in the following order:

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

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

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

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

## **ARTICLE VIII CONCERNING THE TRUSTEE**

Section 8.1 Duties of the Trustee. The Trustee hereby accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default under this Indenture and after the curing of all Events of Default which may have occurred under this Indenture, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default under this Indenture has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above and in Section 8.1(g), and shall be entitled to act upon the advice or an Opinion of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the advice or Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or, nonaction taken by or omitted to be taken in good faith in reliance upon the advice or such Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Certificates (except in respect of the execution of the Certificates on behalf of the Trustee), or for the recording or rerecording, filing or refiling of the Lease or this Indenture or any amendments or supplements thereto or hereto or instruments of further assurance or any financing statements (other than continuation statements) in connection therewith except as otherwise specifically set forth herein, or for insuring the 2015A Leased Property, or collecting any insurance moneys or for the validity of the execution by the Corporation of this Indenture or of any amendments or supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Certificates executed and delivered hereunder or intended to be secured hereby, or for the value of or title to the 2015A Leased Property, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Corporation or the District, except as provided herein; but the Trustee may require of the Corporation or the District full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee shall have no obligation to perform any of the duties of the District under the Lease; and the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article V hereof.



(d) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof (except for funds or investments held by the Trustee), or as to the validity or sufficiency of this Indenture or the Certificates. The Trustee shall not be accountable for the use of any Certificates delivered to the Initial Purchasers hereunder. The Trustee, in its individual or any other capacity, may become the owner of Certificates with the same rights which it would have if not Trustee.

(e) The Trustee may rely and shall be protected in acting or refraining from acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper Person or Persons. The Trustee may rely conclusively on any such certificate or other paper or document and shall not be required to make any independent investigation in connection therewith. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any Person who at the time of making such request or giving such authority or consent is the owner of any Certificate shall be conclusive and binding upon any Certificates executed and delivered in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, or whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Corporation by the Corporation Representative, or on behalf of the District by the District Representative or such other Person as may be designated for such purpose by the District, as sufficient evidence of the facts therein contained, and, prior to the occurrence of an Event of Default of which the Trustee has been notified as provided in subsection (h) of this Section or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct, and shall not be answerable for any negligent act of its attorneys, agents, receivers or employees which have been selected with due care.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the District to cause to be made any of the payments to the Trustee required to be made by Article III hereof and Article VI of the Lease, unless the Trustee shall be specifically notified in writing of such Event of Default by the Corporation, the District, or by the owners of at least 25% in aggregate principal amount of Certificates then Outstanding, and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered as provided in Section 10.9 hereof and, in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid.

(i) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were

received but need not be segregated from other funds except to the extent required by this Indenture or law. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, but shall not be required, to inspect any and all of the 2015A Leased Property and Certificates, including all books, papers and records of the Corporation or the District pertaining to the 2015A Leased Property and the Certificates.

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

(l) Notwithstanding anything in this Indenture to the contrary, the Trustee shall have the right, but shall not be required, to demand in respect of the delivery of any Certificates, the withdrawal of any cash, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee.

(m) Before taking any action hereunder, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all expenses which it may incur, including reasonable attorneys' fees, and to protect it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

(n) Notwithstanding any other provision of this Indenture to the contrary, any provision relating to the conduct of, intended to provide authority to act, right to payment of fees and expenses, protection, immunity and indemnification to the Trustee, shall be interpreted to include any action of the Trustee, whether it is deemed to be in its capacity as Trustee, registrar, or paying agent.

(o) The Trustee may inform any Owner of any material environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further action and, in such event no fiduciary duty exists which imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not been adequately indemnified.

Section 8.2 Fees and Expenses of Trustee. During the Lease Term, the Trustee shall be entitled to payment and reimbursement for its reasonable fees for its services rendered hereunder as and when the same become due and all advances, fees and expenses reasonably and necessarily made or incurred by the Trustee in connection with such services as and when the same become due, including reasonable attorneys' fees, as provided, and to the extent permitted, in Section 6.2 of the Lease. In no event shall the Trustee be obligated to advance its own funds in order to take any action hereunder. In the event that it should become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to reasonable additional

compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith, as provided, and to the extent permitted, in Section 6.2 of the Lease; provided that if such extraordinary services or extraordinary expenses are occasioned by the gross negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefore.

Section 8.3 Resignation or Replacement of Trustee. The present or any future Trustee may resign by giving written notice to the District and the Corporation not less than 60 days before such resignation is to take effect. The present or any future Trustee may be removed at any time by the Corporation, at the direction of the District, or by an instrument in writing executed by the owners of a majority in aggregate principal amount of the Certificates then Outstanding, upon 30 days written notice to the Trustee. Such resignation or removal shall take effect only upon the appointment of a successor qualified as provided in the third paragraph of this Section 8.3 and acceptable to the District; provided, however, that if no successor is appointed within 60 days following the date designated in the notice for the Trustee's resignation or removal to take effect, the Trustee may petition a court of competent jurisdiction for the appointment of a successor.

In case the present or any future Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the Corporation, at the direction of the District, or by the owners of a majority in aggregate principal amount of the Certificates Outstanding by an instrument or concurrent instruments signed by the Corporation or such Owners, or their attorneys in fact duly appointed, as the case may be. The District upon making such appointment shall forthwith give notice thereof to each Owner and the Corporation, which notice may be given concurrently with the notice of resignation given by any resigning Trustee.

Every successor shall be a bank, trust company or holding company in good standing, qualified to act hereunder, having a capital and surplus of not less than \$75,000,000, and acceptable to the District. Any successor appointed hereunder shall execute, acknowledge and deliver to the District and to the Corporation an instrument accepting such appointment hereunder, and thereupon such successor shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the trust hereunder with like effect as if originally named as Trustee herein and thereupon the duties and obligations of the predecessor shall cease and terminate; but the Trustee retiring shall, nevertheless, on the written demand of its successor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the predecessor, which shall duly assign, transfer and deliver to the successor all properties and moneys held by it under this Indenture. Should any instrument in writing from the District or the Corporation be required by any successor for more fully and certainly vesting in and confirming to it, the said instruments in writing shall, at the reasonable discretion of the District, be made, executed, acknowledged and delivered by the District or the Corporation on request of such successor.

The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this

Section shall be filed and/or recorded by the successor Trustee in each recording office, if any, where this Indenture shall have been filed and/or recorded.

Section 8.4 Conversion, Consolidation or Merger of Trustee. Any bank or trust company into which the Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole shall be the successor of the Trustee under this Indenture with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto or thereto, anything herein or therein to the contrary notwithstanding. In case any of the Certificates to be executed and delivered hereunder shall have been executed, but not delivered, any successor Trustee may adopt the signature of any predecessor Trustee, and deliver the same as executed; and, in case any of such Certificates shall not have been executed, any successor Trustee may execute such Certificates in the name of such successor Trustee.

Section 8.5 Intervention by Trustee. In any judicial proceeding to which the Corporation or the District is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of the Owners, the Trustee may intervene on behalf of Owners and shall do so if requested in writing by the Owners of at least 25% in aggregate principal amount of Certificates Outstanding; provided the Trustee receives indemnification pursuant to Section 8.1(m) hereof.

**ARTICLE IX**  
**SUPPLEMENTAL INDENTURES AND AMENDMENTS OF THE LEASE**

Section 9.1 Supplemental Indentures Not Requiring Consent of Owners. The Trustee and the Corporation may, with the written consent of the District, but without the consent of, or notice to, the Owners, enter into such supplemental indentures or agreements supplemental hereto for any one or more or all of the following purposes:

- (a) To add to the covenants and agreements of the Corporation contained in this Indenture other covenants and agreements to be thereafter observed by the Corporation;
- (b) To cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in this Indenture, or to make any provisions with respect to matters arising under this Indenture or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners;
- (c) To subject to this Indenture additional revenues, properties or collateral;
- (d) To set forth the terms and conditions and other matters in connection with the execution and delivery of Additional Certificates, pursuant to Section 2.14 hereof;
- (e) In order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the 2015A Certificates;
- (f) To provide for the refunding or advance refunding of any Certificates, including the right to establish and administer an escrow fund and to take related action in connection therewith;
- (g) To secure or maintain ratings from any Rating Agency; or
- (h) To appoint a successor Depository.

Section 9.2 Supplemental Indentures Requiring Consent of Owners. Exclusive of supplemental indentures or agreements under Section 9.1 hereof, the written consent of the District and the written consent of the Owners of not less than a majority in aggregate principal amount of the Certificates Outstanding shall be required for the execution by the Corporation and the Trustee of any indenture or agreement supplemental hereto; provided, however, that without the consent of the Owners of all the Certificates Outstanding affected thereby, nothing herein contained shall permit, or be construed as permitting:

- (a) A change in the terms of redemption or maturity of the principal amount of or the interest on any Outstanding Certificate, or a reduction in the principal amount of or premium payable upon any redemption of any Outstanding Certificate or the rate of interest thereon without the consent of the owner of such Certificate;
- (b) The deprivation as to the owner of any Certificate Outstanding of the lien created by this Indenture (other than as originally permitted hereby);

(c) A privilege or priority of any Certificate or Certificates over any other Certificate or Certificates; or

(d) A reduction in the percentage of the aggregate principal amount of the Certificates required for consent to any supplemental indenture.

If at any time the District and the Corporation shall request the Trustee to enter into any such supplemental indenture or agreement for any of the purposes of this Section, the Trustee shall, upon receipt of amounts necessary to pay expenses, cause notice of the proposed execution of such supplemental indenture or agreement to be mailed to the registered Owners of the Certificates at the addresses last shown on the registration records of the Trustee. Such notice shall briefly set forth the nature of the proposed supplemental indenture or agreement and shall state that copies thereof are on file at the principal operations office of the Trustee for inspection by all Owners. If, within 60 days or such longer period as shall be prescribed by the District following the mailing of such notice, the owners of not less than a majority or, with respect to the matters specified in paragraphs (a), (b), (c) and (d) above, 100% in aggregate principal amount of the Certificates Outstanding at the time of the execution of any such supplemental indenture or agreement shall have consented to and approved the execution thereof as herein provided, no Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or to enjoin or restrain the Trustee or the Corporation from executing the same or from taking any action pursuant to the provisions thereof.

Section 9.3 Execution of Supplemental Indenture. The Trustee is authorized to join with the Corporation in the execution of any such supplemental indenture or agreement and to make further agreements and stipulations which may be contained therein, but the Trustee shall not be obligated to enter into any such supplemental indenture or agreement which affects its rights, duties or immunities under this Indenture. The Trustee shall require delivery of an opinion of nationally recognized municipal bond counsel addressed to the Trustee and to the effect that each such supplemental indenture (a) has been validly authorized and duly executed by the Corporation and is enforceable against the Corporation in accordance with its terms, (b) will not adversely affect the exclusion from gross income of interest on the Certificates for federal income tax purposes, and (c) is permitted pursuant to the terms of this Indenture. Any supplemental indenture or agreement executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such supplemental indenture or agreement as to any provision authorized to be contained therein shall be deemed to be part of this Indenture for any and all purposes. In case of the execution and delivery of any supplemental indenture or agreement, express reference may be made thereto in the text of the Certificates executed and delivered thereafter, if any, if deemed necessary or desirable by the Trustee.

Section 9.4 Amendments, Etc. of the Lease Not Requiring Consent of Owners. The Corporation and the District may, with the written consent of the Trustee, but without the consent of or notice to the Owners, consent to any amendment, change or modification of the Lease for one or more of the following purposes:

(a) To add covenants of the Trustee, the Corporation or the District or to grant additional powers or rights to the Trustee;

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

(c) In order to more precisely identify the 2015A Leased Property, including any substitutions, additions or modifications to the 2015A Leased Property as the case may be, as may be authorized under the Lease;

(d) To make additions to the 2015A Leased Property, amend the schedule of Base Rentals and make all other amendments necessary for the execution and delivery of Additional Certificates in accordance with this Indenture;

(e) In order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the 2015A Certificates;

(f) For any purpose not inconsistent with the terms of this Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any amendment thereto which may be defective or inconsistent with any other provision contained therein or herein or in any amendment thereto or to make such other amendments to the Lease which do not materially adversely affect the interests of the Owners of the Certificates.

Section 9.5 Amendments, Etc. of the Lease Requiring Consent of Owners. Except for the amendments, changes or modifications permitted by Section 9.4 hereof, neither the Corporation nor the Trustee shall consent to any other amendment, change or modification of the Lease without notice to and the written approval or consent of the Owners of not less than majority in aggregate principal amount of the Certificates Outstanding given and procured as provided in Section 9.2 hereof. If at any time the District and the Corporation shall request the consent of the Trustee to any such proposed amendment, change or modification of the Lease, the Trustee shall, upon receipt of amounts necessary to pay expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 9.2 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal operations office of the Trustee for inspection by all Owners.

Section 9.6 Execution of Amendments of the Lease. The Trustee shall, prior to its consent to any amendment or change to the Lease, require delivery of an opinion of nationally recognized municipal bond counsel and addressed to the Trustee to the effect that such amendment or change to the Lease (a) has been validly authorized and duly executed by the District and the Corporation and is enforceable against the District and the Corporation in accordance with its terms, (b) will not adversely affect the exclusion from gross income of interest on the Certificates for federal income tax purposes, (c) is permitted pursuant to the terms of this Indenture and the terms of the Lease, and (d) complies with the terms of the Indenture and the terms of the Lease.

## **ARTICLE X MISCELLANEOUS**

Section 10.1 Evidence of Signature of Owners and Ownership of Certificates. Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the ownership of Certificates shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may, nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

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

(b) The fact of the ownership by any Person of Certificates and the amounts and numbers of such Certificates, and the date of the ownership of the same may be proved by the registration records of the Trustee.

Any request or consent of the owner of any Certificate shall bind all transferees of such Certificate in respect of anything done or suffered to be done by the District or the Trustee in accordance therewith.

Section 10.2 Covenants of the Corporation. The Corporation hereby covenants to the Trustee for the benefit of the Owners that the Corporation will observe and comply with the covenants of quiet enjoyment contained in Article V of the Lease, and with all of its representations and warranties under the Lease. The Corporation agrees that wherever in the Lease it is stated that the Corporation will notify the Trustee, or whenever the Lease gives the Trustee some right or privilege or in any way attempts to confer upon the Trustee the ability to protect the security for payment of the Certificates, such part of the Lease shall be as if it were set forth in full in this Indenture. The Corporation agrees that the Trustee as assignee of the Corporation under the Lease may enforce, in its name or in the name of the Corporation, all rights of the Corporation (other than the rights of the Corporation with respect to certain fees and expenses under Section 6.2 of the Lease) and all obligations of the District under the Lease, for and on behalf of the Owners, whether or not the Corporation is in default under this Indenture. The Trustee and the Corporation hereby agree that the Corporation shall not be obligated to, and shall not, make any payments under the Lease.

Section 10.3 Inspection of the 2015A Leased Property. The Trustee and its duly authorized agents shall have the right, on reasonable notice to the District, at all reasonable times, to examine and inspect the 2015A Leased Property (subject to such regulations as may be imposed by the District for security purposes). The Trustee and its duly authorized agents shall also be permitted, at all reasonable times, to examine the books, records, reports and other papers of the District with respect to the 2015A Leased Property.



Section 10.4 Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person other than the District, the Corporation, the Trustee, and the Owners, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Corporation or the Trustee shall be for the sole and exclusive benefit of the District, the Corporation, the Trustee and the Owners.

Section 10.5 Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of this Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 10.6 Severability. In the event any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.7 Governing Law. This Indenture shall be governed and construed in accordance with the laws of the State of Colorado.

Section 10.8 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.9 Notices. All notices, certificates or other communications shall be sufficiently given and shall be deemed given when in writing and either mailed by first class mail, postage prepaid, with proper address as follows: if to the District, Regional Transportation District, 1600 Blake Street, Denver, Colorado 80202, Attention: General Manager; and if to the Corporation, RTD Asset Acquisition Authority, Inc., 1600 Blake Street, Denver, Colorado 80202 Attention: President; if to the Trustee, UMB Bank, n.a., 1670 Broadway, Denver, Colorado 80202, Attention: Corporate Trust and Escrow Services. The District, the Corporation, and the Trustee may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.10 Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Indenture, shall be a day other than a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Indenture.

Section 10.11 Additional Notices to Rating Agencies. The Trustee hereby agrees that if at any time (i) the District shall redeem any portion of the 2015A Certificates outstanding hereunder prior to Maturity, (ii) the District shall provide for the payment of any portion of the 2015A Certificates pursuant to Article VI hereof, (iii) a successor Trustee is appointed hereunder, or (iv) any supplement to the Lease or the Indenture shall become effective or any party thereto shall waive any provision of this Indenture or the Lease, then, in each case, the Trustee shall give notice to each Rating Agency then maintaining a rating on the 2015A Certificates.

Section 10.12 Electronic Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 10.13 Recitals. The Recitals set forth in this Indenture are hereby incorporated by this reference and made a part of this Indenture.

IN WITNESS WHEREOF, the Corporation and the Trustee have caused this Indenture to be executed in their respective corporate names and their respective corporate seals to be hereto affixed and attested by their duly authorized officials or officers, all as of the date first above written.

RTD ASSET ACQUISITION AUTHORITY,  
INC.

By: \_\_\_\_\_  
President

(SEAL)

ATTEST:

By: \_\_\_\_\_  
Secretary/Treasurer

UMB BANK, N.A., AS TRUSTEE

By: \_\_\_\_\_

Title: \_\_\_\_\_

## **EXHIBIT A**

(Form of 2015A Certificates)

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

### **CERTIFICATE OF PARTICIPATION**

#### **SERIES 2015A**

Evidencing Assignment of a Proportionate  
Interest in Rights to Receive Certain Revenues  
Pursuant to the Lease Purchase Agreement between

RTD ASSET ACQUISITION AUTHORITY, INC.,  
as Lessor, and  
REGIONAL TRANSPORTATION DISTRICT,  
as Lessee

No. R-1 \$ \_\_\_\_\_

	ORIGINAL	INTEREST	
MATURITY DATE	ISSUE DATE	RATE	CUSIP

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

THIS CERTIFIES THAT the registered owner specified above, or registered assigns, has a proportionate interest in rights to receive certain revenues, as described below, pursuant to an annually renewable Lease Purchase Agreement, dated as of August 20, 2015 (the “Lease”), between RTD ASSET ACQUISITION AUTHORITY, INC. a Colorado nonprofit corporation (the “Corporation”), as lessor, and REGIONAL TRANSPORTATION DISTRICT (the “District”), as lessee. The proportionate interest of the registered owner of this Certificate of Participation, Series 2015A (this “2015A Certificate”) is secured as provided in the Lease and in the Indenture of Trust dated as of August 20, 2015 (the “Indenture”) between the Corporation and UMB Bank, n.a., as trustee (the “Trustee”), for the registered owners of the 2015A Certificates (the “Owners”), whereby certain rights of the Corporation, as lessor under the Lease, have been assigned by the Corporation to the Trustee for the benefit of the Owners. Under the Indenture, the Corporation has also assigned to the Trustee, for the benefit of the Owners, a

security interest in the 2015A Leased Property (as defined in the Lease). To the extent not defined herein, terms used in this 2015A Certificate shall have the same meanings as set forth in the Indenture and the Lease.

This 2015A Certificate bears interest, matures, is payable, is subject to redemption prior to maturity, and is transferable as provided in the Indenture.

This 2015A Certificate is one of an issue of certificates evidencing assignments of proportionate interests in rights to receive certain revenues, as described below, pursuant to the Lease and the Indenture, in an aggregate principal amount of \$193,915,000 for the purpose of providing funds to finance additional vehicles and equipment for the District. The District will lease the 2015A Leased Property, which is comprised of certain light rail vehicles and buses, from the Corporation pursuant to the Lease, and the District has agreed to pay directly to the Trustee certain Base Rentals in consideration for its right to use the 2015A Leased Property, which Base Rentals are required by the Indenture to be distributed by the Trustee to the payment of all the outstanding Certificates, including the 2015A Certificates, and interest thereon.

The 2015A Certificates are proportionately and ratably secured under the Lease and the Indenture with any Additional Certificates issued from time to time in the future.

THE LEASE, THIS 2015A CERTIFICATE, THE ISSUE OF 2015A CERTIFICATES OF WHICH IT FORMS A PART, AND THE INTEREST HEREON DO NOT CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE DISTRICT AND SHALL NOT CONSTITUTE A MULTIPLE FISCAL YEAR DIRECT OR INDIRECT DISTRICT DEBT OR OTHER FINANCIAL OBLIGATION WHATSOEVER, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE LEASE, THE INDENTURE AND THE 2015A CERTIFICATES DO NOT DIRECTLY OR INDIRECTLY OBLIGATE THE DISTRICT TO MAKE ANY PAYMENTS BEYOND THOSE SPECIFICALLY APPROPRIATED FOR IN ITS THEN CURRENT FISCAL YEAR. EXCEPT TO THE EXTENT PAYABLE FROM THE PROCEEDS OF THE SALE OF THE 2015A CERTIFICATES AND INCOME FROM THE INVESTMENT THEREOF, NET PROCEEDS OF CERTAIN INSURANCE, PERFORMANCE BONDS, NET PROCEEDS RECEIVED AS A CONSEQUENCE OF BREACHES OF WARRANTY OR DEFAULTS UNDER CERTAIN CONTRACTS OR NET PROCEEDS OF LEASING THE 2015A LEASED PROPERTY OR ANY PORTION THEREOF, SALE OF THE 2015A LEASED PROPERTY OR ANY PORTION THEREOF, AND REPOSSESSION, LIQUIDATION OR OTHER DISPOSITION OF THE 2015A LEASED PROPERTY, OR SUCH OTHER FUNDS AS MAY BE HELD THEREFOR UNDER THE INDENTURE, THIS 2015A CERTIFICATE, THE ISSUE OF WHICH IT FORMS A PART AND THE INTEREST HEREON WILL BE PAYABLE DURING THE TERM OF THE LEASE SOLELY FROM THE BASE RENTALS TO BE PAID BY THE DISTRICT UNDER THE LEASE. ALL PAYMENT OBLIGATIONS OF THE DISTRICT UNDER THE LEASE, INCLUDING, WITHOUT LIMITATION, THE DISTRICT'S OBLIGATION TO PAY BASE RENTALS, ARE FROM YEAR TO YEAR ONLY AND DO NOT CONSTITUTE A MANDATORY CHARGE OR REQUIREMENT IN ANY ENSUING FISCAL YEAR BEYOND THE THEN CURRENT FISCAL YEAR AND ARE SUBJECT TO THE ACTION OF THE DISTRICT IN ANNUALLY APPROPRIATING MONEYS OF THE DISTRICT FOR SUCH PAYMENTS AND FOR THE

PERFORMANCE OF ALL OBLIGATIONS OF THE DISTRICT UNDER THE LEASE DURING THE FISCAL YEAR FOLLOWING SUCH APPROPRIATION. THE LEASE IS SUBJECT TO ANNUAL RENEWAL AT THE OPTION OF THE DISTRICT AND WILL BE TERMINATED UPON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION. IN SUCH EVENT, ALL PAYMENTS FROM THE DISTRICT UNDER THE LEASE WILL TERMINATE, AND THIS 2015A CERTIFICATE AND THE INTEREST HEREON WILL BE PAYABLE FROM SUCH MONEYS, IF ANY, AS MAY BE HELD BY THE TRUSTEE UNDER THE INDENTURE AND ANY MONEYS MADE AVAILABLE FROM LEASING OF THE 2015A LEASED PROPERTY OR ANY PORTION THEREOF, SALE OF THE 2015A LEASED PROPERTY OR ANY PORTION THEREOF, AND REPOSSESSION, LIQUIDATION OR OTHER DISPOSITION OF THE 2015A LEASED PROPERTY (AFTER PAYMENT OF ALL FEES AND EXPENSES DUE TO THE TRUSTEE AND THE CORPORATION). THE CORPORATION HAS NO OBLIGATION TO MAKE, AND SHALL NOT MAKE, ANY PAYMENT OF ANY OF THE 2015A CERTIFICATES OR THE INTEREST THEREON. NO DIRECTOR OR OFFICER OF THE CORPORATION SHALL BE PERSONALLY LIABLE ON THE 2015A CERTIFICATES OR INCUR ANY OTHER LIABILITY BY REASON OF THE CORPORATION'S HAVING ENTERED INTO THE LEASE OR THE INDENTURE. UPON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION OR AN EVENT OF DEFAULT, THERE IS NO GUARANTY OR ASSURANCE OF ANY PAYMENT BY THE DISTRICT, THE CORPORATION OR THE TRUSTEE OF THIS 2015A CERTIFICATE OR THE INTEREST HEREON.

Reference is hereby made to the Lease and the Indenture for a description of the rights, duties and obligations of the District, the Corporation, the Trustee and the Certificate Owners, the terms upon which Additional Certificates may be issued, the terms upon which the Certificates and any Additional Certificates are secured, the terms and conditions upon which the Certificates will be deemed to be paid at or prior to maturity or redemption of the Certificates upon the making of provision for the full or partial payment thereof, the rights of the Certificate Owners upon the occurrence of an Event of Default or an Event of Nonappropriation, the ability to amend the Indenture, and to all the provisions to which the Certificate Owner, by the acceptance of this 2015A Certificate, assents.

This 2015A Certificate is issued under the authority of Part 2 of Article 57, Title 11, Colorado Revised Statutes ("C.R.S."). Pursuant to Section 11-57-210, C.R.S., such recital shall be conclusive evidence of the validity and the regularity of the issuance of this 2015A Certificate after its delivery for value.

This 2015A Certificate is issued with the intent that the laws of the State of Colorado shall govern its legality, validity, enforceability and construction.

This 2015A Certificate shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Lease or the Indenture, unless it shall have been manually signed on behalf of the Trustee.

IN WITNESS WHEREOF, this Certificate has been executed with the manual signature of an authorized representative of the Trustee.

UMB Bank, n.a., as Trustee

By: \_\_\_\_\_  
Authorized Representative

Date: \_\_\_\_\_

## TRANSFER

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Certificate on the records kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature Guaranteed by a Member  
of the Medallion Signature Program:

\_\_\_\_\_  
Address of transferee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Social Security or other tax  
identification number of transferee:

\_\_\_\_\_

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever, and be guaranteed by a financial institution that is a member of a Medallion Program.

TRANSFER FEE MAY BE REQUIRED

## PREPAYMENT PANEL

The following installments of principal (or portions thereof) of this Certificate have been prepaid in accordance with the terms of the Indenture authorizing the issuance of this Certificate.

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



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