

*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 2020 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 2020 Certificates (the "Tax Code"), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, 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 2020 Certificates as described herein. See "TAX MATTERS."*

**\$63,440,000****CERTIFICATES OF PARTICIPATION, SERIES 2020****Evidencing Assignments of Proportionate Interests in Rights to Receive Certain Revenues****Pursuant to the Lease Purchase Agreement, as amended, between****ASSET ACQUISITION AUTHORITY, INC., as Lessor, and****REGIONAL TRANSPORTATION DISTRICT,****(Colorado), as Lessee****Dated: Date of Delivery****Due: June 1, as shown below**

The Certificates of Participation, Series 2020 captioned above (the "**2020 Certificates**") evidence assignments of proportionate interests in rights to receive certain revenues derived solely from sources set forth in a Lease Purchase Agreement dated as of December 1, 2010, as amended and as further amended by a Second Amendment to Lease Purchase Agreement dated the date of execution and delivery of the 2020 Certificates (together, the "**Lease**"), between Asset Acquisition Authority, Inc. (formerly known as RTD Asset Acquisition Authority, Inc.) (the "**Corporation**"), as lessor, and the Regional Transportation District ("**RTD**" or the "**District**"), as lessee. The 2020 Certificates are to be executed and delivered pursuant to a Mortgage and Indenture of Trust dated as of December 1, 2010, as amended from time to time and as further amended by a Second Supplement to Mortgage and Indenture of Trust, dated the date of execution and delivery of the 2020 Certificates (together, the "**Indenture**"), between the Corporation and UMB Bank, n.a., as trustee (the "**Trustee**"). Interest on the 2020 Certificates is payable on June 1, 2020 and on each June 1 and December 1 thereafter.

The 2020 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 2020 Certificates. Purchases by beneficial owners of the 2020 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 2020 Certificates. See "THE 2020 CERTIFICATES – Book-Entry Form."

The 2020 Certificates mature, bear interest and are priced to yield as follows:

**MATURITY SCHEDULE<sup>(1)</sup>**  
**(CUSIP® 6-digit issue number: 75913T<sup>(2)</sup>)**

<b>Maturity (June 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Yield</b>	<b>CUSIP<sup>(2)</sup></b>
2026	\$ 3,525,000	5.00%	119.338	1.720%	KF0
2027	10,815,000	5.00	121.716	1.790	KG8
2028	11,370,000	5.00	123.636	1.890	KH6
2029	11,955,000	5.00	125.202	2.000	KJ2
2030	12,565,000	5.00	124.534	2.070 <sup>c</sup>	KK9
2031	13,210,000	5.00	123.964	2.130 <sup>c</sup>	KL7

<sup>c</sup> Yield calculated based on the assumption that the Certificates denoted and sold at a premium will be redeemed on June 1, 2029, the first optional redemption date for such Certificates, at the price of par plus accrued interest to such date of redemption.

The 2020 Certificates are subject to redemption prior to maturity as more fully described herein under "THE 2020 CERTIFICATES – Redemption Provisions."

The net proceeds of the 2020 Certificates are to be used to refinance a portion of the leased property under the Lease by refunding certain outstanding certificates of participation to achieve interest rate savings. See "PLAN OF FINANCE" and "THE LEASED PROPERTY."

None of the Lease, the Indenture or the 2020 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 2020 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 2020 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 2020 Certificates, all as more fully described herein.

*The purchase and ownership of the 2020 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.*

See "**FORWARD DELIVERY OF 2020 CERTIFICATES**" and "**RISK FACTORS – Additional Risks Related to the Delayed Delivery Period**" for a discussion regarding the delayed delivery of the 2020 Certificates, certain conditions to the obligation of the Underwriters to purchase the 2020 Certificates, and certain risks to the purchasers of the 2020 Certificates resulting from such delayed delivery.

The 2020 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, has acted as 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, Rolf Asphaug, Esq., and for the Underwriters by Norton Rose Fulbright US LLP, Denver, Colorado. Hilltop Securities Inc. is serving as Municipal Advisor to the District in connection with the execution and delivery of the 2020 Certificates. It is expected that the 2020 Certificates in book-entry form will be available for deposit with and delivery to DTC on or about March 3, 2020.

**J.P. MORGAN****Harvestons Securities, Inc.****Jefferies LLC****The date of this Official Statement is November 21, 2019.**

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<sup>(1)</sup> This information is provided by the Municipal Advisor.

<sup>(2)</sup> None of RTD, the Municipal Advisor or the Underwriters takes any responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of the Owners of the 2020 Certificates. The CUSIP number for any maturity of the 2020 Certificates may be changed after the issuance of the 2020 Certificates as the result of various subsequent actions, including, without limitation, a refunding of all or a portion of such maturity or the procurement of secondary market insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2020 Certificates.

No dealer, salesman or other person has been authorized to give any information or to make any representation with respect to the 2020 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, Hilltop Securities Inc. (the "Municipal Advisor") or the underwriters listed herein (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 2020 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 2020 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.

None of the District, the Corporation, the Underwriters, nor the Municipal Advisor makes any representation or warranty with respect to the information contained in this Official Statement regarding DTC or its book-entry-only system, as such information was provided by DTC.

In connection with the offering of the 2020 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, 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**  
**1660 Blake Street**  
**Denver, Colorado 80202**  
**BOARD OF DIRECTORS**

<b>Directors</b>	<b>Director Districts</b>
Doug Tisdale, Chair	District H
Margaret "Peggy" Catlin, First Vice Chair	District N
Angie Rivera-Malpiede, Second Vice Chair	District C
Jeff Walker, Secretary	District D
Shelley Cook, Treasurer	District L
Bob Broom	District F
Vince Buzek	District J
Claudia Folska, Ph.D.	District E
Lynn Guissinger	District O
Shontel Lewis	District B
Judy Lubow	District I
Natalie Menten	District M
Ken Mihalik	District G
Troy Whitmore	District K
Kate Williams	District A

**General Manager and Chief Executive Officer**  
David A. Genova

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

**Special Counsel**  
Butler Snow LLP  
Denver, Colorado

**Disclosure Counsel**  
Hogan Lovells US LLP  
Denver, Colorado

**Municipal Advisor**  
Hilltop Securities Inc.  
Dallas, Texas

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## OFFICIAL STATEMENT

**\$63,440,000**

### **CERTIFICATES OF PARTICIPATION, SERIES 2020**

**Evidencing Assignments of Proportionate**

**Interests in Rights to Receive Certain Revenues**

**Pursuant to the Lease Purchase Agreement, as amended, between**

**ASSET ACQUISITION AUTHORITY, INC., as Lessor, and**

**REGIONAL TRANSPORTATION DISTRICT,**

**(Colorado), as Lessee**

## INTRODUCTION

### **Changes from Preliminary Official Statement**

This Official Statement includes certain information which was not available for inclusion in the Preliminary Official Statement dated November 11, 2019 (the "**POS**"), including the final use of proceeds of the 2020 Certificates and the maturity dates, interest rates, prices, redemption provisions and other terms of the 2020 Certificates. In addition, the following changes have been made to the POS:

#### *Principal Officials*

The following has been added to the description of Mr. David A. Genova's professional experience included in the POS:

Mr. Genova gave notice to the RTD Board Chair on November 21, 2019, that Mr. Genova plans to retire from RTD. Mr. Genova indicated that he is committed to assuring a seamless and smooth transition and that, consistent with his contract, he anticipated his final day to be January 20, 2020. RTD intends and expects to commence promptly a nation-wide search to hire Mr. Genova's replacement and expects to appoint an interim General Manager/Chief Executive Officer. RTD is committed to hiring a qualified individual to serve as RTD's General Manager/Chief Executive Officer and reasonably believes that Mr. Genova's retirement will not materially impact the District's operations or its ability to make rental payments under the Lease.

The following has been added to the description of Mr. Rolf Asphaug's professional experience included in the POS:

Mr. Asphaug announced on November 20, 2019, that he planned to retire from the District in February 2020. The District will soon commence a search to hire a replacement to oversee the legal operations of the District and expects to appoint an interim General Counsel. The District does not expect his retirement to materially impact the District's operations or its ability to make rental payments under the Lease.

### **Introduction**

This Official Statement, which includes the cover page and the appendices, provides certain information in connection with the offer and sale of \$63,440,000 aggregate principal amount of Certificates of Participation, Series 2020 (the "**2020 Certificates**") evidencing assignments of proportionate interests in rights to receive certain revenues under an annually renewable Lease Purchase Agreement dated as of December 1, 2010 (the "**Original Lease**"), as amended and as further amended by

a Second Amendment to Lease Purchase Agreement, dated the date of execution and delivery of the 2020 Certificates (the "**Second Amendment**" and, together with the Original Lease as amended, the "**Lease**"), between Asset Acquisition Authority, Inc. (formerly known as 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 2020 Certificates are being executed and delivered pursuant to a Mortgage and Indenture of Trust, dated as of December 1, 2010 (the "**Original Indenture**"), as amended and as further amended from time to time, most recently by a Second Supplement to Mortgage and Indenture of Trust dated the date of execution and delivery of the 2020 Certificates (the "**Second Supplemental Indenture**" and, together with the Original Indenture as amended, the "**Indenture**"), between the Corporation and UMB Bank, n.a., as trustee (the "**Trustee**"). See "THE CORPORATION." The Certificates of Participation, Series 2010A (the "**2010A Certificates**") and the Certificates of Participation, Series 2010B (the "**2010B Certificates**") have been previously delivered pursuant to the Original Indenture.

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 2020 Certificates are to be used, together with other available money of the District, to refinance a portion of the leased property under the Lease by refunding the Outstanding 2010A Certificates maturing on and after June 1, 2021 in the aggregate principal amount of \$76,885,000 to achieve interest rate savings (as further described herein, the "**2020 Refunding Project**"). The 2010A Certificates maturing on June 1, 2020 in the aggregate principal amount of \$15,925,000 (the "**Unrefunded 2010A Certificates**") will not be refunded or defeased and will be paid on their maturity date. See "PLAN OF FINANCE – The 2020 Refunding Project."

The Leased Property under the Lease (the "**Leased Property**") consists of 55 light rail vehicles currently being operated as part of the District's operations, the Sheridan and Wadsworth Sites and Buildings located thereon and any other property which may be added or substituted in the future in accordance with the Lease. The Corporation has acquired title to and has leased the Leased Property to the District pursuant to the Original Lease. 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 Unrefunded 2010A Certificates, the 2010B Certificates, the 2020 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 Certificates. See "THE 2020 CERTIFICATES," "SECURITY FOR THE 2020 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 Certificates. Additional Rentals are intended to pay the costs of all taxes, insurance premiums, reasonable expenses and fees of the Trustee and the Corporation, utility charges, 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 2020 Certificates and to pay all Additional Rentals directly to the persons or entities to which such Additional Rentals are owed. See "SECURITY FOR THE 2020 CERTIFICATES" and "THE LEASE."

Neither the 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 at any time by paying an amount sufficient to defease the Certificates then outstanding and discharge the Indenture. See "THE LEASED PROPERTY – Purchase Option Price."

The 2020 Certificates are being executed and delivered as Additional Certificates under the Original Indenture pursuant to the Second Supplemental Indenture, and are proportionately and ratably secured under the Lease and the Indenture with the outstanding Unrefunded 2010A Certificates, the 2010B Certificates and with any Additional Certificates issued from time to time in the future ("**Additional Certificates**"), without preference, priority or distinction of any Certificates or Additional Certificates over any other. The Indenture provides that Additional Certificates may be executed and delivered in the future by executing an amendment to the Lease and the Indenture, and by complying with certain other requirements contained in the Indenture. See "THE 2020 CERTIFICATES – Additional Certificates."

In connection with the execution and delivery of the 2020 Certificates, the District will deliver a Continuing Disclosure Agreement in substantially the form attached as APPENDIX A. See "CONTINUING DISCLOSURE AGREEMENT."

Pursuant to a Forward Delivery Certificate Purchase Agreement dated November 21, 2019 (the "**Forward Delivery Contract**") between the District and J.P. Morgan Securities LLC, as representative of the Underwriters (the "**Representative**"), the Representative has agreed, subject to the terms thereof, to purchase the 2020 Certificates for delivery on or about March 3, 2020 (the "**Delayed Delivery Date**"). For a discussion regarding the forward delivery of the 2020 Certificates, certain conditions to the obligations of the Underwriters and certain risks to purchasers of the 2020 Certificates resulting from the forward delivery thereof, see "FORWARD DELIVERY OF 2020 CERTIFICATES," and "RISK FACTORS – Additional Risks Related to the Delayed Delivery Period."

This Official Statement includes financial and other information about RTD and the Leased Property and limited information about the Corporation because such information regarding RTD and the Leased Property is believed to be relevant to the consideration by the purchasers of the 2020 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 2020 Certificates, the Lease, the Indenture and other documents entered into in connection with the 2020 Refunding Project and the execution and delivery of the 2020 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, 1660 Blake Street, Denver, Colorado 80202-1399, (303) 299-2313 or at the offices of the District's Municipal Advisor, Hilltop Securities Inc., 1201 Elm Street, Suite 3500, Dallas, Texas 75270, Attention: Mike Newman, (214) 953-8875.

## **FORWARD DELIVERY OF 2020 CERTIFICATES**

### **Forward Delivery Contract**

The District has entered into the Forward Delivery Contract for the 2020 Certificates with the Underwriters. Subject to the terms of the Forward Delivery Contract, the District expects that the 2020 Certificates will be executed and delivered on the Delayed Delivery Date. The obligation of the Underwriters to purchase the 2020 Certificates is subject to the satisfaction of certain conditions, as outlined in the Forward Delivery Contract, on the preliminary closing date of December 12, 2019 (the "**Initial Closing Date**") and on the Delayed Delivery Date. The conditions to be satisfied on the Initial Closing Date are, in general, comparable to those required in connection with closings that use a customary period between sale dates and delivery dates. Because of the longer period between the sale and delayed delivery of the 2020 Certificates, there are certain additional termination rights and delayed delivery conditions that are not generally present in purchase agreements that do not involve a delayed delivery, and those additional rights and conditions are summarized below. All the conditions and termination rights with respect to the sale and delayed delivery of the 2020 Certificates are set forth in the Forward Delivery Contract. The following description is not to be considered a full statement of the terms of the Forward Delivery Contract and accordingly is qualified by reference thereto and is subject to the full text thereof. BY PLACING AN ORDER WITH THE UNDERWRITERS FOR THE PURCHASE OF THE 2020 CERTIFICATES, EACH INVESTOR ACKNOWLEDGES AND AGREES THAT THE 2020 CERTIFICATES ARE BEING SOLD ON A "DELAYED DELIVERY" BASIS, THAT THE INVESTOR IS OBLIGATED TO ACCEPT DELIVERY AND PAY FOR THE 2020 CERTIFICATES ON THE DELAYED DELIVERY DATE SUBJECT TO THE CONDITIONS IN THE FORWARD DELIVERY CONTRACT, AND THAT EACH INVESTOR WILL SIGN, AND DELIVER TO THE UNDERWRITERS, A DELAYED DELIVERY CONTRACT (IN THE FORM ATTACHED AS APPENDIX G) AS A CONDITION TO ANY 2020 CERTIFICATES BEING ALLOCATED TO SUCH INVESTOR.

### **Delayed Delivery Date**

The issuance of the 2020 Certificates and the Underwriters' obligation under the Forward Delivery Contract to purchase, accept delivery of and pay for the 2020 Certificates on the Delayed Delivery Date are conditioned upon the performance by the District of its obligations thereunder, including, without limitation, the delivery of an opinion of Special Counsel dated the Delayed Delivery Date, substantially in the form and to the effect as set forth in **Appendix D** to this Official Statement. The execution and delivery of the 2020 Certificates is further contingent upon the delivery of certain

certificates and the satisfaction of other conditions as of the Delayed Delivery Date. At any time subsequent to Initial Closing (as defined in the Forward Delivery Contract) and on or prior to the Delayed Delivery Date, the Underwriters have the right to terminate their obligations under the Forward Delivery Contract, by notifying the District of their election to do so, if:

- (a) any Change in Law shall have occurred (defined below);
- (b) this Official Statement, as amended (if applicable), between the date of this Official Statement to and including the date that is 25 days after the Initial Closing Date, or the updated Official Statement (the "Updated Official Statement"), as amended (if applicable), between the date of delivery of the Updated Official Statement to and including the Delayed Delivery Date, contains untrue statement of a material fact or omits to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and, in either such event, the District refuses to permit the Updated Official Statement to be supplemented to supply such statement or information, or the effect of the Updated Official Statement as so supplemented is to materially adversely affect the market price or marketability of the 2020 Certificates or the ability of the Underwriters to enforce contracts for the sale of the 2020 Certificates;
- (c) any fact, condition, or circumstance exists that, but for the passage of time or giving notice or both, would constitute an event of default or an event of nonappropriation under the Indenture or the Lease;
- (d) any rating of the 2020 Certificates by a national rating agency rating the 2020 Certificates has been withdrawn or suspended;
- (e) a stop order, cease-and-desist order, injunction, no-action letter, ruling, regulation or official statement by the Securities and Exchange Commission, its staff or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering, or sale of the 2020 Certificates or the execution and delivery of the District Documents or the Corporation Documents (defined in the Forward Delivery Contract) as contemplated in or by the Forward Delivery Contract or in the Preliminary Official Statement, the Official Statement or the Updated Official Statement, is or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or
- (f) legislation shall have been enacted, or actively considered for enactment with an effective date prior to the Delayed Delivery Date, or a decision by a court of the United States shall be rendered, the effect of which is that the 2020 Certificates or the Indenture, as the case may be, is not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and then in effect.

During the period between the date of this Official Statement and the Delayed Delivery Date (the "**Delayed Delivery Period**"), certain information contained in this Official Statement could change in a material respect. The District has agreed in the Forward Delivery Contract to deliver an updated Official Statement not more than 25 days nor less than 10 days prior to the Delayed Delivery Date.

If, on the Delayed Delivery Date, the District is unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the 2020 Certificates as set forth in the Forward Delivery Contract or if the obligations of the Underwriters to purchase, to accept delivery of

and to pay for the 2020 Certificates are terminated for any reason permitted by items (a) through (f) above, the Forward Delivery Contract will terminate and neither the Underwriters nor the District will be under any further obligation under the Forward Delivery Contract.

A "Change in Law" means (i) any change in or addition to applicable federal or State law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or State agencies, (ii) any legislation enacted by the Congress of the United States or introduced therein or recommended for passage by the President of the United States (if such enacted, introduced or recommended legislation has a proposed effective date that is on or before the Delayed Delivery Date), (iii) any law, rule or regulation proposed or enacted by any governmental body, department or agency (if such proposed or enacted law, rule or regulation has a proposed effective date that is on or before the Delayed Delivery Date), or (iv) any judgment, ruling or order issued by any court or administrative body, which in the case of any of (i), (ii), (iii) or (iv) would, as to the Underwriters, prohibit (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) the Underwriters from purchasing the 2020 Certificates as provided in the Forward Delivery Contract or selling the 2020 Certificates or beneficial ownership interests therein to the public or, as to the District, would make the issuance, sale or delivery of the 2020 Certificates illegal (or have the retroactive effect of making such issuance, sale or delivery illegal, if enacted, adopted, passed or finalized); or eliminate the exclusion from gross income for federal income tax purposes of interest on the Certificates (or have the retroactive effect of eliminating such exclusion if enacted, adopted, passed or finalized); provided, however, that such change in or addition to law, legislation, law, rule or regulation or judgment, ruling or order shall have become effective, been enacted, introduced or recommended, been proposed or enacted or been issued as the case may be, after the date of the Forward Delivery Contract.

The Underwriters have advised the District that the 2020 Certificates will be sold only to purchasers who execute a Delayed Delivery Contract in substantially the form attached hereto as **Appendix G** (the "**Delayed Delivery Contract**"). The form of Delayed Delivery Contract is attached as **Appendix G** at the request and for the convenience of the Underwriters. The District will not be a party to the Delayed Delivery Contract, and the District is not in any way responsible for the performance thereof or for any representations or warranties contained therein. The rights and obligations under the Forward Delivery Contract are not conditioned or dependent upon the performance of any Delayed Delivery Contract.

The Underwriters may not refuse to purchase the 2020 Certificates except as expressly described above, and the purchasers may not refuse to purchase the 2020 Certificates from the Underwriters except as expressly described in the Delayed Delivery Contract.

THE UNDERWRITERS (AND, IN TURN, THE PURCHASERS OF THE 2020 CERTIFICATES FROM THE UNDERWRITERS) MAY NOT REFUSE TO PURCHASE THE 2020 CERTIFICATES BY REASON OF "GENERAL MARKET OR CREDIT CHANGES" INCLUDING, BUT NOT LIMITED TO CHANGES IN THE RATINGS ASSIGNED TO THE 2020 CERTIFICATES, CHANGES IN THE FINANCIAL CONDITION, OPERATIONS, PERFORMANCE, PROPERTIES OR PROSPECTS OF THE DISTRICT PRIOR TO THE DELAYED DELIVERY DATE, CHANGES IN THE GENERAL LEVEL OF INTEREST RATES OR CHANGES IN VALUE OF THE 2020 CERTIFICATES FOR ANY REASON OTHER THAN A FULL ELIMINATION OF TAX EXEMPTION OR FOR ANY REASON OTHER THAN DESCRIBED BY ITEMS (A) THROUGH (F) ABOVE.



## PLAN OF FINANCE

### Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the execution and delivery of the 2020 Certificates:

**TABLE I**  
**Estimated Sources and Uses of Funds**

#### Sources

Principal Amount of the 2020 Certificates	\$63,440,000.00
Original Issue Premium	14,978,903.70
Other Legally Available Funds <sup>(1)</sup>	<u>1,153,902.50</u>
Total	<u>\$79,572,806.20</u>

#### Uses

2020 Escrow Account <sup>(2)</sup>	\$78,944,468.75
Costs of Issuance <sup>(3)</sup>	<u>628,337.45</u>
Total	<u>\$79,572,806.20</u>

<sup>(1)</sup> Certain amounts on deposit in the Reserve Fund securing the 2010A and 2010B Certificates will be released in connection with the 2020 Refunding Project.

<sup>(2)</sup> See "The 2020 Refunding Project" below.

<sup>(3)</sup> Includes legal fees, Trustee fees, Municipal Advisor fees, other costs of execution and delivery of the 2020 Certificates and Underwriters' discount. See "UNDERWRITING."

### The 2020 Refunding Project

The District will deposit a portion of the proceeds of the 2020 Certificates to the 2020 Escrow Fund, created pursuant to the 2020 Escrow Agreement (defined herein), which amount, together with other available money of the District on deposit therein, shall be used to defease, refund, redeem and discharge on June 1, 2020 the outstanding 2010A Certificates maturing on and after June 1, 2021 in the aggregate principal amount of \$76,885,000. The Unrefunded 2010A Certificates maturing on June 1, 2020 in the aggregate principal amount of \$15,925,000 will not be refunded or defeased and will be paid on their maturity date. None of the Leased Property under the Lease will be released from the terms and provisions of the Lease upon the implementation of the 2020 Refunding Project. The Leased Property will secure the outstanding Unrefunded 2010A Certificates, the 2010B Certificates, the 2020 Certificates and any Additional Certificates that are executed and delivered in the future, if any. See "THE LEASED PROPERTY."

The 2010A Certificates maturing on and after June 1, 2021 and interest due thereon, are to be redeemed on the first optional redemption date of June 1, 2020 from funds to be deposited in the 2020 Escrow Account with UMB Bank, n.a. (the "**Escrow Agent**") pursuant to an Escrow Agreement, dated as of the date of execution and delivery of the 2020 Certificates (the "**2020 Escrow Agreement**"), among the District, the Corporation and the Escrow Agent.

The Second Supplemental Indenture provides that a portion of the proceeds of the 2020 Certificates will be deposited in the 2020 Escrow Account in accordance with the provisions of the 2020 Escrow Agreement and shall be used, together with other available moneys of the District deposited therein, to defease, refund, redeem and discharge the outstanding 2010A Certificates maturing on and

after June 1, 2021 in accordance with the terms and provisions of the 2020 Escrow Agreement. A portion of the funds deposited in the 2020 Escrow Account will be held uninvested in cash and the remainder used to purchase a portfolio of securities authorized by applicable law, which authorization includes direct noncallable obligations of the United States and noncallable obligations of an agency or instrumentality of the United States (the "**Federal Securities**") maturing in time to make such payment. Under the Escrow Agreement, the 2020 Escrow Account is irrevocably pledged to the payment of the principal of and interest on such 2010A Certificates. Such maturing principal of and interest on the Federal Securities and uninvested cash will not be available to pay debt service on the 2020 Certificates. Moneys on deposit in the 2020 Escrow Account are not part of the Trust Estate securing the payment of the Certificates.

Prior to, or simultaneously with, the execution and delivery of the 2020 Certificates, the District will give irrevocable instructions to provide notice to the owners of the 2010A Certificates maturing on and after June 1, 2021, that such 2010A Certificates will be called for redemption on June 1, 2020, on which date money will be applied to redeem such 2010A Certificates from funds held under the 2020 Escrow Agreement.

Causey, Demgen & Moore P.C., a nationally recognized accounting firm (the "**Verification Agent**"), will verify at the time of initial delivery of the 2020 Certificates to the Underwriters the mathematical accuracy of the schedules that demonstrate the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, in the 2020 Escrow Account will be sufficient to pay, when due, upon prior redemption on June 1, 2020, the principal of and interest on the 2010A Certificates maturing on and after June 1, 2021. (See "VERIFICATION" herein.)

By the deposit of a portion of the 2020 Certificates proceeds and other available moneys of the District with the Escrow Agent pursuant to the 2020 Escrow Agreement, and the investment of a portion thereof in the Federal Securities, the District will have effectuated the defeasance of the 2010A Certificates maturing on and after June 1, 2021 pursuant to the terms of the Indenture. As a result of such defeasance, such 2010A Certificates will no longer be outstanding under the Indenture and will be payable solely from moneys on deposit in the 2020 Escrow Account.

## **THE 2020 CERTIFICATES**

*The following is a summary of certain general provisions of the 2020 Certificates, the Lease and the Indenture, during which time as the 2020 Certificates are subject to the DTC book-entry system. Reference is hereby made to the Indenture for detailed provisions pertaining to the 2020 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 2020 CERTIFICATES," "APPENDIX E – FORM OF LEASE" and "APPENDIX F – FORM OF INDENTURE."*

### **Generally**

The 2020 Certificates are dated, mature and bear interest and are subject to other terms and conditions as described on the cover page. Interest on the 2020 Certificates is to be computed upon the basis of a 360-day year consisting of twelve 30-day months.

## **Redemption Provisions**

The 2020 Certificates are subject to redemption prior to their respective maturity dates as set forth below:

### *Optional Redemption*

General. The 2020 Certificates maturing on or prior to June 1, 2029 are not subject to optional redemption prior to their maturity date. The 2020 Certificates maturing on or after June 1, 2030 are subject to redemption prior to maturity at the option of the District, on June 1, 2029 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 2020 Certificates in denominations larger than \$5,000), at a redemption price equal to the principal amount of each 2020 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 2020 Certificates are to be redeemed pursuant to exercise of optional redemption rights, the Trustee, upon written instruction from the District, shall select the 2020 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 2020 Certificate to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

### *Extraordinary Mandatory Redemption*

The 2020 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 2020 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 2020 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 2020 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 2020 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 2020 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 2020 Certificates so called for redemption and accrued interest thereon to the redemption date), interest on the 2020 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 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 Certificates by reason of such redemption. Upon surrender and cancellation of any Certificate for redemption of only a portion thereof, a new Certificate or 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 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 2020 Certificates will be redeemed only in integral multiples of \$5,000. The Trustee will treat any 2020 Certificate of denomination greater than \$5,000 as representing that number of separate 2020 Certificates each of the denomination of \$5,000 as can be obtained by dividing the actual principal amount of such 2020 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 bearing the same interest rate 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 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 II**  
**Schedule of Annual Base Rentals Payments**

<b>Year<sup>(1)</sup></b>	<b>Base Rentals Unrefunded 2010A Certificates</b>	<b>Base Rentals 2010B Certificates</b>	<b>2020 Certificates</b>		<b>Annual Total</b>
			<b>Base Rentals Principal</b>	<b>Base Rentals Interest</b>	
2020	\$16,323,125	\$7,672,000	\$ --	\$2,361,378	\$26,356,503
2021	--	7,672,000	--	3,172,000	10,844,000
2022	--	7,672,000	--	3,172,000	10,844,000
2023	--	7,672,000	--	3,172,000	10,844,000
2024	--	7,672,000	--	3,172,000	10,844,000
2025	--	7,672,000	--	3,172,000	10,844,000
2026	--	7,672,000	3,525,000	3,083,875	14,280,875
2027	--	7,672,000	10,815,000	2,725,375	21,212,375
2028	--	7,672,000	11,370,000	2,170,750	21,212,750
2029	--	7,672,000	11,955,000	1,587,625	21,214,625
2030	--	7,672,000	12,565,000	974,625	21,211,625
2031	--	7,672,000	13,210,000	330,250	21,212,250
2032	--	21,178,234	--	--	21,178,234
2033	--	21,187,355	--	--	21,187,355
2034	--	21,196,329	--	--	21,196,329
2035	--	21,207,870	--	--	21,207,870
2036	--	8,818,764	--	--	8,818,764
2037	--	8,820,468	--	--	8,820,468
2038	--	8,827,085	--	--	8,827,085
2039	--	8,835,164	--	--	8,835,164
2040	--	8,836,444	--	--	8,836,444
Total	\$16,323,125	\$220,971,712	\$63,440,000	\$29,093,878	\$329,828,715

<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 2020 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 2020 Certificates (the "Securities Depository"). Purchases by beneficial owners ("Beneficial Owners") of the 2020 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 2020 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 2020 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 2020 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 2020 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 2020 Certificates or the delivery to any Participant, Beneficial Owner or any other person of any notice with respect to the 2020 Certificates.

### **Transfer and Exchange**

The 2020 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 2020 Certificate during the 15 days prior to the mailing by the Trustee of any notice of redemption or to transfer ownership of any 2020 Certificate selected for redemption on or after the date of such mailing. The registered Owner of any 2020 Certificate or other Certificate may also exchange such 2020 Certificate or other Certificate for another 2020 Certificate or Certificate of Authorized Denominations. The Trustee may require the payment, by the Owner of any 2020 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 2020 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 2020 Certificate or Certificates surrendered. Transfers by Beneficial Owners are to be made as described below under "THE 2020 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 2020 Certificates or transfers.

The Indenture sets forth (i) the ability to defease the 2020 Certificates when payment of the principal amounts of the 2020 Certificates plus accrued interest on the 2020 Certificates to their due date (whether such due date be by reason of maturity, redemption or otherwise) is provided for and (ii) the permitted defeasance securities related thereto which shall be Federal Securities.

### **Book-Entry Form**

*The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2020 Certificates, payment of interest and other payments on the 2020 Certificates, confirmation and transfer of beneficial ownership interests in the 2020 Certificates and other related transactions is based solely on information furnished by DTC.*

DTC acts as securities depository for the 2020 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 2020 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 2020 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 2020 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 2020 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 2020 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 2020 Certificates are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the 2020 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 2020 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 2020 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 2020 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 2020 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. The 2010A Certificates

(which are being refunded in part with proceeds of the 2020 Certificates) and the 2010B Certificates have previously been issued pursuant to 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 Unrefunded 2010A Certificates, the 2010B Certificates, the 2020 Certificates and all other issues of Additional Certificates, if any, executed and delivered pursuant to the Indenture, without preference, priority or distinction of any Certificates or Additional Certificates over any other.

## **SECURITY FOR THE 2020 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 2020 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 2020 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 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 Leased Property consists of 55 light rail vehicles currently being operated as part of the District's operations and the Sheridan and Wadsworth Sites and Buildings thereon. See "THE LEASED PROPERTY." 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 (the "**0.6% Sales Tax**") imposed by the District and from operating revenues.

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. However, the Trustee may not recover from the District any deficiency which may exist following the liquidation or other disposition of the Leased Property.

THE 2020 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 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 2020 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 2020 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 2020 CERTIFICATES, ALL AS MORE FULLY DESCRIBED HEREIN. SEE "RISK FACTORS."

## **The Leased Property**

### *Generally*

Under the Lease, the Leased Property consists of (i) 55 light rail vehicles acquired as part of the 2010 Project, (ii) the Sheridan and Wadsworth Sites and the Buildings located thereon, and (iii) 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 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 of equal or greater value 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 2020 Certificates, the Unrefunded 2010A Certificates, the 2010B Certificates and any Additional Certificates executed and delivered under the Indenture. None of the Leased Property will be released from the terms and provisions of the Lease in connection with the implementation of the 2020 Refunding Project. The Corporation holds and will continue to hold title to the Leased Property, subject to the Lease and the Indenture. See "THE LEASED PROPERTY."

### *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 Certificates then outstanding and a discharge of the Indenture. See "THE LEASED PROPERTY – Purchase Option Price."

## **Reserve Fund**

The Indenture establishes a Reserve Fund (the "**Reserve Fund**") for the Unrefunded 2010A Certificates, the 2010B Certificates and the 2020 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 execution and delivery of the 2020 Certificates and defeasance of the outstanding 2010A Certificates maturing on and after June 1, 2021, the Reserve Fund Requirement for the Unrefunded 2010A Certificates, the 2010B Certificates and the 2020 Certificates shall be \$9,717,195.19. The Reserve Fund may be funded with cash or Permitted Investments. The Second Supplemental Indenture provides that upon the execution and delivery of the 2020 Certificates, the Reserve Fund shall secure the payment of the Unrefunded 2010A Certificates, the 2010B Certificates and the 2020 Certificates, and may secure the payment of any Additional Certificates thereafter executed and delivered to the extent provided in the supplemental indenture authorizing the execution and delivery of such Additional Certificates.

The Reserve Fund Requirement in respect of the Unrefunded 2010A Certificates, the 2010B Certificates and the 2020 Certificates means, as of any date of calculation, an amount equal to the lesser of: (a) 5% of the proceeds of the Unrefunded 2010A Certificates, the 2010B Certificates and the 2020 Certificates, (b) 50% of the Maximum Annual Debt Service Requirements on the Outstanding Unrefunded 2010A Certificates, the 2010B Certificates and the 2020 Certificates, or (c) 62.5% of the Average Annual Debt Service Requirements on the Outstanding Unrefunded 2010A Certificates, the 2010B Certificates and the 2020 Certificates. When calculating the Reserve Fund Requirement, the BAB Credit shall not be subtracted from the Debt Service Requirements of the 2010B Certificates.

Upon optional redemption or defeasance of a portion of the Unrefunded 2010A Certificates, the 2010B Certificates or 2020 Certificates, the Reserve Fund Requirement shall be recalculated and shall be an amount equal to the least of (a) 5% of the proceeds of the Unrefunded 2010A Certificates, the 2010B Certificates and the 2020 Certificates, (b) 50% of the Maximum Annual Debt Service Requirements on the Outstanding Unrefunded 2010A Certificates, the 2010B Certificates and the 2020 Certificates, or (c) 62.5% of the Average Annual Debt Service Requirements on the Outstanding Unrefunded 2010A Certificates, the 2010B Certificates and 2020 Certificates. The Reserve Fund shall be valued as of December 31 of each year, except in the event of a withdrawal from the Reserve Fund, whereupon it shall be valued immediately after such withdrawal. 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 vacate the Sites and Buildings and 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 or otherwise dispose of the Leased Property, including sale of the Leased Property or any portion thereof, or the lease 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 or may otherwise repossess, liquidate or otherwise dispose of the Leased Property; 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, after the District vacates and surrenders the Leased Property, 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 the Trustee is indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred in the Indenture and described above as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners. See "THE 2020 CERTIFICATES – Redemption Provisions – Extraordinary Mandatory Redemption."

## **THE LEASED PROPERTY**

### **General**

The Leased Property, certain of which is being refinanced as part of the 2020 Refunding Project, consists of 55 light rail vehicles, two Sites and the Buildings existing thereon. 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 2020 CERTIFICATES – Base Rentals."

### **Light Rail Vehicle Portion of the Leased Property**

The 55 light rail vehicles are compatible with and currently operating as part of RTD's current fleet of 172 light rail vehicles. They are articulated six-axle electrically powered light rail vehicles. An operators cab is provided at each end of the vehicles to allow bi-directional operation. These vehicles are capable of multiple operations that consist of up to 4 cars in normal operation and are used throughout the District's light rail system. The vehicles were manufactured by Siemens. These light rail vehicles are currently owned by the Corporation and are part of the Leased Property under the Lease.

### **Sites and Buildings**

The Buildings consist of two parking structures located on Wadsworth Boulevard and Sheridan Boulevard which support the West Line. The Wadsworth Boulevard facility consists of a multi-story, 1,000-space parking structure, driver relief station, site drainage improvements, on-site pedestrian plaza, undeveloped land and urban design amenities. The Sheridan Boulevard facility includes multi-story, 800-space parking structure with a security room, elevators and stairs, site drainage improvements, on-site pedestrian plaza and urban design amenities.

### **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 Certificates redeemed through optional redemption, or the total principal amount of 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 or any improved or unimproved real estate (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 improved or unimproved real property shall be determined by an M.A.I. appraisal report prepared by an independent real estate appraiser and submitted by the District to the Trustee. The fair market value of any 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.



## 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 has been 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 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 2020 Certificates, except for the Leased Property.

### 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	June 30, 2020
Charles L. Sisk, Vice President	June 30, 2021
Heather McKillop, Secretary/Treasurer	June 30, 2022

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 Second Amendment to Lease with RTD and the Second Supplemental Indenture with the Trustee to facilitate the financing of the 2020 Refunding 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 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 2020 Certificates have no right to look to the Corporation, or its assets (other than the Leased Property), for any payment of the 2020 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 2020 Certificates. The Corporation's obligations with respect to the 2020 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 2020 Certificates, the Corporation has not otherwise assisted in the public offer, sale or distribution of the 2020 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 2020 Certificates.

## **RISK FACTORS**

THE PURCHASE OF THE 2020 CERTIFICATES IS SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE 2020 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 2020 CERTIFICATES AND WHICH COULD ALSO AFFECT THE MARKET PRICE OF THE 2020 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 2019 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 2020 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 2020 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 2020 Certificates are paid is dependent upon certain factors that are beyond the control of the Owners of the 2020 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), (b) the economic conditions within the service area of the District, (c) the rental value, if any, of the Leased Property in the event the Trustee re-leases the Leased Property to a third party in a transaction instituted by the Trustee pursuant to the Indenture, (d) the Trustee's ability to generate revenue from the operation of the Leased Property, and (e) the ability of the Trustee to sell the Leased Property. Payment of the principal of and interest on the 2020 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**

The Base Rental payments will be made partly from the sales tax revenues from the 1.0% Sales Tax imposed by the District. The generation of revenues from the 1.0% Sales Tax is closely related to the amount of economic activity in the District. Sales tax receipts, unlike other local government taxes, immediately reflect changes in the economic conditions of an area. The District could be subjected to economic conditions or events that slow sales tax growth or result in an annual decline in collections. Such adverse economic conditions include 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." In 2018, approximately 70% of the District's revenues were derived from 1.0% Sales Tax revenues and in 2019, the District has budgeted 54% of its revenues to come from 1.0% Sales Tax revenues. 1.0% Sales Tax revenues are also pledged to pay certain outstanding obligations of the District described in "DEBT STRUCTURE OF RTD," "TABLE V – Statement of Obligations as of December 31, 2018" and "TABLE VI – Annual Debt Service Requirements and Amounts Subject to Annual Appropriation." See also "– Annual Right of RTD to Not Renew the Lease" above.

The District cannot predict such prospective economic events or conditions, but they could arise from a variety of factors, including increased environmental regulations, downturns in financial and credit markets, cyclical housing and commercial development activity, and changes in federal and State tax policies, including the implementation of value added taxation measures, among other factors.

Changes in the tax base against which 0.6% Sales Tax is assessed, as well as changes in the rate of such taxes, make projection of future tax revenue collections very difficult, particularly in the limited area of the District. No independent projections have been made with respect to the 0.6% Sales Tax revenues available to pay debt service on the District's outstanding obligations.

### **Federal Funding Risks**

The District also depends on federal grants and operating assistance as a source of funding. In 2018, approximately 17% of the District's revenues were derived from federal grants and operating assistance and in 2019, the District has budgeted that 30% 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. 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 "– Annual Right of RTD to Not Renew the Lease" above.

### **Regulatory and Legislative Environment**

Under various federal, State and local environmental laws, ordinances, indentures, resolutions, and regulations, a current or previous owner or operator of real property may become liable for the costs

of removal or remediation of hazardous or toxic substances on, under or in such property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Other federal, State and local laws exist, such as the Americans with Disabilities Act, which may require modifications to buildings or restrict certain renovations by requiring access to such District Buildings by disabled persons. The costs of compliance with such laws may be substantial and may materially affect the District.

### **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 2020 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 2020 Certificates, the Unrefunded 2010A Certificates, the 2010B Certificates and any Additional Certificates, to the extent of such monies. See "THE 2020 CERTIFICATES – Redemption Provisions – Extraordinary Mandatory Redemption."

**A potential purchaser of the 2020 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 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 2020 Certificates. If the 2020 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 2020 Certificates has any further claim for payment against the Trustee or RTD.**

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 outstanding 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 Certificates, including the 2020 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 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 2020 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 2020 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 2020 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 Certificates, including the 2020 Certificates, when due. In addition, the Leased Property consists of light rail vehicles and the Sheridan and Wadsworth Sites and buildings thereon that may not be easily converted to alternate uses. A potential purchaser of the 2020 Certificates should not assume that it will be possible to sell or lease the Leased Property to others after termination of the Lease (1) for an amount equal to the aggregate principal amount of the Certificates, including the 2020 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 2020 Certificates. If the 2020 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 2020 Certificates has any further claim for payment against the District. See "THE 2020 CERTIFICATES – Redemption Provisions – Extraordinary Mandatory Redemption."

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

There can be no assurance that the District will annually appropriate sufficient funds to pay the Lease due in any given Fiscal Year. The decision to appropriate is based upon a variety of factors, including, but not limited to, the availability of funds for appropriation, the willingness of the elected governing body to continue appropriations, and the economic condition of the jurisdiction at the time of the appropriation determination.

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 2020 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 2020 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 2020 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 2020 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.

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 title to 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 outstanding Certificates, including the 2020 Certificates.

## **Staffing Shortages**

As with many other employers given the current U.S. labor market, transit operators nationwide are experiencing a labor shortage to operate their respective modes of transportation. The District is included within this trend, as it has experienced a shortage of bus drivers and light rail operators. Although the District is making retention and mitigation efforts to address this issue, there is no certainty whether and within what time period such efforts may have an impact. In the event of a prolonged shortage, the District may make adjustments to its operations. The ultimate impact of such staffing shortages on the operations and financial status of the District cannot be determined at this time.

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

RTD is an entity created by statute. See "RTD – General." 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 0.6% 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" and "Second Regular Session of the General Assembly."

## **No Secondary Market**

There can be no assurance that a secondary market for the 2020 Certificates will be established or maintained. Accordingly, each purchaser should expect to bear the risk of the investment represented by the 2020 Certificates to maturity.

## **Additional Risks Related to the Delayed Delivery Period**

During the Delayed Delivery Period, certain information contained in this Official Statement could change in a material respect. Changes in such information will not permit the Underwriters to terminate the Forward Delivery Contract unless the change reflects an event described in items (a) through (f) under "FORWARD DELIVERY OF 2020 CERTIFICATES - Delayed Delivery Date" or release the purchasers of their obligation to purchase the 2020 Certificates except as expressly described in the Delayed Delivery Contract.

In addition to the risks set forth above, purchasers of the 2020 Certificates are subject to certain additional risks, some of which are described below.

Prospective purchasers should consult their investment advisors before making any decision as to the purchase of the 2020 Certificates. The following discussion, while not setting forth all of the factors that should be considered, contains some of the factors which should be considered, in addition to the other information in this Official Statement, prior to purchasing the 2020 Certificates. This section is not meant to be comprehensive or definitive, and there may be other risk factors which will become material in the future.

#### *Tax Law Risk*

Subject to the additional conditions of delivery described under "Delayed Delivery Date" above, the Forward Delivery Contract obligates the District to deliver and the Underwriters to acquire the 2020 Certificates if the District delivers an opinion of Special Counsel with respect to the 2020 Certificates substantially in the form and to the effect as set forth in Appendix D. During the Delayed Delivery Period, new legislation, new court decisions, new regulations, or new rulings may be enacted, promulgated or interpreted that might prevent Special Counsel from rendering its opinion or otherwise affect the substance of such opinion. Notwithstanding that the enactment of new legislation, new court decisions or the promulgation of new regulations or rulings might diminish the value of, or otherwise affect, the exclusion of interest on the 2020 Certificates for purposes of federal income taxation payable on "state or local bonds," the District might be able to satisfy the requirements for the delivery of the 2020 Certificates. In such event, the purchasers would be required to accept delivery of the 2020 Certificates. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood of any changes in tax law and the consequences of such changes to such purchasers.

#### *Ratings Risk*

Ratings have been assigned to the 2020 Certificates as described under "RATINGS." No assurances can be given that the ratings assigned to the 2020 Certificates on the Delayed Delivery Date will not be different from those currently assigned to the 2020 Certificates. Issuance of the 2020 Certificates and the Underwriters' obligations under the Forward Delivery Contract are not conditioned upon the assignment of any particular ratings for the 2020 Certificates or the maintenance of the initial ratings of the 2020 Certificates.

#### *Market Value Risk*

The market value of the 2020 Certificates as of the Delayed Delivery Date may be affected by a variety of factors including, without limitation, general market conditions, the ratings then assigned to the 2020 Certificates, the financial condition and operations of the District, and federal income tax and other laws. The market value of the 2020 Certificates as of the Delayed Delivery Date could therefore be higher or lower than the price to be paid by the initial purchasers of the 2020 Certificates and that difference could be substantial. NEITHER THE DISTRICT NOR THE UNDERWRITERS MAKE ANY REPRESENTATION AS TO THE EXPECTED MARKET PRICE OF THE 2020 CERTIFICATES AS OF THE DELAYED DELIVERY DATE. Further, no assurance can be given that the introduction or enactment of any future legislation will not affect the market price for the 2020 Certificates as of the Delayed Delivery Date or thereafter or not have a materially adverse impact on any secondary market for the 2020 Certificates.

### *Termination of Forward Delivery Contract*

The Underwriters may terminate the Forward Delivery Contract by notification to the District on or prior to the Delayed Delivery Date if any of the events described above in items (a) through (f) under "FORWARD DELIVERY OF 2020 CERTIFICATES - Delayed Delivery Date" occurs.

### *Secondary Market Risk*

The Underwriters are not obligated to make a secondary market in the 2020 Certificates, and no assurances can be given that a secondary market will exist for the 2020 Certificates during the Delayed Delivery Period. Purchasers of the 2020 Certificates should assume that the 2020 Certificates will be illiquid throughout the Delayed Delivery Period.

## **RTD**

### **General**

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.

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 (the "**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 2,342 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 herein, the District has the power to impose the 0.6% 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, to pay the principal of and premium and interest on securities of RTD and to pay amounts due in connection with financial products and credit agreements of RTD.

Since RTD is an entity created by statute, its powers are susceptible to changes in statute. In particular, because the State General Assembly requires the 0.6% 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 0.6% 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. Voter approval would be required to levy such a tax pursuant to the Colorado Constitution. See "CONSTITUTIONAL REVENUE, SPENDING AND DEBT LIMITATIONS."

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; establish, maintain and operate a mass transportation system and all the necessary facilities relating to such system; and exercise all rights and powers necessary or incidental to, or implied from, its specific powers.

### **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. 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 in RTD's geographical area.

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>
Doug Tisdale, Chair	District H	2020	Attorney
Margaret "Peggy" Catlin, First Vice Chair	District N	2022	Small Business Owner
Angie Rivera-Malpiede, Second Vice Chair	District C	2022	VP at Foundation for Sustainable Urban Communities
Jeff Walker, Secretary	District D	2020	Utilities Manager
Shelley Cook, Treasurer	District L	2022	Non-Profit Professional
Bob Broom	District F	2022	Retired Investment Banker
Vince Buzek	District J	2020	Attorney
Claudia Folska, Ph.D.	District E	2020	Architectural Planning and Design Consultant
Lynn Guissinger	District O	2022	Small Business Owner
Shontel Lewis	District B	2026	Associate Director at Denver Public Schools
Judy Lubow	District I	2020	Retired Government Attorney
Natalie Menten	District M	2020	Family Business Owner
Ken Mihalik	District G	2022	Aerospace Contractor
Troy Whitmore	District K	2020	Public Affairs Officer
Kate Williams	District A	2020	Non-Profit Professional

### Principal Officials

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 – General Manager and Chief Executive Officer.** Mr. Genova is the General Manager and CEO for RTD. Mr. Genova is a 25-year veteran of the transit industry working at RTD since 1994. He previously served as the Assistant General Manager of Safety, Security and Facilities for nearly 8 years and prior to that was the Senior Manager of Public Safety for 10 years. He was originally hired by RTD as the Manager of Safety and Environmental Compliance. Prior to his experience at RTD, Mr. Genova worked in various roles in the environmental, safety and oil and gas industries. Mr. Genova serves on several national committees including: Vice Chair of the American Public Transportation Association ("APTA") Rail Transit CEO's Subcommittee; the APTA Commuter Rail CEO's Subcommittee; Vice Chair of the APTA Rail Transit Committee; a former appointment by the U.S. Secretary of Transportation to the USDOT Federal Transit Administration Transit Rail Advisory Committee on Safety; former Chair of the APTA Rail Safety Committee; and the Transportation Research Board's Transit Safety and Security Committee. In addition to serving at the national level, Mr. Genova is on the Board of Directors for Visit Denver – the Denver Convention and Visitors Bureau. Mr. Genova was formerly the executive sponsor of RTD's Asset Management and State of Good Repair program which is recognized as a national model in the industry. He has initiated safety programs that have resulted in a robust safety culture that RTD employee survey results indicate safety as RTD's number one strength and priority. Mr. Genova also successfully crafted and implemented RTD's safety and security plan for the Democratic National Convention in 2008. Mr. Genova is involved in all of RTD's capital projects including the Eagle P3 Project, and conducted the safety certification and commissioning for all of RTD's light rail lines, commuter rail lines, and Denver Union Station. Recently he led the openings of

4 transit infrastructure projects (1 bus rapid transit and 3 rail) in a 14-month time span and 6 corridors in 3 years. Mr. Genova has a bachelor's degree in geology from the University of Colorado at Boulder and a Master of Business Administration degree from Regis University.

Mr. Genova gave notice to the RTD Board Chair on November 21, 2019, that Mr. Genova plans to retire from RTD. Mr. Genova indicated that he is committed to assuring a seamless and smooth transition and that, consistent with his contract, he anticipated his final day to be January 20, 2020. RTD intends and expects to commence promptly a nation-wide search to hire Mr. Genova's replacement and expects to appoint an interim General Manager/Chief Executive Officer. RTD is committed to hiring a qualified individual to serve as RTD's General Manager/Chief Executive Officer and reasonably believes that Mr. Genova's retirement will not materially impact the District's operations or its ability to make rental payments under the Lease.

***Mr. Rolf Asphaug – General Counsel.*** Mr. Asphaug has been RTD's General Counsel since August 2016. He directs the activities of the General Counsel Department consisting of the Legal Services, Risk Management, and Information Governance and Management Divisions. Mr. Asphaug has been an RTD attorney since 1989 and previously served as RTD's Acting General Counsel in 1990-92 and Deputy General Counsel from 1992-2016. Prior to joining RTD, Mr. Asphaug was an associate attorney with Baker Botts and the Sierra Club Legal Defense Fund. Mr. Asphaug is registered to practice before the United States Supreme Court, Colorado Supreme Court, and federal and state appellate courts. Mr. Asphaug is a board member of the nonprofit Center for Legal Inclusiveness, a former president and board member of the Colorado Mountain Club, and a former founding board member of the Colorado Fourteeners Initiative. Mr. Asphaug is a member of the National Academy of Sciences, Engineering, and Medicine; Transportation Research Board for legal research projects, and has given numerous presentations to transit and legal groups. Mr. Asphaug has a Bachelor of Arts degree in history from Rice University in Houston and a Juris Doctor degree from Columbia University School of Law in New York City.

Mr. Asphaug announced on November 20, 2019, that he planned to retire from the District in February 2020. The District will soon commence a search to hire a replacement to oversee the legal operations of the District and expects to appoint an interim General Counsel. The District does not expect his retirement to materially impact the District's operations or its ability to make rental payments under the Lease.

***Ms. Heather McKillop – Chief Financial Officer.*** Ms. McKillop was appointed to the position of Chief Financial Officer on May 4, 2015. She holds a Bachelor of Science degree in Accounting from Metropolitan State University of Denver and is a former member of the National Academics of Sciences, Engineering, and Medicine; Transportation Research Board. Ms. McKillop has more than 26 years of progressively responsible experience in finance and accounting with the last 20 years specifically performing functions of CFO or supervising the position. Prior to her employment with RTD, she most recently held the position of Deputy Executive Director of the Colorado Department of Revenue. In addition, she has 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. McKillop 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. She also serves as the Vice-Chair of the APTA's Innovative Funding, Finance and P3 Committees. As the RTD Chief Financial Officer, she directs the activities of the following divisions: Finance, Treasury, Human Resources and Information Technology.

**Mr. Michael Ford – Chief Operations Officer.** Mr. Ford was appointed to the newly created position of Chief Operations Officer on January 29, 2018, and brings a lifetime commitment to regional, local and individual mobility. Mr. Ford's innovative approaches to service delivery and commitment to mobility for all citizens have been instrumental in achieving success leading transportation organizations in the Northwest, California, and Michigan. While CEO for the Ann Arbor Transportation Authority, the organization garnered national attention for the fourth highest growth in ridership, launching new services and securing new funding with overwhelming community support at the ballot box. The breadth of Mr. Ford's over 30 years of experience in public and private transportation includes properties from the Northwest to the Midwest; providing service through multiple transportation modes including, but not limited to, light rail, streetcar, fixed route service, ADA, specialized shuttles and commuter rail. Mr. Ford is originally from Seattle, Washington and holds a Master of Business Administration degree from City University in Seattle and a Bachelor of Arts degree in Philosophy and Sociology from Pacific University in Forest Grove, Oregon. As the RTD Chief Operations Officer he directs the activities of the following divisions: Bus Operations, Rail Operations, ADA Paratransit Services, Service Planning and Development.

**Mr. Mike Meader – Assistant General Manager, Safety, Security, and Asset Management.** Mr. Meader has over twenty years of executive level experience developing policy and leading safety and security programs. He has broad-based experience in strategic planning, performance management, asset management, and performance improvement. Prior to joining RTD, Mr. Meader worked for Qognify Security where he was responsible for the development and strategic leadership of transportation safety, security and operational/asset management technology solutions. He has worked with transit systems across the United States, and has presented at national conferences. Prior to Qognify, Mr. Meader worked for the Cintas Corporation at the executive level. Mr. Meader is a graduate of the United States Air Force Academy where he was class president, and served as a Safety Officer/Aircraft Commander and Instructor Pilot for the US Air Force for nine years. Mr. Meader has a bachelor's degree in mechanical engineering from the Academy and a Master of Business Administration from the University of Colorado.

**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 25 years of 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 and Small Starts grant funding programs. 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. Henry Stopplecamp, P.E. – Assistant General Manager, Capital Programs.** Mr. Stopplecamp was appointed to Assistant General Manager, Capital Programs in 2015 and is responsible for all aspects of FasTracks, including fixed guideway design and construction support for light rail, commuter rail corridors and the required freight railroad relocation along with bus infrastructure requirements. Mr. Stopplecamp is a graduate of Montana State University with undergraduate and graduate degrees in Civil Engineering. He is currently registered as a Professional Engineer in the state of Colorado. Prior to his career at RTD, Mr. Stopplecamp worked for the Burlington Northern Santa Fe ("BNSF") railroad handling wastewater treatment operations, large-scale remediation projects, emergency response, and track construction and maintenance. Over the last nineteen years with RTD, he has worked on all capital expansion projects from the Southwest Rail Corridor through FasTracks. Mr. Stopplecamp led the technical portion of the right-of-way acquisition for FasTracks from the BNSF

and Union Pacific railroads. He is currently an integral part of the FasTracks program providing oversight and support to the program along with supporting RTD with ongoing Base System (as defined herein) projects.

***Mr. Dave Jensen – Assistant General Manager, Rail Operations.*** With over 30 years of management experience, Mr. Jensen began his rail career in 1987 and supervisory/management career in 1989. Mr. Jensen was appointed to Assistant General Manager, Rail Operations in 2018. Mr. Jensen's experience includes rail systems management, rail performance and needs assessments, team building, training needs assessments, training course development, and management. He has provided consultation and assistance to numerous transit agencies in the United States and internationally, including properties in Hong Kong, Canada, Argentina, Los Angeles, Salt Lake City, Washington D.C., New Jersey, Houston and Virginia. Mr. Jensen has experience as an auditor for peer reviews for APTA. He has provided certifications, training and consultation to streetcar new start agencies in Kansas City, Cincinnati and Detroit. He has testified in numerous court cases as an expert witness and "person most knowledgeable" on light rail operations, rules, policies, procedures and training. Mr. Jensen earned the U.S. Department of Transportation Transit Safety and Security (TSSP) certification in 2017. Mr. Jensen is also certified by the following FTA courses and certified as an instructor in 2015: "Transit Rail System Safety," "FTA Instructor's Course," "Effectively Managing Transit Emergencies," "Rail Transit Incident Investigation," "SMS Principles for Transit," and "Transit System Security."

***Mr. Fred Worthen – Assistant General Manager, Bus Operations.*** Mr. Worthen began his role as Assistant General Manager, Bus Operations in 2018. He has over 18 years of management experience of transit systems, and over 30 years' experience in transportation operations and service planning, including fixed route services, maintenance, operations training, contracted transportation services, alternative transportation services and special transit services. Prior to joining the Authority, Mr. Worthen served as the Director of Transportation for Washington State Community Transit in the State of Washington and Assistant Director of Administrative Operations for the Capital Metropolitan Transportation Authority in Austin, Texas. He earned a Bachelor of Science in political science with an emphasis in Urban Studies at Texas A&M University.

***Ms. Pauletta Tonilas – Assistant General Manager, Communications.*** Ms. Tonilas began her role as Assistant General Manager, Communications in February 2019. She recently returned to RTD, having previously served the agency for 12 years as Senior Manager of Public Relations, Public Information Manager for the FasTracks program, and Public Information Manager for the T-REX light rail/highway expansion project. Pauletta has over 30 years of experience in all facets of communications, and, in her current role, oversees the following divisions: Community Engagement, Customer Care, Digital Communications, Government Relations, Marketing, Market Development, Market Research, Project Outreach, Public Relations and Special Events. Before returning to RTD, Pauletta served as Chief Communications Officer at the Los Angeles County Metropolitan Transportation Authority – LA Metro – where she led all Metro's communications efforts including the public education program that contributed to the successful passage of the Measure M transportation sales tax ballot measure in 2016. During her career, Pauletta also served as Public Information Officer for the City of Englewood, Colorado, and spent nine years as a television news anchor and reporter. She earned a Bachelor of Arts in Journalism at Colorado State University, is a Denver native, and the proud recipient of the 2009 WTS Colorado Woman of the Year Award.

## **Employee and Labor Relations**

As of June 30, 2019, RTD employed approximately 2,888 persons of whom about 2,018 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, 2018, RTD and the Union entered into a three-year collective bargaining agreement which expires in 2021. RTD expects to begin negotiations late in 2020 for a new agreement anticipated to be entered into in 2021. In addition to District employees, approximately 1,800 non-District employees provide contracted services including commuter-rail, fixed-route bus, 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 the actuarial valuation date of December 31, 2018, the Union Plan had a net pension liability of \$241 million as described in Note F to the 2018 Comprehensive Annual Financial Report attached as **Appendix B** hereto. The funded ratio of the actuarial value of assets to the actuarial accrued liability for the Union Plan was 48.0%. The actuarial valuations have been performed by Gabriel Roeder Smith & Company for the Union Plan. 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 2018 through 2020. In addition to the 13% contribution, RTD also contributes a lump sum in each of the three years of the collective bargaining agreement of \$6.2 million. RTD's contribution obligations under the Union Plan are based on the current collective bargaining agreement and are limited to its negotiated contributions to the defined benefit plan. RTD is current with respect to those negotiated contributions. The collective bargaining agreement expires February 28, 2021. It is unknown if RTD's contribution to the Union Plan under any subsequent collective bargaining agreement will change and whether such a change will impact, if at all, the financial position of RTD. See "Employee and Labor Relations" under this caption. It is anticipated that in the future increased contributions will need to be made by RTD to the Union Plan to permit the Union Plan to meet its obligations.

Non-represented salaried personnel hired prior to January 1, 2008 are covered under a non-contributory defined benefit plan to which RTD contributed to the plan annually as described below (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% of payroll costs in years 2010, 2011 and 2012. Accordingly, the 9% of payroll costs contributions made by RTD to the Salaried Pension Plan during those years were less than the actuarially recommended amounts. Beginning in 2013, RTD contributed a fixed dollar amount of \$3.1 million to the Salaried Pension Plan, rather than a percentage of payroll costs. The \$3.1 million was the RTD contribution for 2013, 2014, and 2015. For 2016, the actuarial recommended contribution was \$6.77 million due to increases in salaries and decreases in the annual rate of return on investments. RTD did not contribute the \$6.77 million but did raise its contribution to \$4.1 million for 2016. For 2017, the actuarial recommended contribution was \$7.63 million. RTD contributed \$4.6 million in 2017. For 2018, the actuarial recommended contribution was \$7.3 million and RTD contributed \$5.1 million. In 2019, the actuarial recommended contribution is \$8.0 million and RTD has budgeted to contribute \$5.1 million. The Salaried Pension Plan is qualified with the Internal Revenue Service. As of the actuarial valuation date of December 31, 2017, the funded ratio of the actuarial value of assets to the actuarial accrued liability for the Salaried Pension Plan was 84.2%. The actuarial valuation for the Salaried Pension Plan was performed by Rael & Letson. For further information regarding the District's Salaried Pension Plan, see Note F to the 2018 Comprehensive Annual Financial Report attached as **Appendix B** hereto. It is anticipated that in the future increased contributions will need to be made by RTD to the Salaried Pension Plan to permit the Salaried Pension Plan to meet its obligations.

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 to non-represented salaried personnel hired on or after January 1, 2008 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**

The District is not presently obligated to contribute funds towards Other Postemployment Benefits ("OPEBs") for any of its employees and therefore does not have an unfunded liability relating to OPEBs.

### **Insurance**

Under the provisions of the Colorado Governmental Immunity Act, the maximum liability to RTD for a personal injury claim is \$387,000 per person, or \$1,093,000 per occurrence, 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 Colorado 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 \$50 million and a self-insured retention of \$1,000,000. 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 \$500 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 2018, RTD recognized insurance costs of \$9.9 million. RTD maintained reserve funds for existing liabilities (as of June 30, 2019) in the amount of \$6.2 million and workers' compensation claims (as of June 30, 2019) in the amount of \$8.2 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, counties and other governmental bodies concerning the design, construction, operation and maintenance

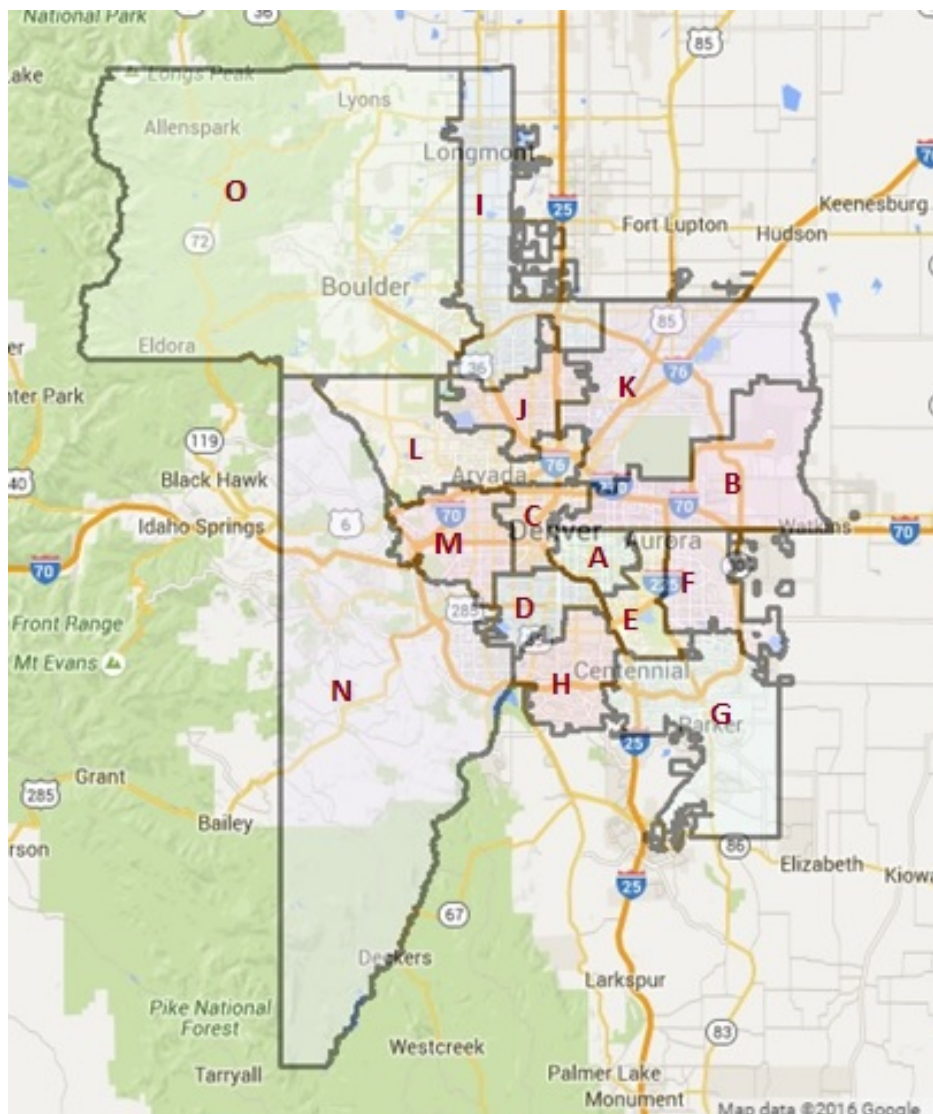
of RTD's light rail, commuter rail, and bus rapid transit corridors and extensions. See "THE SYSTEM – FasTracks – FasTracks Corridors." The terms of the IGAs govern permitting, plan review, use of public rights-of-way and crossings. RTD also entered into an IGA with the Colorado Department of Transportation and the Colorado High-Performance Transportation Enterprise ("**HPTE**") in relation to the construction and management of the managed lanes from Federal Boulevard to Table Mesa along U.S. 36. See "THE SYSTEM – FasTracks – FasTracks Corridors – U.S. 36 Bus Rapid Transit Corridor." 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 with FTA 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 August 31, 2019, the District operated 1,026 fixed-route transit buses (437 of which are leased to private carriers), 172 light rail vehicles, 398 Access-a-Ride paratransit vehicles and Flex Ride vehicles, and 66 commuter rail vehicles (operated as part of the Eagle P3 Project as described under "FasTracks – Eagle P3 Project" under this caption). The RTD fleet includes 30- and 40-foot transit coaches, 60-foot articulated coaches, over-the-road coaches, specially designed low-floor coaches for use on the 16th Street Free Mall Ride, 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 August 31, 2019, which is the most recent calculation of peak fleet requirements, the System had a peak fleet requirement of 841 fixed-route buses and 172 light rail vehicles.

**TABLE III**  
**RTD Active Fleet as of June 30, 2019**

<u>Fixed Route Bus Fleet</u> <sup>(1)</sup>	<u>Number</u>
40' Transit Coaches	663
60' Articulated Buses	116
Intercity Coaches	160
16 <sup>th</sup> Street Free Mall Ride Shuttles	36
30' Transit Buses	50
Total Fixed Route Bus Fleet	<u>1,025</u>
<u>Access-a-Ride Fleet</u> <sup>(2)</sup>	334
<u>Flex Ride Fleet</u> <sup>(3)</sup>	54
<u>Light Rail Vehicle Fleet</u>	172
<u>Commuter Rail</u>	<u>66</u>
<b>TOTAL ACTIVE FLEET</b>	<b>1,661</b>

<sup>(1)</sup> Certain vehicles in the Fixed Route Bus Fleet are owned by RTD and operated by private contractors.

<sup>(2)</sup> All paratransit vehicles are owned by RTD and operated by private contractors.

<sup>(3)</sup> All Flex Ride vehicles are owned by RTD and operated by private contractors.

Source: The District.

### Transit Services

In order to meet the needs of the residents within RTD's geographical area, RTD provided various transit services on 141 routes as of December 31, 2018, including those operated by private contractors. RTD, upon action of its Board, has the authorization to reduce services with no other approval required. The information below describes the transit services offered by RTD as of August 31, 2019.

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. **Regional** – routes connecting outlying areas of RTD's geographical area to downtown Denver, Boulder and other employment centers.
4. **SkyRide** – routes serving Denver International Airport.
5. **Light Rail** – rail service for approximately 48 miles of light rail track as further described in "FasTracks" under this caption.
6. **16<sup>th</sup> Street Mall Shuttle** – a free shuttle service operating along the 16th Street Mall in downtown Denver.
7. **Free MetroRide** – a free bus operating along 18<sup>th</sup> and 19<sup>th</sup> Streets during weekday rush hours (5:00 a.m. – 9:00 a.m. and 2:30 p.m. – 6:35 p.m.).
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. **Flex Ride (previously called 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, and the cities of Boulder and Longmont, seven days a week; and BroncoRide – shuttle service from the Auraria campus, Federal Boulevard and select Park-n-Rides to Denver Broncos home games.
11. **Commuter Rail** – RTD began offering commuter rail service from Denver Union Station to Denver International Airport on April 22, 2016, commuter rail service from Denver Union Station to Westminster on July 25, 2016 and commuter rail service from Denver Union Station to Wheat Ridge on April 26, 2019. See "FasTracks – FasTracks Corridors – University of Colorado A Line (East Corridor)" and "– B Line (Northwest Rail Corridor)" under this caption.

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 54.4% of its vehicular 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.

The following table shows additional operating data concerning the System as of December 31, 2018:

**TABLE IV**  
**Operating Data**  
**(As of December 31, 2018)**

Total Miles	59,239,576
Passenger Stops	9,800
Number of routes	
Local	86
Regional	23
SkyRide	3
Commuter Rail	2
Light Rail	8
Downtown Circulators	2
Call-n-Ride (now called FlexRide)	3
Ridership average weekday, including Mall Shuttle	221,938
Ridership average weekday, all services	321,891
Total annual boardings, revenue service	95,114,000
Daily miles operated (average weekday)	124,202
Diesel fuel consumption, gallons (excluding purchased transportation)	5,238,000
Total active buses	1,027
Wheelchair lift equipped buses	1,027
Number of employees (actual staff)	
Salaried	870
Represented (includes part-time drivers)	2,018
Fleet requirements (during peak hours)	841
Operating facilities	7

Source: District Comprehensive Annual Financial Report for the fiscal year ended December 31, 2018.

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

Patrons who are residents within the geographical area 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 geographic 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 local and regional services in low-density areas and more frequent long-haul services for patrons. As of August 31, 2019, RTD had 84 Park-n-Ride lots providing a total of 30,730 parking spaces.

RTD currently owns four bus maintenance facilities. RTD also owns two light rail maintenance facilities, two administrative buildings, one commuter rail maintenance facility 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. The most recent amended 2040 Metro Vision Regional Transportation Plan was adopted by the DRCOG Board of Directors on May 15, 2019. See "FasTracks Plan" under this caption.

### *Mid-Term Financial Plan*

The Mid-Term Financial Plan ("**MTFP**") 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, including FasTracks. Further discussion of the planning and coordination of FasTracks expenditures are described under "THE SYSTEM – FasTracks."

The MTFP 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 MTFP 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 MTFP 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 MTFP may include substantial changes from year to year, with projects being added, deleted and modified on a regular basis.

The most recent MTFP was adopted on October 16, 2018 and covers the period from 2019 through 2024. The 2019-2024 MTFP contemplates that over such six-year period, RTD intends to replace a total of approximately 250 40' transit buses, 50 medium 30' transit buses, 354 ADA cut-away buses, and 22 FlexRide cut-away buses as they reach the end of their useful lives. The plan also calls for the purchase of 14 expansion buses for additional service on the Flatiron Flyer, to be funded from FasTracks revenues.

### *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 (all annual revenues remaining after operating and maintenance expenses to annual debt service requirements net of excess appropriations required for variable rate debt, of which RTD has none) for all outstanding debt and annually appropriated obligations; (b) operations and maintenance, capital expenditures and certificates of participation related to operations not constituting part of the FasTracks transit expansion plan (the "**Base System**") may not be paid from the 0.4% Sales Tax Revenues; 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.

The District maintains a FasTracks Contingency Reserve to fund adjustments to the FasTracks construction schedule. As of August 31, 2019, the balance in this reserve was \$890,000. 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. 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. See Note B to **Appendix B** – "REGIONAL TRANSPORTATION DISTRICT DENVER, COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED DECEMBER 31, 2018 AND 2017" for a discussion of the deposits and investments of the District.

### *FasTracks Plan*

The District is planning and constructing the build-out of the FasTracks transit expansion plan described in "FasTracks" under this caption. Each year, as part of the MTFP process, RTD conducts a comprehensive evaluation of the entire FasTracks program. On May 15, 2019, the DRCOG Board of Directors approved the most recent amended 2040 Metro Vision Regional Transportation Plan, which includes all elements of the FasTracks Plan that have been completed, or are currently under construction, using currently identified revenues. At this time, RTD does not anticipate receiving funding to complete any additional corridors within the time horizon of the current Regional Plan. However, the Regional Plan can be further amended over time as new funding sources or additional revenues become 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 for goods or services or with respect to real property owned by RTD. An Unsolicited Proposal to provide goods or services 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. An Unsolicited Proposal for real property may be an offer to acquire excess District property or an offer for joint development of District property. The District's policies regarding Unsolicited Proposals provide 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; or (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 certain evaluation requirements, the District will (unless the Unsolicited Proposal offers a proprietary concept that is essential to contract delivery) publicize its interest in the offer, goods, 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 accept the proposed offer, goods, or services or take any other action described in the Unsolicited Proposal and no Unsolicited Proposal is approved or 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. All such proposals have been and will be handled as outlined herein.

## **FasTracks**

### *General*

Prior to January 1, 2005, the District imposed 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**" and, together with the 0.6% Sales Tax, the "**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, with a maximum total repayment cost of \$7.129 billion and a maximum annual repayment cost of \$309.738 million, 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. At the time that all debt related to FasTracks 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.

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.

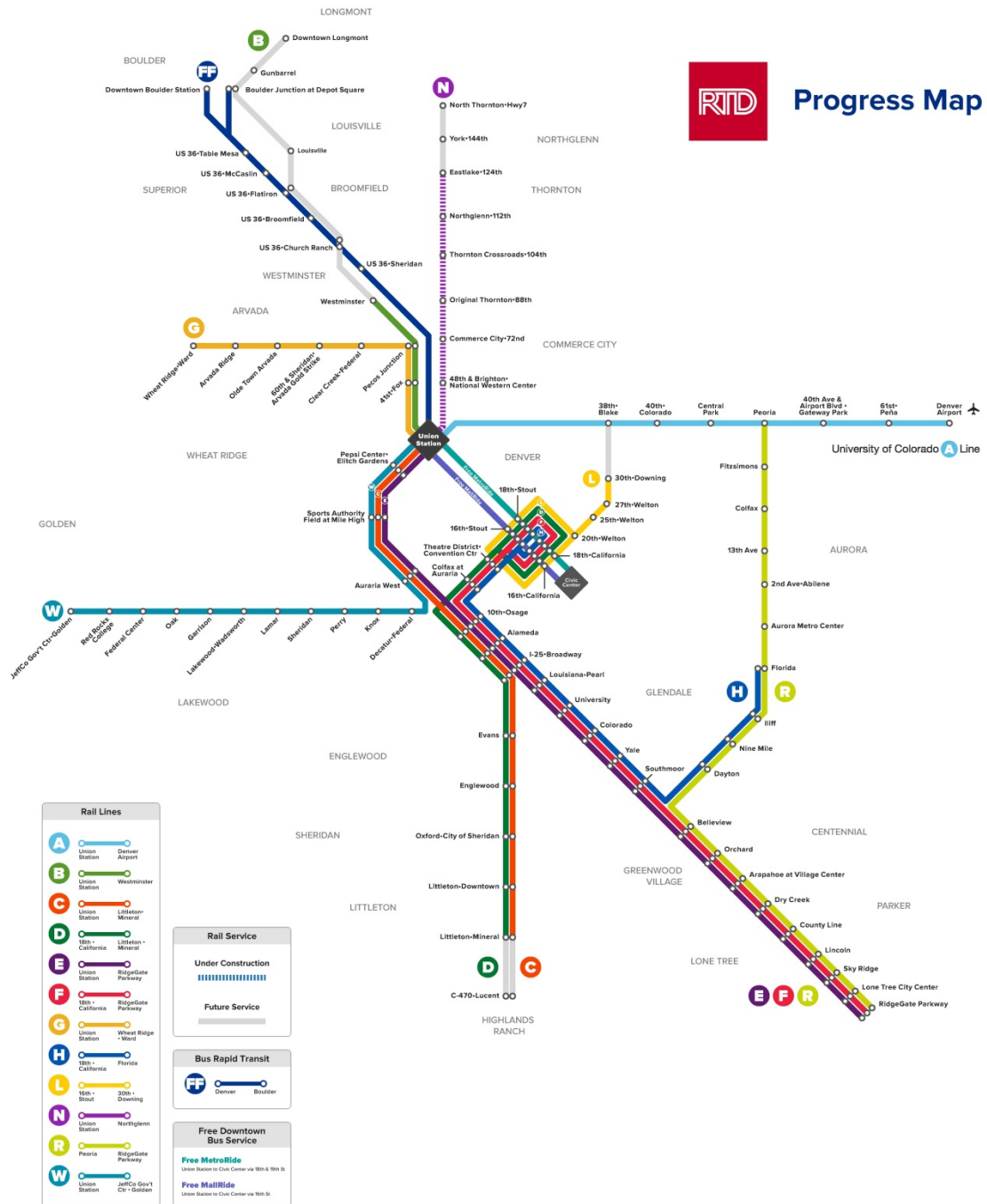
The FasTracks Plan consists of nine rail corridors (new or extended); one bus rapid transit ("**BRT**") corridor; redevelopment of Denver Union Station; a new Commuter Rail Maintenance Facility ("**CRMF**") and an expanded light rail maintenance facility. At completion, the Plan will add approximately 94 miles of commuter rail (A Line, G Line, N Line and B Line); approximately 28 miles of light rail (Southeast and Southwest Corridor Extensions, Central Corridor Extension, R Line and W Line); 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."

As RTD approaches the end of construction on FasTracks projects for the foreseeable future, the District is kicking off a new strategic planning initiative called Reimagine RTD. This is an opportunity for RTD to involve elected officials, stakeholders, taxpayers, customers, and employees in a comprehensive effort to look at the future of RTD and transit in the District and shape that direction. Reimagine RTD is a two-year effort to explore near-term service delivery options and plan for the next 30 years of transit in the District. Some of the things RTD staff and a consultant team will investigate include identifying opportunities for finishing FasTracks, addressing fiscal sustainability, and identifying future challenges and opportunities related to mobility options, technology, workforce and other issues.

[Remainder of page left blank intentionally]



# FasTracks Project Map



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The seven corridors and three extensions further described in "FasTracks Corridors" under this caption are currently in service or moving forward in various stages of design and construction. 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.

#### *FasTracks Corridors*

W Line (West Corridor). The W Line, formally known as 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 January 2009, the District was awarded a full funding grant agreement through the FTA's New Starts program for the W Line. 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 W Line opened for revenue service on April 26, 2013.

Flatiron Flyer (U.S. 36 Bus Rapid Transit Corridor). The Flatiron Flyer, previously referred to as the "U.S. 36 Bus Rapid Transit Corridor", delivers 18 miles of bus rapid transit service between downtown Denver and Boulder along U.S. Highway 36. RTD entered into an IGA with CDOT and the High Performance Transportation Enterprise (HPTE), which constructed managed lanes from Federal Boulevard to Table Mesa Drive along U.S. 36. RTD provided \$120 million of funding for Phase 1, from Federal Boulevard to 88th Street, and an additional \$15 million for Phase 2 from 88th Street to Table Mesa Drive. The westbound lane from Federal Boulevard to 88<sup>th</sup> Street opened to traffic on April 30, 2015, and the eastbound lane opened on May 8, 2015. Phase 2 opened at the end of 2015. RTD opened the Flatiron Flyer for service on January 3, 2016 and the managed lane opened to traffic on January 12, 2016.

University of Colorado A Line (East Corridor). The University of Colorado A Line, formally referred to as the "East Corridor", is a 22.8-mile commuter rail transit corridor extending from Denver Union Station to Denver International Airport with six intermediate stations in locations throughout the City and County of Denver and the City of Aurora. The University of Colorado A Line was delivered as part of the first 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 for the University of Colorado A Line and the Gold Line Rail Corridor (described below). The University of Colorado A Line opened for revenue service on April 22, 2016 under a five-year Federal Railroad Administration waiver. For a description of this matter, see "Eagle P3 Project" under this caption.

B Line (Northwest Rail Corridor). The B Line, formally the "Northwest Rail Corridor," is a 41-mile commuter rail transit corridor between Denver Union Station and Longmont. The District will build the B Line in phases. The first phase of the B Line running from Denver Union Station to Westminster referred to as the Northwest Rail Electrified Segment opened for revenue service on July 25, 2016 under a temporary Federal Railroad Administration waiver pending final certification. The current waiver expires on September 28, 2022. Final certification is expected to be provided upon resolution of issues related to the crossing functionality of the commuter lines. For a description of this matter, see "Eagle P3 Project" under this caption. The Northwest Rail Electrified Segment is part of the Eagle P3 Project. Phase 2 of the B Line will be subject to future funding.

R Line (I-225 Corridor). The R Line, which is part of the I-225 Corridor, is a 10.5-mile light rail transit extension that connects the existing I-225 Corridor with the University of Colorado A Line, and includes eight new stations, improvements to the existing I-225 Corridor, facility improvements, and equipment acquisition. The R Line opened for revenue service on February 24, 2017.

G Line (Gold Line Rail Corridor). The G Line, formally referred to as the "Gold Line", is an 11.2-mile commuter rail corridor from Denver Union Station passing through northern Denver, unincorporated Adams County, the City of Arvada and the City of Wheat Ridge. On August 31, 2011 the FTA granted a combined \$1.03 billion Full Funding Grant Agreement to the G Line and the University of Colorado A Line (described above). The G Line opened for revenue service on April 26, 2019 under the same FRA waiver as the University of Colorado A Line. For a description of this matter, see "Eagle P3 Project" under this caption.

N Line (North Metro Corridor). The N Line, formally referred to as the "North Metro Corridor," is an 18-mile commuter rail transit corridor between Denver Union Station and 162nd Avenue, passing through Denver, Commerce City, Thornton, Northglenn and unincorporated Adams County. The District completed an EIS for the N Line 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 N Line in June 2013 following receipt and analysis of an unsolicited proposal to construct the N Line. RTD awarded a \$343 million contract to Regional Rail Partners ("**RRP**") to design and build the N Line to 124th Avenue. Design and construction on the N Line to 124th Avenue began in 2014. The N Line is currently expected to open for revenue service to 124th Avenue in 2020 after completion of construction, testing, and training and after obtaining various regulatory approvals needed from the Colorado Public Utilities Commission and the FRA. Construction of the N Line north of 124th Avenue will be subject to future funding.

Southeast Rail Extension (E, F, R Line Extension). The Southeast Rail Extension (E, F and R Line Extension) added 2.3 miles of light rail to the 19.1-mile Southeast Rail Line, extending service on the E, F, and R light rail lines to the Ridgeway station in Douglas County. RTD obtained a Small Starts Construction Grant (SSCG) of \$92 million for the Southeast Rail Extension in May 2016. RTD also received contributions from the local jurisdictions along the corridor including \$23.1 million in cash, reallocation of \$1.9 million in federal grants to the project, plus right-of-way donations, permit fee waivers, and other in-kind donations worth an additional \$3 million of the cost of the project. The Southeast Rail Extension opened for revenue service on May 17, 2019.

L Line Extension (Central Rail Extension). The Central Rail Extension, known as the L Line extension, is a future light rail extension project that will improve access between and among the northeast Denver neighborhoods, the downtown transit network, and the full RTD transit system. The L Line extension will connect the L line that currently ends at the 30<sup>th</sup> and Downing Station with the University of Colorado A Line's 38<sup>th</sup> and Blake Station. This is expected to provide northeast neighborhoods with more direct access to the University of Colorado A Line, which connects Denver Union Station with Denver International Airport, while also providing University of Colorado A Line passengers and the northeast neighborhoods with a second rail connection into a different part of downtown Denver. Construction of the L Line extension will be subject to future funding.

Southwest Rail Extension. The Southwest Light Rail Line opened in July 2000 as an 8.7-mile extension from I-25/Broadway to Mineral Avenue in Littleton. The Southwest Light Rail Line has five stations with nearly 2,600 parking spaces. The Southwest Rail Extension is a future light rail extension project that is expected to add the following to the Southwest Light Rail Line: (i) 2.5 miles of track; (ii) an end-of-line station at C-470/Lucent Boulevard; and (iii) 1,000 space Park-n-Ride facility at the end-of-line station. An intermediate station, located near the southeast corner of the C-470/US 85 Interchange is also being considered as part of this current phase of study. Completion of the Southwest Rail Extension will be subject to future funding.

### *Eagle P3 Project*

The District 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 pursuant to a Loan Agreement (the "**P3 Loan Agreement**") between the District and Denver Transit Partners to pay a portion of the costs of FasTracks projects (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 of 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 makes monthly Construction Payments to Denver Transit Partners during the design and construction phase of the Eagle P3 Project, and, commencing with the revenue service of the University of Colorado A Line Project, began making 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. As part of the Eagle P3 Project, the District received a Federal New Starts Grant in the amount of \$1.03 billion. The full grant has been appropriated by the federal government and RTD expects to receive the majority of the remaining grant funds by 2021.

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 respective pledges thereof securing 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 is 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 startup 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 the ability of RTD to satisfy its 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 payment obligation related to Senior Bonds and the Subordinate Bonds as set forth in Table V hereof.

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 (as previously defined, 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 had drawn the full \$280 million under the TIFIA Loan Agreement. Interest on the RTD TIFIA Bond will accrete at an interest rate of 3.14% until November 1, 2020, at which time interest will be payable on a current basis. The total outstanding amount of the RTD TIFIA Bond at the time interest has fully accreted (November 1, 2020) will be \$341,878,124. The RTD TIFIA Bond is on parity with the Subordinate Bonds.

The District's commuter rail services were designed and constructed by Denver Transit Partners and are currently operating under the P3 Concession Agreement. The District and Denver Transit Partners have worked extensively to address FRA compliance concerns and continue to work with the FRA to improve the system. See "FasTracks Corridors" under this caption.

Denver Transit Partners sued RTD in Denver District Court on September 20, 2018 asserting "Change in Law" and "Force Majeure" claims concerning DTP's failure to obtain timely approvals from the Colorado Public Utilities Commission and the FRA. A nonjury trial is scheduled for May 2020. RTD has asserted counterclaims. For additional information, see "LITIGATION."

#### *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, limited and local bus service, the 16th Street Mall shuttle, Free Metro Ride, 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 were delivered as part of the Eagle P3 Project described in "Eagle P3 Project" under this caption.

In February 2010, RTD entered into an Agreement (the "**DUSPA Agreement**") with the Denver Union Station Project Authority ("**DUSPA**") and issued its Subordinate Lien Sales Tax Revenue Bond, Series 2010 (the "**DUSPA Bond**") in order to support DUSPA's financing of the Denver Union Station mixed-use and multi-modal project, including transit elements which were constructed on RTD owned property and are 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. The DUSPA Bond was retired, discharged and cancelled with proceeds of the Series 2017A Bonds on February 3, 2017. The DUSPA Agreement terminated upon the discharge and cancellation of the DUSPA Bond. The light rail station realignment was opened to passengers on August 15, 2011, and the bus facility was opened to passengers on May 11, 2014. Amtrak resumed rail service from Denver Union Station on February 28, 2014, and commuter rail operations began on April 22, 2016 with the opening of the University of Colorado A Line. A renovated and modernized Denver Union Station opened in July 2014.

### *Commuter Rail Maintenance Facility*

A commuter rail maintenance facility was designed to service the four commuter rail corridors (A Line, G Line, N Line and B Line) included in the FasTracks program. The facility covers approximately 31 acres and is located northwest of downtown Denver. It includes 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, which was completed in March 2015 and is LEED gold certified, was delivered as part of the Eagle P3 Project described in "Eagle P3 Project" under this caption.

## **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 December 31, 2019. This table does not include the 2020 Certificates or the Bonds described in Note 8 below:

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**TABLE V**  
**Statement of Obligations**  
**As of December 31, 2018**

<b>Sales Tax Revenue Bonds (0.6% Sales Tax)<sup>(1)</sup> – Senior Bonds</b>	<b>Outstanding<sup>(2)(8)</sup></b>
RTD Sales Tax Revenue Refunding Bonds, Series 2007A	\$58,435,000
RTD Taxable Sales Tax Revenue Refunding Bonds, Series 2013A	14,000,000
<b>SUBTOTAL</b>	<b>\$72,435,000</b>
<b>Sales Tax Revenue Bonds (FasTracks – 0.4% Sales Tax Increase)<sup>(3)</sup> – Subordinate Bonds</b>	
RTD Sales Tax Revenue Refunding Bonds (FasTracks Project), Series 2007A	\$ 220,480,000
RTD Tax-Exempt Sales Tax Revenue Bonds (FasTracks Project), Series 2010A <sup>(7)</sup>	79,140,000
RTD Taxable Sales Tax Revenue Bonds (FasTracks Project) (Direct Pay Build America Bonds), Series 2010B	300,000,000
RTD TIFIA Bond <sup>(4)</sup>	341,878,142
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 Sales Tax Revenue Bonds (FasTracks Project), Series 2016A	194,965,000
RTD Sales Tax Revenue Bonds (FasTracks Project), Series 2017A	80,920,000
RTD Sales Tax Revenue Bonds (FasTracks Project), Series 2017B	119,456,000
<b>SUBTOTAL</b>	<b>\$2,016,594,142</b>
<b>Eagle P3 Project</b>	
TABOR Portion of Service Payments <sup>(5)</sup>	<b>\$589,913,540</b>
<b>Lease Purchase Agreements<sup>(6)</sup></b>	
Lease Purchase Agreement II (Taxable Refunding Certificates of Participation), Series 2007A	\$ 4,815,000
Tax-Exempt Certificates of Participation, Series 2010A <sup>(8)</sup>	100,930,000
Taxable Certificates of Participation, Series 2010B	100,000,000
Certificates of Participation, Series 2013A	158,705,000
Certificates of Participation, Series 2014A	440,915,000
Certificates of Participation, Series 2015A	128,915,000
Lease Purchase Agreement, Series 2016	50,512,658
Lease Purchase Agreement, Series 2017	153,140,000
<b>SUBTOTAL</b>	<b>\$1,137,932,658</b>
<b>TOTAL</b>	<b>\$3,816,875,340</b>

(1) 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 the Parity Bonds except for obligations issued by the District to refund Senior Bonds for interest rate savings.

(2) 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.

(3) Secured by first lien on 0.4% Sales Tax and subordinate lien on 0.6% Sales Tax.

(4) Amount reflects the par amount of the loan (\$280,000,000) plus accreted interest through 11/1/2020. Interest will accrete at a 3.14% interest rate until November 1, 2020 and will pay current interest thereafter.

(5) 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.

(6) Paid with annually appropriated lease payments by the District. Not secured by Sales Tax Revenues.

(7) The Series 2010A Bonds are expected to be refinanced with certain Bonds to be issued in 2019.

(8) This table does not include the 2020 Certificates, which are refunding the 2010A Certificates maturing on and after June 1, 2021, or the hereinafter-defined 2019A Bonds which will be issued on December 18, 2019 to defease and refund the Sales Tax Revenue Bonds (FasTracks Project) Series 2010A.

Source: The District.

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 entered into obligations in the aggregate principal amount of approximately \$2.785 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 as discussed herein.

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. 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 on a subordinate basis to the Bonds and Parity Bonds. See "THE SYSTEM – FasTracks – Eagle P3 Project."

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 had drawn the full \$280 million under the TIFIA Loan Agreement. Interest will accrete at an interest rate of 3.14% until November 1, 2020 at which time interest will be payable on a current basis. The RTD TIFIA Bond is on parity with the Bonds and the Parity Bonds.

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, 2018 AND 2017."

The vehicles expected to be acquired from 2019 – 2024 as part of the fleet expansion and replacement program are expected to be funded from cash on hand. In addition to the District's Taxable Sales Tax Revenue Refunding Bonds (FasTracks Project), Series 2019A issued to defease and refund the Sales Tax Revenue Bonds (FasTracks Project) Series 2010A, scheduled for delivery on December 18, 2019 (the "**2019A Bonds**"), RTD continues to evaluate other refunding opportunities that will result in a reduction in interest expense.

The remaining elements of the FasTracks Program to be constructed consist of the Central Rail Extension, the portion of the N Line north of 124<sup>th</sup> Street, and the remainder of the B Line. 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 (other than the 2020 Certificates) in connection with its FasTracks Program. The District will also continue to seek opportunities from both the federal and local governments, and through public-private partnerships, to complete the FasTracks Program. See "RISK FACTORS – Annual Right of RTD to Not Renew the Lease."

### **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:



**TABLE VI**  
**Annual Debt Service Requirements and Amounts Subject to Appropriation**  
**(In Thousands of Dollars)<sup>(1)</sup>**

Sales Tax Secured Obligations <sup>(2)</sup>							Appropriations Obligations				
0.4% FasTracks Sales Tax Obligations											
Year	0.6% Sales Tax Obligations	FasTracks Bonds <sup>(3)</sup>	TIFIA Loan <sup>(5)</sup>	TABOR Portion of Eagle P3 Service Pmts	Subtotal	Total Sales Tax Secured Obligations	Certificates of Participation <sup>(4)</sup>	Non-Tabor Portion of Eagle P3 Service Payments <sup>(6)</sup>	Subtotal	2020 Certificates	Total Appropriation Obligations
2020	\$19,982,061	\$ 82,785,235	\$ --	\$ 45,813,411	\$ 130,211,911	\$ 150,193,972	\$ 104,244,520	\$ 54,366,228	\$ 158,610,748	\$ 2,361,378	\$160,972,126
2021	14,495,579	83,138,419	10,734,974	46,263,740	141,398,464	155,894,043	105,710,891	42,929,281	148,640,172	3,172,000	151,812,172
2022	9,583,950	83,194,169	10,734,974	44,618,361	139,808,835	149,392,785	102,132,382	42,976,608	145,108,990	3,172,000	148,280,990
2023	9,582,400	102,941,419	10,734,974	45,790,286	160,728,010	170,310,410	101,509,565	44,375,139	145,884,704	3,172,000	149,056,704
2024	9,588,275	102,945,519	10,734,973	47,210,467	162,152,290	171,740,565	101,488,320	52,916,967	154,405,287	3,172,000	157,577,287
2025	--	102,946,619	19,330,708	49,812,129	173,350,787	173,350,787	101,478,847	68,941,545	170,420,392	3,172,000	173,592,392
2026	--	123,951,619	19,327,608	44,523,988	189,064,546	189,064,546	76,984,262	45,473,216	122,457,478	6,608,875	129,066,353
2027	--	161,050,069	11,151,341	45,475,113	218,937,854	218,937,854	69,111,013	43,727,773	112,838,786	13,540,375	126,379,161
2028	--	160,004,819	11,151,342	46,678,612	219,096,104	219,096,104	47,759,763	46,825,191	94,584,954	13,540,750	108,125,704
2029	--	149,156,319	11,151,342	48,154,170	209,723,162	209,723,162	47,761,369	52,648,306	100,409,675	13,542,625	113,952,300
2030	--	123,801,569	11,151,340	61,422,786	197,637,026	197,637,026	47,763,476	75,692,613	123,456,089	13,539,625	136,995,714
2031	--	163,544,594	11,151,341	49,261,307	225,218,573	225,218,573	47,764,138	45,285,059	93,049,197	13,540,250	106,589,447
2032	--	158,785,344	11,151,342	55,464,975	226,662,992	226,662,992	61,271,235	42,872,897	104,144,132	--	104,144,132
2033	--	147,999,669	11,151,341	67,957,415	228,369,756	228,369,756	61,274,437	43,272,245	104,546,682	--	104,546,682
2034	--	119,279,394	11,151,343	84,463,655	216,155,723	216,155,723	61,288,974	53,004,179	114,293,153	--	114,293,153
2035	--	117,638,144	11,151,341	97,323,155	226,973,971	226,973,971	61,295,461	79,102,485	140,397,946	--	140,397,946
2036	--	167,034,737	11,151,341	43,848,307	222,038,748	222,038,748	48,910,427	52,419,271	101,329,698	--	101,329,698
2037	--	156,017,623	11,151,341	49,294,601	216,464,305	216,464,305	48,904,956	48,306,955	97,211,911	--	97,211,911
2038	--	85,555,332	11,151,341	57,225,685	153,936,026	153,936,026	48,915,538	50,119,391	99,034,929	--	99,034,929
2039	--	47,057,500	49,717,913	73,605,255	170,380,668	170,380,668	48,920,552	57,871,536	106,792,088	--	106,792,088
2040	--	47,003,500	49,717,915	82,267,193	178,988,608	178,988,608	48,921,919	73,447,043	122,368,962	--	122,368,962
2041	--	41,003,750	49,717,914	77,751,457	168,473,121	168,473,121	32,515,550	53,273,799	85,789,349	--	85,789,349
2042	--	41,003,000	49,717,915	13,005,523	103,726,438	103,726,438	32,511,075	45,831,896	78,342,971	--	78,342,971
2043	--	41,003,500	49,717,914	15,089,879	105,811,293	105,811,293	32,515,450	66,801,535	99,316,985	--	99,316,985
2044	--	41,003,000	49,717,914	25,134,047	115,854,961	115,854,961	32,515,325	63,196,154	95,711,479	--	95,711,479
2045	--	41,004,250	49,717,915	--	90,722,165	90,722,165	--	--	--	--	--
2046	--	94,224,750	--	--	94,224,750	94,224,750	--	--	--	--	--
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	\$63,232,265	\$3,068,958,298	\$563,439,707	\$1,317,455,517	\$4,969,995,519	\$5,033,227,784	\$1,573,469,443	\$1,345,677,312	\$2,919,146,755	\$92,533,878	\$3,011,680,633

<sup>(1)</sup> Amounts may not add to column totals due to rounding.

<sup>(2)</sup> See "DEBT STRUCTURE OF RTD – Generally."

<sup>(3)</sup> The Series 2010A and 2010B FasTracks Bonds are Build America Bonds. This table reflects total interest to be paid. The refundable tax credit anticipated to be received from the United States Department of the Treasury has not been subtracted from the amounts shown. See "FINANCIAL INFORMATION CONCERNING RTD – Federal Funding." Reflects the 2019A Bonds and reduction in debt service of the 2010A Bonds refunded by the 2019A Bonds. The Series 2019A Bonds are scheduled to be delivered on December 18, 2019. See "DEBT STRUCTURE OF RTD – Generally."

<sup>(4)</sup> The Series 2010B Certificates are Build America Bonds. This table reflects total interest to be paid. The refundable tax credit anticipated to be received from the United States Department of the Treasury has not been subtracted from the amounts shown. See "FINANCIAL INFORMATION CONCERNING RTD – Federal Funding." Reflects the refunding of the 2010A Certificates maturing on and after June 1, 2021.

<sup>(5)</sup> 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 P3 Project. See "THE SYSTEM – FasTracks – Eagle P3 Project."

<sup>(6)</sup> 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 operations, planning, administration, development, debt service, and capital projects. 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. Such methods 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 a six-year mid-term operating and capital improvement forecast and a 30-year long term forecast in financial planning has enabled RTD to plan necessary revenue measures to meet future operational and capital needs. See "THE SYSTEM – Long-Term Financial Planning."

### **Major Revenue Sources**

According to its audited financial statements for the year ended December 31, 2018, RTD derived 64.8% of its combined operating and non-operating income from Sales Tax Revenues, 8.3% from capital grants and local contributions, 15.4% from operating revenues, 8.8% from federal operating assistance, 1.4% from investment income, and 1.3% from other sources.

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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 2009 to 2018:

**TABLE VII**  
**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>(4)</sup></u>	<u>Total Revenue</u>	<u>Federal Capital Grants</u>	<u>Local Capital Contributions</u>	<u>Total Revenue and Capital Receipts</u>
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
2015	125,877	541,518	73,383	3,164	11,407	755,349	157,616	11,697	924,662
2016	140,525	563,598	77,335	6,371	15,591	803,420	185,324	16,911	1,005,655
2017	147,376	598,187	80,412	63,030	14,618	903,623	75,500	10,895	990,018
2018	150,766	634,192	86,403	13,409	12,618	897,338	52,229	28,773	978,390
2018% <sup>(3)</sup>	15.4%	64.8%	8.8%	1.4%	1.3%	91.7%	5.4%	2.9%	100.0%

<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> Represents 2018 percentage of Total Revenue and Capital Receipts.

<sup>(4)</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, 2009-2018.

## Fare Structure

Passenger fare revenues are derived from fares charged to the users of the RTD System. Fares may be paid with exact change, prepaid tickets, a monthly pass valid for unlimited rides during the months for the level of service purchased, or annual passes which are sold to specific groups. Passes include those sold to employers for use by employees ("**EcoPass**"), passes sold to organized neighborhood groups ("**Neighborhood EcoPass**"), and passes sold to 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, people with disabilities, and those qualifying for the low income fare program. 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's geographical area as well as by mobile ticketing and smart card. EcoPass, Neighborhood EcoPass, and CollegePass program annual passes are sold directly to participating organizations, and each individual participant is given a photo ID pass.

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, or for any other reason. As a recipient of federal grants, RTD is obligated to consider comments received from a public involvement process prior to implementing any fare increases. The current mid-term plan assumes future fare increases every three years corresponding to the projected increase in the Denver-Boulder Consumer Price Index.

On September 28, 2018, the Board approved revised fares and changes in fare structure that took effect in 2019 as set forth in Table VIII and IX below which provided enhanced revenues and modified certain fare offerings. Prior to implementing the new fares and fare structure, the District solicited public input and hosted several meetings with a working group comprised of internal and external parties.

Several public meetings also were held to give the public an opportunity to provide feedback on proposed changes to the fares and fare structure.

At its September 28, 2018 meeting, the Board also approved other changes to the District's fare structure that became effective in 2019. Changes to the District's fare structure include: (1) replacement of one-way directional fares with a three-hour pass; (2) elimination of the ability to purchase already discounted fares at an additional discount; (3) offering a youth fare for ages 6-19 at a 70% discount; (4) modifying utilization pricing on Eco, Neco and college passes; (5) discontinuing FlexPass discounts; (6) discontinuing the annual ValuPass; (7) phasing out the non-profit 50% discount fare program and introducing a low income-based 40% discount fare with the LiVE Fare Program.

**TABLE VIII**  
**Fares as of January 1, 2019**

	<b>Three-Hour Fare</b>	<b>Three-Hour Smart Card Fare</b>	<b>Day Pass</b>	<b>Monthly Pass</b>	<b>Senior<sup>(1)</sup>/ Disabled Fair</b>	<b>Youth Fare</b>
Mall Shuttle and Free Metro Ride	Free	Free	Free	Free	Free	Free
Local – Bus and Rail	\$ 3.00	\$ 2.80	\$ 6.00	\$114.00	50% Discount	70% Discount
Regional – Bus and Rail	5.25	5.05	10.50	200.00	50% Discount	70% Discount
Airport	10.50	10.30	--	--	50% Discount	70% Discount

<sup>(1)</sup> Seniors include age 65 and older.  
Source: The District

**TABLE IX**  
**New LiVE<sup>(1)</sup> Fare Program as of July 29, 2019**

	<b>Three-Hour Fare</b>	<b>Three-Hour Smart Card Fare</b>	<b>Day Pass</b>
Mall Shuttle and Free Metro Ride	Free	Free	Free
Local – Bus and Rail	\$ 1.80	\$ 1.80	\$ 3.60
Regional – Bus and Rail	3.15	3.15	6.30
Airport	6.30	6.30	--

<sup>(1)</sup> LiVE fares offer a 40% discount from full fares for those meeting certain household income requirements.  
Source: The District

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The following table summarizes RTD's ridership and fare revenue for the years 2009 to 2018:

**TABLE X**  
**RTD Annual Ridership and Fare Revenue<sup>(3)</sup>**  
**(In Thousands)**

<b>Year</b>	<b>Revenue Boardings<sup>(1)</sup></b>	<b>Fare Revenue</b>	<b>Percent Change in Fare Revenue</b>
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
2015	88,927	120,530	0.0
2016 <sup>(2)</sup>	88,982	134,622	11.7
2017	87,823	140,217	4.2
2018	95,114	143,231	2.1

(1) Number reflects revenue boardings in thousands of people. Includes Access-a-Ride boardings and vanpool boardings.

(2) The W Line opened in April 2013, the R Line opened in February 2017, the University of Colorado A Line opened in April 2016, and the B Line opened in July 2016.

(3) Through May 2019, revenue service ridership was down by 1.8% compared to the same period in 2018. While ridership has increased on fixed route bus, commuter rail, and Flatiron Flyer, ridership on the light rail has decreased by 13.7% from the 2018 levels.

Source: District Comprehensive Annual Financial Reports for the fiscal years ended December 31, 2009-2018.

### **Advertising and Ancillary Revenues**

RTD receives additional operating revenue from advertising on its buses and trains and also from naming rights. RTD sells signs on the exterior and interior of its vehicles, and allows advertisers to wrap buses and trains with advertising themes. RTD also receives ancillary non-operating revenue from parking fees and charges, leases of retail space at facilities, and other sources.

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The following table shows RTD's advertising income and ancillary non-operating revenues for the years 2009 to 2018:

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

<u>Year</u>	<u>Advertising Revenue</u>	<u>Ancillary Revenues</u>
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
2015	4,160	1,186
2016	3,722	2,081
2017	4,280	2,879
2018	4,433	3,102

<sup>(1)</sup> The 2013 increase is due to the sale of an air rights easement above Civic Center Station.

Source: District Comprehensive Annual Financial Reports for the fiscal years ended December 31, 2009-2018.

## 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 2009 to 2018:

**TABLE XII**  
**RTD Federal & Local Grant Receipts**  
**(In Thousands of Dollars)**

<u>Year</u>	<u>Federal Capital</u>	<u>Local Contributions</u>	<u>Grant Operating Assistance</u>
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
2015	157,616	11,697	73,383
2016	185,324	16,911	77,335
2017	75,500	10,895	80,412
2018	52,229	28,773	86,403

Source: District Comprehensive Annual Financial Reports for the fiscal years ended December 31, 2009-2018.

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 June 30, 2019, RTD had a commitment to provide \$28,152,263 in local funds in order to receive \$71,194,954 in federal and state grant funds. 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 Deficit Control Act of 2011 went into effect on March 1, 2013, and are currently scheduled to remain in effect through federal fiscal year 2029 absent a change in federal legislation. As a result of sequestration, the Build America Bond subsidy received by RTD related to the Tax Credit Obligations payable in federal fiscal year 2016 was reduced by 6.8% (\$599,855) and the amount payable in federal fiscal year 2017 was reduced by 6.9% (\$608,676) and the amount payable in federal fiscal year 2018 was reduced by 6.6% (\$582,212), the amount payable in federal fiscal year 2019 was reduced by 6.2% (\$546,927) and the amount payable in federal fiscal year 2020 is to be reduced by 5.9% (\$520,462). The RTD annual operating assistance grants of approximately \$93.3 million in 2019 are exempt from sequestration. While the RTD Full Funding Grant Agreements ("FFGAs"), are subject to sequestration, RTD received its full appropriation of \$13.4 million for 2019. 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 its projects on time.

## **Investment Income**

For the year ended December 31, 2017, RTD earned investment income in the amount of \$63,030,000 which included a one-time gain from debt extinguishment of \$55,959,000. Excluding this one-time gain, investment income was \$7,071,000 representing approximately 0.8% of 2017 revenues. For the year ended December 31, 2018, RTD earned investment income in the amount of \$13,409,000, representing approximately 1.4% of 2018 revenues. See Table VII herein for further information.

## **Financial Summary**

The following tables summarize certain financial information regarding RTD. The data for the five years ended December 31, 2018 has been prepared by RTD from its audited financial statements for the years ended December 31, 2014-2018. For detailed financial information, see **Appendix B – "REGIONAL TRANSPORTATION DISTRICT DENVER, COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018 AND 2017."**

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**TABLE XIII**  
**Summary of Statements of Revenues and Expenses and Changes in Net Position**  
**For the Years Ended December 31, 2014-2018<sup>(1)</sup>**  
**(In Thousands of Dollars)**

	Years ended December 31				
	2014	2015 <sup>(2)</sup>	2016	2017	2018
Operating Revenues:					
Passenger Fares	\$120,497	\$120,530	\$134,622	\$140,217	\$143,231
Other	<u>4,406</u>	<u>5,347</u>	<u>5,803</u>	<u>7,159</u>	<u>7,535</u>
Total Operating Revenues	124,903	125,877	140,425	147,376	150,766
Operating Expenses:					
Salaries, wages, fringe benefits	204,790	227,207	260,039	263,977	236,892
Materials and supplies	62,156	58,884	52,180	44,686	51,335
Services	108,920	79,749	58,560	77,323	81,189
Utilities	14,151	13,673	14,220	16,503	16,419
Insurance	5,273	8,102	10,382	13,319	9,941
Purchased transportation	114,942	113,216	156,605	159,051	176,416
Leases and rentals	3,264	3,462	3,288	2,829	1,996
Miscellaneous	<u>6,561</u>	<u>4,531</u>	<u>4,183</u>	<u>4,213</u>	<u>4,317</u>
Total Operating Expenses	520,057	508,824	559,457	581,901	578,505
Operating loss before depreciation	(395,154)	(382,947)	(419,032)	(434,525)	(427,739)
Depreciation	<u>139,045</u>	<u>152,531</u>	<u>222,154</u>	<u>248,633</u>	<u>285,653</u>
Operating Loss	(534,199)	(535,478)	(641,186)	(683,158)	(713,392)
Nonoperating Income (expense):					
Sales and use tax revenues	514,721	541,518	563,598	598,187	634,192
Grant operating assistance	75,544	73,383	77,335	80,412	86,403
Interest income	165	3,164	6,371	63,030	13,409
Other income	10,248	10,322	9,927	10,596	12,618
Gain/loss capital assets	6,613	1,085	5,664	4,022	(1,449)
Interest expense	(72,293)	(79,686)	(77,272)	(65,346)	(62,770)
Other expense/Unrealized loss	<u>(3,605)</u>	<u>(1,422)</u>	<u>(1,258)</u>	<u>(2,981)</u>	<u>(16)</u>
Total Nonoperating Income	531,393	548,364	584,365	687,920	682,387
Net income before capital grants and local contributions	(2,806)	12,886	(56,821)	4,762	(31,005)
Capital grants and local contributions	<u>206,431</u>	<u>169,313</u>	<u>202,235</u>	<u>86,395</u>	<u>81,002</u>
Increase in Net Position	203,625	182,199	145,414	91,157	49,997
Net Position, Beginning of Year (as previously reported)	2,977,449	3,181,074	3,176,938	3,322,352	3,413,509
Change in accounting principle <sup>(2)</sup>		(186,335)			
<b>Net Position at End of Year</b>	<b>\$3,181,074</b>	<b>\$3,176,938</b>	<b>\$3,322,352</b>	<b>\$3,413,509</b>	<b>\$3,463,506</b>

<sup>(1)</sup> Financial data is from the District Comprehensive Annual Financial Reports for the fiscal years ended December 31, 2014-2018.

<sup>(2)</sup> In 2015, the District adopted Government Accounting Standards Board (GASB) Statement No. 68, Accounting for Financial Reporting for Pensions, as amended by GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date. GASB 68 requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability.



**TABLE XIV**  
**Comparison of Budgeted<sup>(1)</sup> and Actual Revenues and Expenses**  
**2014-2018; 2019 Budget**  
**(In Thousands of Dollars)**

		<b>2018</b>		<b>2017</b>		<b>2016</b>		<b>2015</b>		<b>2014</b>	
	2019 Amended Budget <sup>(2)</sup>	2018 Amended Budget	2018 Actual	2017 Amended Budget	2017 Actual	2016 Amended Budget	2016 Actual	2015 Amended Budget	2015 Actual	2014 Amended Budget	2014 Actual
Operating Revenues:											
Passenger fares	\$163,600	\$146,785	\$143,231	\$142,500	\$140,217	\$130,173	\$134,622	\$123,373	\$120,530	\$124,985	\$120,497
Other	<u>5,616</u>	<u>5,666</u>	<u>7,535</u>	<u>6,023</u>	<u>7,159</u>	<u>4,797</u>	<u>5,803</u>	<u>5,245</u>	<u>5,347</u>	<u>5,423</u>	<u>4,406</u>
Total operating revenues	169,216	152,451	150,766	148,523	147,376	134,970	140,425	128,618	125,877	130,408	124,903
Operating Expenses:											
Salaries, wages, fringe benefits	278,986	258,452	236,892	238,452	263,977	222,966	260,039	202,135	227,207	184,597	204,790
Materials and supplies	65,002	60,853	51,335	55,853	44,686	60,001	52,180	67,741	58,884	67,259	62,156
Services	139,024	148,405	81,189	154,405	77,323	139,385	58,560	139,607	79,749	143,911	108,920
Utilities	20,048	18,149	16,419	22,149	16,503	19,382	14,220	15,015	13,673	15,334	14,151
Insurance	14,151	11,485	9,941	8,485	13,319	7,665	10,382	7,595	8,102	7,470	5,273
Purchased transportation	210,927	187,209	176,416	174,209	159,051	175,696	156,605	114,214	113,216	118,189	114,942
Leases and rentals	2,970	3,712	1,996	3,712	2,829	3,557	3,288	3,415	3,462	3,289	3,264
Miscellaneous	<u>7,294</u>	<u>12,102</u>	<u>4,317</u>	<u>14,432</u>	<u>4,213</u>	<u>9,601</u>	<u>4,183</u>	<u>5,824</u>	<u>4,531</u>	<u>6,931</u>	<u>6,561</u>
Total Operating Expenditures	<u>738,402</u>	<u>700,367</u>	<u>578,505</u>	<u>671,697</u>	<u>581,901</u>	<u>638,253</u>	<u>559,457</u>	<u>555,546</u>	<u>508,824</u>	<u>546,980</u>	<u>520,057</u>
Operating Loss	(569,186)	(547,916)	(427,739)	(523,174)	(434,525)	(503,283)	(419,032)	(426,928)	(382,947)	(416,572)	(395,154)
Nonoperating revenue (expense):											
Sales and Use Tax	662,376	622,834	634,192	586,053	598,187	569,763	563,598	551,368	541,518	503,448	514,721
Grant operating assistance	92,013	102,681	86,403	103,785	80,412	96,767	77,335	78,832	73,383	92,866	75,544
Investment income	15,695	11,732	13,409	4,197	63,030	3,840	6,371	4,310	3,164	2,372	165
Other income	12,871	13,246	12,618	11,244	10,596	20,200	9,927	11,020	10,322	20,721	10,248
Gain/loss on capital assets	--	--	(1,449)	--	4,022	--	5,664	--	1,085	--	6,613
Interest expense	(152,155)	(153,248)	(62,770)	(129,719)	(65,346)	(117,313)	(77,272)	(95,365)	(79,686)	(99,405)	(72,293)
Other expense	--	--	(16)	--	(2,981)	--	(1,258)	--	(1,422)	--	(3,605)
Total Nonoperating Revenue	630,800	597,245	682,387	575,560	687,920	573,257	584,365	550,165	548,364	520,002	531,393
Proceeds from issuance of long-term debt	--	--	(5,805)	457,091	402,435	457,091	314,174	457,091	299,688	795,604	573,324
Capital Outlay:											
Capital expenses	693,520	849,538	335,080	1,055,839	451,245	1,396,223	693,159	1,687,076	870,055	1,811,720	862,701
Less capital grants	<u>(386,783)</u>	<u>(311,134)</u>	<u>(81,002)</u>	<u>(418,898)</u>	<u>(86,395)</u>	<u>(258,089)</u>	<u>(202,235)</u>	<u>(206,451)</u>	<u>(169,313)</u>	<u>(276,073)</u>	<u>(206,431)</u>
	306,737	538,404	254,078	636,941	364,850	1,138,134	490,924	1,480,625	700,742	1,535,647	656,270
Long-term debt principal payment	<u>76,771</u>	<u>58,065</u>	<u>64,700</u>	<u>58,065</u>	<u>489,841</u>	<u>61,698</u>	<u>133,098</u>	<u>58,942</u>	<u>54,348</u>	<u>62,187</u>	<u>57,002</u>
Excess (deficit) of revenue and non-operating income over (under) expenses, capital outlay and debt principal payments	<u>\$ (321,894)</u>	<u>\$ (547,140)</u>	(69,935)	<u>\$ (185,529)</u>	(198,861)	<u>\$ (672,767)</u>	(144,515)	<u>\$ (959,239)</u>	(289,985)	<u>\$ (698,800)</u>	(3,709)
Increases (decreases) to reconcile budget basis to GAAP basis:											
Capital expenditures			335,080		451,245		693,159		870,055		862,701
Long-term debt proceeds			5,805		(402,435)		(314,174)		(299,688)		(573,324)
Long-term debt principal			64,700		489,841		133,098		54,348		57,002
Depreciation			<u>(285,653)</u>		<u>(248,633)</u>		<u>(222,154)</u>		<u>(152,531)</u>		<u>(139,045)</u>
NET INCOME			<u>\$ 49,997</u>		<u>\$ 91,157</u>		<u>\$ 145,414</u>		<u>\$ 182,199</u>		<u>\$ 203,625</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: District Comprehensive Annual Financial Reports for the fiscal years ended December 31, 2014-2018; The District's 2019 Amended Budget was adopted July 16, 2019.

## **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 August 2019 (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 contents, accuracy, completeness or fairness of the information contained in the Overview or for the validity, sufficiency or legal effect thereof. 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**

The statements contained in this Official Statement, particularly the information contained under the captions "THE SYSTEM – FasTracks" and " – Long-Term Financial Planning," and in any other information provided by the District, that are not purely historical, are forward looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. The District's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements, included herein, are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions of future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

### **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.

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 2020 Certificates or the power of RTD to pay Base Rentals under the Lease.

RTD's contractor for the N Line, Regional Rail Partners, has asserted claims under the design-build contract seeking compensation for delays and other costs incurred. Claims formally submitted have been either settled or are currently in the contract's dispute resolution process. Regional Rail Partners has given informal notice of other potential claims under the contract.

Denver Transit Partners ("**DTP**"), the concessionaire designing, building, financing, operating and maintaining three lines of RTD's commuter rail system pursuant to the P3 Concession Agreement, has asserted "Change in Law" and "Force Majeure" claims concerning DTP's failure to obtain timely approvals from the Colorado Public Utilities Commission and the Federal Railroad Administration. If successful, this lawsuit could entitle DTP to relief under the P3 Concession Agreement. DTP has sought a declaratory judgment concerning certain rights under the Concession Agreement and damages of over \$80 million including crossing guard expenses and refunding of certain deductions made to payments from RTD to DTP pursuant to stipulations with RTD for permission to commence operations of the University of Colorado A Line and B Line under regulatory waivers. DTP has filed suit in Denver District Court on these matters and a nonjury trial is scheduled for May 2020. RTD has asserted counterclaims.

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 (including self-insurance) 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 Indenture.

## **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 or 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 (including a light rail car or engine) 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 amounts that may be recovered under the Governmental Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$350,000 for claims accruing before January 1, 2018, or the sum of \$387,000 for claims accruing on or after January 1, 2018 and before January 1, 2022; or (b) for an injury to two or more persons in any single occurrence, the sum of \$990,000 for claims accruing before January 1, 2018, except in such instance, no person may recover in excess of \$350,000; or the sum of \$1,093,000 for claims accruing on or after January 1, 2018, and before January 1, 2022, except in such instance, no person may recover in excess of \$387,000. 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 the construction of light rail lines, 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 2020 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 2020 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 2020 Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2020 Certificates and their market price. Over the last five years, RTD has been in substantial compliance with its continuing disclosure agreements under Rule 15c2-12.

## **LEGAL MATTERS**

Legal matters relating to the execution and delivery of the 2020 Certificates are subject to the approving opinion of Butler Snow LLP, Denver, Colorado, as Special Counsel, which is to be delivered with the 2020 Certificates.

Hogan Lovells US LLP, 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 Rolf Asphaug, Esquire, General Counsel for the District, and for the Underwriters by Norton Rose Fulbright US LLP, Denver, Colorado.

The legal fees to be paid to Butler Snow LLP in connection with the execution and delivery of the 2020 Certificates are contingent upon the sale and delivery of the 2020 Certificates. The legal fees to be paid to Hogan Lovells US LLP in connection with the preparation of this Official Statement are also contingent upon the sale and delivery of the 2020 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 2020 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 2020 Certificates (the "Tax Code"), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, 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 2020 Certificates.

*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 2020 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 2020 Certificates. These requirements include: (a) limitations as to the use of proceeds of the 2020 Certificates; (b) limitations on the extent to which proceeds of the 2020 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 2020 Certificates above the yield on the 2020 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 2020 Certificates, the proceeds thereof, any other funds of the District or any facilities financed or refinanced with the proceeds of the 2020 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 2020 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 2020 Certificates to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, or (iii) would cause interest on the 2020 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 2020 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 2020 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.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2020 Certificates. Owners of the 2020 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 2020 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 2020 Certificates were sold at a premium, representing a difference between the original offering price of those 2020 Certificates and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such 2020 Certificates may realize a taxable gain upon their disposition, even though such 2020 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 on the 2020 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 2020 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 2020 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 2020 Certificates, the exclusion of interest on the 2020 Certificates from gross income or alternative minimum taxable income or both from the date of issuance of the 2020 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 2020 Certificates. Owners of the 2020 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 2020 Certificates. If an audit is commenced, the market value of the 2020 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 2020 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 2020 Certificates.

## VERIFICATION

Causey, Demgen & Moore P.C. (the "**Verification Agent**") will independently verify, and issue a report thereon, the arithmetical accuracy of the computations included in schedules provided to them by the Municipal Advisor to the District on behalf of the District indicating that the amount to be deposited under the Escrow Agreement which, when invested in Federal Securities, will be sufficient to pay the redemption price of and interest on the 2010A Certificates maturing on and after June 1, 2021 on and to their redemption date. Such verification will be based solely on assumptions and information supplied by the Municipal Advisor to the District on behalf of the District. Furthermore, the Verification Agent will have restricted its procedures to verifying the arithmetical accuracy of such computations and will not have made any study or evaluation of the assumptions and information on which the computations were based and, accordingly, will not express an opinion on such assumptions and information, the reasonableness of such assumptions, or the achievability of future events. Such verification, information, and assumptions will be relied upon by Special Counsel in rendering its opinion described herein.

## RATINGS

Moody's Investors Service, Inc. ("**Moody's**"), S&P Global Ratings ("**S&P**") and Fitch Ratings, Inc. ("**Fitch**"), have assigned the ratings of "Aa3" (stable outlook), "AA-" (stable outlook) and "AA-" (stable outlook), respectively, to the 2020 Certificates.

Such ratings reflect only the views of the rating agencies and are not a recommendation to buy, sell or hold the 2020 Certificates. Any explanation of the procedures and methods used by each rating agency and the significance of their respective ratings may be obtained from the company furnishing the rating. 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 2020 Certificates.

## UNDERWRITING

The 2020 Certificates will be purchased by the Underwriters shown on the front cover hereof (the "**Underwriters**") at a price equal to \$78,135,943.46 (consisting of the principal amount of the 2020 Certificates, plus an original issue premium of \$14,978,903.70, less an underwriting discount of \$282,960.24). The obligations of the Underwriters to accept delivery of the 2020 Certificates are subject to the terms and conditions contained in the Forward Delivery Contract. The Underwriters have initially offered the 2020 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.

J.P. Morgan Securities LLC ("**JPMS**"), one of the Underwriters of the 2020 Certificates, has entered into negotiated dealer agreements (each, a "**Dealer Agreement**") with each of Charles Schwab & Co., Inc. ("**CS&Co.**") and LPL Financial LLC ("**LPL**") for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this



`transaction), each of CS&Co. and LPL will purchase 2020 Certificates from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2020 Certificates that such firm sells.

Jefferies LLC ("**Jefferies**") has entered into an agreement with E\*TRADE Securities LLC ("**E\*TRADE**") for the retail distribution of municipal securities. Pursuant to the agreement, Jefferies will sell 2020 Certificates to E\*TRADE and will share a portion of its selling concession compensation with E\*TRADE.

## **MUNICIPAL ADVISOR**

RTD has retained Hilltop Securities Inc., Dallas, Texas as Municipal Advisor in connection with the sale of the 2020 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.

The Municipal Advisor provided the following sentence for inclusion in this Official Statement. The Municipal Advisor reviewed the information in this Official Statement in accordance with its responsibilities to the District, and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

## **FINANCIAL STATEMENTS**

The financial statements of RTD for the years ended December 31, 2018 and 2017, 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 2020 Certificates is to be construed as a contract with the owners of the 2020 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/ Doug Tisdale  
Chair, Board of Directors

## APPENDIX A

### FORM OF CONTINUING DISCLOSURE AGREEMENT

#### CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "**Disclosure Agreement**"), dated as of December 12, 2019, 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 Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "**Rule**").

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. DAC is not a "Municipal Advisor" as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

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) hereof, 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 containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

"*Audited Financial Statements*" means the annual financial statements 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 Issuer's Certificates of Participation, Series 2020, in the aggregate principal amount of \$63,440,000, issued 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 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.

"*Financial Obligation*" as used in this Disclosure Agreement is defined in the Rule as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"*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 Mortgage and Indenture of Trust dated as of December 1, 2010, as amended, between the Issuer and the Trustee.

"*Information*" means, collectively, the Annual Reports, the Audited Financial Statements, 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, or any successor thereto, 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), as shown on Exhibit A.

"*Official Statement*" means the final Official Statement dated November 21, 2019, 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 underwriters 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)(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(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, 2020. 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 (15th) 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 to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be 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 Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be 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 at such time 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) hereof with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) hereof (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, and tender offers;"
  9. "Defeasances;"
  10. "Release, substitution, or sale of property securing repayment of the securities, if material;"
  11. "Rating changes;"
  12. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
  13. "Merger, consolidation or acquisition of the obligated person, if material;"
  14. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
  15. "Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material;" and
  16. "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties."
- (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) hereof 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, other than those communications included in the Rule;"
  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;" and
  10. "other event-based disclosures;"
- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof 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 and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, 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 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. In such event, 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.

If the Annual Financial Information contains modified operating data or financial information different from the Annual Financial Information agreed to in the continuing disclosure undertaking related to the Certificates, the Issuer 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;

**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.

13. 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;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

The Issuer shall, in a timely manner not later than nine (9) 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 either (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 promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may 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.

The Issuer will provide the Dissemination Agent with the CUSIP numbers for (i) new certificates at such time as they are issued or become subject to the Rule and (ii) any Certificates to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Certificates.

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 may 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) hereof 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 may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) 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.

(d) 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 to the Disclosure Dissemination Agent 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 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.

SECTION 16. Effective Date. This Disclosure Agreement is dated as of December 12, 2019, but shall become effective on the date of execution and delivery of the Certificates.

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

REGIONAL TRANSPORTATION DISTRICT

By: \_\_\_\_\_  
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")

Obligated Person: Regional Transportation District

Name of Certificate Issue: Regional Transportation District's Certificates of Participation, Series 2020, dated as of their date of delivery, in the aggregate principal amount of \$63,440,000 (the "Certificates").

Date of Issuance: March 3, 2020.

Date of Official Statement: November 21, 2019.

<b>MATURITY</b>	<b>CUSIP</b>	<b>COUPON</b>
6/1/2026	75913T KF0	5.00%
6/1/2027	75913T KG8	5.00%
6/1/2028	75913T KH6	5.00%
6/1/2029	75913T KJ2	5.00%
6/1/2030	75913T KK9	5.00%
6/1/2031	75913T KL7	5.00%



**EXHIBIT B**

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

Issuer: Regional Transportation District (the "Issuer")

Obligated Person: Regional Transportation District

Name of Certificate Issue: Regional Transportation District's Certificates of Participation, Series 2020, dated as of their date of delivery, in the aggregate principal amount of \$63,440,000 (the "Certificates").

Date of Issuance: March 3, 2020.

Date of Disclosure Agreement: March 3, 2020.

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 Certificates 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. \_\_\_\_ "Certificate calls, if material;" Tender offers;
9. \_\_\_\_ "Defeasances;"
10. \_\_\_\_ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. \_\_\_\_ "Rating changes;"
12. \_\_\_\_ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13. \_\_\_\_ "Merger, consolidation, or acquisition of the obligated person, if material;"
14. \_\_\_\_ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
15. \_\_\_\_ "Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;" and
16. \_\_\_\_ "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties."

\_\_\_\_ 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.  
315 E. Robinson Street  
Suite 300  
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 March 3, 2020 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 Certificates 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. \_\_\_\_ "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.  
315 E. Robinson Street  
Suite 300  
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 March 3, 2020 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 Certificates 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.  
315 E. Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date:

## **EXHIBIT D**

### **INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED**

Table IV –	Operating Data
Table V –	Statement of Obligations
Table VI –	Annual Debt Service Requirements and Amounts Subject to Appropriation
Table VII –	Revenue and Capital Receipts by Source
Table X –	RTD Annual Ridership and Fare Revenue
Table XI –	RTD Advertising and Ancillary Revenues
Table XII –	RTD Federal & Local Grant Receipts
Table XIII –	Summary of Statements of Revenues and Expenses and Changes in Net Position
Table XIV –	Comparison of Budgeted and Actual Revenues and Expenses

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**APPENDIX B**

**REGIONAL TRANSPORTATION DISTRICT DENVER, COLORADO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED DECEMBER 31, 2018 AND 2017**

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal year ended December 31, 2018 and 2017



**Regional Transportation District**  
1660 Blake Street, Denver, Colorado  
303.299.6000 | [rtd-denver.com](http://rtd-denver.com)

**RTD**

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

***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

***Fiscal Year Ended December 31, 2018 and 2017***

**Prepared by**

**Finance Division**

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**Regional Transportation District**



April 29, 2019

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, 2018, 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.
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 Heather McKillop, Chief Financial Officer.

Respectfully submitted,  
Doug Tisdale  
Chair, Executive Committee

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Regional Transportation District

April 29, 2019

Mr. Doug Tisdale  
Chair, Executive 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, 2018.

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, 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, 2018, 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, 2018, 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 3.08 million people reside within RTD’s 2,342 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 200,000 residents 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 2,779 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, fixed route and commuter rail services employing over 2,058 men and women. Besides its administrative headquarters in Denver, RTD has seven operating facilities (excluding purchased transportation services), including four 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 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 March 2019 report forecasts that the economy is expected to grow at a more moderate pace; demographic change, growing inflationary pressures and rising interest rates will slow consumer spending. Economists for CLC reported the following key economic indicators:

Key Economic Indicators	2017 Actual	2018 Forecast	2019 Forecast
Job Growth	6.2%	5.5%	6.0%
Unemployment	2.7%	3.3%	3.6%
Personal Income Growth	5.8%	5.4%	5.3%
Population Growth	1.4%	1.4%	1.4%
Inflation	3.4%	2.7%	2.3%

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 balanced Mid-Term Financial Plan (MTFP), which is the six-year operating and capital improvement plan for RTD including both the Base System and FasTracks. This plan was previously made up of two separate components known as the Strategic Budget Plan (SBP) for the Base System and the Annual Program Evaluation (APE) for FasTracks. The MTFP is a component of the long-term transportation planning program for the Denver metropolitan area evaluated by the Denver Regional Council of Governments (DRCOG). While the MTFP is developed separately for the Base System and FasTracks, RTD integrates both plans into a single medium and long-term Financial Plan which includes the entirety of RTD in a single report. This financial information forms the basis for the development of RTD’s annual budget.

Long-term financial planning seeks to allocate resources among related and, at times, competing activities and to optimize those resources in a manner consistent with defined organizational goals and objectives.

### **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, 2018 found no instances of 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.

**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 "Aa1", 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 1.4%.

**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 \$387,000 per person and \$1,093,000 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 \$500,000,000 for buildings, their contents, and rolling stock (other than collision); a Commercial Crime Policy with a limit of \$10,000,000; a \$5,000 bond for CDL Testing Performance Bond; \$2,600,000 Workers' Compensation Bond; Felonious Assault Policy; travel insurance for employees on RTD business; fiduciary 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 a limit of \$8,000,000; Cyber Liability policy with a limit of \$10,000,000; Drone policy with a limit of \$10,000,000. With the growth of Light Rail Transit (LRT) services, and Commuter Rail Transit (CRT) services. RTD has added Railroad Protective and Railroad Liability commercial insurance policies that provide coverage when required under operational needs.

## **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 2018 audit. This audit also was designated to meet the requirements of the Federal Single Audit 2 CFR 200.501, Uniform Grant Guidance and related 2 CFR 200, Uniform Grant Guidance – Uniform Administrative Requirements, Cost Principles and Audit Requirements. 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, 2017. This is the twenty-sixth consecutive year 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,

Heather McKillop  
Chief Financial Officer

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## 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 January 2019:

### **District A**

Kate Williams  
Denver/Arapahoe Counties

### **District B**

Shontel Lewis  
Denver/Adams Counties

### **District C**

Angie Rivera-Malpiede, Second Vice Chair  
Denver/Jefferson Counties

### **District D**

Jeff Walker, Secretary  
Denver/Jefferson/Arapahoe Counties

### **District E**

Claudia Folska PhD.  
Denver/Arapahoe Counties

### **District F**

Bob Broom  
Arapahoe County

### **District G**

Ken Mihalik  
Arapahoe/Douglas Counties

### **District H**

Doug Tisdale, Chair  
Arapahoe/Douglas Counties

### **District I**

Judy Lubow  
Boulder/Broomfield/Adams/Weld Counties

### **District J**

Vince Buzek  
Adams/Jefferson Counties

### **District K**

Troy Whitmore  
Adams/Weld Counties

### **District L**

Shelley Cook, Treasurer  
Jefferson/Adams Counties

### **District M**

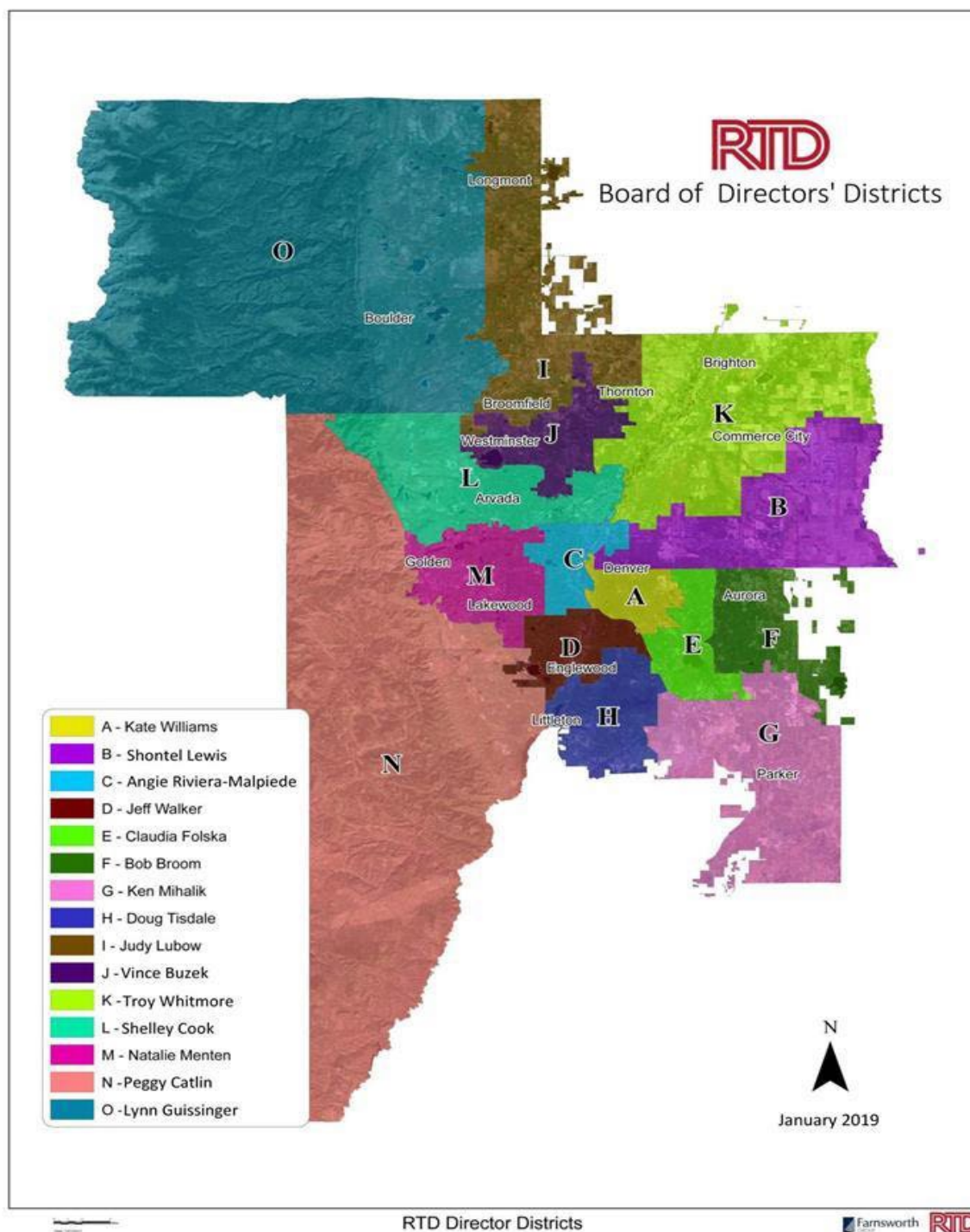
Natalie Menten  
Jefferson County

### **District N**

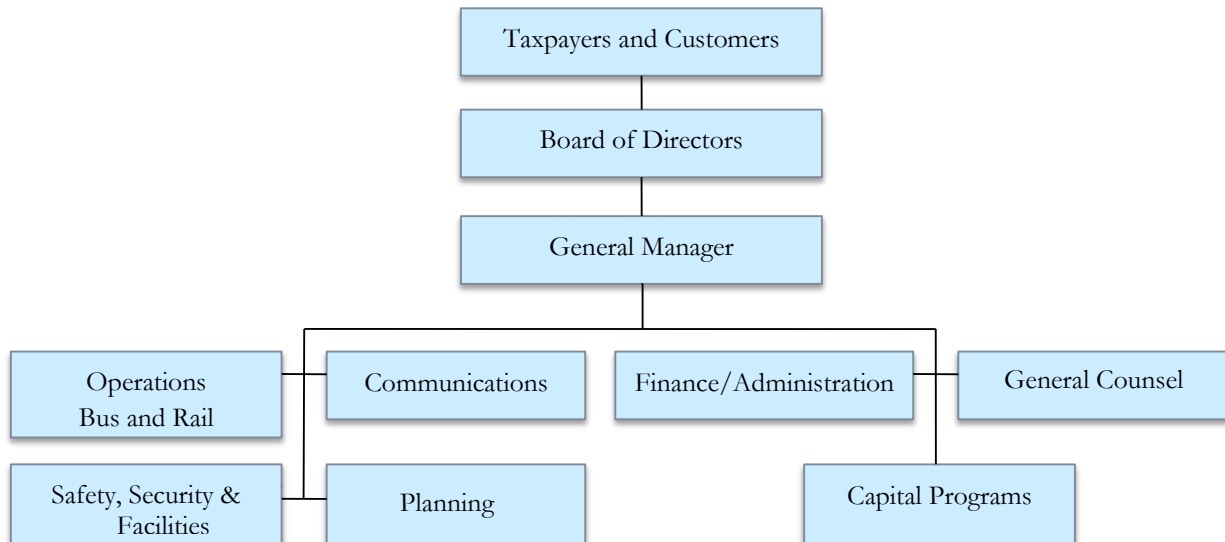
Peggy Catlin, First Vice Chair  
Jefferson County

### **District O**

Lynn Guissinger  
Boulder County



**Organization Chart  
January 2019**



**Department Officials**

**General Manager/Chief Executive Officer**  
Dave Genova

**AGM, Safety, Security & Asset Management**  
Michael Meader

**Chief Operating Officer, Bus and Rail**  
Michael Ford

**AGM, Bus Operations**  
Fred Worthen

**AGM, Rail Operation**  
Dave Jensen

**AGM, Communications**  
Pauletta Tonilas

**AGM, Planning**  
William C. Van Meter

**AGM, Capital Programs & Facilities**  
Henry Stopplecamp

**Chief Financial Officer/Administration**  
Heather McKillop

**General Counsel**  
Rolf Asphaug





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, 2017**

*Christopher P. Morill*

Executive Director/CEO

***FINANCIAL SECTION***

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## Independent Auditors' Report

Board of Directors  
Regional Transportation District  
Denver, Colorado

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)

### Report On The Financial Statements

We have audited the accompanying financial statements of the Regional Transportation District (RTD) as of and for the years ended December 31, 2018 and 2017 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, 2018 and 2017, 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 35 and 87 through 90, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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, 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 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 29, 2019 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 29, 2019

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**REGIONAL TRANSPORTATION DISTRICT**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2018 and 2017 (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, 2018 and 2017. 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.

**Key Reporting Implementations**

In fiscal year 2016 RTD implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which would generally require state and local governments to measure investments at fair value. GASB's goal is to enhance the comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosures to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position.

**Financial Highlights**

As of December 31, 2018 and 2017, total assets and deferred outflows of resources of RTD exceeded total liabilities and deferred inflows of resources by \$3,463,506 and \$3,413,509 respectively. The amount of unrestricted net position as of December 31, 2018 was \$(207,306) compared to \$(223,204) in 2017. RTD's unrestricted net position was negatively impacted by the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). GASB 68 required RTD to record the amount of unfunded pension liabilities. More information on the pension plans is available in the Notes.

The net position of RTD increased by \$49,997 during the current year compared to an increase of \$91,157 in the previous year. The increase for 2018 and 2017 was due to higher operating revenues, sales and use 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 \$36,005 (6.0%) in 2018 and increased \$34,589 (6.1%) in the previous year. In 2018 and 2017, The District experienced growth in tax revenues due to increased consumer and business-spending activity as the District continues to experience population growth in both years of 1.4%, low unemployment of 3.3% and 2.7% as well as growth in personal income of 5.4% and 5.8%, respectively.

For 2018, total operating expenses exceeded total revenues resulting in a loss before non-operating revenue and expenses of \$713,392 compared to a loss of \$683,158 for 2017. The increase in operating loss for 2018 and 2017 was mostly due to FasTracks launch of A and B line depreciating assets for a full year and betterments for the North Metro and Southeast Corridor Extension build-outs. 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 decreased \$68,788 (2.0%) and decreased \$93,317 (2.6%) in 2018 and 2017, respectively. Debt decreased in 2018 due to payment of principal and 2017 due to the refunding and partial extinguishment of the DUSPA bonds.

Capital grants and local contributions decreased \$5,393 (6.2%) in 2018 and decreased 115,840 (57.3%) in the previous year. The decrease in 2018 was a result of South East Rail Extension being in final phase of completion. The decrease in 2017 occurred as a result of Eagle P3 project construction being in the final phase of completion.

RTD's capital assets, excluding depreciation, increased \$312,270 (3.6%) in 2018 and increased \$420,558 (5.2%) in 2017. The increase in both 2018 and 2017 was primarily due to the build-out of the FasTracks project.



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**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 resources 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 statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows.

RTD provides bus, paratransit, and light rail service in a 2,342 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.

**Statements of Net Position** – As of December 31, 2018 and 2017, total assets and deferred outflows of resources of RTD exceeded total liabilities and deferred inflows of resources by \$3,463,506 and \$3,413,509, respectively. The largest portion of this excess, in 2018 and in 2017, 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, 2018 was \$(207,306) compared to \$(223,204) in 2017. 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

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the budget process. The deficit balance in Unrestricted Net Position includes an allowance for a Net Pension Liability of \$303,435 in 2018 for the represented employee defined benefit pension plan (see Note I). RTD has recognized this liability in its financial statements in accordance with *GASB Statement 68*; however, RTD is current in making all required contributions under the collective bargaining agreement.

<b>Condensed Summary Statements of Net Position</b>			
	2018	2017	2016
<b>Assets and Deferred Outflows of Resources:</b>			
Current assets	\$ 590,800	\$ 509,171	\$ 519,762
Current assets - restricted	231,752	270,180	508,998
Capital assets (net of accumulated depreciation)	6,851,205	6,804,036	6,602,020
Other noncurrent assets	146,383	263,293	139,192
Total assets	7,820,140	7,846,680	7,769,972
Deferred outflows of resources	80,739	95,038	107,526
Total assets and deferred outflows of resources	7,900,879	7,941,718	7,877,498
<b>Liabilities and Deferred Inflows of Resources:</b>			
Current liabilities	249,953	255,237	238,297
Noncurrent liabilities	4,083,427	4,253,670	4,311,085
Total liabilities	4,333,380	4,508,907	4,549,382
Deferred inflows of resources	103,993	19,302	5,764
Total liabilities and deferred inflows of resources	4,437,373	4,528,209	4,555,146
<b>Net position:</b>			
Net investment in capital assets	3,144,175	3,135,186	3,119,274
Restricted debt service	139,779	148,627	142,564
Restricted TABOR	24,079	25,735	21,609
Restricted Other	362,779	303,449	253,384
Unrestricted	(207,306)	(223,204)	(214,479)
Total net position	\$ 3,463,506	\$ 3,389,793	\$ 3,322,352

In 2018, capital assets net of accumulated depreciation increased \$47,169 (0.7%) for acquisition of revenue equipment, buildings, land, and construction in progress for the projects in the FasTracks program.

Current liabilities decreased \$5,284 (2.1%) in 2018 primarily due to lower volume of Ecopass 2019 contracts processed and reduction of construction contract retention.

Noncurrent liabilities and deferred inflows decreased \$85,552 (2.0%) in 2018 primarily due to change in the Net Pension Liability recognition of deferred resources as require by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The net position of RTD increased by \$49,997 (1.5%) during the current year compared to an increase of \$91,157 (2.7%) in the previous year. The increase in 2018 and 2017 was due to higher operating revenues, sales and use tax collection increases a one-time gain recognized for a bond refunding, net of increases in operating expenses and non-operating expenses.

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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 change of net position. The key elements of changes in net position for the fiscal years ended December 31, 2018 and 2017 with comparative information for 2016 are shown in the following table:

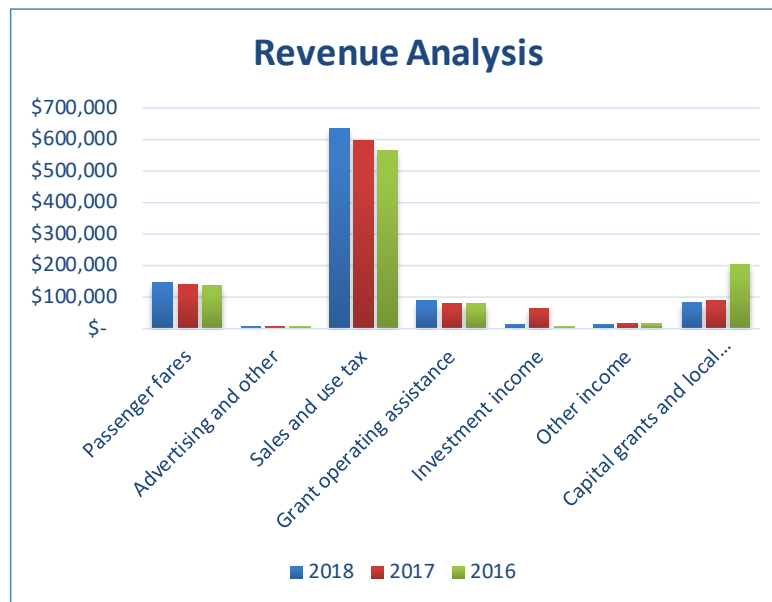
The information contained in the condensed information table is used as the basis for the revenue and expense discussion presented below, surrounding RTD's activities for the fiscal years ended December 31, 2018, 2017 and 2016.

<b>Summary of Revenues, Expenses, and Changes in Net Position</b>			
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Operating revenue:			
Passenger fares	\$ 143,231	\$ 140,217	\$ 134,622
Advertising and other	7,535	7,159	5,803
Total operating revenue	<u>150,766</u>	<u>147,376</u>	<u>140,425</u>
Operating expenses:			
Salaries and wages	183,899	172,535	163,650
Fringe benefits	52,993	91,442	96,389
Materials and supplies	51,335	44,686	52,180
Services	81,189	77,323	58,560
Utilities	16,419	16,503	14,220
Insurance	9,941	13,319	10,382
Purchased transportation	176,416	159,051	156,605
Leases and rentals	1,996	2,829	3,288
Miscellaneous	4,317	4,213	4,183
Depreciation	285,653	248,633	222,154
Total operating expenses	<u>864,158</u>	<u>830,534</u>	<u>781,611</u>
Operating loss	<u>(713,392)</u>	<u>(683,158)</u>	<u>(641,186)</u>
Nonoperating revenues (expenses):			
Sales and use tax	634,192	598,187	563,598
Grant operating assistance	86,403	80,412	77,335
Investment income	13,409	63,030	6,371
Other income/Gain on Sale of Assets	12,618	14,618	15,591
Interest expense	(62,770)	(65,346)	(77,272)
Other expense/ Unrealized Loss on Assets	(1,465)	(2,981)	(1,258)
Net nonoperating revenue (expenses)	<u>682,387</u>	<u>687,920</u>	<u>584,365</u>
Income before capital contribution	(31,005)	4,762	(56,821)
Capital grants and local contributions	<u>81,002</u>	<u>86,395</u>	<u>202,235</u>
Increase in net position	49,997	91,157	145,414
NET POSITION, beginning of year	3,413,509	3,322,352	3,176,938
NET POSITION, end of year	<u>\$ 3,463,506</u>	<u>\$ 3,413,509</u>	<u>\$ 3,322,352</u>

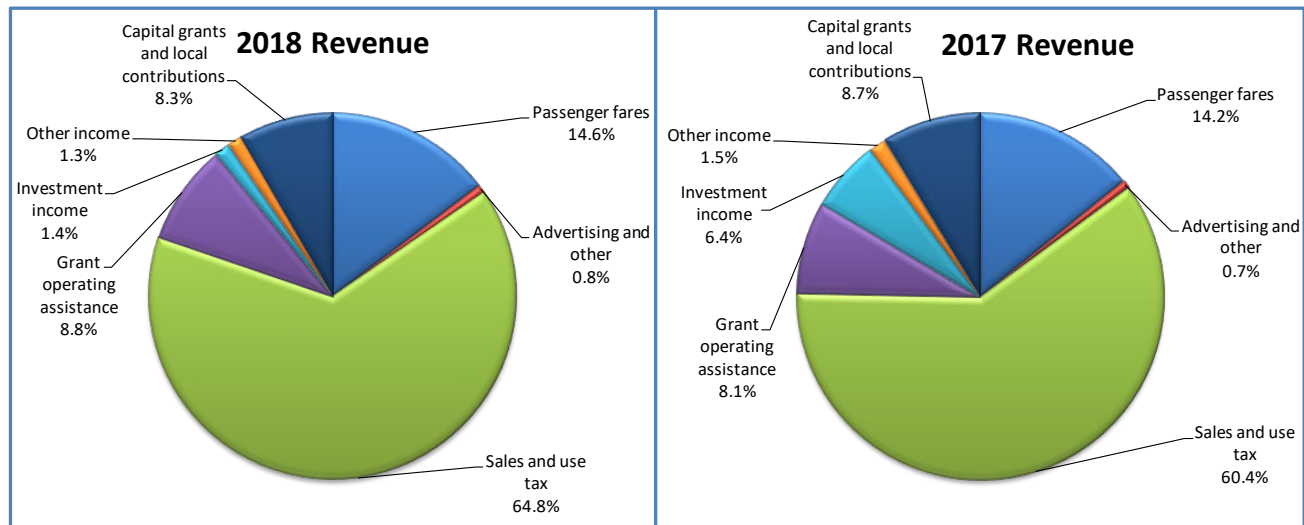
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**Revenues** - The following schedule and charts show the major sources of revenue for the years ended December 31, 2018, 2017 and 2016.

	<b>Revenue Analysis</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Revenues</b>			
Passenger fares	\$ 143,231	\$ 140,217	\$ 134,622
Advertising and other	7,535	7,159	5,803
Sales and use tax	634,192	598,187	563,598
Grant operating assistance	86,403	80,412	77,335
Investment income	13,409	63,030	6,371
Other income	12,618	14,618	15,591
Capital grants and local contributions	81,002	86,395	202,235
<b>Total Revenues</b>	<b>\$ 978,390</b>	<b>\$ 990,018</b>	<b>\$ 1,005,555</b>



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**Passenger fares** – Passenger fares provided 14.6% and 14.2% of total revenues in 2018 and 2017, 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 \$3,014 (2.1%) in 2018 compared to an increase of \$5,595 (4.2%) in 2017. Passenger fares changes in 2018 and 2017 were minimal.

**Advertising and other** – Advertising and other revenue provided 0.8% and 0.7% of total revenues in 2018 and 2017; this includes revenues from advertisements primarily on RTD's buses and external wraps on light rail vehicles. Advertising and other income increased \$376 (5.3%) in 2018 compared to an increase of \$1,356 (23.4%) in 2017. The increase in 2018 was minimal. The increase in 2017 was due to an increase in advertising revenue related to a stronger economy, new rail lines and revenue for lease and naming rights.

**Sales and Use Tax** – Sales and use tax provided 64.8% and 60.4% of RTD's total revenues in 2018 and 2017 respectively. Sales and use tax is a dedicated 1.0% tax imposed on certain sales within the service area. Sales and use tax increased \$36,005 (6.0%) in 2018 compared to an increase of \$34,589 (6.1%) in 2017. In 2018 and 2017, the District experienced growth in tax revenues due to increased consumer and business-spending activity as the District continues to experience population growth of 1.4% and 1.4%, low unemployment of 3.3% and 2.7% as well as growth in personal income of 5.4% and 5.8%, respectively.

**Grant operating assistance** – Grant operating assistance provided 8.8% and 8.1% of total revenues in 2018 and 2017. Grant operating assistance increased \$5,991 (7.5%) in 2018 compared to an increase of \$3,077 (4.0%) in 2017. 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 increase in both 2018 and 2017 is the result of grant funding sources being available during the year.

**Investment Income** – Investment income provided 1.4% and 6.4% of total revenues in 2018 and 2017. Investment income decreased \$49,621 (78.7%) in 2018 compared to an increase of \$56,659 (889.3%) in 2017. The decrease in 2018 was due to the 2017 gain from extinguishment of debt. The increase in 2017 was due to the gain from extinguishment of DUSPA Bonds.

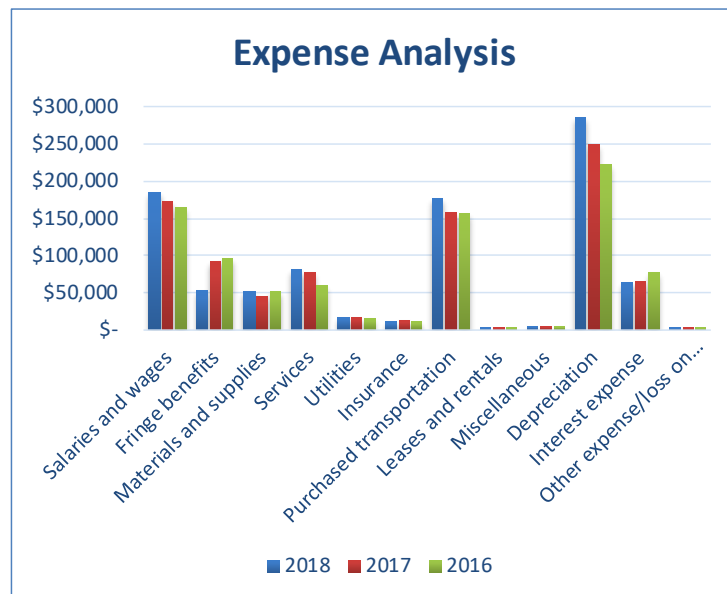
**Other Income/Gain on sale of Assets** – Other income provided 1.3% and 1.5% of total revenues in 2018 and 2017. Other income decreased \$2,000 (13.7%) in 2018 compared to a decrease of \$973 (6.2%) in 2017. Other income includes interest subsidy income, rental income from retail space, parking, and miscellaneous other items. The decrease in 2018 was due to a onetime gain on asset disposals in 2017. The decrease in 2017 was due to reduction of asset sales, which was primarily attributable to the sale of three Fort Lupton parcels sold in 2016.

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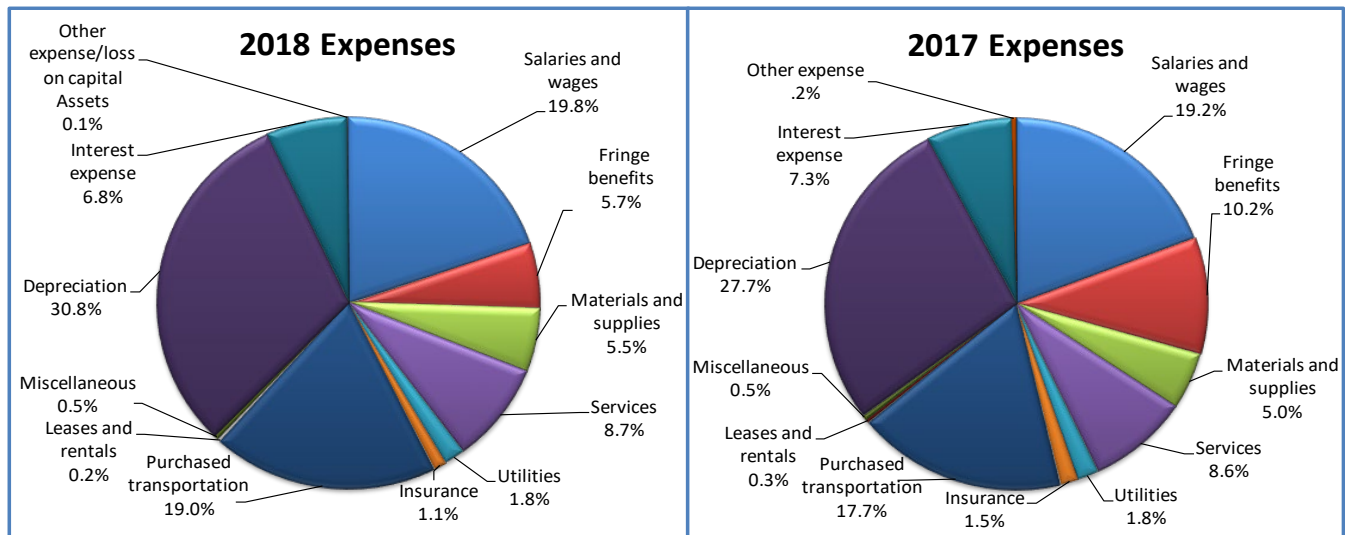
**Capital grants and local contributions** – Capital grants and local contributions provided 8.3% and 8.7% of total revenues in 2018 and 2017. Capital grants and local contributions decreased \$5,393 (6.2%) in 2018 and decreased \$115,840 (57.3%) in the previous year. The decrease in 2018 and 2017 was a result of lower capital contributions related to completion of major construction projects.

**Expenses** - The following schedule and charts shows the major sources of expenses for the years ended December 31, 2018, 2017 and 2016.

Expense Analysis			
Expenses	2018	2017	2016
Salaries and wages	\$ 183,899	\$ 172,535	\$ 163,650
Fringe benefits	52,993	91,442	96,389
Materials and supplies	51,335	44,686	52,180
Services	81,189	77,323	58,560
Utilities	16,419	16,503	14,220
Insurance	9,941	13,319	10,382
Purchased transportation	176,416	159,051	156,605
Leases and rentals	1,996	2,829	3,288
Miscellaneous	4,317	4,213	4,183
Depreciation	285,653	248,633	222,154
Interest expense	62,770	65,346	77,272
Other expense/loss on capital Assets	1,465	2,981	1,258
<b>Total Expenses</b>	<b>\$ 928,393</b>	<b>\$ 898,861</b>	<b>\$ 860,141</b>



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**Salaries and wages**—Salary and wage expense is the largest expense category accounting for 19.8% and 19.2% of the total RTD expenses in 2018 and 2017, respectively. Salary and wage expenses increased by \$11,364 (6.6%) in 2018 compared to an increase of \$8,885 (5.4%) in 2017. Increases in both years occurred from salary and wage performance (result based) and progression increases, and additional service provided with the openings of new rail lines.

**Benefits** – Fringe benefits accounted for 5.7% and 10.2% of total expenses in 2018 and 2017. Fringe benefits decreased by \$38,449 (42.0%) in 2018 compared to a decrease of \$4,947 (5.1%) in 2017. The fluctuations for both 2018 and 2017 is primarily due to implementation GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities.

**Materials and supplies** – The materials and supplies expense category accounted for 5.5% and 5.0% of the total expenses in 2018 and 2017 respectively. Materials and supplies expenses increased \$6,649 (14.9%) in 2018 compared to a decrease of \$7,494 (14.4%) in 2017. The increase in 2018 is primarily due to higher diesel fuel and gas prices. The decrease in 2017 is primarily due to a decrease in diesel/gasoline fuel prices.

**Services** – Services expense accounted for 8.7% and 8.6% of total expenses in 2018 and 2017. 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 increased \$3,866 (5.0%) in 2018 compared to an increase of \$18,763 (32.0%) in 2017. The increase in 2018 contractual increases and additional security services. The increase in 2017 was primarily due to contract services for betterments for North Metro Rail and South East Extension projects.

**Utilities** – Utilities accounted for 1.8% of total expenses for both years 2018 and 2017. Utilities expense includes electric, telecommunications, water and sewer, and natural gas for facilities. Utilities expense decreased \$84 (0.5%) in 2018 compared to an increase of \$2,283 (16.1%) in 2017. The decrease in 2018 was negligible. The increase in 2017 occurred primarily due to traction power costs due to the opening of the University of Colorado A line and the B Line commuter rail.

**Insurance** – Insurance accounted for 1.1% and 1.5% of total expenses in 2018 and 2017. 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 \$3,378 (25.4%) in 2018 compared to an increase of \$2,937 (28.3%). The variation in both years 2018 and 2017 was due fluctuating frequency and severity of claims.

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**Purchased transportation** – The purchased transportation expense category accounted for 19.0% and 17.7% of the total expenses in 2018 and 2017. Purchased transportation represents the costs of contracted transportation services for bus, commuter rail, access-a-Ride, and FlexRide services. Purchased transportation costs increased \$17,365 (10.9%) in 2018 compared to an increase of \$2,446 (1.6%) in 2017. The increase in 2018 was due to a higher scheduled payments to DTP included TABOR as well as contractual increases. The increase in 2017 was due to contractual 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 decreased \$833 (29.4%) in 2018 compared to a decrease of \$459 (14.0%) in 2017. The decrease in 2018 and 2017 was primarily due to RTD's reduction of office space due to completion of FastTracks projects.

**Miscellaneous** – Miscellaneous expense includes other incidental operating expenses not included in other defined categories. Miscellaneous expenses increased \$104 (2.5%) in 2018 compared to a decrease of \$30 (0.7%) in 2017. This category includes additional one-time project expenses creating fluctuations between years.

**Depreciation** – The depreciation expense category accounted for 30.8% and 27.7% of the total expenses in 2018 and 2017, 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 \$37,020 (14.9%) in 2018 compared to an increase of \$26,479 (11.9%) in 2017. The increase in both 2018 and 2017 occurred primarily due to the FasTracks assets that were placed in revenue service.

**Interest expense** – The interest expense category accounted for 6.8% and 7.3% of the total expenses in 2018 and 2017, respectively. Interest expense decreased \$2,576 (3.9%) in 2018 compared to a decrease of \$11,926 (15.4%) in 2017. The decrease in 2018 is due to reduced principal resulting in decrease in interest expense. The decrease in 2017 interest expense is due to partial refunding of Sale Tax Bonds, Certificates of Participation and partial extinguishment and refunding of DUSPA bonds.

**Other expense** – Other expense includes miscellaneous non-operating expenses not classified in other expense categories. Other expense decreased \$1,516 (50.9%) in 2018 compared to an increase of \$1,723 (137.0%) in 2017. The increase in 2017 was primarily due to issuance costs for 2017A/2017B Sales Tax FasTracks Revenue Bonds while there were no issuance costs in 2018.

**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 2018 was \$6,851,205 compared to \$6,804,036 in 2017. The increase in capital assets in 2018 was \$47,169 (0.7%) compared to an increase of \$202,106 (3.1%) in 2017. 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 2018 and 2017 were primarily due to the cost of planning, design and construction of FasTracks projects and fleet acquisition.



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The following table summarizes capital assets, net of accumulated depreciation, as of December 31, 2018 and 2017 with comparative information for 2016.

	<b>Capital Assets (Net of Depreciation)</b>		
	2018	2017	2016
Land	\$741,541	\$742,384	\$584,328
Land improvements	4,181,583	3,979,316	3,404,522
Buildings	637,720	604,642	606,801
Revenue earning equipment	1,219,967	1,216,116	1,137,735
Shop, maintenance and other equipment	310,316	289,390	261,265
Construction in progress	1,802,235	1,749,244	2,165,883
<b>Total</b>	<b>\$8,893,362</b>	<b>\$8,581,092</b>	<b>\$8,160,534</b>
Less accumulated depreciation:			
Land improvements	1,133,755	966,442	825,669
Buildings	243,160	227,186	210,577
Revenue earning equipment	475,388	426,462	377,217
Shop, maintenance and other equipment	189,854	156,966	145,051
<b>Total accumulated depreciation</b>	<b>2,042,157</b>	<b>1,777,056</b>	<b>1,558,514</b>
Total capital assets being depreciated, net	4,307,429	4,312,408	3,851,809
<b>Capital assets, net</b>	<b>\$6,851,205</b>	<b>\$6,804,036</b>	<b>\$6,602,020</b>

Major capital asset events during the 2018 fiscal year included the following:

**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 2019 with an option to extend construction to 162<sup>nd</sup> Avenue if additional funding is identified. In 2018, expenditures related to the North Metro Corridor were approximately \$100,582.

**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 be fully in revenue service in 2019.

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. 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. The East Corridor opened for revenue service in April 2016.

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**FasTracks Commuter Rail Maintenance Facility** - The Commuter Rail Maintenance Facility is designed to service the four planned commuter rail corridors (East Corridor, Gold Line, North Metro, and Northwest Rail) included in the FasTracks plan. The Facility opened in 2015.

**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. The Gold Line is planned to be open for revenue service in 2019.

**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. This segment opened for revenue service in Summer 2016.

**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 serves the Aurora City Center and the Anschutz/Fitzsimons Medical Campus. This line opened for revenue service in February 2017.

**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 space Park-n-Ride facility. In 2018, expenditures related to the Southeast Rail Extension were \$32,848. The project is expected to open for revenue service in 2019.

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

### Debt Administration

The following table summarizes outstanding debt obligations as of December 31, 2018 and 2017 with comparative information for 2016.

Outstanding Debt			
	2018	2017	2016
Bonds and COPs payable:			
Sales Tax Revenue Bonds	\$ 2,072,489	\$ 2,088,744	\$ 2,190,533
Certificates of Participation	1,137,932	1,176,397	1,199,275
Total Principal	3,210,421	3,265,141	3,389,808
Issuance premiums and discounts	242,082	256,150	224,800
<b>Debt net of issuance and refunding</b>	<b>\$ 3,452,503</b>	<b>\$ 3,521,291</b>	<b>\$ 3,614,608</b>

**Outstanding debt** - Outstanding debt includes sales tax revenue bond, a Transportation Infrastructure and Innovation Act (TIFIA) loan, certificates of participation, and a Purchase and Assignment Agreement. The 2018 outstanding debt was \$3,452,503 compared to \$3,521,291 in 2017. Outstanding debt decreased by \$68,788 (2.0%) in 2018 and decreased by \$93,317 (2.6%) in 2017. The decrease in 2017 is primarily due to refunding and extinguishment of DUSPA Bonds. The decrease in 2018 was due to payment of principal on outstanding debt.

**Sales tax revenue bonds** - RTD issues sales tax revenue bonds to fund the acquisition and construction of assets. The sales tax revenue bonds were \$2,072,489 and \$2,088,744 as of December 31, 2018 and 2017, respectively. The sales tax revenue bonds decreased \$16,255 (0.8%) in 2017 compared to a decrease of \$101,789 (4.6%) in 2017. The decrease in 2018 was due to payment of principal on outstanding debt. The decrease in 2017 is primarily due to refunding of DUSPA bonds.

**REGIONAL TRANSPORTATION DISTRICT**  
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**Certificates of participation** - Certificates of participation relate to financial obligations issued by the 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 \$1,137,932 and \$1,176,397 as of December 31, 2018 and 2017, respectively. The Certificates outstanding decreased \$38,465 (3.3%) in 2018 compared to a decrease of \$22,878 (1.9%) in 2017. The decrease in 2018 and 2017 is due to principal payment reducing debt.

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:

<b>Rating Agency</b>	<b>Base System Bonds 0.6% Sales &amp; Use Tax</b>	<b>FasTracks Bonds 0.4% Sales &amp; Use Tax</b>	<b>Certificates of Participation</b>
Standard & Poor's	AAA	AA +	A
Moody's	Aa1	Aa2	Aa3
Fitch	AA	AA	AA-

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

**Economic Factors and Subsequent Events after adoption of the 2018 Budget**

RTD is dependent on sales and use taxes, which are the largest single source of revenue for RTD, representing 64.9% and 60.4% of the total revenues in 2018 and 2017 respectively. Sales and use tax revenues are affected by the local economy in which changes will affect the level of funding available to RTD during its fiscal year.

RTD is dependent on passenger fares collected for transit services provided. Passenger fares accounted for 14.7% and 14.2% of total revenues in 2018 and 2017, respectively. Passenger fare collections may be affected by fare levels charged by RTD.

RTD is dependent on federal and local grant funding as well as local capital contributions for both operations and capital expenditures. Grants and local contributions provided 17.1% and 16.8% of total revenues in 2018 and 2017, respectively. Grant funding and local capital contributions are only available for use by RTD for qualifying expenditures after appropriation is made by the awarding agency.

Each year, RTD proposes an Amended Budget at mid-year to the Board of Directors for appropriation in order to adjust revenue and expenditures for the remainder of the fiscal year according to existing economic conditions and fiscal results. RTD may also present budget amendments to the Board of Directors for approval at any time during the fiscal year to accommodate economic factors.

In June 2018, the Board of Directors approved the 2018 Amended Budget in which the primary changes driven by economic factors were an increase in fuel prices and wage and contracted services that were driven higher due to the tight labor market and the rising cost of living in the District.

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RTD is in various phases of construction and testing on the Southeast Rail Extension (SERE), the North Metro rail line and the Gold Line. Each of these FasTracks projects is expected to open for revenue service during the next few years. Additional funding for other capital projects within the FasTracks project scope have been deferred due to a lack of funding.

**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 Finance Division.

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***BASIC FINANCIAL STATEMENTS***

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

	<b>2018</b>	<b>2017</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 260,906	\$ 252,595
Marketable interest bearing investments (note B)	67,503	2,860
Receivables:		
Sales tax	113,329	106,224
Other, less allowance for doubtful accounts of \$384 and \$382 at December, 31 2018 and 2017, respectively	15,534	18,224
Grants	16,279	42,449
Inventories	31,103	33,193
Other current assets (note C)	86,146	53,626
Cash and cash equivalents - restricted	124,222	209,834
Marketable interest bearing investments - restricted (note B)	107,530	60,346
Total current assets	<u>822,552</u>	<u>779,351</u>
<b>Noncurrent Assets:</b>		
Capital assets (note D):		
Land	741,541	742,384
Land improvements	4,181,583	3,979,316
Buildings	637,720	604,642
Revenue earning equipment	1,219,967	1,216,116
Shop, maintenance and other equipment	310,316	289,390
Construction in progress	1,802,235	1,749,244
Total capital assets	8,893,362	8,581,092
Less accumulated depreciation	<u>(2,042,157)</u>	<u>(1,777,056)</u>
Net capital assets	<u>6,851,205</u>	<u>6,804,036</u>
<b>Other Noncurrent Assets:</b>		
Long-term marketable interest bearing investments - restricted (note B)	76,027	126,424
Long-term marketable interest bearing investments - unrestricted (note B)	70,356	136,869
Total other noncurrent assets	<u>146,383</u>	<u>263,293</u>
Total noncurrent assets	<u>6,997,588</u>	<u>7,067,329</u>
Total assets	<u>7,820,140</u>	<u>7,846,680</u>
<b>Deferred Outflows of Resources:</b>		
Debt related (note A)	36,547	40,721
Pension related (note A and F)	44,192	54,317
Total deferred outflows of resources	<u>80,739</u>	<u>95,038</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)**

	<b>2018</b>	<b>2017</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>Current Liabilities:</b>		
Accounts and contracts payable	\$ 104,357	\$ 108,584
Current portion of long-term debt payable from restricted assets (note E)	67,335	64,700
Accrued compensation (note F)	23,868	22,787
Accrued interest payable from restricted assets	18,689	18,957
Other accrued expenses	35,704	40,209
Total current liabilities	<u>249,953</u>	<u>255,237</u>
<b>Noncurrent Liabilities:</b>		
Long-term debt, net (note E)	3,385,168	3,456,591
Net Pension Liability (note F)	268,278	384,208
Other liabilities (note E)	429,981	412,871
Total noncurrent liabilities	<u>4,083,427</u>	<u>4,253,670</u>
Total liabilities	<u>4,333,380</u>	<u>4,508,907</u>
<b>Deferred Inflows of Resources:</b>		
Debt related (note A)	485	554
Pension related (note A and F)	103,508	18,748
Total deferred inflows of resources	<u>103,993</u>	<u>19,302</u>
<b>NET POSITION</b>		
Net investment in capital assets (note I)	3,144,175	3,135,186
Restricted debt service (note I)	139,779	148,627
Restricted TABOR (note I)	24,079	25,735
Restricted Fastracks (note I)	361,275	325,663
Restricted Deposits (note I)	1,504	1,502
Unrestricted net position (note I)	<u>(207,306)</u>	<u>(223,204)</u>
Total net position	<u>\$ 3,463,506</u>	<u>\$ 3,413,509</u>

The accompanying notes are an integral part of these statements.



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

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUE:</b>		
Passenger fares	\$ 143,231	\$ 140,217
Advertising, rent, and other	<u>7,535</u>	<u>7,159</u>
Total operating revenue	<u>150,766</u>	<u>147,376</u>
<b>OPERATING EXPENSES:</b>		
Salaries and wages	183,899	172,535
Fringe benefits	52,993	91,442
Materials and supplies	51,335	44,686
Services	81,189	77,323
Utilities	16,419	16,503
Insurance	9,941	13,319
Purchased transportation	176,416	159,051
Leases and rentals	1,996	2,829
Miscellaneous	4,317	4,213
Depreciation	<u>285,653</u>	<u>248,633</u>
Total operating expenses	<u>864,158</u>	<u>830,534</u>
OPERATING LOSS	<u>(713,392)</u>	<u>(683,158)</u>
<b>NONOPERATING REVENUE (EXPENSES):</b>		
Sales and use tax	634,192	598,187
Grant operating assistance (note A)	86,403	80,412
Investment income	13,409	63,030
Other income	12,618	10,596
Gain(Loss) on capital assets	(1,449)	4,022
Interest expense (note A)	(62,770)	(65,346)
Other expense	<u>(16)</u>	<u>(2,981)</u>
Net nonoperating revenue (expenses)	<u>682,387</u>	<u>687,920</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS AND LOCAL CONTRIBUTIONS	(31,005)	4,762
Capital grants and local contributions (note A)	<u>81,002</u>	<u>86,395</u>
INCREASE IN NET POSITION	49,997	91,157
NET POSITION, beginning of year	<u>3,413,509</u>	<u>3,322,352</u>
NET POSITION, end of year	<u>\$ 3,463,506</u>	<u>\$ 3,413,509</u>

The accompanying notes are an integral part of these statements.

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

	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 148,935	\$ 161,562
Payments to suppliers	(454,055)	(313,454)
Payments to employees	(161,961)	(228,785)
Net cash used in operating activities	<u>(467,081)</u>	<u>(380,677)</u>
<b>Cash provided from noncapital financing activities:</b>		
Grant operating assistance	86,403	80,412
Sales and use tax collections	627,087	593,941
Other revenue	<u>12,618</u>	<u>10,596</u>
Net cash provided by noncapital financing activities	<u>726,108</u>	<u>684,949</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal paid on long-term debt	(64,700)	(489,841)
Proceeds from issuance of debt	9,980	365,174
Issuance Premiums/Discounts	(14,068)	31,350
Capital grant funds and other contributions received	107,172	138,408
Proceeds from sale of assets	808	4,618
Acquisition and construction of capital assets	(267,869)	(384,965)
Cost of issuance	-	(2,979)
Interest paid on long-term debt	<u>(126,143)</u>	<u>(142,867)</u>
Net cash used in capital and related financing activities	<u>(354,820)</u>	<u>(481,102)</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(58,123)	(132,279)
Proceeds from sales and maturities of investments	63,206	165,672
Interest and dividends on investments	<u>13,409</u>	<u>63,030</u>
Net cash provided by investing activities	<u>18,492</u>	<u>96,423</u>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(77,301)</b>	<b>(80,407)</b>
Cash and cash equivalents - January 1	<u>462,429</u>	<u>542,836</u>
Cash and cash equivalents - December 31	<u><b>\$ 385,128</b></u>	<u><b>\$ 462,429</b></u>

The accompanying notes are an integral part of these statements.

**REGIONAL TRANSPORTATION DISTRICT**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**Years ended December 31,**  
**(In Thousands)**

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

	<b>2018</b>	<b>2017</b>
Operating loss	\$ (713,392)	\$ (683,158)
Adjustment to reconcile operating loss to net cash used in operating activities		
Depreciation expense	285,653	248,633
Bad debt expense	(16)	(3)
Changes in operating assets and liabilities:		
Decrease in other accounts receivable	2,690	2,906
Decrease in inventories	2,090	819
Increase in other current assets	(32,520)	(39,984)
Decrease in deferred outflow pension	10,125	20,283
Decrease/(increase) in accounts payable	(103,047)	43,635
Increase in accrued compensation and expenses	1,081	1,082
Decrease/(increase) in other accrued expenses	(4,505)	11,283
Increase in deferred inflow pension	84,760	13,827
Net cash used in operating activities	<u>\$ (467,081)</u>	<u>\$ (380,677)</u>

**RECONCILIATION OF CASH and CASH EQUIVALENTS:**

Cash and cash equivalents	\$ 260,906	\$ 252,595
Cash and cash equivalents - restricted	124,222	209,834
Total cash and cash equivalents	<u>\$ 385,128</u>	<u>\$ 462,429</u>

Noncash investing, capital and financing activities:

RTD had unrealized losses on investments of \$28 and \$46 for 2018 and 2017, respectively.

RTD received noncash local match contributions for federal grants of \$342 and \$371 for 2018 and 2017, respectively.

RTD recognized deferred inflow/outflow for debt of \$4 and (\$8) for 2018 and 2017, 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 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 pronouncements 14 and 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, 2018 and 2017. 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.

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.

**REGIONAL TRANSPORTATION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017 (Dollars in Thousands)**

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**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 Current 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 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.

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.

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

	2018	2017
Interest expense	\$ 62,770	\$ 65,346
Capitalized interest	67,211	66,279
Total interest cost	<u>\$ 129,981</u>	<u>\$ 131,625</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 \$378,780 and \$350,394 at December 31, 2018 and 2017, respectively.

**12. Deferred Outflows/Inflows of Resources**

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.

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.

**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.

**14. 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.

**REGIONAL TRANSPORTATION DISTRICT**  
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**15. 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 MyRide stored value, Mobile ticketing products, ten ride and day pass tickets are 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, Series 2013A, 2016A, 2017A and 2017 B bond resolutions, and TIFIA Sales Tax Loan and Series 2016A, 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 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 tax revenues in the amount of approximately \$3,839,274 through 2050. Principal and interest paid for the current year and pledged revenues received were \$112,777.

**Grants and Local Contributions**

RTD receives grants from the federal government, through the Federal Transit Administration (FTA). Grants are also awarded to RTD by state of Colorado through the Colorado Department of Transportation. The federal and state governments issue grants to RTD for operations and acquisition of property and equipment.

The amount recorded as capital grant revenue was \$52,229 and \$75,500 in 2018 and 2017, respectively. Operating assistance grant revenue was \$86,403 and \$80,412 in 2018 and 2017, respectively. Other contribution revenue was \$28,773 and \$10,895 in 2018 and 2017, respectively.

Grants and local contributions are recorded as revenue by RTD once all applicable eligibility requirements are met.

**16. 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.

**17. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions



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to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**18. *TABOR (Taxpayer's Bill of Rights) – Reserve Composition***

Restricted net position represents amounts constrained by external parties or legislation. In 1992, Colorado voters approved an amendment to the state constitution referred to as the TABOR (Taxpayer's Bill of Rights) Amendment in which certain annual limitations were placed on the growth of government revenues. The Amendment also requires that an Emergency Reserve, referred to as Restricted TABOR, of 3.0% of fiscal year spending excluding debt service be maintained for all years subsequent to 1994 for declared emergencies.

**REGIONAL TRANSPORTATION DISTRICT**  
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**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 PDPA 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, 2018 and 2017, respectively, RTD had bank deposits of \$33,514 and \$5,191 collateralized with securities held by the pledging financial institutions' trust department or agent but not in RTD's name.

**Investments**

At December 31, 2018, the Regional Transportation District's investments consisted of the following:

Investment Type	Fair Value	< 6 Months	6-12 Months	1-5 Years
U.S. Treasury Securities	\$ 265,859	\$ 50,778	\$ 106,318	\$ 108,763
U.S. Agency Securities	35,445	8,262	559	26,624
Municipal Bonds	683	339	144	200
Corporate bonds	19,429	2,994	5,639	10,796
Total	\$ 321,416	\$ 62,373	\$ 112,660	\$ 146,383

At December 31, 2017, the Regional Transportation District's investments consisted of the following:

Investment Type	Fair Value	< 6 Months	6-12 Months	1-5 Years
U.S. Treasury Securities	\$ 255,483	\$ 16,626	\$ 35,081	\$ 203,776
U.S. Agency Securities	43,332	170		43,162
Municipal Bonds	2,716	434	1,596	686
Corporate bonds	24,968	8,980	319	15,669
Total	\$ 326,499	\$ 26,210	\$ 36,996	\$ 263,293

**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.

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6. Time Deposits/Time Certificates of Deposits.
7. Bankers' Acceptances Notes.
8. Repurchase agreements.
9. Money market funds.
10. Local government Investment Pools.
11. Any other Investment permitted under CRS 24-75-601 et seq.

Credit ratings of RTD's portfolio, as of December 31, 2018 and 2017, are exhibited in the table below. Portfolio holdings adhere to RTD's investment policy and applicable statute. Investments rated AAA, AA and A are from the Standard & Poor's rating service. Investments rated A-1 + /P-1 are from the Standard & Poor's and Moody's rating services, respectively.

At December 31, 2018, the Regional Transportation District's investment credit ratings consisted of the following:

Investment Ratings	Market Value
AAA (Standard & Poor's)	\$ 304,628
AA (Standard & Poor's)	11,767
A	5,021
Total:	<u>\$ 321,416</u>

At December 31, 2017, the Regional Transportation District's investment credit ratings consisted of the following:

Investment Ratings	Market Value
AAA (Standard & Poor's)	\$ 304,503
AA (Standard & Poor's)	21,422
A	574
Total:	<u>\$ 326,499</u>

**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, 2018, RTD was in compliance with these limits. As of December 31, 2017, RTD was in compliance with limitations set out in RTD's previous investment policy limitations.

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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/AAAf
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, 2018 and 2017, RTD had \$307,779 and \$396,604 of cash and investments that were restricted under the provisions of bond agreements.

***Fair Value Measurements***

In March 2015, the Governmental Accounting Standards Board (GASB) released Statement No. 72, *Fair Value Measurement and Application*, which would generally require state and local governments to measure investments at fair value. GASB's goal is enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosures to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position.

Level 1 - Unadjusted quoted prices in an active market for identical assets or liabilities that the District has the ability to access at the measurement date. Examples derived from NYSE, NASDAQ, Chicago Board of Trade, Pink Sheets.

Level 2 - Inputs other than quoted prices under Level 1 that are observable for the asset or liability, either directly or indirectly on the measurement date. Examples include Matrix pricing, market corroborated pricing; inputs such as yield curves and indices.

Level 3 - Unobservable inputs for the asset or liability used to measure fair value that rely on the reporting entity's reasonably available information concerning the assumptions that market participants would use in pricing an asset or liability, including

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assumptions about risk. Examples include investment Manager Pricing for Private Placement, Private Equities, and Hedge Funds.

Valuation Inputs Summary for the fiscal period ended December 31, 2018:

Investment in Securities at Value	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	\$ -	\$ 265,859	\$ -	\$ 265,859
U.S. Agency Securities	-	35,445	-	35,445
Municipal Bonds	-	683	-	683
Corporate bonds	-	19,429	-	19,429
Total	\$ -	\$ 321,416	\$ -	\$ 321,416

Valuation Inputs Summary for the fiscal period ended December 31, 2017:

Investment in Securities at Value	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	\$ -	\$ 255,483	\$ -	\$ 255,483
U.S. Agency Securities	-	43,332	-	43,332
Municipal Bonds	-	2,716	-	2,716
Corporate bonds	-	24,968	-	24,968
Total	\$ -	\$ 326,499	\$ -	\$ 326,499

**NOTE C - OTHER CURRENT ASSETS**

Other Current Assets consist of:

	2018	2017
Prepaid expenses	\$ 6,500	\$ 5,494
Prepaid Secure Tabor Interest	72,521	40,954
Eagle P3 construction escrow	5,088	5,088
Park Creek Metro escrow	227	280
Other construction escrow	155	155
Assets held for sale	1,655	1,655
<b>Total Other Current Assets</b>	<b>\$ 86,146</b>	<b>\$ 53,626</b>

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**NOTE D – CAPITAL ASSETS**

Capital asset activity as of December 31, 2018 was as follows:  
(In Thousands)

	Balances 12/31/2017	Additions	Deletions	Balances 12/31/2018
Capital assets not being depreciated:				
Land	\$ 742,384	\$ 34	\$ 877	\$ 741,541
Construction in progress	1,749,244	335,080	282,089	1,802,235
Total capital assets not being depreciated	2,491,628	335,114	282,966	2,543,776
Capital assets being depreciated:				
Land improvements	3,979,316	202,275	8	4,181,583
Buildings	604,642	35,671	2,593	637,720
Revenue earning equipment	1,216,116	21,991	18,140	1,219,967
Shop, maintenance and other equipment	289,390	22,118	1,192	310,316
Total capital assets being depreciated	6,089,464	282,055	21,933	6,349,586
Less accumulated depreciation:				
Land improvements	966,442	167,317	4	1,133,755
Buildings	227,186	17,861	1,887	243,160
Revenue earning equipment	426,462	66,410	17,484	475,388
Shop, maintenance and other equipment	156,966	34,065	1,177	189,854
Total accumulated depreciation	1,777,056	285,653	20,552	2,042,157
Total capital assets being depreciated, net	4,312,408	(3,598)	1,381	4,307,429
Capital assets, net	\$ 6,804,036	\$ 331,516	\$ 284,347	\$ 6,851,205

Depreciation expense was \$285,653 and \$248,633 for years 2018 and 2017, respectively.

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Capital asset activity as of December 31, 2017 was as follows:  
(In Thousands)

	Balances 12/31/2016	Additions	Deletions	Balances 12/31/2017
Capital assets not being depreciated:				
Land	\$ 584,328	\$ 158,361	\$ 305	\$ 742,384
Construction in progress	2,165,883	451,245	867,884	1,749,244
Total capital assets not being depreciated	2,750,211	609,606	868,189	2,491,628
Capital assets being depreciated:				
Land improvements	3,404,522	579,565	4,771	3,979,316
Buildings	606,801	(1,328) *	831	604,642
Revenue earning equipment	1,137,735	97,232	18,851	1,216,116
Shop, maintenance and other equipment	261,265	34,053	5,928	289,390
Total capital assets being depreciated	5,410,323	709,522	30,381	6,089,464
Less accumulated depreciation:				
Land improvements	825,669	145,544	4,771	966,442
Buildings	210,577	17,222	613	227,186
Revenue earning equipment	377,217	68,039	18,794	426,462
Shop, maintenance and other equipment	145,051	17,828	5,913	156,966
Total accumulated depreciation	1,558,514	248,633	30,091	1,777,056
Total capital assets being depreciated, net	3,851,809	460,889	290	4,312,408
Capital assets, net	\$ 6,602,020	\$ 1,070,495	\$ 868,479	\$ 6,804,036

\*Building Additions (\$1,328) is a result of reclass to Shop, maintenance and other equipment.

Depreciation expense was \$248,633 and \$222,154 for years 2017 and 2016, respectively.

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**NOTE E – LONG-TERM DEBT**

Long-term debt is comprised of the following as of December 31:	2018	2017
<b>Sales Tax FasTracks Revenue Refunding Bonds, Series 2007A</b> , due serially on November 1 of 2030 through 2035, issued with a coupon of 4.50% payable semiannually on May 1 and November 1 of each year; including discount of (\$559) and (\$593) for 2018 and 2017, respectively. In 2014, The District did a partial Modification and Exchange on these Bonds, it resulted in a premium with an ending balance of \$13,888 and \$14,667 for 2018 and 2017, respectively. Furthermore, In 2017, The District did another partial Modification and Exchange on these Bonds, it resulted in a premium with an ending balance of \$16,958 and \$17,909 for 2018 and 2017, respectively.	\$ 250,767	\$ 252,463
<b>Sales Tax Revenue Refunding Bonds, Series 2007A</b> , 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 \$3,260 and \$3,819 for 2018 and 2017, respectively.	61,695	73,644
<b>Sales Tax FasTracks Revenue Bonds, Series 2010A</b> , 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 \$1,771 and \$1.860 for 2018 and 2017, respectively.	80,911	81,000
<b>Sales Tax FasTracks Revenue Bonds Taxable (Direct Pay Build America Bonds), Series 2010B</b> , 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
<b>Sales Tax FasTracks Revenue Bonds, Series 2012A</b> , 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 \$53,625 and \$56,472 for 2018 and 2017, respectively.	528,560	531,407
<b>Sales Tax Revenue Refunding Bonds, Series 2013A</b> , 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 \$206 and \$279 for 2018 and 2017, respectively.	14,206	27,149
<b>Sales Tax FasTracks Revenue Refunding Bonds, Series 2013A</b> , 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 \$34,824 and \$36,776 for 2018 and 2017, respectively	239,644	241,596
<b>TIFIA Sales Tax FasTracks Loan</b> , 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.	325,328	315,349
<b>Sales Tax FasTracks Revenue Bonds, Series 2016A</b> , due serially on November 1 of 2036 and 2046, issued with a coupon of 5.0%, payable semiannually on May 1 and November 1 of each year, including premium of \$32,639 and \$33,812 for 2018 and 2017, respectively.	227,604	228,777
<b>Sales Tax FasTracks Revenue Bonds, Series 2017A</b> , due serially on November 1 of each thru 2040, issued with a coupon between 3.625% to 5.0%, payable semiannually on May 1 and November 1 of each year, including premium of \$ 10,611 and \$11,097 for 2018 and 2017, respectively.	91,531	93,992



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	<b>2018</b>	<b>2017</b>
<b>Sales Tax FasTracks Revenue Bonds, Series 2017B</b> , due serially on November 1 of 2033 thru 2036, issued with a coupon between 4.0% to 5.0%, payable semiannually on May 1 and November 1 of each year, including premium of and \$20,134 and \$21,263 for 2018 and 2017, respectively.	\$ 139,599	\$ 140,728
<b>Certificates of Participation Taxable Refunding Obligations, Series 2007A</b> , 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.	4,815	6,255
<b>Certificates of Participation Obligations, Series 2010A</b> , 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 5.00% and 5.50%, including premium of \$749 and \$863 for 2018 and 2017, respectively.	101,679	109,518
<b>Certificates of Participation Taxable (Direct Pay Build America Bonds), Obligations, Series 2010B</b> , 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
<b>Certificates of Participation Obligations, Series 2013A</b> , 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 \$22,074 and \$24,698 for 2018 and 2017, respectively.	180,779	200,663
<b>Certificates of Participation Obligations, Series 2014A</b> , 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 \$22,595 and \$22,444 for 2018 and 2017, respectively.	462,510	463,359
<b>Certificates of Participation Obligations, Series 2015A</b> , as Lessee Under an Annually Renewable Lease Purchase Agreement. Payments are due semiannually on June 1 and December 1 to 2040, issued with coupons between 3.25% and 5.00%, including premium of \$10,307 and \$10,782 for 2018 and 2017, respectively.	139,222	139,698
<b>JPMorgan Chase Bank, N.A., Purchase and Assignment (2016) Agreement</b> , Refunding Project of the 2002A COP's, as Lessee Under an Annually Renewable Lease Purchase Agreement. Payments are due semiannually on June 1 and December 1 to 2022, issued with a coupon of 1.903%.	50,513	62,553
<b>JPMorgan Chase Bank, N.A., Purchase and Assignment (2017) Agreement</b> , Partial Refunding Projects of the 2010A COP's and 2015A COP's, as Lessee Under an Annually Renewable Lease Purchase Agreement. Payments are due semiannually on June 1 and December 1 to 2025, issued with a coupon of 2.437%.	153,140	153,140
Total	<u>3,452,503</u>	<u>3,521,291</u>
Less current portion	<u>(67,335)</u>	<u>(64,700)</u>
<b>Total Long-Term Debt</b>	<u><u>\$ 3,385,168</u></u>	<u><u>\$ 3,456,591</u></u>

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The Sales Tax Revenue Bonds and the TIFIA loan 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 Indenture of Trust, to meet debt service requirements. Sales Tax Revenue Bonds debt service requirements to maturity are as follows:

Year ending December 31,	TIFIA			
	Principal	Capitalized Interest	Interest	Total
2019	\$ 18,715	\$ -	\$ 85,662	\$ 104,377
2020	19,475	-	84,906	104,381
2021	14,795	-	94,835	109,630
2022	10,675	-	94,099	104,774
2023	30,975	-	93,545	124,520
2024-2028	299,593	3,824	438,896	742,313
2029-2033	458,469	9,562	346,883	814,914
2034-2038	463,153	5,737	240,260	709,150
2039-2043	322,456	-	143,205	465,661
2044-2048	322,731	-	94,689	417,420
2049-2050	130,575	-	11,558	142,133
	<u>\$ 2,091,612</u>	<u>\$ 19,123</u>	<u>\$ 1,728,538</u>	<u>\$ 3,839,273</u>

Certificates of Participation are issued by 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. In 2016, RTD refund Series 2002A Certificates with a capital lease agreement with JP Morgan Chase Bank N.A. In 2017, RTD refund portions of previously outstanding Series 2010A and Series 2015A with a Capital Lease Agreement with JP Morgan Chase Bank N.A. For financial reporting purposes, RTD accounts for the Certificates and the Capital Lease Agreements as its own obligations.

Annual repayment requirements on the Certificates and Capital Lease Agreements to maturity are as follows:

Year ending December 31,	Principal	Interest	Total
2019	\$ 48,620	\$ 51,941	\$ 100,561
2020	58,653	49,711	108,364
2021	63,756	47,489	111,245
2022	61,993	45,520	107,513
2023	63,515	43,371	106,886
2024-2028	269,135	179,072	448,207
2029-2033	177,450	129,013	306,463
2034-2038	194,285	75,030	269,315
2039-2043	168,770	26,615	195,385
2044	31,755	760	32,515
	<u>\$ 1,137,932</u>	<u>\$ 648,522</u>	<u>\$ 1,786,454</u>

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**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018	Due Within One Year
Sales Tax Revenue Bonds	\$ 2,088,744	\$ 9,980	\$ 26,235	\$ 2,072,489	\$ 18,715
Certificates of Participation	1,176,397	-	38,465	1,137,932	48,620
Issuance premiums and discounts	256,150	-	14,068	242,082	-
Total Bonds-COPs Payable	3,521,291	9,980	78,768	3,452,503	67,335
Net Pension Liability	384,208	-	115,930	268,278	-
Other liabilities*	412,871	17,110	-	429,981	-
Total long-term liabilities	\$ 4,318,370	\$ 27,090	\$ 194,698	\$ 4,150,762	\$ 67,335

\*Other liabilities consist of 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, 2017, was as follows:

	Balance 12/31/2016	Additions	Reductions	Balance 12/31/2017	Due Within One Year
Sales Tax Revenue Bonds	\$ 2,190,533	\$ 212,034	\$ 313,823	\$ 2,088,744	\$ 26,235
Certificates of Participation	1,199,275	153,140	176,018	1,176,397	38,465
Issuance premiums and discounts	224,800	45,056	13,706	256,150	-
Total Bonds-COPs Payable	3,614,608	410,230	503,547	3,521,291	64,700
Net Pension Liability	390,058	6,403	12,253	384,208	-
Other liabilities*	366,694	46,177	-	412,871	-
Total long-term liabilities**	\$ 4,371,360	\$ 462,810	\$ 491,294	\$ 4,318,370	\$ 64,700

\*Other liabilities consist of Eagle P3 finance charge liability, 2007 Sales Tax arbitrage call modification liability and the CCD Aviation Intergovernmental Agreement (IGA). \*\* Beginning year balance (as restated).

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, 2018 are the following amounts, which are considered defeased:

2010A COP's and 2015A COP's Escrow – Light Rail Vehicles and Maintenance Facility \$148,778

In January 2017, RTD issued its Sales Tax Revenue Bonds (FasTracks Project), Series 2017A in the par amount of \$82,895 for the purpose of restructuring its previously outstanding Subordinate Sales Tax FasTracks Revenue Bonds, Series 2010 and paying related costs of issuance. The transaction achieved a 55.1% net present value savings and \$134,116 of gross cash flow savings between 2017 and 2040 while retaining the same final maturity of 2040.

In May 2017, RTD entered 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 12, 2024 and made the bonds non-callable. The affected bonds, which were all owned by Citibank N.A., were as follows:

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Series	Maturity Date (November 1)	Par Amount		Coupon	CUSIP		Original Call Date	Modified Date
		Prior to 2017 Modification	After 2017 Modification		Prior to 2017 Modificaiton	After 2017 Modificaiton		
2007A	2030	\$ 56,375	\$ 56,265	4.5%	759136SQ8	759136UG7	11/1/2024	Non-Call
2007A	2031	33,915	33,800	4.5%	759136UH5	759136UH5	11/1/2024	Non-Call
2007A	2032	36,535	36,451	4.5%	759136UJ1	759136UJ1	11/1/2024	Non-Call
2007A	2033	34,000	34,000	4.5%	759136ST2	759136UK8	11/1/2024	Non-Call
2007A	2035	60,000	60,000	4.5%	759136SV7	759136UM4	11/1/2024	Non-Call

The 2007A bonds that are not owned by Citibank N.A. were not affected by these Modification and Exchange agreement. Net proceeds of the agreement are \$17,135. RTD did not accrue any arbitrage liability from this transaction.

In June 2017, RTD issued its Sales Tax Revenue Bonds (FasTracks Project) Series 2017B in the par amount of \$119,465 for partially refunding its previously outstanding Series 2007A bonds for interest expense savings. The transaction achieved a 12.6% net present value savings and \$24,504 of gross cash flow savings between 2017 and 2036 while retaining the same final maturity of 2036.

In July 2017, RTD entered a capital lease agreement with JP Morgan Chase Bank N.A. to refund portions of its previously outstanding Series 2010A and Series 2015 Certificates of Participation. Proceeds in the amount of \$153,140 were placed in escrow with UMB Bank and are being used for the purpose of advance refunding portions of the District's Series 2010A and 2015A Certificates of Participation and paying related costs of issuance. The Series 2010A portion of this transaction achieved a net present value savings of 4.4% and \$7,339 in cash flow savings between 2017 and 2025. The Series 2015A portion of this transaction achieved a Net present value savings of 4.2% and a cash flow savings of \$5,238 between 2017 and 2025.

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**NOTE F – EMPLOYEE RETIREMENT AND UNEARNED COMPENSATION PLANS**

**Employee Retirement Plans**

RTD maintains two single-employer defined benefit pension plans and one defined contribution plan for substantially all full-time employees:

- ATU 1001 Pension Plan - Defined Benefit
- Salaried Pension Plan - Defined Benefit
- Salaried Pension Plan - Defined Contribution

Plans are administered by a pension trust that issues audited financial statements, which include financial information for that plan. Those financial statements may be obtained from the plan administrators:

Regional Transportation District  
Salaried Employees Pension Trust  
7000 North Broadway, Building 106  
Denver, Colorado 80221

RTD ATU 1001 Pension Plan  
2821 S. Parker Road, Suite 215  
Aurora, Colorado 80014-2602

A summary of pension related items as of December 31, 2018, is presented below:

Plan	Net Pension Liability	Deferred Outflow of Resources*	Deferred Inflows of Resources	Pension Expense
ATU 1001 Pension Plan - DB	\$ 241,090	\$ 12,611	\$ 94,709	\$ (7,068)
Salaried Pension Plan - DB	27,188	6,727	8,799	11,575
Salaried Pension Plan - DC	-	-	-	4,246
Total	<u>\$ 268,278</u>	<u>\$ 19,338</u>	<u>\$ 103,508</u>	<u>\$ 8,753</u>

\*ATU 1001 Pension plan deferred outflow related to contributions subsequent to measurement date was \$19,754.

Salaried Pension Plan deferred outflow related to contributions subsequent to measurement date was \$5,100.

A summary of pension related items as of December 31, 2017, is presented below:

Plan	Net Pension Liability	Deferred Outflow of Resources*	Deferred Inflows of Resources	Pension Expense
ATU 1001 Pension Plan - DB	\$ 349,011	\$ 22,536	\$ 16,949	\$ 30,445
Salaried Pension Plan - DB	35,197	14,711	1,799	14,885
Salaried Pension Plan - DC	-	-	-	3,981
Total	<u>\$ 384,208</u>	<u>\$ 37,247</u>	<u>\$ 18,748</u>	<u>\$ 49,311</u>

\*ATU 1001 Pension plan deferred outflow related to contributions subsequent to measurement date was \$12,470.

Salaried Pension Plan deferred outflow related to contributions subsequent to measurement date was \$4,600.

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**ATU 1001 Pension Plan – Defined Benefit (2018)**

*Plan Description*

The Regional Transportation District and Amalgamated Transit Union Local 1001 Pension 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 plan is a single-employer defined benefit pension plan administered by Compusys, Inc.

*Benefits Provided*

All benefits are paid in the form of a 50% joint and survivor annuity unless this form is rejected by the participant and the spouse.

Normal retirement benefits under the Plan are paid to participants who have attained age 65 and have been with the Plan for ten years. The benefit amount is based on final average earnings, years of employment under this Plan and age at date of retirement.

Early retirement, effective January 1, 1992, any Participant who has accumulated 20 or more years of credited service and terminated employment prior to attaining age 50, will be entitled to an early retirement benefit starting on the first day of any month after he has attained age 50. The Plan was amended effective January 1, 2011. The years of credited service needed to qualify for a normal retirement benefit was increased from five to ten years and the benefit multiplier for both the normal and early retirement was revised.

Death benefits state if an employee, who is not eligible for a vested benefit or not eligible to retire, should die, his beneficiary will be paid the accumulated employee contributions plus interest. Upon the death of a pensioner, a funeral benefit of \$2,000 will be paid in a lump sum to the pensioners designated beneficiary.

Disability benefits, an individual who becomes totally disabled prior to age 65 and retires from active employment with RTD as a direct result of being totally disabled is entitled to a disability retirement benefit provided he or she has worked for at least ten years for RTD in covered employment or any of its predecessors. An individual will be considered totally disabled upon receipt of a disability award from Social Security. Effective January 1, 2011 the years of credited service needed to qualify for a disability benefit was increased from five to ten years and the benefit multiplier was revised.

Deferred Vested Retirement Benefit, an individual who terminated employment on or after January 1, 1993, for any reason other than retirement, will be entitled to a deferred vested benefit at age 65 provided he or she had worked for at least ten years in covered employment for RTD or any of its predecessors. A participant is entitled to deferred, vested benefits as early as age 50 if he or she has worked for at least 20 years in covered employment and terminates active employment on or after attaining age 50. If an individual with 20 or more years of service terminated employment prior to age 50, benefits will be payable at any time after age 50. Effective January 1, 2011 the years of credited service needed to qualify for a deferred vested retirement disability benefit was increased from five to ten years and the benefit multiplier was revised.

Benefit structure for participants hired on or after January 1, 2011. The following changes are included:

- The benefit multiplier is changed from 2.5% to 1% with a new benefit schedule. (Priority 1).
- Regular retirement is changed from age 55 with 20 years of service to age 60 with 20 years of service.
- Sick and vacation payouts are no longer included in the pension benefit calculation. (Priority 2).
- Vesting is changed from 5 years to 10 years.
- Interest on employee contributions is changed from 5% to 3%.

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- The maximum service included in the benefit calculation is reduced from 30 years to 25 years. (Priority 3).

A "Trigger Policy" has also been provided that will partially rescind the modified benefit structure when certain Plan funding benchmarks are achieved. If the total Actuarial Required Contribution (ARC) is less than 11% of payroll, pension benefits would be restored in the order of priority listed above. The "Trigger" remains in effect until such time as the 11% ARC is restored.

Employees covered by the benefit terms for the Fiscal Year Ending December 31, 2018 (December 31, 2017 measurement date), pension plan membership consisted of the following<sup>1</sup>:

Active Plan Members	1,858
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,592
Inactive employee entitled to but not yet receiving benefits	1,426
Total	<u>4,876</u>

<sup>1</sup>Based on December 31, 2015 actuarial valuation demographic information

***Net Pension Liability***

The components of the net pension liability of the plan for Fiscal Year Ending December 31, 2018 as follows:

Total Pension Liability	\$ 463,756
Plan Fiduciary Net Position	<u>222,666</u>
Plan's Net Pension Liability	<u>\$ 241,090</u>
Plan Fiduciary Net Position as of Percentage of the Total Pension Liability	48.01%

***Actuarial Methods and Assumptions Used to Calculate Net Pension Liability:***

Valuation Date:	January 1, 2018
Notes	Actuarially determined contribution rates are calculated as of December 31st each year. Actual contributions are made pursuant to a collective bargaining agreement.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	30 years
Asset Valuation Method	5-Year smoothed market
Inflation	3.00%
Salary Increases	7.00% During first 5 years of service, 3.00% after five years of service
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.
Healthy Mortality	RP-2014 Combined Mortality Table, generational projected with MP-2017.
Disabled Mortality	RP-2014 Combined Mortality Table, generational projected with MP-2017.
Other Information:	There were no benefit changes during the year.

**Single Discount Rate**

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

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For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.31% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting Single Discount Rate is 7.00%.

**Development of the Single Discount Rate**

Single Discount Rate 7.00 %

Long-Term Expected Rate of Investment Return 7.00 %

Long-Term Municipal Bond Rate 3.31 %

Asset Class	30 Year Long-Term Expected Real Rate of Return	Target Asset Allocation
Domestic Equity	4%	30%
International Equity	6%	25%
Real Estate	6%	5%
Domestic Fixed Income	1%	10%
International Fixed Income	1%	10%
Commodities	5%	5%
Private Equity	8%	15%
	Inflation Assumption	2%
	Actuarial Return Assumption	7%

**Changes in the Net Pension Liability**

(in thousands)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balances at 12/31/2017</b>	\$ 552,781	\$ 203,770	\$ 349,011
<b>Changes for the year:</b>			
Service Cost	14,387	-	14,387
Interest	27,099	-	27,099
Differences between expected and actual experience	4,855	-	4,855
Assumption Changes	(108,133)	-	(108,133)
Contributions-employer	-	13,168	(13,168)
Contributions-employee	-	4,389	(4,389)
Net investment income	-	28,983	(28,983)
Benefit payments, including refunds of employee contributions	(27,233)	(27,233)	-
Administrative expense	-	(411)	411
Other changes	-	-	-
<b>Net Changes</b>	<b>(89,025)</b>	<b>18,896</b>	<b>(107,921)</b>
<b>Balances at 12/31/2018</b>	<b>\$ 463,756</b>	<b>\$ 222,666</b>	<b>\$ 241,090</b>



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*Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption*

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plans' net pension liability, calculated using a Single Discount Rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percentage-point lower or one percentage-point higher:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's Net Pension Liability	\$ 289,393	\$ 241,090	\$ 199,993

*Contribution*

Contributions to the Union Plan are made in accordance with the collective bargaining agreement. This agreement requires RTD to contribute 13% plus \$6,200 for years 2018 through 2020 and the employee to contribute 5% of the employee's qualifying wages. RTD has included the full amount of the actuarially determined net pension liability for the represented pension plan, in accordance with financial reporting requirements. RTD is current in making all required contributions under the collective bargaining agreement.

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended 2018 the employer recognized pension expense of \$(7,068). The employer reported deferred outflows and inflows of resources related from pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 3,364	\$ 1,198
Differences in assumptions*	937	81,454
Excess(deficit) Investment Returns	8,310	12,057
Contributions Subsequent to Measurement Date	19,754	
	<u>\$ 32,365</u>	<u>\$ 94,709</u>

\$19,754 reported as deferred outflows of resources related to pensions resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2019	\$ (37,268)
2020	(31,041)
2021	(10,776)
2022	(3,013)
2023	-
Total	<u>\$ (82,098)</u>

**REGIONAL TRANSPORTATION DISTRICT**  
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**ATU 1001 Pension Plan – Defined Benefit (2017)**

*Plan Description*

The Regional Transportation District and Amalgamated Transit Union Local 1001 Pension 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 plan is a single-employer defined benefit pension plan administered by Compusys, Inc.

*Benefits Provided*

All benefits are paid in the form of a 50% joint and survivor annuity unless this form is rejected by the participant and the spouse.

Normal retirement benefits under the Plan are paid to participants who have attained age 65 and have been with the Plan for ten years. The benefit amount is based on final average earnings, years of employment under this Plan and age at date of retirement.

Early retirement, effective January 1, 1992, any Participant who has accumulated 20 or more years of credited service and terminated employment prior to attaining age 50, will be entitled to an early retirement benefit starting on the first day of any month after he has attained age 50. The Plan was amended effective January 1, 2011. The years of credited service needed to qualify for a normal retirement benefit was increased from five to ten years and the benefit multiplier for both the normal and early retirement was revised.

Death benefits state if an employee, who is not eligible for a vested benefit or not eligible to retire, should die, his beneficiary will be paid the accumulated employee contributions plus interest. Upon the death of a pensioner, a funeral benefit of \$2,000 will be paid in a lump sum to the pensioners designated beneficiary.

Disability benefits, an individual who becomes totally disabled prior to age 65 and retires from active employment with RTD as a direct result of being totally disabled is entitled to a disability retirement benefit provided he or she has worked for at least ten years for RTD in covered employment or any of its predecessors. An individual will be considered totally disabled upon receipt of a disability award from Social Security. Effective January 1, 2011 the years of credited service needed to qualify for a disability benefit was increased from five to ten years and the benefit multiplier was revised.

Deferred Vested Retirement Benefit, an individual who terminated employment on or after January 1, 1993, for any reason other than retirement, will be entitled to a deferred vested benefit at age 65 provided he or she had worked for at least ten years in covered employment for RTD or any of its predecessors. A participant is entitled to deferred, vested benefits as early as age 50 if he or she has worked for at least 20 years in covered employment and terminates active employment on or after attaining age 50. If an individual with 20 or more years of service terminated employment prior to age 50, benefits will be payable at any time after age 50. Effective January 1, 2011 the years of credited service needed to qualify for a deferred vested retirement disability benefit was increased from five to ten years and the benefit multiplier was revised.

Benefit structure for participants hired on or after January 1, 2011. The following changes are included:

- The benefit multiplier is changed from 2.5% to 1% with a new benefit schedule. (Priority 1).
- Regular retirement is changed from age 55 with 20 years of service to age 60 with 20 years of service.
- Sick and vacation payouts are no longer included in the pension benefit calculation. (Priority 2).
- Vesting is changed from 5 years to 10 years.
- Interest on employee contributions is changed from 5% to 3%.

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- The maximum service included in the benefit calculation is reduced from 30 years to 25 years. (Priority 3).

A "Trigger Policy" has also been provided that will partially rescind the modified benefit structure when certain Plan funding benchmarks are achieved. If the total Actuarial Required Contribution (ARC) is less than 11% of payroll, pension benefits would be restored in the order of priority listed above. The "Trigger" remains in effect until such time as the 11% ARC is restored.

Employees covered by the benefit terms for the Fiscal Year Ending December 31, 2017 (December 31, 2016 measurement date), pension plan membership consisted of the following<sup>1</sup>:

Active Plan Members	1,849
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,531
Inactive employee entitled to but not yet receiving benefits	1,328
Total	4,708

<sup>1</sup>Based on December 31, 2015 actuarial valuation demographic information

***Net Pension Liability***

The components of the net pension liability of the plan for Fiscal Year Ending December 31, 2017 as follows:

Total Pension Liability	\$ 552,781
Plan Fiduciary Net Position	203,770
Plan's Net Pension Liability	\$ 349,011
Plan Fiduciary Net Position as of Percentage of the Total Pension Liability	36.86%

***Actuarial Methods and Assumptions Used to Calculate Net Pension Liability:***

Valuation Date:	January 1, 2017
Notes	Actuarially determined contribution rates are calculated as of July 1 each year for implementation the following fiscal year. Actual contributions are made pursuant to a collective bargaining agreement.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	5-Year smoothed market
Inflation	3.00%
Salary Increases	7.00% During first 5 years of service, 3.00% after five years of service
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.
Healthy Mortality	RP-2014 Combined Mortality Table, generational projected with MP-2017.
Disabled Mortality	RP-2014 Combined Mortality Table, generational projected with MP-2017.
Other Information:	There were no benefit changes during the year.

**Single Discount Rate**

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general

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obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.78% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting Single Discount Rate is 4.96%.

**Development of the Single Discount Rate**

Single Discount Rate 4.96 %

Long-Term Expected Rate of Investment Return 7.00 %

Long-Term Municipal Bond Rate 3.78 %

Asset Class	30 Year Long-Term Expected Real Rate of Return	Target Asset Allocation
Domestic Equity	4%	35%
International Equity	10%	20%
Real Estate	3%	5%
Domestic Fixed Income	1%	15%
International Fixed Income	1%	10%
Commodities	4%	5%
Private Equity	8%	10%
	Inflation Assumption	2%
	Actuarial Return Assumption	7%

**Changes in the Net Pension Liability**

(in thousands)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balances at 12/31/2016</b>	\$ 563,479	\$ 202,215	\$ 361,264
<b>Changes for the year:</b>			
Service Cost	13,145	-	13,145
Interest	25,276	-	25,276
Differences between expected and actual experience	(3,164)	-	(3,164)
Assumption Changes	(19,822)	-	(19,822)
Contributions-employer	-	12,128	(12,128)
Contributions-employee	-	4,069	(4,069)
Net investment income	-	11,855	(11,855)
Benefit payments, including refunds of employee contributions	(26,133)	(26,133)	-
Administrative expense	-	(364)	364
Other changes	-	-	-
<b>Net Changes</b>	(10,698)	1,555	(12,253)
<b>Balances at 12/31/2017</b>	\$ 552,781	\$ 203,770	\$ 349,011

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*Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption*

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plans' net pension liability, calculated using a Single Discount Rate of 4.96%, as well as what the Plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percentage-point lower or one percentage-point higher:

	1% Decrease (3.96%)	Current Discount Rate (4.96%)	1% Increase (5.96%)
Plan's Net Pension Liability	\$ 415,884	\$ 349,011	\$ 293,038

*Contribution*

Contributions to the Union Plan are made in accordance with the collective bargaining agreement. This agreement requires RTD to contribute 13% and the employee to contribute 5% of the employee's qualifying wages. RTD has included the full amount of the actuarially determined net pension liability for the represented pension plan, in accordance with financial reporting requirements. RTD is current in making all required contributions under the collective bargaining agreement.

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended 2017 the employer recognized pension expense of \$30,445. The employer reported deferred outflows and inflows of resources related from pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ 3,777
Differences in assumptions*	9,990	13,172
Excess(deficit) Investment Returns	12,546	-
Contributions Subsequent to Measurement Date	12,470	
	<u>\$ 35,006</u>	<u>\$ 16,949</u>

\*The mortality assumptions were updated to RP-2014 blue-collar tables published by the Society of Actuaries with project scale MP-2017. This change increased the liabilities by 3.113 million.

\$12,470 reported as deferred outflows of resources related to pensions resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2018	\$ 4,059
2019	(2,544)
2020	3,683
2021	389
2022	-
Total	<u>\$ 5,587</u>

**REGIONAL TRANSPORTATION DISTRICT**  
**Notes to Financial Statements**  
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**Salaried Pension Plan - Defined Benefit (2018)**

*Plan Description*

The Regional Transportation District Salaried Employees' Pension Plan provides coverage for all full-time salaried employees whom were hired prior to January 1, 2008. The plan is a single-employer defined benefit pension plan administered by Fringe Benefit Services, Inc.

*Benefits Provided*

Normal retirement eligibility age is 65 with five years of credited service; monthly benefit 2.5% of average final compensation times credited service. Early retirement age is 55 with five years of credited service; monthly benefit if retire or terminate from active status on or after age 55, the normal retirement benefit is reduced 1/30 for each year less than age 60. If the employee terminates from active status prior to age 55, the normal retirement benefit is reduced 1/15 for each year between ages 60 and 65, and 1/30 for each year less than age 60.

Disability retirement is five years of credited service, totally and permanently disabled, and entitled to a Social Security disability award; monthly benefit unreduced normal retirement benefit, payable upon approval for Social Security disability. Pre-retirement death eligibility is five years of credited service; monthly benefit survivor pension assuming the participant retired the day before death with a 50% Joint and Survivor Benefit. If death occurs before age 55, payment is deferred until the participant would have reached age 55 and is reduced for early commencement. Survivors of married participants may elect to receive an annuity or a lump sum distribution. Survivors of unmarried participants will receive a lump sum distribution if death occurs while the participant is actively employed with RTD. The lump sum is the present value of the survivor's pension above but determined as if the participant was married and the spouse was the same age as the participant.

Termination eligibility is five years of credited service; monthly benefit if not eligible to retire normal retirement benefit, early retirement benefit, or if elected within six months, a lump sum equal to the present value of the age 65 accrued benefits, payable in lieu of all other benefits in the Plan. Employee monthly benefit if eligible to retire normal retirement benefit, early retirement benefit, or a lump sum equal to the present value of an immediate accrued benefit, payable in lieu of all other benefits in the Plan.

Forms of annuity payments for normal form are 50% Joint and Survivor Annuity if married, Single Life Annuity otherwise. Optional Forms are 25%, 50%, 66-2/3% or 100% Joint and Survivor Annuity with 5-year or 10-year Certain and Life Annuity (60 or 120 months guaranteed) Social Security Adjustment (Age 62 or Age 65) Lump Sum.

Credited service is one year for each calendar year of 1,000 hours of service (except years and completed months in the year of transfer). Credited service applies to vesting and service for retirement benefit eligibility. Average final compensation is average of participant's highest consecutive 36 months of compensation in the last 120 months of credited service immediately preceding the calendar month in which retirement occurs. Compensation excludes bonuses, severance pay, long-term disability pay and other extra compensation paid in the Fiscal Year. Compensation includes deferrals made to the RTD Deferred Compensation Plan and RTD Flexible Spending Account Plan, overtime, shift differentials, leave pay and salary reductions.

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Employees covered by the benefit terms for the Fiscal Year Ending December 31, 2018 (December 31, 2017 measurement date), pension plan membership consisted of the following<sup>1</sup>:

Active Plan Members	291
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	264
Inactive Plan Members Entitled to But Not Yet Receiving Benefits <sup>2</sup>	120
<b>Total</b>	<b>675</b>

<sup>1</sup>Based on January 1, 2017 actuarial valuation demographic information

<sup>2</sup>Includes transfer outs

***Net Pension Liability***

The components of the net pension liability of the plan for Fiscal Year Ending December 31, 2018 as follows:

Total Pension Liability	\$ 171,550
Plan Fiduciary Net Position	144,362
<b>Plan's Net Pension Liability</b>	<b>\$ 27,188</b>
Plan Fiduciary Net Position as of Percentage of the Total Pension Liability	84.15%

***Actuarial Assumptions***

The total pension liability was determined by an actuarial valuation with date of January 1, 2017, using the following actuarial assumptions applied to all periods included in the measurement with a liability roll forward to December 31, 2017 for disclosure purposes for the Fiscal Year Ending December 31, 2018:

Inflation	3.00%
Salary Increases	4.75% - 9.75%, based on age
Investment Rate of Return	7.50%, net of investment expenses

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage including expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the December 31, 2017 (for disclosure purposes for the Fiscal Year Ending December 31, 2018) are summarized in the following data and reflect assumed long-term expected real rate of return over a 30-year horizon upon which the disclosure is based:

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Asset Class	Long-Term Expected Real Rate of Return	Target Asset Allocation
Domestic Equity	7.9%	40%
International Equity	8.4%	25%
Fixed Income	4.4%	20%
Real Estate	7.5%	15%
Cash	N/A	N/A

*Mortality Rates for Annuities (60% Election Assumption)*

Healthy: RP-2014 Blue Collar Mortality Tables for healthy employees and annuitants. Disabled: RP-2014 Disabled Retiree Mortality Tables.

*Mortality Rates for Lump Sums (40% Election Assumption)*

RP-2014 Blue Collar Mortality Tables for healthy annuitants, blended 70% male / 30% female for participants and 30% male / 70% female for beneficiaries.

The actuarial assumptions used in the January 1, 2017 evaluation were based on the results of an actuarial experience study covering the period January 1, 2009 – December 31, 2013.

*Single Discount Rate*

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that RTD contributions would be equal to the actuarially determined contribution rate for the applicable fiscal years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not incorporate nor require a 20-year tax-exempt general obligation municipal bond rate (with an average rating of AA/As or higher).

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following present the net pension liability of the Plan, calculated using the discount rate of 7.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Plan's Net Pension Liability/Assets	\$ 41,591	\$ 27,188	\$ 14,668



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**Changes in the Net Pension Liability**  
(in thousands)

	Increase (Decrease)		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at 12/31/2017</b>	\$ 166,153	\$ 130,956	\$ 35,197
<b>Changes for the year:</b>			
Service Cost	3,201	-	3,201
Interest	12,351	-	12,351
Differences between expected and actual experience	(816)	-	(816)
Assumption Changes	-	-	-
Contributions-employer	-	4,600	(4,600)
Net investment income	-	18,322	(18,322)
Benefit payments, including refunds of employee contributions	(9,339)	(9,339)	-
Administrative expense	-	(177)	177
Other changes	-	-	-
<b>Net Changes</b>	<b>5,397</b>	<b>13,406</b>	<b>(8,009)</b>
<b>Balances at 12/31/2018</b>	<b>\$ 171,550</b>	<b>\$ 144,362</b>	<b>\$ 27,188</b>

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended 2018 the employer recognized pension expense of \$11,575. The employer reported deferred outflows and inflows of resources related from pensions from the following resources.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in experience	\$ 2,387	\$ 502
Differences in assumptions*	266	-
Excess(deficit) Investment Returns	4,074	8,297
Contributions Subsequent to Measurement Date	5,100	
<b>Total</b>	<b>\$ 11,827</b>	<b>\$ 8,799</b>

\$5,100 reported as deferred outflows of resources related to pensions resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended,	
2019	\$ 2,205
2020	(352)
2021	(2,187)
2022	(1,737)
2023	-
<b>Total</b>	<b>\$ (2,071)</b>

**REGIONAL TRANSPORTATION DISTRICT**  
**Notes to Financial Statements**  
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**Salaried Pension Plan - Defined Benefit (2017)**

*Plan Description*

The Regional Transportation District Salaried Employees' Pension Plan provides coverage for all full-time salaried employees whom were hired prior to January 1, 2008. The plan is a single-employer defined benefit pension plan administered by Fringe Benefit Services, Inc.

*Benefits Provided*

Normal retirement eligibility age is 65 with five years of credited service; monthly benefit 2.5% of average final compensation times credited service. Early retirement age is 55 with five years of credited service; monthly benefit if retire or terminate from active status on or after age 55, the normal retirement benefit is reduced 1/30 for each year less than age 60. If the employee terminates from active status prior to age 55, the normal retirement benefit is reduced 1/15 for each year between ages 60 and 65, and 1/30 for each year less than age 60.

Disability retirement is five years of credited service, totally and permanently disabled, and entitled to a Social Security disability award; monthly benefit unreduced normal retirement benefit, payable upon approval for Social Security disability. Pre-retirement death eligibility is five years of credited service; monthly benefit survivor pension assuming the participant retired the day before death with a 50% Joint and Survivor Benefit. If death occurs before age 55, payment is deferred until the participant would have reached age 55 and is reduced for early commencement. Survivors of married participants may elect to receive an annuity or a lump sum distribution. Survivors of unmarried participants will receive a lump sum distribution if death occurs while the participant is actively employed with RTD. The lump sum is the present value of the survivor's pension above but determined as if the participant was married and the spouse was the same age as the participant.

Termination eligibility is five years of credited service; monthly benefit if not eligible to retire normal retirement benefit, early retirement benefit, or if elected within six months, a lump sum equal to the present value of the age 65 accrued benefits, payable in lieu of all other benefits in the Plan. Employee monthly benefit if eligible to retire normal retirement benefit, early retirement benefit, or a lump sum equal to the present value of an immediate accrued benefit, payable in lieu of all other benefits in the Plan.

Forms of annuity payments for normal form are 50% Joint and Survivor Annuity if married, Single Life Annuity otherwise. Optional Forms are 25%, 50%, 66-2/3% or 100% Joint and Survivor Annuity with 5-year or 10-year Certain and Life Annuity (60 or 120 months guaranteed) Social Security Adjustment (Age 62 or Age 65) Lump Sum.

Credited service is one year for each calendar year of 1,000 hours of service (except years and completed months in the year of transfer). Credited service applies to vesting and service for retirement benefit eligibility. Average final compensation is average of participant's highest consecutive 36 months of compensation in the last 120 months of credited service immediately preceding the calendar month in which retirement occurs. Compensation excludes bonuses, severance pay, long-term disability pay and other extra compensation paid in the Fiscal Year. Compensation includes deferrals made to the RTD Deferred Compensation Plan and RTD Flexible Spending Account Plan, overtime, shift differentials, leave pay and salary reductions.

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Employees covered by the benefit terms for the Fiscal Year Ending December 31, 2017 (December 31, 2016 measurement date), pension plan membership consisted of the following<sup>1</sup>:

Active Plan Members	327
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	242
Inactive Plan Members Entitled to But Not Yet Receiving Benefits <sup>2</sup>	118
<b>Total</b>	<b>687</b>

<sup>1</sup>Based on January 1, 2017 actuarial valuation demographic information

<sup>2</sup>Includes transfer outs

***Net Pension Liability***

The components of the net pension liability of the plan for Fiscal Year Ending December 31, 2017 as follows:

Total Pension Liability	\$ 166,153
Plan Fiduciary Net Position	130,956
<b>Plan's Net Pension Liability</b>	<b>\$ 35,197</b>
Plan Fiduciary Net Position as of Percentage of the Total Pension Liability	78.82%

***Actuarial Assumptions***

The total pension liability was determined by an actuarial valuation with date of January 1, 2016, using the following actuarial assumptions applied to all periods included in the measurement with a liability roll forward to December 31, 2016 for disclosure purposes for the Fiscal Year Ending December 31, 2017:

Inflation	3.00%
Salary Increases	4.75% - 9.75%, based on age
Investment Rate of Return	7.50%, net of investment expenses

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage including expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the December 31, 2016 (for disclosure purposes for the Fiscal Year Ending December 31, 2017) are summarized in the following data and reflect assumed long-term expected real rate of return over a 30-year horizon upon which the disclosure is based:

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Asset Class	Long-Term Expected Real Rate of Return	Target Asset Allocation
Domestic Equity	7.4%	40%
International Equity	7.4%	25%
Fixed Income	2.7%	20%
Real Estate	8.5%	15%
Cash	N/A	N/A

*Mortality Rates for Annuities (60% Election Assumption)*

Healthy: RP-2014 Blue Collar Mortality Tables for healthy employees and annuitants. Disabled: RP-2014 Disabled Retiree Mortality Tables.

*Mortality Rates for Lump Sums (40% Election Assumption)*

RP-2014 Blue Collar Mortality Tables for healthy annuitants, blended 70% male / 30% female for participants and 30% male / 70% female for beneficiaries.

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study covering the period January 1, 2009 – December 31, 2013.

*Single Discount Rate*

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that RTD contributions would be equal to the actuarially determined contribution rate for the applicable fiscal years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not incorporate nor require a 20-year tax-exempt general obligation municipal bond rate (with an average rating of AA/As or higher).

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following present the net pension liability of the Plan, calculated using the discount rate of 7.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Plan's Net Pension Liability/Assets	\$ 49,264	\$ 35,197	\$ 22,981

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**Changes in the Net Pension Liability**  
(in thousands)

	Increase (Decrease)		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at 12/31/2016</b>	\$ 151,571	\$ 122,777	\$ 28,794
<b>Changes for the year:</b>			
Service Cost	3,587	-	3,587
Interest	11,371	-	11,371
Differences between expected and actual experience	6,716	-	6,716
Assumption Changes	-	-	-
Contributions-employer	-	4,100	(4,100)
Net investment income	-	11,337	(11,337)
Benefit payments, including refunds of employee contributions	(7,092)	(7,092)	-
Administrative expense	-	(166)	166
Other changes	-	-	-
<b>Net Changes</b>	<b>14,582</b>	<b>8,179</b>	<b>6,403</b>
<b>Balances at 12/31/2017</b>	<b>\$ 166,153</b>	<b>\$ 130,956</b>	<b>\$ 35,197</b>

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended 2017 the employer recognized pension expense of \$14,885. The employer reported deferred outflows and inflows of resources related from pensions from the following resources.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in experience	\$ 6,208	\$ -
Differences in assumptions*	2,378	-
Excess(deficit) Investment Returns	6,125	1,799
Contributions Subsequent to Measurement Date	4,600	
<b>Total</b>	<b>\$ 19,311</b>	<b>\$ 1,799</b>

\*Assumption changes for the Fiscal Year Ending December 31, 2017 (December 31, 2016 measurement date, January 1, 2016 actuarial valuation date): the administrative expense assumption was updated from \$165 per year, payable monthly, to \$150 per year, payable monthly. The updated administrative expense assumption is expected to be more reflective of future administrative expenses for the Plan. The administrative expense assumption is used for determining the actuarially determined contribution and does not impact Total Pension Liability.

\$4,600 reported as deferred outflows of resources related to pensions resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended,	
2018	\$ 7,533
2019	4,256
2020	1,573
2021	(450)
2022	-
<b>Total</b>	<b>\$ 12,912</b>

**REGIONAL TRANSPORTATION DISTRICT**  
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**RTD Plan – Defined Contribution**

*Plan Description*

The RTD defined contribution plan represents full-time salaried employees hired after January 1, 2008. The RTD Board adopted amendment No. 8, effective January 1, 2008. RTD contributes 9% of the employee's qualifying wage. Contributions totaled \$4,246 and \$3,981 in 2018 and 2017, respectively. RTD employees cannot contribute to the Plan. Membership was 624 and 596 active employees in 2018 and 2017, respectively.

**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 \$19,797 and \$19,065 the years ended December 31, 2018 and 2017, 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 215 Aurora, Colorado 80014-2602.

**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.

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Compensated absences activity for the year ended December 31, 2018 was as follows:

	12/31/2017			12/31/2018
	Balance	Accruals	Payments	Balance
Represented employees	\$ 2,888	\$ 2,283	\$ 1,920	\$ 3,251
Salaried employees	\$ 10,667	\$ 6,385	\$ 6,804	\$ 10,248
Total compensated absences due	<u>\$ 13,555</u>	<u>\$ 8,668</u>	<u>\$ 8,724</u>	<u>\$ 13,499</u>

Compensated absences activity for the year ended December 31, 2017 was as follows:

	12/31/2016			12/31/2017
	Balance	Accruals	Payments	Balance
Represented employees	\$ 2,653	\$ 1,920	\$ 1,685	\$ 2,888
Salaried employees	\$ 10,533	\$ 6,804	\$ 6,670	\$ 10,667
Total compensated absences due	<u>\$ 13,186</u>	<u>\$ 8,724</u>	<u>\$ 8,355</u>	<u>\$ 13,555</u>

The accrued compensation liabilities of \$23,868 and \$22,787 as of December 31, 2018 and December 31, 2017 include \$10,369 and \$9,232 of accrued wages, salaries, and fringe benefits in addition to accrued compensated absences.

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**NOTE G – OPERATING LEASES – LESSOR**

**Union Station Alliance (USA) Lease**

In December 2012, RTD entered a contract with Union Station Alliance (USA) to renovate and lease RTD's historic Denver Union Station Building. The renovation by USA included a hotel, Amtrak facilities, office space, retail and restaurant services as well as renovation of the Great Train Hall. The renovations were complete and open to the public in July 2014. The agreement includes a 60-year lease to USA to operate and maintain the facility in which RTD will participate in certain revenue collections.

**NOTE H – COMMITMENTS AND CONTINGENCIES**

**Commitments**

*Operating Lease – Civic Center Transfer Facility*

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.

Fixed rental commitments under the lease in years subsequent to December 31, 2018, are as follows:

<u>Year ending December 31,</u>	
2019	\$ 267
2020	270
2021	273
2022	275
2023	278
2024-2028	1,433
2029-2033	1,506
2034-2038	1,583
2039-2043	1,664
2044-2048	1,749
2049-2053	1,838
2054-2058	1,932
2059-2063	2,030
2064-2068	2,134
2069-2073	2,242
2074-2075	929
	\$ 20,403

Rental expense relating to this lease amounted to \$265 and \$262 for the years ended December 31, 2018 and 2017, respectively.



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*Operating Lease – Purchased Transportation*

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.

*Capital Projects*

As of December 31, 2018, 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 \$254,961 and \$291,877 in 2018 and 2017, respectively.

*Grant Match Requirements*

Under the provisions of current grants, RTD is obligated to satisfy certain matching requirements of these grants. At December 31, 2018, RTD had a commitment to provide \$33,443 in matching funds in order to receive \$84,802 in future federal and state 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 2018, 54.83% 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.

**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 Rail 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 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 was completed in two phases with Phase I completed in 2016 and Phase II completed in 2019. Under the terms of the Eagle P3 Project agreement, RTD made scheduled construction payments to DTP from 2011 through 2017 for completed project elements. RTD began commuter rail services on the University of Colorado A Line and the B Line in 2016 with testing and revenue service of the final corridor, the G Line, expected to occur in 2019. RTD will assume ownership of the entire project once certain contractual criteria and final completion occurs. Under the terms of the

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concessionaire agreement, RTD will make scheduled secured principal and interest payments to DTP from 2017 through 2044 in addition to service payments for the provision of operations and maintenance services by DTP. The principal and interest payments are fixed amounts for the term of the agreement while the service payments are indexed each year according to certain inflation measurements. In addition, the service payments may also be adjusted for schedule changes, special services and certain availability factors.

In 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 North Metro Rail Line is expected to open within the next few years.

In 2014, RTD entered a contract with Balfour Beatty Infrastructure, Inc. to design and construct the Southeast Rail Extension Project. The Southeast Rail Extension includes 2.3 miles extending of the existing Southeast Light rail Line from Lincoln Station through the City of Lone Tree to RidgeGate Parkway Station featuring a new Park-n-Ride with a structure of 1,300 parking spaces. The Southeast Rail Extension is scheduled to open in 2019.

**Future Commitments under Service Contracts**

The fixed commitments under the Privatization contracts (bus) in the years subsequent to December 31, 2018 are as follows:

Year ending December 31,

2019	\$	149,375
2020		124,208
2021		112,065
2022		96,410
2023		36,424
Total	\$	<u>518,482</u>

Denver Transit Partner's concessionaire service payment commitments under the lease in years subsequent to December 31, 2018, are as follows:

<u>Year ending Decmeber 31,</u>	<u>TABOR Secured Payment</u>	<u>Service Availability Payment</u>	<u>Total</u>
2019	\$ 45,388	\$ 65,923	\$ 111,311
2020	45,813	73,635	119,448
2021	46,264	56,934	103,198
2022	44,618	59,320	103,938
2023	45,790	63,055	108,845
2024-2028	233,700	397,364	631,064
2029-2033	282,260	454,741	737,001
2034-2038	332,157	545,934	878,091
2039-2043	261,720	644,248	905,968
2044	25,134	150,139	175,273
Total	\$ <u>1,362,844</u>	\$ <u>2,511,293</u>	\$ <u>3,874,137</u>

The projected amounts include an estimation for certain future inflation indexes as required by the concessionaire agreement. These inflation indexes will be adjusted annually as projects are revised.

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*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 estimated (no locked-in price) commitment under the Mansfield contract in 2019 is \$20,700. RTD estimates usage of 9.0 million gallons at unit cost of \$2.30 per gallon: 5.0 million gallons of RTD's usage and 4.0 million gallons of RTD private carrier's 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 \$387 per individual and \$1,093 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.

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:

	Auto Liability	Workers' Compensation	Total
Unpaid claims, January 1, 2017	\$ 4,210	\$ 4,671	\$ 8,881
Incurred claims (including IBNR)	4,443	7,843	12,286
Claims payments	(3,161)	(5,336)	(8,497)
Unpaid claims, December 31, 2017	5,492	7,178	12,670
Incurred claims (including IBNR)	3,535	5,367	8,902
Claims payments	(3,044)	(4,970)	(8,014)
Unpaid claims, December 31, 2018*	<u>\$ 5,983</u>	<u>\$ 7,575</u>	<u>\$ 13,558</u>

\* All claim liabilities are considered current liabilities payable within one year.

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*Contract Disputes and Legal Proceedings*

RTD is party to a number of pending or threatened tort lawsuits, workers' compensation claims, or labor/employment claims under which it may be required to pay certain amounts upon final disposition of these matters. RTD also has certain contract disputes being considered in contractual dispute resolution proceedings. RTD's legal counsel estimates that the ultimate outcome of these matters is sufficiently covered by RTD's general liability or workers' compensation reserves, project contingencies, or insurance, or would not otherwise materially affect the financial statements of RTD.

RTD's prime contractor for the North Metro Line has asserted claims primarily seeking compensation for delays on the project. These claims are scheduled for arbitration in late 2018. RTD is contesting these claims and believes it is likely to prevail.

RTD's concessionaire has asserted a series of change in law and force majeure claims which, if successful, could entitle the Concessionaire to monetary relief. RTD is contesting these claims and believes it is likely to prevail.

**NOTE I – NET POSITION**

	December 31,	
	2018	2017
Invested in capital assets, net of related debt	\$ 3,144,175	\$ 3,135,186
Restricted net position		
Restricted debt service	139,779	148,627
Restricted TABOR	24,079	25,735
Restricted Fastracks	361,275	325,663
Restricted Deposits	1,504	1,502
Total restricted net position	526,637	501,527
Unrestricted net position		
Unrestricted - represented net pension liability*	(303,435)	(330,955)
Unrestricted - salaried net pension liability	(24,160)	(17,685)
Unrestricted net position	120,289	125,436
Total unrestricted net position	(207,306)	(223,204)
Total net position	\$ 3,463,506	\$ 3,413,509

\* Note: RTD has included the full amount of the actuarially determined net pension liability for the represented pension plan, in accordance with financial reporting requirements. RTD is current in making all required contributions under the collective bargaining agreement.

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**December 31, 2018 and 2017 (Dollars in Thousands)**

**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 fiscal 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:

	2018	2017
<b>Revenues and Proceeds</b>		
Revenue, actual	\$ 897,388	\$ 903,623
Proceeds from debt/arbitrage relief	(5,805)	402,435
Federal capital grants and local contributions	81,002	86,395
Revenue, actual (budgetary basis)	\$ 972,585	\$ 1,392,453
Revenue, budget	\$ 1,208,273	\$ 1,729,791
<b>Expenditures</b>		
Expenses, actual	\$ 928,393	\$ 898,861
Capital outlays	335,080	451,245
Depreciation, amortization, other	(285,653)	(248,633)
Long-term debt principal payments	64,700	489,841
Expenditures, actual (budgetary basis)	\$ 1,042,520	\$ 1,591,314
Appropriations, budget	\$ 1,761,218	\$ 1,915,320
<b>Unused appropriations</b>	<u>\$ 718,698</u>	<u>\$ 324,006</u>

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, 2018, there was approximately \$718,698 of unused 2018 appropriations for capital outlays available for carryover to 2019.

**REGIONAL TRANSPORTATION DISTRICT**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017 (Dollars in Thousands)**

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***NOTE K – TAX, SPENDING AND DEBT LIMITATIONS***

In November 1992, Colorado voters passed an amendment (Amendment 1) 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 2018, \$24,079 of year-end net position 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.

***NOTE L – SUBSEQUENT EVENTS***

On April 26, 2019, the FastTracks Gold Line opened for revenue service. Opening this 11.2 mile commuter rail line marks the final major milestone of the Eagle P3 project resulting in the design and build portion of this public private partnership being considered substantially complete.

*REQUIRED SUPPLEMENTARY INFORMATION*

## Required Supplementary Information

### REGIONAL TRANSPORTATION DISTRICT Pension Plans Summary As of December 31,

#### Schedule of Contributions Multiyear

##### Last 10 Fiscal Years\*

(in thousands)

#### ATU 1001 Pension Plan

Period Ending December 31,	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 22,404	\$ 17,170	\$ 17,131	\$ 18,752
Actual Contribution	13,168	12,128	11,542	10,758
Contribution Deficiency (Excess)	9,236	5,042	5,589	7,994
Covered Payroll	103,729	94,802	82,994	84,774
Contribution as a Percentage of Covered Payroll	12.69%	12.79%	13.91%	12.69%

\* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

#### Actuarial Methods and Assumptions Used to Calculate Actuarially Determine Contribution Union:

Valuation Date:	January 1, 2018
Notes	Actuarially determined contribution rates are calculated as of December 31st each year for implementation the following fiscal year. Actual contributions are made pursuant to a collective bargaining agreement.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	30 years
Asset Valuation Method	5-Year smoothed market
Inflation	3.00%
Salary Increases	7.00% During first 5 years of service, 3.00% after five years of service
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.
Healthy Mortality	RP-2014 Combined Mortality Table, generational projected with MP-2017.
Disabled Mortality	RP-2014 Combines Mortality Table, generational projected with MP-2017.
Other Information:	
Notes	There were no benefit changes during the year.

See accompanying independent auditors' opinion.



**Schedule of Changes in the Plan's Net Pension Liability and Related Ratios Multiyear**  
**Last 10 Fiscal Years\***  
(in thousands)

**ATU 1001 Pension Plan**

Period Ending December 31,	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service Cost	\$ 14,387	\$ 13,145	\$ 13,074	\$ 11,937
Interest	27,099	25,276	26,324	27,714
Changes to Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	4,855	(3,164)	(4,711)	(6,476)
Assumption Changes	(108,133)	(19,822)	28,095	28,879
Benefit Payments, Including Lump Sums	(27,233)	(26,133)	(25,439)	(24,312)
<b>Net Change in Total Pension Liability</b>	<b>\$ (89,025)</b>	<b>\$ (10,698)</b>	<b>\$ 37,343</b>	<b>\$ 37,742</b>
<b>Total Pension Liability - Beginning</b>	<b>552,781</b>	<b>563,479</b>	<b>526,136</b>	<b>488,394</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 463,756</b>	<b>\$ 552,781</b>	<b>\$ 563,479</b>	<b>\$ 526,136</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - RTD	\$ 13,168	\$ 12,128	\$ 11,542	\$ 10,758
Contributions - Members	4,389	4,069	3,868	3,586
Net Investment Income	28,983	11,855	(1,829)	11,779
Benefit Payments, Including Lump Sums	(27,233)	(26,133)	(25,439)	(24,312)
Administrative Expenses	(411)	(364)	(391)	(355)
Other	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ 18,896</b>	<b>\$ 1,555</b>	<b>\$ (12,249)</b>	<b>\$ 1,456</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>203,770</b>	<b>202,215</b>	<b>214,464</b>	<b>213,008</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 222,666</b>	<b>\$ 203,770</b>	<b>\$ 202,215</b>	<b>\$ 214,464</b>
Plan's Net Pension Liability - Beginning				
<b>Plan's Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 241,090</b>	<b>\$ 349,011</b>	<b>\$ 361,264</b>	<b>\$ 311,672</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b) / (a)</b>	<b>48.01%</b>	<b>36.86%</b>	<b>35.89%</b>	<b>40.76%</b>
<b>Covered Payroll</b>	<b>103,729</b>	<b>94,802</b>	<b>82,994</b>	<b>84,774</b>
<b>Plan's Net Pension Liability as a Percentage of Covered Payroll</b>	<b>232.42%</b>	<b>368.15%</b>	<b>435.29%</b>	<b>367.65%</b>

**Notes to Schedule:**

Assumption changes for the Fiscal Year Ending December 31, 2016 (December 31, 2015 measurement date, January 1, 2015 actuarial valuation date): Assumption changes were a result of a change in the Single Discount Rate changing from 5.00 percent to 4.54 percent, measured at the end of the year.

Assumption changes for the Fiscal Year Ending December 31, 2017 (December 31, 2016 measurement date, January 1, 2016 actuarial valuation date): The mortality assumptions were updated to RP-2014 blue-collar tables published by the Society of Actuaries with project scale MP-2017. This change increased the liabilities by 2.113 million.

\* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

See accompanying independent auditors' opinion.

## Schedule of Contributions Multiyear

### Last 10 Fiscal Years

(in thousands)

#### ***RTD Salaried Pension Plan***

Period Ending December 31,	2018 <sup>1</sup>	2017	2016	2015
Actuarially Determined Contribution	\$ 7,296	\$ 7,632	\$ 6,768	\$ 5,682
Actual Contribution	4,600	4,100	3,100	3,100
Contribution Deficiency (Excess)	2,696	3,532	3,668	2,582
Covered Payroll	27,619	30,378	31,257	30,880
Contribution as a Percentage of Covered Payroll	16.66%	13.50%	9.92%	10.04%

<sup>1</sup> This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

#### *Actuarial Methods and Assumptions Used to Calculate Actuarially Determine Contribution Union:*

Valuation Date:	January 1, 2017														
Notes	Actuarially determined contribution rates are calculated as of January 1, twelve months prior to end of the fiscal year in which contributions are reported.														
Actuarial Cost Method	Entry Age														
Amortization Method	Level dollar, fixed and declining 20 years.														
Remaining Amortization Period	14 years														
Asset Valuation Method	Smoothed over 5 years, based on Actuarial Value of Assets expected return.														
Inflation	3.00%														
Salary Increases	4.75%-9.75%, based on age														
Investment Rate of Return	7.50%, net of investment expenses														
Retirement Age	<table> <tr> <th>Age</th><th>Rate</th></tr> <tr> <td>55</td><td>15.00%</td></tr> <tr> <td>55-61</td><td>10.00%</td></tr> <tr> <td>62</td><td>25.00%</td></tr> <tr> <td>63-64</td><td>15.00%</td></tr> <tr> <td>65-66</td><td>40.00%</td></tr> <tr> <td>67 or older</td><td>100.00%</td></tr> </table>	Age	Rate	55	15.00%	55-61	10.00%	62	25.00%	63-64	15.00%	65-66	40.00%	67 or older	100.00%
Age	Rate														
55	15.00%														
55-61	10.00%														
62	25.00%														
63-64	15.00%														
65-66	40.00%														
67 or older	100.00%														
	Vested inactive participants are assumed to retire at age 62.														
Mortality (Annuities)	Healthy Participants: RP-2014 Blue Collar Mortality Tables for healthy employees and annuitants Disabled Participants: RP-2014 Disabled Retiree Tables														
Mortality (Lump Sums)	RP-2014 Blue Collar Mortality Tables for healthy annuitants, blended 70% male/30% female for participants and 30% male / 70% female for beneficiaries.														
Other Information:	401(a) 17 compensation and 415 limits are assumed to increase with inflation. Turnover: 0.00% - 10.43%, based on age Disablement: 0.06% - 1.63%, based on age Expenses: \$150 per year payable monthly														

See accompanying independent auditors' opinion.

**Schedule of Changes in the Plan's Net Pension Liability and Related Ratios Multiyear**

**Last 10 Fiscal Years\***

(in thousands)

**RTD Salaried Pension Plan**

Period Ending December 31,

	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service Cost	\$ 3,201	\$ 3,587	\$ 3,342	2,673
Interest	12,351	11,371	10,388	9,366
Changes to Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(816)	6,716	3,869	2,228
Assumption Changes	-	-	3,601	6,997
Benefit Payments, Including Lump Sums	(9,339)	(7,092)	(9,582)	(7,034)
<b>Net Change in Total Pension Liability</b>	<b>\$ 5,397</b>	<b>\$ 14,582</b>	<b>\$ 11,618</b>	<b>\$ 14,230</b>
<b>Total Pension Liability - Beginning</b>	<b>166,153</b>	<b>151,571</b>	<b>139,953</b>	<b>125,723</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 171,550</b>	<b>\$ 166,153</b>	<b>\$ 151,571</b>	<b>\$ 139,953</b>

**Plan Fiduciary Net Position**

Contributions - RTD	\$ 4,600	\$ 4,100	\$ 3,100	\$ 3,100
Contributions - Members	-	-	-	-
Net Investment Income	18,322	11,337	(610)	9,078
Benefit Payments, Including Lump Sums	(9,339)	(7,092)	(9,582)	(7,034)
Administrative Expenses	(177)	(166)	(141)	(127)
Other	-	-	-	-

**Net Change in Plan Fiduciary Net Position** \$ 13,406 \$ 8,179 \$ (7,233) \$ 5,017

**Plan Fiduciary Net Position - Beginning** 130,956 122,777 130,010 124,993

**Plan Fiduciary Net Position - Ending (b)** \$ 144,362 \$ 130,956 \$ 122,777 \$ 130,010

Plan's Net Pension Liability - Beginning 28,794 28,794 9,943 730

**Plan's Net Pension Liability - Ending (a) - (b)** \$ 27,188 \$ 35,197 \$ 28,794 \$ 9,943

**Plan Fiduciary Net Position as a Percentage of the Total**

**Pension Liability (b) / (a)** 84.15% 78.82% 81.00% 92.90%

**Covered Payroll** 27,619 30,378 31,257 30,880

**Plan's Net Pension Liability as a Percentage of**

**Covered Payroll** 98.44% 115.86% 92.12% 32.20%

**Notes to Schedule:**

Assumption changes for the Fiscal Year Ending December 31, 2016 (December 31, 2015 measurement date, January 1, 2015 actuarial valuation date): the amount reported as Assumption Changes resulted from a change in the salary increase assumption (average weighted salary increase changed from 4.00% to 5.00%). This change is expected to be more reflective of future plan experience.

Assumption changes for the Fiscal Year Ending December 31, 2017 (December 31, 2016 measurement date, January 1, 2016 actuarial valuation date): the administrative expense assumption was updated from \$165,000 per year, payable monthly, to \$150,000 per year, payable monthly. The updated administrative expense assumption is expected to be more reflective of future administrative expenses for the Plan. The administrative expense assumption is used for determining the actuarially determined contribution and does not impact Total Pension Liability.

Assumption changes for the Fiscal Year Ending December 31, 2018 (December 31, 2017 measurement date, January 1, 2017 actuarial valuation date): No changes in actuarial assumptions were made since the prior valuation.

\* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

See accompanying independent auditors' opinion.

*SUPPLEMENTAL INFORMATION*

**REGIONAL TRANSPORTATION DISTRICT**  
**SCHEDULE OF EXPENSE AND REVENUE**  
**BUDGET AND ACTUAL - BUDGETARY BASIS**  
**Year Ended December 31, 2018**  
**(In Thousands)**

	Adopted Budget	Final Budget	Actual	Variance - positive (negative)
Operating revenue				
Passenger fares	\$ 146,785	\$ 146,785	\$ 143,231	\$ (3,554)
Other	5,666	5,666	7,535	1,869
Total operating revenue	<u>152,451</u>	<u>152,451</u>	<u>150,766</u>	<u>(1,685)</u>
Operating expenses				
Salaries and wages	184,736	186,522	183,899	2,623
Fringe benefits	71,165	71,930	52,993	18,937
Materials and supplies	58,928	60,853	51,335	9,518
Services	145,060	148,405	81,189	67,216
Utilities	18,149	18,149	16,419	1,730
Insurance	10,985	11,485	9,941	1,544
Purchased transportation	179,180	187,209	176,416	10,793
Leases and rentals	3,712	3,712	1,996	1,716
Miscellaneous	3,652	12,102	4,317	7,785
Total operating expenses	<u>675,567</u>	<u>700,367</u>	<u>578,505</u>	<u>121,862</u>
Operating loss	<u>(523,116)</u>	<u>(547,916)</u>	<u>(427,739)</u>	<u>120,177</u>
Nonoperating revenue (expenses)				
Sales and use tax	626,175	622,834	634,192	11,358
Grant operating assistance	97,023	102,681	86,403	(16,278)
Investment income	7,278	11,732	13,409	1,677
Other income	13,077	13,246	12,618	(628)
Gain/loss on capital assets	-	-	(1,449)	(1,449)
Interest expense	(153,248)	(153,248)	(62,770)	90,478
Other expense/unrealized loss capital assets	-	-	(16)	(16)
Total nonoperating revenue (expenses)	<u>590,305</u>	<u>597,245</u>	<u>682,387</u>	<u>85,142</u>
Proceeds from debt	-	-	(5,805)	(5,805)
Capital outlay				
Capital expenses	952,745	849,538	335,080	(514,458)
Less capital grants	(317,425)	(311,134)	(81,002)	230,132
	<u>635,320</u>	<u>538,404</u>	<u>254,078</u>	<u>(284,326)</u>
Long-term debt principal payment	<u>(64,700)</u>	<u>(58,065)</u>	<u>(64,700)</u>	<u>(6,635)</u>
Excess (deficiency) of revenue and nonoperating income over (under) expenses, capital outlays and debt principal payments	<u>\$ (632,831)</u>	<u>\$ (547,140)</u>	<u>(69,935)</u>	<u>\$ 477,205</u>
Increases (decreases) to reconcile budget basis to GAAP basis				
Capital expenses			335,080	
Proceeds from debt			5,805	
Long-term debt principal payment			64,700	
Depreciation			(285,653)	
INCREASE IN NET POSITION			<u>\$ 49,997</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.

<b>Contents</b>	<b>Page</b>
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Financial Trends	94-96
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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	97
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These tables contain information to help the reader assess the government's most significant revenue source.

Debt Capacity	98-99
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These tables contain 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	100
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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**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Invested in capital assets, net of related debt (Note I)	\$ 3,144,175	\$ 3,135,186	\$ 3,119,274	\$ 2,936,397	\$ 2,987,697	\$ 2,788,100	\$ 2,348,966	\$ 1,872,790	\$ 1,597,631	\$ 1,456,493
Restricted (Note I)										
Emergencies	24,079	25,735	21,609	20,284	19,193	18,304	17,451	16,392	15,486	15,158
Debt and other	502,558	475,792	395,948	304,667	155,345	117,827	316,711	491,313	424,348	442,489
<b>Total restricted net position<sup>2</sup></b>	<b>526,637</b>	<b>501,527</b>	<b>417,557</b>	<b>324,951</b>	<b>174,538</b>	<b>136,131</b>	<b>334,162</b>	<b>507,705</b>	<b>439,834</b>	<b>457,647</b>
<b>Unrestricted net position (note H)</b>	<b>(207,306)</b>	<b>(223,204)</b>	<b>(214,479)</b>	<b>(84,409)</b>	<b>18,842</b>	<b>53,218</b>	<b>45,782</b>	<b>46,199</b>	<b>166,299</b>	<b>132,035</b>
<b>Total net position</b>	<b><u>\$ 3,463,506</u></b>	<b><u>\$ 3,413,509</u></b>	<b><u>\$ 3,322,352</u></b>	<b><u>\$ 3,176,939</u></b>	<b><u>\$ 3,181,077</u></b>	<b><u>\$ 2,977,449</u></b>	<b><u>\$ 2,728,910</u></b>	<b><u>\$ 2,426,694</u></b>	<b><u>\$ 2,203,764</u></b>	<b><u>\$ 2,046,175</u></b>

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

<sup>2</sup> Retriected net position for 2016 and 2015 has been restated by category.

**REGIONAL TRANSPORTATION DISTRICT**  
**SUMMARY OF STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
(In Thousands)

**Table 2**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Operating Revenues:										
Passenger Fares	\$ 143,231	\$ 140,217	\$ 134,622	\$ 120,497	\$ 120,497	\$ 117,841	\$ 112,929	\$ 108,497	\$ 97,942	\$ 96,890
Other	7,535	7,159	5,803	5,347	4,406	5,199	5,333	4,882	4,414	4,357
Total Operating Revenues	<u>150,766</u>	<u>147,376</u>	<u>140,425</u>	<u>125,844</u>	<u>124,903</u>	<u>123,040</u>	<u>118,262</u>	<u>113,379</u>	<u>102,356</u>	<u>101,247</u>
Operating Expenses:										
Salaries, wages, fringe benefits	236,892	263,977	260,039	227,207	204,790	192,405	178,974	166,332	160,498	161,747
Materials and supplies	51,335	44,686	52,180	58,884	62,156	64,798	58,300	52,015	48,310	56,835
Services	81,189	77,323	58,560	79,749	108,920	112,479	109,853	48,357	60,553	42,783
Utilities	16,419	16,503	14,220	13,673	14,151	13,567	11,833	11,627	10,977	9,512
Insurance	9,941	13,319	10,382	8,102	5,273	5,568	3,776	6,089	5,429	3,767
Purchased transportation	176,416	159,051	156,605	113,216	114,942	113,006	111,130	108,865	104,514	103,975
Leases and rentals	1,996	2,829	3,288	3,462	3,264	3,210	2,401	1,964	2,515	2,680
Miscellaneous	4,317	4,213	4,183	4,531	6,561	6,448	15,741	2,082	3,315	6,866
Total Operating Expenses	<u>578,505</u>	<u>581,901</u>	<u>559,457</u>	<u>508,824</u>	<u>520,057</u>	<u>511,481</u>	<u>492,008</u>	<u>397,331</u>	<u>396,111</u>	<u>388,165</u>
Operating loss before depreciation	(427,739)	(434,525)	(419,032)	(382,947)	(395,154)	(388,441)	(373,746)	(283,952)	(293,755)	(286,918)
Depreciation	<u>285,653</u>	<u>248,633</u>	<u>222,154</u>	<u>152,531</u>	<u>139,045</u>	<u>127,256</u>	<u>115,269</u>	<u>104,280</u>	<u>104,176</u>	<u>106,025</u>
Operating Loss	(713,392)	(683,158)	(641,186)	(535,478)	(534,199)	(515,697)	(489,015)	(388,232)	(397,931)	(392,943)
Nonoperating income (expense):										
Sales and use tax revenues	634,192	598,187	563,598	541,518	514,721	468,586	449,787	415,180	397,549	371,405
Grant operating assistance	86,403	80,412	77,335	73,383	75,544	88,243	68,927	89,592	92,655	68,146
Interest income	13,409	63,030	6,371	3,164	165	2,040	2,613	6,484	8,065	29,379
Other income	12,618	10,596	9,927	10,322	10,248	28,170	11,035	11,356	3,653	3,243
Gain/Loss on Capital Assets	(1,449)	4,022	5,664	1,085	6,613	(82)	3,459	(6,101)	(3,474)	40
Interest expense	(62,770)	(65,346)	(77,272)	(79,686)	(72,293)	(61,223)	(51,371)	(51,274)	(48,735)	(34,179)
Other expense/Unrealized Loss A	(16)	(2,981)	(1,258)	(1,422)	(3,605)	(4,064)	(4,895)	(150)	(1,671)	(23,037)
Total Nonoperating Income	<u>682,387</u>	<u>687,920</u>	<u>584,365</u>	<u>548,364</u>	<u>531,393</u>	<u>521,670</u>	<u>479,555</u>	<u>465,087</u>	<u>448,042</u>	<u>414,997</u>
Net income before capital grants and local contributions	(31,005)	4,762	(56,821)	12,886	(2,806)	5,973	(9,460)	76,855	50,111	22,054
Capital grants and local contributions	<u>81,002</u>	<u>86,395</u>	<u>202,235</u>	<u>169,313</u>	<u>206,431</u>	<u>242,566</u>	<u>311,676</u>	<u>238,292</u>	<u>107,478</u>	<u>131,711</u>
Increase in Net Position	49,997	91,157	145,414	182,199	203,625	248,539	302,216	315,147	157,589	153,765
Net Position, Beginning of Year, (as previously reported)	3,413,509	3,322,352	3,176,938	3,181,074	2,977,449	2,728,910	2,426,694	2,203,764	2,046,175	1,892,410
Change in accounting principle, (note A)				(186,335)						
Net Position, Beginning of Year, (as restated)				2,994,739						
Prior Period Adjustment								(92,217)		
<b>Net Position at End of Year</b>	<b><u>\$3,463,506</u></b>	<b><u>\$3,413,509</u></b>	<b><u>\$3,322,352</u></b>	<b><u>\$3,176,938</u></b>	<b><u>\$3,181,074</u></b>	<b><u>\$2,977,449</u></b>	<b><u>\$2,728,910</u></b>	<b><u>\$2,426,694</u></b>	<b><u>\$2,203,764</u></b>	<b><u>\$2,046,175</u></b>



**REGIONAL TRANSPORTATION DISTRICT**  
**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
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
2015	427,468	81,356	152,531	79,686	1,422	870,055	1,612,518
2016	470,005	89,452	222,154	77,272	1,258	693,159	1,553,300
2017	491,673	90,228	248,633	65,346	2,981	451,245	1,350,106
2018	488,277	90,228	285,653	62,770	1,465	335,080	1,263,473

<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**

<b>Year</b>	<b>Operating Revenues</b>	<b>Sales/Use Tax</b>	<b>Grant Operating Assistance</b>	<b>Interest Income</b>	<b>Other</b>	<b>Total Revenue</b>	<b>Capital Grants</b>	<b>Local Contributions</b>	<b>Total Revenue and Capital Grant &amp; Contributions</b>
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
2015	125,877	541,518	73,383	3,164	11,407	755,349	157,616	11,697	924,662
2016	140,525	563,598	77,335	6,371	15,591	803,420	185,324	16,911	1,005,655
2017	147,376	598,187	80,412	63,030	14,618	903,623	75,500	10,895	990,018
2018	150,766	634,192	86,403	13,409	12,618	897,388	52,229	28,773	978,390

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

**REGIONAL TRANSPORTATION DISTRICT**  
**DEBT COVERAGE RATIOS<sup>1</sup>**

(In Thousands)

**Table 5**

**LAST TEN YEARS (UNAUDITED)**

	<b>Sales Tax Bond Debt Service Requirements</b>			<b>Sales Tax</b>	<b>Coverage</b>
	<b>Interest</b>	<b>Principal</b>	<b>Total</b>	<b>Collections</b>	<b>Ratio</b>
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	541,518	5.55
2014	84,821	25,712	110,533	514,721	4.66
2015	84,101	26,438	110,539	541,518	4.90
2016	83,490	27,043	110,533	563,598	5.10
2017	89,033	25,364	114,397	598,187	5.23
2018	86,542	26,235	112,777	634,192	5.62

**Certificate of Participation Debt Service Requirements**

	<b>Interest</b>	<b>Principal</b>	<b>Total</b>
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
2015	57,226	27,910	85,136
2016	62,373	34,655	97,028
2017	56,071	32,702	88,773
2018	53,669	38,465	92,134

**REGIONAL TRANSPORTATION DISTRICT**

**DEBT COVERAGE RATIOS (Continued)**

(In Thousands)

**Table 5**

	Total Debt Service Requirements			Total Revenue	Coverage Ratio
	Interest	Principal	Total		
2009	\$ 56,924	\$ 62,770	\$ 119,694	573,460	4.79
2010	60,035	71,236	131,271	573,460	4.37
2011	99,619	50,965	150,584	654,083	4.34
2012	99,203	54,786	153,989	874,283	5.68
2013	108,071	46,460	154,531	965,494	6.25
2014	128,323	57,002	185,325	952,645	5.14
2015	141,327	54,348	195,675	938,645	4.80
2016	145,863	61,698	207,561	924,662	4.45
2017	145,104	58,066	203,170	990,018	4.87
2018	140,211	64,700	204,911	978,390	4.77

<sup>1</sup> Source: The financial records of RTD and the Official Statements of the respective debt issues.

**REGIONAL TRANSPORTATION DISTRICT  
DEMOGRAPHIC AND OPERATING DATA**

**Table 6**

*Last Ten Years (Unaudited)*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
January 1 population within RTD service area <sup>1</sup>	3,080,000	2,920,000	2,920,000	2,870,000	2,870,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
Cities and towns served	40	40	40	40	40	40	40	40	40	40
Square miles in service area	2,342	2,342	2,342	2,340	2,340	2,340	2,340	2,348	2,348	2,348
Total miles	59,239,576	49,348,647	44,368,116	47,575,444	45,746,927	45,246,715	38,824,067	42,996,614	41,449,988	48,862,622
Passenger stops	9,800	9,077	9,077	9,566	9,751	9,509	9,841	9,698	10,140	10,199
Number of fixed routes	169	172	172	137	138	136	145	138	148	150
Local	107	115	115	69	65	65	71	64	66	67
Express	-	-	-	15	14	14	17	16	20	20
Regional	23	16	16	20	17	17	17	17	16	16
Skyride	3	3	3	5	5	5	5	5	5	5
Boulder City	13	13	13	13	13	13	13	12	14	15
Longmont City	4	4	4	4	4	4	4	4	7	7
Limited	14	16	16	18	11	11	10	11	11	11
Miscellaneous	5	5	5	8	9	7	7	9	9	9
Ridership average weekday, without Mall Shuttle and Light Rail	183,293	193,391	197,637	208,086	211,702	208,387	210,811	205,504	209,172	212,758
Ridership average weekday, including Mall Shuttle	221,938	229,966	236,573	252,034	255,696	254,071	255,501	254,197	255,068	259,873
Ridership average weekday, including Mall Shuttle, Light Rail, ADA, and Van Pool	321,891	326,413	331,580	338,363	344,348	335,391	326,747	325,900	323,311	328,291
Total annual boardings without Mall Shuttle, Light Rail and ADA	61,091,654	64,457,209	59,005,677	62,833,246	63,935,032	63,010,579	63,640,443	61,634,723	62,902,963	63,578,004
Total annual boardings, including Mall Shuttle	71,366,204	73,947,723	71,345,729	76,257,759	77,464,530	77,079,604	77,320,228	76,577,627	76,825,609	77,928,088
Total annual boardings, including Mall Shuttle, Light Rail and CRT	104,307,853	105,773,275	100,248,216	101,776,337	103,851,061	100,844,239	97,959,296	97,272,342	96,657,335	97,687,476
Total annual boardings, including Mall Shuttle, Light Rail, ADA service, and Van Pool	105,388,415	106,849,922	101,322,384	102,991,663	104,987,248	101,966,009	99,122,065	98,384,882	97,724,928	98,746,429
Daily miles operated (average weekday), including Mall Shuttle	124,202	124,688	120,613	119,076	107,635	106,709	129,517	117,261	124,248	149,750
Daily miles operated (average weekday), including Mall Shuttle and Light Rail	141,621	142,489	136,677	131,221	119,706	118,385	139,083	126,849	134,294	159,824
Diesel fuel consumption, gallons <sup>2</sup>	5,238,000	5,550,000	5,550,000	5,550,000	5,550,000	5,600,000	5,400,000	5,400,000	5,200,000	5,400,000
Total active buses	1,026	1,023	1,023	1,021	1,011	992	998	969	1,025	1,050
Wheelchair lift equipped buses	1,026	1,023	1,023	1,021	1,011	992	998	969	1,025	1,050
Number of employees <sup>2</sup>										
Salaried	870	817	779	779	735	752	700	697	696	664
Represented (includes part-time)	2,018	1,962	2,034	1,955	1,929	1,901	1,715	1,785	1,744	1,802
Fleet requirements (peak hours)	841	834	834	834	821	785	779	797	806	830
Operating facilities <sup>2</sup>	7	7	7	7	7	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> Excludes purchased transportation services.

## Debt Disclosure Tables for 2018 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 2018 and 2019 Budget
16	Trip Fares
17	RTD Net Retail Sales

## Debt Disclosure Tables Updated in Body of 2018 CAFR

Table Title	Location in CAFR
RTD Revenues by Source	Statistical Section – Table 4
Summary Balance Sheet	Statements of Net Position – pg. 38-39

**REGIONAL TRANSPORTATION DISTRICT**  
**2019-2024 STRATEGIC BUDGET PLAN - OPERATING PROGRAM (In Thousands)**

**Table 7**

Program	2019	2020	2021	2022	2023	2024	Total Cost
Interest Payments <sup>1,2</sup>	\$ 19,400	\$ 16,834	\$ 14,353	\$ 12,140	\$ 10,253	\$ 8,414	\$ 81,394
Bus Operations – Current RTD	158,963	166,267	170,669	175,104	179,658	184,344	1,035,005
Bus Operations – Private Carrier after Contract	111,666	112,949	115,912	118,897	120,963	125,118	705,505
Bus Operations - call-n-Ride	8,078	8,298	8,519	8,741	8,969	9,204	51,809
Private Contract Administration Costs	420	432	443	455	467	479	2,696
Service Increases – RTD-Operated	1,400	-	-	-	-	-	1,400
Service Increases – Private Contractor	1,057	-	-	-	-	-	1,057
FasTracks Service Allocation - Bus <sup>1</sup>	(16,736)	(17,193)	(17,650)	(18,109)	(18,583)	(19,069)	(107,340)
Cost Sharing Agreements - Bus Service	2,276	2,338	2,401	2,463	2,527	2,594	14,599
Van Pool Program	1,088	1,118	1,148	1,178	1,208	1,240	6,980
Section 5011 Local Match	893	917	942	966	992	1,018	5,728
Rail Operations	72,775	76,326	78,346	80,382	82,473	84,623	474,925
ADA Operating Costs	48,031	48,606	49,895	51,194	52,525	53,895	304,146
FasTracks Service Allocation - ADA <sup>1</sup>	(2,124)	(2,182)	(2,240)	(2,298)	(2,358)	(2,420)	(13,622)
Safety & Security - Base	26,156	26,859	27,569	28,286	29,021	29,778	167,669
Safety & Security - Additional Costs	515	529	543	1,430	1,604	1,646	6,267
Capital Programs & Facilities - Base	47,311	48,081	49,351	50,634	51,949	53,302	300,628
Capital Programs & Facilities- Additional Costs	1,619	116	1,208	3,534	2,087	281	8,845
Direct Costs - Other Departments	1,069	1,099	1,128	1,157	1,188	1,218	6,859
Indirect Costs - Other Departments	108,839	115,900	116,739	121,390	123,690	141,756	728,314
FasTracks - Cost Allocation	(44,395)	(46,645)	(47,885)	(49,131)	(50,416)	(51,735)	(290,207)
<b>Grand Total</b>	<b>\$ 548,301</b>	<b>\$560,649</b>	<b>\$571,391</b>	<b>\$588,413</b>	<b>\$598,217</b>	<b>\$625,686</b>	<b>\$ 3,492,657</b>

<sup>1</sup> Interest payments are not presented in year of expenditure dollars. All other operating expenses are 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**  
**2019-2024 STRATEGIC BUDGET PLAN - CAPITAL PROGRAM (In Thousands)**

**Table 8**

Program	2019	2020	2021	2022	2023	2024	Total Cost
Long Term Debt Service <sup>1,2</sup>	\$ 62,610	\$ 65,793	\$ 64,711	\$ 58,218	\$ 46,995	\$ 48,825	\$ 347,152
Fleet Modernization and Expansion <sup>3</sup>							
Buses and ADA Vehicles	32,612	25,771	31,949	31,345	23,829	24,266	169,772
Other	-	-	-	445	228	234	907
Light Rail Vehicles	-	-	-	-	-	-	-
Transfer Stations <sup>3</sup>	1,233	1,425	-	-	-	-	2,658
Rail Construction <sup>3</sup>	4,239	4,381	4,498	5,949	6,104	4,274	29,445
Rail Transit <sup>3</sup>	1,541	264	271	6,583	3,903	2,249	14,811
park-n-Rides <sup>3</sup>	499	-	-	-	-	-	499
Capital Support Equipment <sup>3</sup>							-
Vehicles and Bus Maintenance Equipment	750	303	308	4,769	4,132	3,262	13,524
Information Systems, Computer Equip. for Ops.	3,468	3,431	1,084	889	627	293	9,792
Capital Support Projects <sup>3</sup>	2,569	-	-	-	-	-	2,569
Facilities Construction and Maintenance <sup>3</sup>	3,307	4,172	7,017	11,132	6,359	1,932	33,919
Planning <sup>3</sup>	-	-	-	-	68,461	-	68,461
Treasury <sup>3</sup>	-	-	-	-	2,355	-	2,355
Unallocated Capital <sup>3</sup>	103	53	54	111	114	117	552
<b>Grand Total</b>	<b>\$ 112,931</b>	<b>\$ 105,593</b>	<b>\$ 109,892</b>	<b>\$ 119,441</b>	<b>\$ 163,107</b>	<b>\$ 85,452</b>	<b>\$ 696,416</b>

<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, 2018

**Table 9**

<b>Sales Tax Bonds</b>	<b>Outstanding<sup>2</sup></b>
RTD Sales Tax Revenue Refunding Bonds, Series 2007 <sup>1</sup> - FasTracks	\$ 250,767
RTD Sales Tax Revenue Refunding Bonds, Series 2007 <sup>1</sup>	61,695
RTD Sales FasTracks Tax Revenue Bonds, Series 2010AB <sup>1</sup>	380,911
RTD Sales FasTracks Tax Revenue Bonds, Series 2012A <sup>1</sup>	528,560
RTD Sales Tax Revenue Bonds, Series 2013A <sup>1</sup>	14,206
RTD Sales FasTracks Tax Revenue Bonds, Series 2013AB <sup>1</sup>	239,644
RTD Sales Tax TIFIA Loan <sup>4</sup>	325,328
RTD Sales FasTracks Tax Revenue Bonds, Series 2016A <sup>1</sup>	227,604
RTD Sales FasTracks Tax Revenue Bonds, Series 2017A <sup>1</sup>	91,531
RTD Sales FasTracks Tax Revenue Bonds, Series 2017B <sup>1</sup>	139,599
<b>Total Sales Tax Revenue Debt</b>	<b>\$ 2,259,845</b>

<b>Lease Purchase Agreements</b>	<b>Outstanding<sup>2</sup></b>
Master Lease Purchase Agreement II Fixed Rate Taxable Certificates of Participation, Series 2007A	4,815
2010AB	201,679
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, Series 2013A	180,780
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, Series 2014A	462,510
Master Lease Purchase Agreement II Fixed Rate Certificates of Participation, Series 2015A	139,222
2016A JPM Lease Purchase Agreement Refunding	50,512
2017A JPM Lease Purchase Agreement Refunding	153,140
<b>Total Certificates of Participation Debt</b>	<b>\$ 1,192,658</b>
<b>Total Debt</b>	<b>\$ 3,452,503</b>

RTD Distirct Populaiton <sup>3</sup>	3,080,000
Per Capita Debt Requirement	\$ 1,121

<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> Population is based on estimates provided by the Denver Regional Council of Governments.

<sup>4</sup> Capitalized interest thru 2020

**ANNUAL RIDERSHIP AND FARE REVENUE - 2009-2018****Table 10**

(In Thousands)

<b>Year</b>	<b>Revenue Boardings<sup>1</sup></b>	<b>Fare Revenue</b>	<b>Percent Change in Fare Revenue</b>
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%
2015	88,927	120,530	0.0%
2016	88,982	134,622	11.7%
2017	87,823	140,217	4.2%
2018	95,114	143,231	2.1%

<sup>1</sup> Totals for 2009-2018 include both access-a-Ride boardings and vanpool boardings.

**ADVERTISING AND ANCILLARY REVENUES - 2009-2018****Table 11**

(In Thousands)

<b>Year</b>	<b>Advertising Revenue</b>	<b>Ancillary Revenues</b>
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
2015	4,160	1,186
2016	3,722	2,081
2017	4,280	2,879
2018	4,433	3,102

**GRANT RECEIPTS AND LOCAL CONTRIBUTIONS - 2009-2018****Table 12**

(In Thousands)

<b>Year</b>	<b>Grant Capital</b>	<b>Local Contributions</b>	<b>Grant Operating Assistance</b>
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
2015	157,616	11,697	73,383
2016	185,324	16,911	77,335
2017	75,500	10,895	80,412
2018	52,229	28,773	86,403

**REGIONAL TRANSPORTATION DISTRICT**  
**FIVE-YEAR SUMMARY OF STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
(In Thousands)

**Table 13**

	Years ended December 31				
	2018	2017	2016	2015	2014
Operating Revenues:					
Passenger Fares	\$ 143,231	\$ 140,217	\$ 134,622	\$ 120,530	\$ 120,497
Other	7,535	7,159	5,803	5,347	4,406
Total Operating Revenues	<u>150,766</u>	<u>147,376</u>	<u>140,425</u>	<u>125,877</u>	<u>124,903</u>
Operating Expenses:					
Salaries, wages, fringe benefits	236,892	263,977	260,039	227,207	204,790
Materials and supplies	51,335	44,686	52,180	58,884	62,156
Services	81,189	77,323	58,560	79,749	108,920
Utilities	16,419	16,503	14,220	13,673	14,151
Insurance	9,941	13,319	10,382	8,102	5,273
Purchased transportation	176,416	159,051	156,605	113,217	114,942
Leases and rentals	1,996	2,829	3,288	3,462	3,264
Miscellaneous	4,317	4,213	4,183	4,531	6,561
Total Operating Expenses	<u>578,505</u>	<u>581,901</u>	<u>559,457</u>	<u>508,825</u>	<u>520,057</u>
Operating loss before depreciation	(427,739)	(434,525)	(419,032)	(382,947)	(395,154)
Depreciation	<u>285,653</u>	<u>248,633</u>	<u>222,154</u>	<u>152,531</u>	<u>139,045</u>
Operating Loss	(713,392)	(683,158)	(641,186)	(535,478)	(534,199)
Nonoperating income (expense):					
Sales and use tax revenues	634,192	598,187	563,598	541,518	514,721
Grant operating assistance	86,403	80,412	77,335	73,383	75,544
Interest income	13,409	63,030	6,371	3,164	165
Other income	12,618	10,596	9,927	10,322	10,248
Gain/Loss on Capital Assets	(1,449)	4,022	5,664	1,085	6,613
Interest expense	(62,770)	(65,346)	(77,272)	(79,686)	(72,293)
Other expense/Unrealized Loss	(16)	(2,981)	(1,258)	(1,422)	(3,605)
Total Nonoperating Income	<u>682,387</u>	<u>687,920</u>	<u>584,365</u>	<u>548,364</u>	<u>531,393</u>
Net income before capital grants and local contributions	(31,005)	4,762	(56,821)	12,886	(2,806)
Federal capital grants and local contributions	<u>81,002</u>	<u>86,395</u>	<u>202,235</u>	<u>169,313</u>	<u>206,431</u>
Increase in Net Position	49,997	91,157	145,414	182,199	203,625
Net Position, Beginning of Year (as previously reported)	3,413,509	3,322,352	3,176,938	3,181,074	2,977,449
Net Position, Beginning of Year (as restated)				<u>2,994,739</u>	
<b>Net Position at End of Year</b>	<b>\$ 3,463,506</b>	<b>\$ 3,413,509</b>	<b>\$ 3,322,352</b>	<b>\$ 3,176,938</b>	<b>\$ 3,181,074</b>

## REGIONAL TRANSPORTATION DISTRICT

Table 14

## FIVE-YEAR SCHEDULE OF EXPENSES AND REVENUES - BUDGET AND ACTUAL - BUDGETARY BASIS (In Thousands)\*

	2018		2017		2016		2015		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Operating revenues:										
Passenger fares	\$ 146,785	\$ 143,231	\$ 142,500	\$ 140,217	\$ 130,173	\$ 134,622	\$ 123,373	\$ 120,530	\$ 124,985	\$ 120,497
Other	5,666	7,535	6,023	7,159	4,797	5,803	5,245	5,347	5,423	4,406
Total operating revenues	152,451	150,766	148,523	147,376	134,970	140,425	128,618	125,877	130,408	124,903
Operating expenses:										
Salaries, wages, fringe benefits	258,452	236,892	238,452	263,977	222,966	260,039	202,135	227,207	184,597	204,790
Materials and supplies	60,853	51,335	55,853	44,686	60,001	52,180	67,741	58,884	67,259	62,156
Services	148,405	81,189	154,405	77,323	139,385	58,560	139,607	79,749	143,911	108,920
Utilities	18,149	16,419	22,149	16,503	19,382	14,220	15,015	13,673	15,334	14,151
Insurance	11,485	9,941	8,485	13,319	7,665	10,382	7,595	8,102	7,470	5,273
Purchased transportation	187,209	176,416	174,209	159,051	175,696	156,605	114,214	113,216	118,189	114,942
Leases and rentals	3,712	1,996	3,712	2,829	3,557	3,288	3,415	3,462	3,289	3,264
Miscellaneous	12,102	4,317	14,432	4,213	9,601	4,183	5,824	4,531	6,931	6,561
Total Operating Expenses	700,367	578,505	671,697	581,901	638,253	559,457	555,546	508,824	546,980	520,057
Operating loss	(547,916)	(427,739)	(523,174)	(434,525)	(503,283)	(419,032)	(426,928)	(382,947)	(416,572)	(395,154)
Nonoperating revenue (expense):										
Sales and use tax	622,834	634,192	586,053	598,187	569,763	563,598	551,368	541,518	503,448	514,721
Grant operating assistance	102,681	86,403	103,785	80,412	96,767	77,335	78,832	73,383	92,866	75,544
Interest income	11,732	13,409	4,197	63,030	3,840	6,371	4,310	3,164	2,372	165
Other income	13,246	12,618	11,244	10,596	20,200	9,927	11,020	10,322	20,721	10,248
Gain/Loss on capital assets	-	(1,449)	-	4,022	-	5,664	-	1,085	-	6,613
Interest expense	(153,248)	(62,770)	(129,719)	(65,346)	(117,313)	(77,272)	(95,365)	(79,686)	(99,405)	(72,293)
Other expense/Unrealized loss	-	(16)	-	(2,981)	-	(1,258)	-	(1,422)	-	(3,605)
Total nonoperating revenue	597,245	682,387	575,560	687,920	573,257	584,365	550,165	548,364	520,002	531,393
Proceeds from issuance of long-term debt	-	(5,805)	457,091	402,435	457,091	314,174	457,091	299,688	795,604	573,324
Capital outlay										
Capital expenses	849,538	335,080	1,055,839	451,245	1,396,223	693,159	1,687,076	870,055	1,811,720	862,701
Less capital grants	(311,134)	(81,002)	(418,898)	(86,395)	(258,089)	(202,235)	(206,451)	(169,313)	(276,073)	(206,431)
	538,404	254,078	636,941	364,850	1,138,134	490,924	1,480,625	700,742	1,535,647	656,270
Long-term debt principal payment	58,065	64,700	58,065	489,841	61,698	133,098	58,942	54,348	62,187	57,002
Excess (deficit) of revenue and nonoperating income over (under) expenses, capital outlay and debt principal payments	\$ (547,140)	(69,935)	\$ (185,529)	(198,861)	\$ (672,767)	(144,515)	\$ (959,239)	(289,985)	\$ (698,800)	(3,709)
Increases (decreases) to reconcile budget basis to GAAP basis										
Capital expenditures		335,080		451,245		693,159		870,055		862,701
Long-term debt proceeds		5,805		(402,435)		(314,174)		(299,688)		(573,324)
Long-term debt principal		64,700		489,841		133,098		54,348		57,002
Depreciation		(285,653)		(248,633)		(222,154)		(152,531)		(139,045)
Net Income	\$ 49,997		\$ 91,157		\$ 145,414		\$ 182,199		\$ 203,625	

\* 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 2018 AND 2019 BUDGET SUMMARY (in thousands)**

**Table 15**

	<b>2018</b>	<b>2018</b>	<b>2019</b>
	<b>Adopted Budget</b>	<b>Amended Budget</b>	<b>Adopted Budget</b>
<b>Beginning net position</b>	\$ 3,949,501	\$ 3,413,510	\$ 3,721,818
<b>Revenues:</b>			
Operating	152,451	152,451	169,216
Sales & use taxes	626,175	622,834	668,330
Federal and local grants	414,448	413,815	370,885
Interest and other income	20,355	24,978	28,374
FasTracks - change in debt service reserve	-	-	(2,003)
FasTracks - change in FISA	(22,092)	(22,092)	(9,361)
Change in capital acquisition reserve	-	2,700	
Financing proceeds	-	-	
Contributed capital	111,035	155,445	159,067
<b>Total Revenues</b>	<u>1,302,372</u>	<u>1,350,131</u>	<u>1,384,508</u>
<b>Expenditures:</b>			
Operating	675,567	700,367	755,412
Interest expense	153,248	153,248	152,155
Debt payments	64,700	64,700	76,771
Current capital	209,197	231,525	111,373
Capital carryforward	743,548	639,745	719,372
<b>Total expenditures</b>	<u>1,846,260</u>	<u>1,789,585</u>	<u>1,815,083</u>
<b>Adjustments<sup>1</sup></b>	<u>1,225,334</u>	<u>1,483,257</u>	<u>1,049,776</u>
<b>Ending net position</b>	<u>\$ 4,630,947</u>	<u>\$ 4,457,313</u>	<u>\$ 4,341,019</u>
<b>Net position summary:</b>			
Net investment in capital assets	\$ 4,293,155	\$ 4,138,016	\$ 3,979,655
Restricted debt service, project related and other <sup>2</sup>	121,147	99,413	119,701
Restricted TABOR fund	23,969	24,008	25,977
Restricted FasTracks <sup>3</sup>	87,410	87,410	85,787
Restricted Board appropriated and capital replacement fund <sup>4</sup>	46,256	46,300	56,310
Unrestricted fund	59,010	62,166	73,589
<b>Ending net position</b>	<u>\$ 4,630,947</u>	<u>\$ 4,457,313</u>	<u>\$ 4,341,019</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 and Free Mall Ride	Free	Free				
Local - Denver, Boulder, Longmont and light rail	\$ 2.60	\$ 1.30				
Rail and bus regional	4.50	2.25				
Airport	9.00	4.50				
<b>Multiple Trip Fares</b>	<b>Regular 10- Ride</b>	<b>Other 10-Ride<sup>1</sup></b>	<b>Regular Day Pass Book</b>	<b>Other Day Pass Book<sup>1</sup></b>	<b>Regular Monthly</b>	<b>Other Monthly<sup>1</sup></b>
Local - Denver, Boulder and Longmont and light rail	\$ 23.50	\$ 11.75	\$ 26.00	\$ 13.00	\$ 99.00	\$ 49.00
Rail and bus regional	40.50	20.25	45.00	22.50	171.00	85.00

<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>Denver County</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>Broomfield County<sup>1</sup></b>	<b>Other</b>	<b>Total Taxable Transactions</b>	<b>Percent Annual Increase or Decrease</b>
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%
2015	14,629	4,547	7,505	6,932	9,887	3,575	1,077	1,399	49,551	8.6%
2016	15,251	4,798	7,718	7,301	10,144	3,786	1,055	1,359	51,412	3.8%
2017	16,125	4,924	7,986	8,117	10,481	4,036	1,144	1,886	54,699	6.4%
2018	16,777	5,148	8,585	9,031	10,840	4,191	1,225	1,181	56,978	4.2%

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

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## **APPENDIX C**

### **AN ECONOMIC AND DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA**

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## Introduction

In 2018, Colorado's employment growth accelerated, aided by continued positive net migration, strong economic activity, and wage growth. Colorado remains a top-10 state for employment growth, with a 2.4 percent increase in jobs over-the-year. The Denver metropolitan statistical area ranked fourth among the nation's 25 largest metropolitan areas for employment gains in 2018, rising 2.5 percent. The expanding Denver metropolitan area economy is bolstered by a vibrant entrepreneurial community, rising population and employment growth, and an increasing presence in the global economy.

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. All 11 industry supersectors in the Denver metropolitan area added jobs in 2018, with the addition of 41,600 jobs of the total 64,900 jobs added in the state. Four supersectors in the Denver metropolitan area—professional and business services, wholesale and retail trade, education and health services, and government—represent 59 percent of the region's total employment.

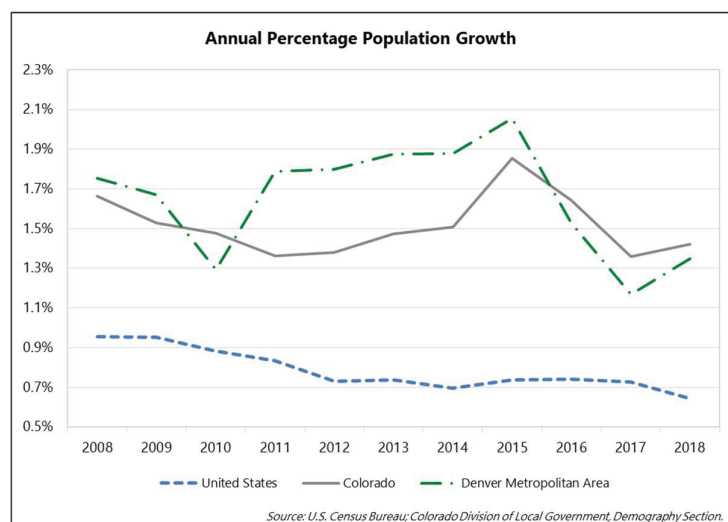
The Regional Transportation District (RTD) operates as a public transportation system whose 2,342-square-mile service area includes all or parts of eight counties, consisting of parts of the seven Denver metropolitan area counties plus a small part of Weld County. Specifically, RTD serves 40 municipalities in 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 northern portion of Douglas County, and small portions of Weld County annexed by Brighton, Longmont, and Erie. RTD operates 1,026 buses on 141 fixed routes, 172 light rail vehicles on 58.5 miles of track, and 66 commuter rail vehicles on 29 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

Colorado ranked among the top states for population growth in 2018. According to data from the U.S. Census Bureau, Colorado grew by nearly 80,000 people between July 2017 and July 2018, making it the seventh fastest-growing state in the nation. The state's increase of 1.4 percent over-the-year was more than twice that of the nation and reached nearly 5.7 million in 2018, about 787,300 higher than in 2008. However, the population growth from 2016 through 2018 continued to slow due to less net in-migration, more deaths, and fewer births.

Population growth is comprised of both natural increase and net migration. Natural increase is the difference between births and



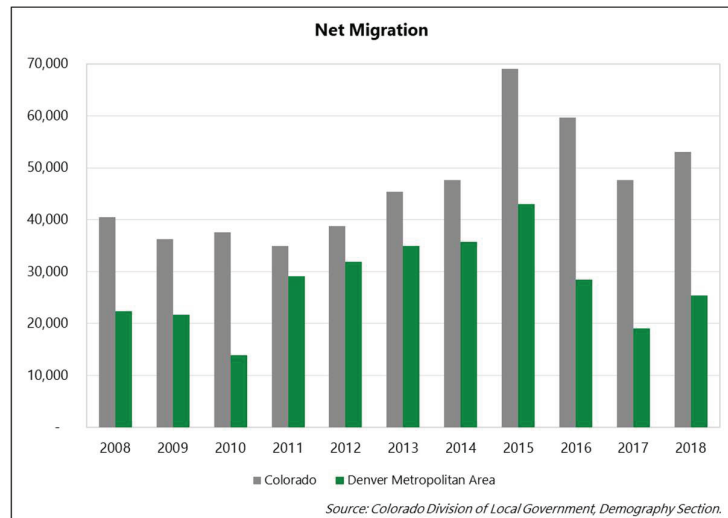
## AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

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 less-predictable factors tend to influence population mobility. Natural increase accounted for 40 percent of Colorado's total population change between 2009 and 2018, and net migration accounted for 60 percent. According to the U.S. Census Bureau, Colorado's natural increase ranked ninth in 2018 among the 50 states and the state's net migration ranked eighth.

Like many of the fastest growing states, net migration contributed the most to Colorado's rapid population growth. Demographers expect this trend to continue and will be the major contributing factor to Colorado's population growth throughout the remainder of the decade, representing about 66 percent of the state's population increase in 2018.

Colorado is experiencing two major demographic shifts in the state's population. First, in 2015, the largest generational group residing in the state became the millennials (born 1981-1996), surpassing the baby boomers (born 1946-1964). Second, Colorado's share of the population 65 years and older is increasing rapidly. Colorado is

aging relatively fast, with the fifth-highest share of those 65 years and over (13.9 percent) in 2017. Between 2008 and 2018, the 65 years and older population increased by 293,100 or an annual average growth rate of 4.6 percent. This rate is 3.1 percentage points higher than the statewide total population annual average growth rate of 1.5 percent over this period. The State Demography Office projects that by 2030, this percentage will increase to nearly 18 percent of the population, rising from about 806,000 to about 1.2 million people.



### Denver Metropolitan Area

The Denver metropolitan area is home to nearly 3.2 million people. The area's population increased 1.3 percent over-the-year and averaged 1.6 percent per year between 2008 and 2018, which was 0.9 percentage points above the national average (0.7 percent). The 10-year average annual growth rate for the area was relatively stable through most of the recent recession and recovery due to strong positive net migration.

Between 2008 and 2018, net migration represented 59 percent of total Denver metropolitan area population growth, and natural increase represented 41 percent of total growth. However, migration patterns have varied over the last 20 years. During the prior ten-year period (1999-2008), net migration represented a smaller 44 percent of the population change. Net migration surged in the Denver metropolitan area following the Great Recession and comprised most of the net migration to Colorado. Since 2010, net migration in the area accounted for about 60 percent of total Colorado net migration. However, the Denver metropolitan area's net migration fell to 40 percent in 2017.

Millennials are the largest population group in the area, totaling about 789,200 in 2018 and comprising nearly 25 percent of the population. Millennials also represent the largest share of the potential working age population ages 16 to 64 years. The Denver metropolitan area is an attractive location for this demographic and consistently ranks as a top area for college graduates and the millennial generation.

Individuals 65 years and over in the Denver metropolitan area represented 9.5 percent of the population in 2008 and grew to an estimated 13 percent of the population in 2018, which is smaller than the national share (15.7

## AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

percent). In absolute terms, the population 65 years and over was about 257,000 in 2008 and increased to about 416,900 in 2018, a 62.2 percent increase. The area's median age (37.3) is lower than the nationwide median (38.1).

**Denver Metropolitan Area Population by County**

Area	2008	2013	2018	Avg. Annual Population Growth	
				2008-2013	2013-2018
Adams	425,138	469,340	512,576	2.0%	1.8%
Arapahoe	556,246	606,938	649,703	1.8%	1.4%
Boulder	291,827	309,628	326,189	1.2%	1.0%
Broomfield	54,400	59,979	70,063	2.0%	3.2%
Denver	581,903	649,478	718,107	2.2%	2.0%
Douglas	276,740	306,223	340,436	2.0%	2.1%
Jefferson	530,565	551,876	579,631	0.8%	1.0%
Denver Metropolitan Area	2,716,819	2,953,462	3,196,704	1.7%	1.6%
Colorado	4,901,938	5,266,317	5,689,227	1.4%	1.6%

*Source: Colorado Division of Local Government, Demography Section.*

Of the seven Denver metropolitan area counties, the City and County of Broomfield and Douglas County reported the fastest population growth over the past five years. Growth in four of the seven counties exceeded the statewide average growth rate between 2013 and 2018, while growth in all seven counties exceeded the national average growth rate.

## 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.

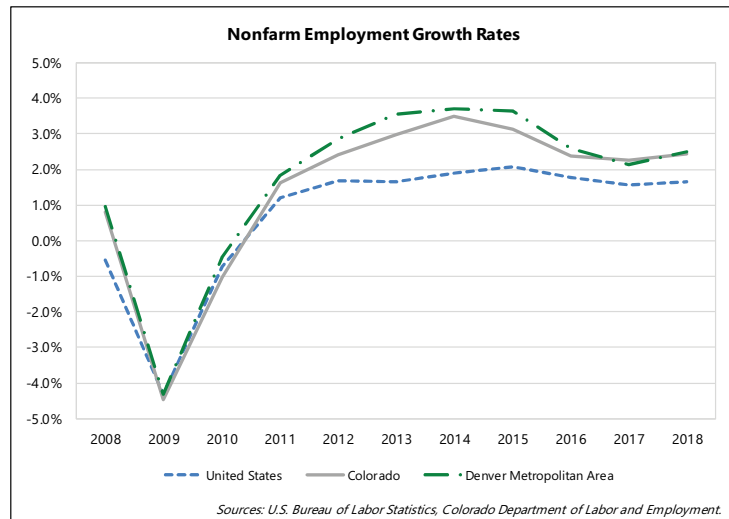
Industry employment data in the CES series are grouped according to North American Industry Classification System (NAICS) codes. This coding structure includes 20 detailed industry sectors that are combined to form 11 “supersectors.”

## Colorado

Colorado employment increased 2.4 percent in 2018, accelerating from 2.3 percent in 2017 and gained 64,900 jobs over-the-year. The state's employment growth rate was 0.7 percentage points above the national rate (1.7 percent) in 2018 and has consistently been at least 0.4 percentage points above the national rate since 2011. During the past 10 years, Colorado employment grew at an annual average rate of 1.5 percent and added 480,900 jobs to the state's economy over this period of time.

## AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

Fifty-eight percent of the state's total employment is concentrated in four supersectors consisting of government, professional and business services, wholesale and retail trade, and education and health services. Several supersectors including natural resources and construction, leisure and hospitality, and information continue to drive the state's recent period of economic expansion. Additionally, the state's high-tech and advanced industries support strong employment growth. Colorado employment rose across all 11 supersectors from 2017 to 2018, with the fastest growth recorded in natural resources and construction (+5.8 percent). Transportation, warehousing, and utilities and the information supersectors also recorded strong employment growth over-the-year, rising 5.7 percent and 4.2 percent, respectively.



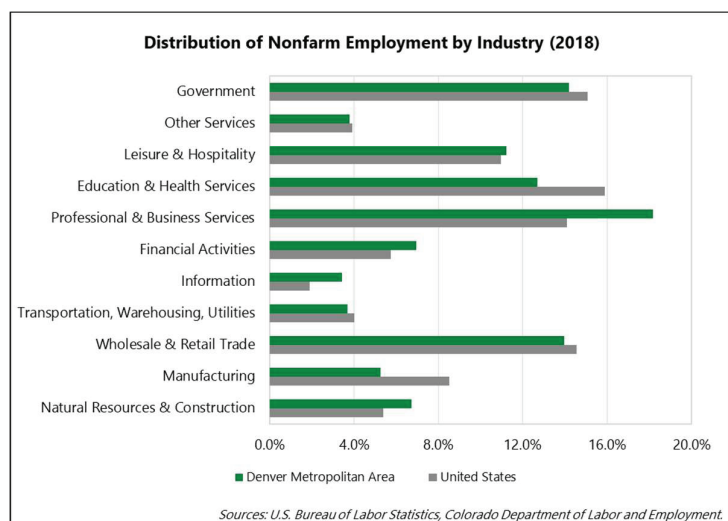
### Denver Metropolitan Area

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 reflects the Denver MSA and Boulder MSA (Boulder County) combined.

This 11-county region has a nonfarm employment base of nearly 1.7 million workers, which accounted for about 62 percent of the state's employment. Employment increased 2.5 percent between 2017 and 2018, with the addition of 41,600 jobs. From 2008 to 2018, the region's employment growth averaged 1.8 percent per year, higher than the state average (1.5 percent).

All 11 industry supersectors in the Denver metropolitan area continued to increase in 2018. Four supersectors in the Denver metropolitan area—professional and business services, wholesale and retail trade, education and health services, and government—represent 59 percent of the region's total employment. The three supersectors that added the most jobs in 2018 were professional and business services (+10,000 jobs), natural resources and construction (+6,000 jobs), and government (+4,700 jobs).

Transportation, warehousing, and utilities recorded the fastest growth among the 11 supersectors, rising 6.8 percent between 2017 and 2018. While natural resources and construction comprised 6.7 percent of total employment in the region in 2018, the supersector



## AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

recorded fast growth (+5.7 percent) or an increase of 6,100 jobs over-the-year, the second-most added in absolute terms.

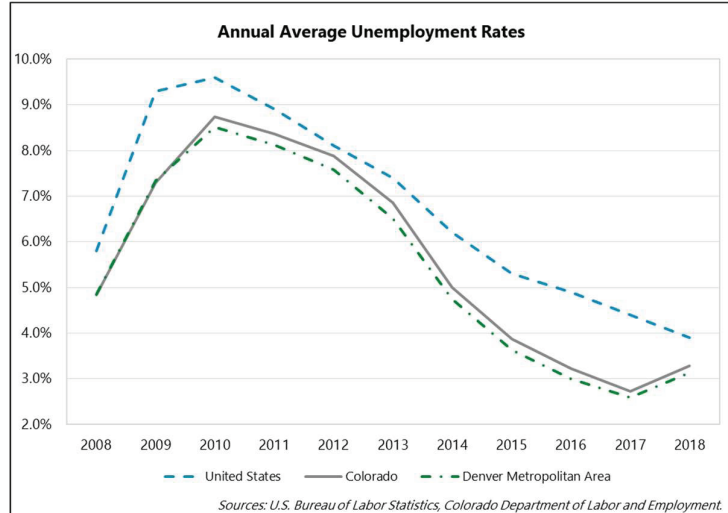
Several key trends drove employment growth in the Denver metropolitan area in 2018. Generally, the area experienced rapid employment growth in several high-knowledge, high-wage sectors, including professional and business services, healthcare, and information. The region's innovative and entrepreneurial activity continued to draw significant tech-related and information technology-software employees, particularly to downtown Denver and Boulder County. Professional and business services—the largest supersector in the Denver metropolitan area—includes computer systems design and software engineering, which were major expanding components of this supersector in 2018. Transportation, warehousing, and utilities recorded the strongest year of growth since 2000. Since the Denver metropolitan area is a distribution hub, rapid expansions of fulfillment and distribution centers related to e-commerce resulted in the strongest year of employment growth in the transportation, warehousing, and utilities supersector since 2000. Further, the region's natural resources and construction supersector benefited from strong construction activity and record levels of commercial real estate space completed.

### Labor Force & Unemployment

The U.S. unemployment rate fell to a historic low, reaching its lowest point since the late 1960s. According to data from the U.S. Bureau of Labor Statistics, the U.S. unemployment rate declined to 3.9 percent in 2018, a decrease of 0.5 percentage points from the 2017 rate (4.4 percent). While the labor market remains tight, companies continued to hire at a fast pace as consumer confidence remained strong.

#### Colorado

Colorado's unemployment rate remained near historically low levels in 2018 but increased slightly from the 2017 rate. The unemployment rate for 2018 increased to 3.3 percent, 0.6 percentage points higher than the 2017 rate of 2.7 percent. The higher rate was due to strong growth in Colorado's labor force, which grew 3.5 percent between 2017 and 2018 and was faster than employment growth. Despite a higher unemployment rate for 2018, this rate is still 5.4 percentage points below the peak rate of 8.7 percent reached in 2010. Colorado's unemployment rate remained below the national rate for the 14th consecutive year. The state's unemployment rate in 2018 was 0.6 percentage points below the national average.



#### Denver Metropolitan Area

In 2018, the unemployment rate in the Denver metropolitan area increased from the 17-year low posted in 2017. The region's rising wages and strong job market contributed to a 3.1 percent growth in the labor force in 2018. The Denver metropolitan area's labor force growth outpaced employment growth for the first time since the Great Recession and was the fastest annual growth over past 10 years. The unemployment rate in the region in 2018

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rose to 3.1 percent in 2018, 0.5 percentage points higher than the 2.6 percent unemployment rate recorded in 2017. The Denver metropolitan area has been consistently below the statewide and nationwide rates since 2010.

### Major Employers

Small businesses represent a significant portion of Colorado's workforce, spurring job creation and economic growth. According to the most recent data from the U.S. Small Business Administration, nearly all private businesses in Colorado, or 99.5 percent of employers are considered small, or employing fewer than 500 workers. In the Denver metropolitan area, data from the U.S. Census Bureau show that 99.7 percent of businesses employed fewer than 500 workers and nearly 98 percent of businesses employed fewer than 100 workers. An additional key facet of Colorado's employment base is the state's level of entrepreneurial activity. Colorado had the nation's fourth-largest share of proprietors as a percentage of total employment in 2017.

While small businesses and the self-employed are vitally important to the Denver metropolitan area economy, larger firms are key providers of jobs and income. According to the most recent data from the U.S. Census Bureau, 127 firms with 1,000 or more employees were operating in Colorado and over 59 percent of these large businesses were located in the Denver metropolitan area.

Ten companies headquartered in Colorado were included on the June 2019 *Fortune 500* list. Arrow Electronics was the highest ranked Colorado company at #109 with \$29.7 billion in revenue. The remaining nine companies on the

**Metro Denver Largest Private Sector Employers**

Company	Product/Service	Employment
King Soopers	Grocery	14,380
Wal-Mart	General Merchandise	11,900
HealthONE Corporation	Healthcare	11,870
Centura Health	Healthcare	9,450
UCHealth	Healthcare, Research	9,380
SCL Health System	Healthcare	8,930
CenturyLink	Telecommunications	7,800
Lockheed Martin Corporation	Aerospace & Defense Related Systems	7,510
Comcast	Telecommunications	7,250
Children's Hospital Colorado	Healthcare	7,160
Kaiser Permanente	Healthcare	7,000
Amazon	Warehousing & Distribution Services	6,490
Safeway Inc.	Grocery	6,180
United Airlines	Airline	6,080
United Parcel Service	Parcel Delivery	4,840
Charles Schwab	Financial Services	4,440
Southwest Airlines	Airline	4,200
Ball Corporation	Aerospace, Containers	4,030
DISH Network	Satellite TV & Equipment	3,980
Wells Fargo	Financial Services	3,670

Source: Development Research Partners, June 2019.

list were DaVita (#188), Qurate Retail (#225), DISH Network (#232), Ball Corp. (#271), Molson Coors Brewing (#294), DCP Midstream (#320), Liberty Media (#380), Newmont Goldcorp. (#419), and Western Union (#498).

While private sector businesses account for the majority of employment in the Denver metropolitan area, 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 14,000 federal government employees, 15,100 state government employees, and 40,600 employees in local government entities in 2018, including Denver Public Schools (15,600 employees) and the City and County of Denver (12,400 employees).

### International Trade

The Denver metropolitan area's central U.S. location just west of the nation's geographic center makes it a strategic choice for companies conducting international business. The area is one of the nation's premier transportation hubs at the crossroads of major interstate highways that serve a critical function in supporting 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 is another asset for trade-focused companies. More than 32 percent of the total dollar value of export shipments from



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Colorado went to Canada and Mexico in 2018. The state's other largest trading partners include China, South Korea, Japan, and Malaysia. The state's top six partners accounted for about 55 percent of the value of exports in 2018.

Colorado exports increased for the second consecutive year in 2018 after declining from 2014 to 2016. Colorado exports totaled \$8.3 billion, increasing 3.3 percent over-the-year from 2017 to 2018. However, Colorado's exports in 2018 were below the peak in 2013 of more than \$8.5 billion. Much of the decline was attributed to exports to Canada, which fell each year from 2014 through 2016. Colorado recorded robust export growth to South Korea, the Netherlands, Taiwan, and Canada in 2018.

Nearly two-thirds of Colorado's \$8.3 billion in exports consisted of four key products, which were computer and electronic products, food products, machinery, and chemicals. Computer and electronic products comprised over 23 percent of the state's export volume in 2018, while food products comprised nearly 21 percent. Exports of mineral and ores and machinery were the largest contributors to growth in Colorado's exports overall in 2018. Computer and electronic products rose for the second-consecutive year in 2018 after several years of declines, rising 0.5 percent over-the-year. Growth in Colorado's exports was negatively impacted by contractions in food manufacturing, chemical products, and nonmetallic mineral products.

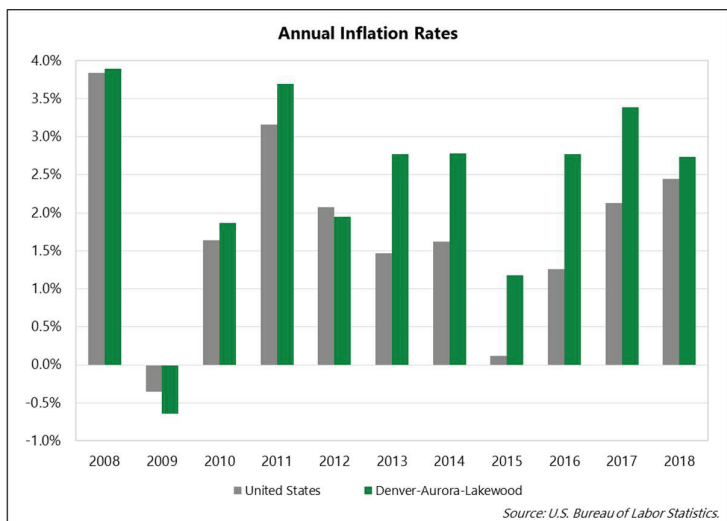
### Inflation

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.

Changes in the Denver-Aurora-Lakewood CPI have often reflected changes in the national CPI. However, local inflation trends during and after the recent recession followed a slightly different course. The decline and subsequent increase in the Denver-Aurora-Lakewood CPI in 2009 and 2010 differed from national averages by a few tenths of a percentage point.

Since 2013, inflation in the Denver-Aurora-Lakewood area has outpaced the U.S. an average of nearly three-times the national rate. The rapid increase in home prices in the Denver metropolitan area from 2013 to 2018 and rising medical care costs were major drivers of price increases over the past five years. Housing costs in the Denver-Aurora-Lakewood area increased at an average annual rate of 4.5 percent between 2013 and 2018, while housing costs across the U.S. rose 2.6 percent during the same period. Overall, the Denver-Aurora-Lakewood CPI rose 2.7 percent in 2018, 0.3 percentage points higher than the U.S. CPI. During 2018, the U.S. index increased 2.4 percent.

Five of the eight individual components increased at a faster pace in 2018 in the Denver-Aurora-Lakewood area than the U.S. average, consisting of food and beverages, housing, medical care, recreation, and transportation. The medical care component increased the most over-the-year, growing 6.4 percent in the Denver-Aurora-Lakewood area, while the U.S. increased 2 percent. Recreation recorded the smallest increase (+0.2 percent) in the local area, while the U.S. increased 0.5 percent in the same component. Apparel and education and communication were the



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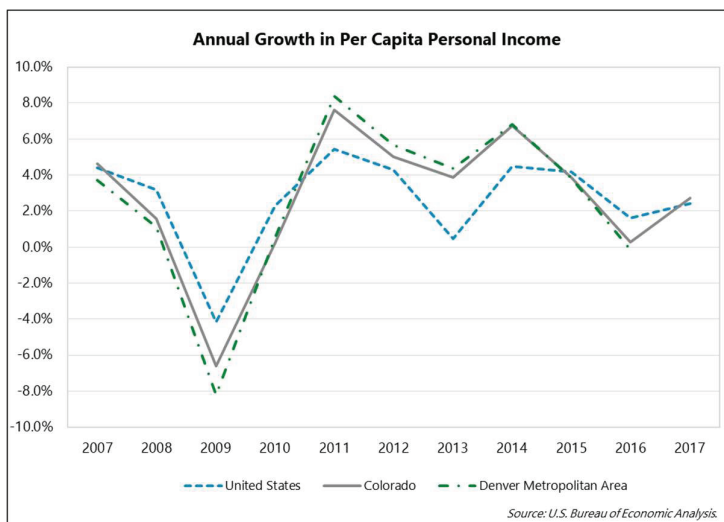
only components to record declines over-the-year, decreasing 3.2 percent and 0.2 percent, respectively. The U.S. recorded increases in all components between 2017 and 2018.

### 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. Total personal income increased each year from 2010 to 2018 in Colorado. Between 2013 and 2018, personal income in Colorado increased at an annual rate of 5.4 percent. Personal income growth peaked in 2014 at 8.9 percent before slowing in 2015 and 2016, due in part to a contraction in the oil and gas markets. Personal income growth rose 5.8 percent in 2017 and increased 5.7 percent in 2018 as proprietors' income and increasing transfer receipts bolstered growth.

Growth in per capita personal income – or total personal income divided by population – followed similar trends in Colorado, increasing each year since 2010. However, per capita personal income growth slowed in Colorado in 2016, rising a smaller 0.3 percent over-the-year. Colorado's per capita personal income increased 4.4 percent in 2017 and 4.2 percent in 2018, posting growth rates for both of these years that were higher than the nation. In Colorado, per capita personal income was \$56,846 in 2018, or 106 percent of the national average, representing the 13th-highest level of the states.



#### Denver Metropolitan Area

Total personal income in the Denver metropolitan area has generally followed the same statewide trend over the last decade. Between 2010 and 2017, total personal income increased an average of 6.4 percent per year in the Denver metropolitan area, compared with 5.9 percent in Colorado and 4.3 percent in the U.S. In 2017, the Denver metropolitan area's total personal income rose 6.4 percent, compared with 5.8 percent in Colorado and 4.4 percent in the U.S.

Per capita personal income in the Denver metropolitan area is higher than both Colorado and the U.S. Per capita personal income in the Denver metropolitan area in 2017 (\$60,685) 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. Despite a slower 0.1 percent growth in per capita personal income in the Denver metropolitan area in 2016, per capita personal income surged 5.1 percent in 2017. This was 0.7 percentage points above the Colorado per capita personal income growth and 1.4 percentage points above the nationwide growth.

### Retail Trade

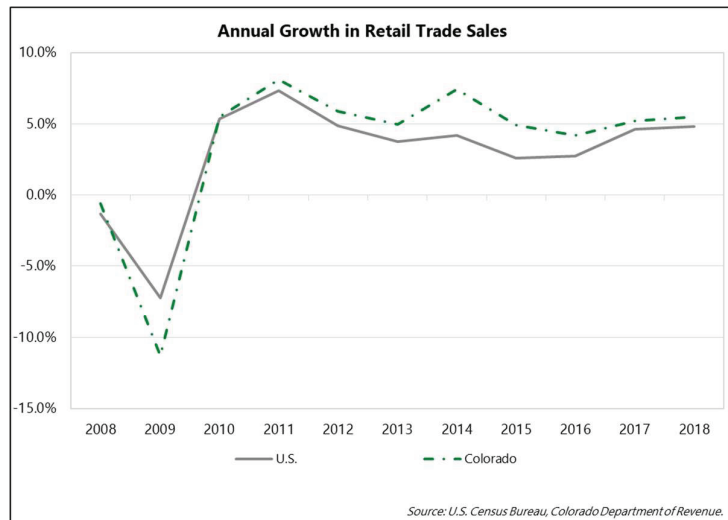
Retail sales account for a large part of the nation's total economic output and are a useful indicator of overall consumer health. Retail trade sales declined significantly during the Great Recession, falling 1.1 percent in 2008 and decreasing 7.4 percent in 2009. During the economic recovery, retail sales increased steadily from 2010 to

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2018, averaging 4.3 percent per year over this period. Retail sales reached their highest level in 2018, rising 4.9 percent between 2017 and 2018 to over \$6 billion. Eleven of the 12 retail trade categories recorded growth in 2018.

Sales of motor vehicles and auto parts is the largest retail trade category in the United States by volume. Sales of motor vehicles and auto parts, a good indicator of healthy spending, rose 2.6 percent in 2018. Gasoline stations were the fastest growing retail trade category from 2017 to 2018, which rose 12.9 percent. Gasoline stations were followed by non-store retailers, rising 9.3 percent over-the-year and includes businesses engaged in mail-order or electronic shopping, door-to-

door sales, and in-home demonstrations, among other things. The only retail trade category to contract in 2018 was the sporting goods, hobby, book, and music stores category, which fell 5.7 percent.



### Colorado

Retail trade sales in Colorado fell sharply during the Great Recession and improved significantly between 2010 and 2018. Following the Great Recession, retail trade sales increased during the economic recovery as consumers' incomes increased and spending abilities improved. Since 2010, retail sales growth has outpaced the nation, with sales increasing at an average annual rate of 6.3 percent from 2010 to 2015. Sales growth slowed slightly in 2016 to 4.2 percent, possibly reflecting the slower growth in personal income and the oil and gas slowdown. However, retail trade sales increased 5.2 percent in 2017 and rose 5.5 percent in 2018. The increase in 2018 retail trade sales reflected the combination of a strong economy, increased job creation, improved wages, and an increase in net worth.

### Denver Metropolitan Area

Consumer confidence remained strong during the economic recovery and continued to improve in 2018, rising higher than pre-recession levels. Denver metropolitan area retail trade sales rose 8 percent in 2014 and 5.5 percent in 2015. Retail sales data at the county and city level is currently available only through 2015 from the Colorado Department of Revenue due to data publication issues.

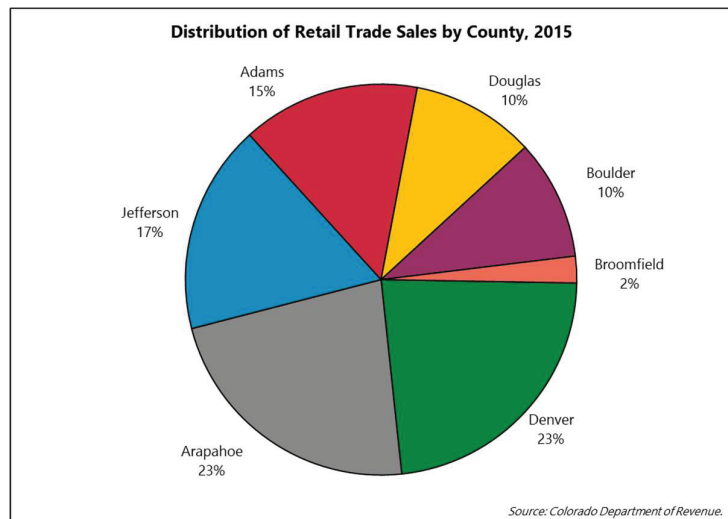
U.S. Retail Trade Sales (\$millions)

Industry	2017	2018	Percent Change
Retail Trade:			
Motor Vehicle / Auto Parts	\$1,174,417	\$1,205,167	2.6
Furniture and Furnishings	\$113,783	\$116,611	2.5
Electronics and Appliances	\$99,401	\$101,217	1.8
Building Materials / Nurseries	\$365,651	\$377,514	3.2
Food/Beverage Stores	\$725,915	\$754,656	4.0
Health and Personal Care	\$333,219	\$344,065	3.3
Service Stations	\$452,856	\$511,398	12.9
Clothing and Accessories	\$258,472	\$270,409	4.6
Sporting/Hobby/Books/ Music	\$84,264	\$79,464	-5.7
General Merchandise/ Warehouse	\$683,854	\$704,030	3.0
Misc. Store Retailers	\$125,500	\$130,493	4.0
Non-Store Retailers	\$629,562	\$688,251	9.3
Total Retail Trade	\$5,046,894	\$5,283,275	4.7
Food / Drinking Services	\$693,716	\$737,815	6.4
<b>TOTAL</b>	<b>\$5,740,610</b>	<b>\$6,021,090</b>	<b>4.9</b>

Note: Data are not adjusted for inflation. Sales by industry may not add to totals due to rounding and data suppression. Source: U.S. Census Bureau.

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Another indicator of consumer activity is Colorado state sales tax collections in the Denver metropolitan area. After state sales tax collections in the Denver metropolitan area slowed from a 5.8 percent increase in 2015 to a 3.5 percent increase in 2016, state sales tax collections rose 5 percent in 2017. While state sales tax collections in 2017 were 1 percentage point below the annual rate of growth over the past five years (6 percent from 2012 to 2017), growth in collections indicates retail spending remains robust. It should be noted that state sales tax collections may vary by year based on changes in the tax base as policy-makers enact exemptions, expand the number of taxable products, or issue rulings and guidance on collections and reporting.



### 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.

In recent years, demographic shifts, affordability challenges, and limited supply have contributed to decreasing homeownership rates across the nation. Data from the U.S. Census Bureau show the U.S. homeownership rate fell from 67.4 percent in the second quarter of 2009 to 64.1 percent in the second quarter of 2019. Changes in homeownership rates for states and metropolitan areas have been even more profound: Colorado's homeownership rate decreased from 68.9 percent in the second quarter of 2009 to 65.4 percent in the second quarter of 2019. Similarly, the Denver metropolitan area's homeownership rate fell from 65.4 percent in the second quarter of 2009 to 63.2 percent in the second quarter of 2019.

Further, demographic shifts are changing the makeup of the residential real estate market. Millennials represent an increasing share of homeownership, while the aging baby boomers represent a slightly smaller share. The homeownership rate was highest among householders ages 65 years and over (78.5 percent) and lowest for those under 35 years of age (35.4 percent). Between 2017 and 2018, the homeownership rate for those ages 65 years and older was unchanged at 78.5 percent. However, the homeownership rate for those under 35 years of age increased slightly from 35.3 percent in 2017 to 35.4 percent in 2018. Combined with historically low interest rates, the disconnect between high demand homes and the low supply has pushed home prices to record high levels. As a result, homeownership has been more challenging for all generational groups. Concurrently, demand for housing is urging new construction activity, resulting in increasing new residential building permits for single-family detached and multi-family homes.

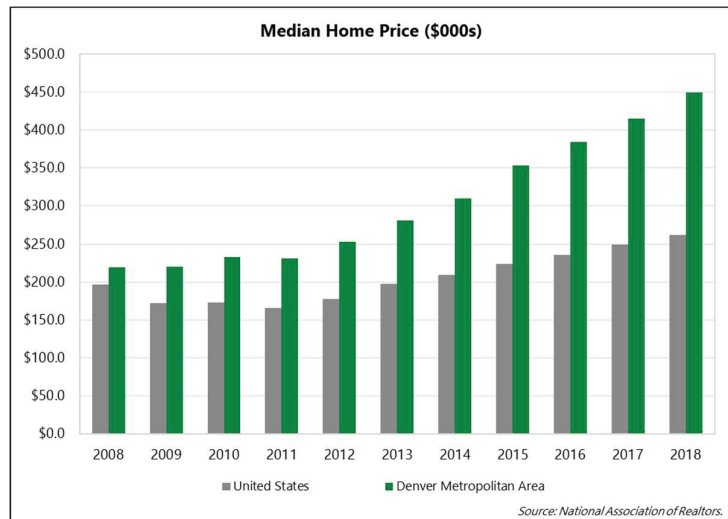
### Residential Home Prices

The median home price rose for the seventh-consecutive year in 2018 as low inventory and strong in-migration drove-up prices. The median home price rose 8.5 percent to \$449,900 from 2017 to 2018 in the Denver metropolitan area. Over the last decade, home prices have doubled in the Denver metropolitan area, rising \$230,000 since 2009. Additionally, home prices have increased every year since 2009, except in 2011 when home prices fell 0.4 percent over-the-year. The Denver metropolitan area median home price is now 80 percent higher

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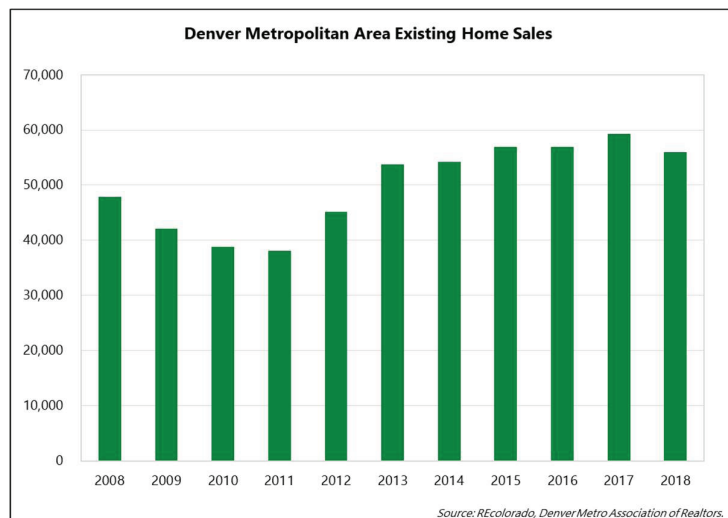
than the 2006 peak, whereas the 2018 national median home price is 18 percent higher than the 2006 peak. The national median price reached \$261,600 in 2018, a 5.1 increase from 2017. Since 1994, home prices in the Denver metropolitan area have been higher than the nation. However, the differential between the two areas has increased significantly in recent years. Driven by rapid price appreciation in the Denver metropolitan area, the differential reached \$188,300 in 2018, the greatest difference on record.

Home prices in the Denver metropolitan area increased at a rate well above the national average and among the fastest of the largest metropolitan areas in the U.S., as tracked by the S&P/Case-Shiller Home Price Index. As of December 2018, Denver recorded the fifth largest over-the-year increase of the 20 cities tracked by the index. Denver was also among 12 cities tracked in the 20-city index that had surpassed their pre-recession peaks as of December 2018. The December 2018 data shows the Denver index was 53.4 percent above its prerecession peak that was reached in August 2006. The 20-city composite index was 3.1 percent above its peak that was reached in July 2006. Another housing price index, the Federal Housing Finance Agency's Home Price Index shows the Denver-Aurora MSA as having the 64th highest (+8.15 percent) over-the-year increase of 100 metropolitan areas for the period ending December 31, 2018. 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.



### Residential Home Sales

Existing home sales in the Denver metropolitan area decreased for the first time since 2011, falling 5.5 percent from 2017 to 2018 to 55,987. Several factors influenced the housing market in 2018 including slower net migration, rising interest rates, and low affordability as home price increases continued to outpace wage growth. Further, low inventory limited growth in sales in 2018 and fell to a record low at the end of 2017, with the Denver Metro Association of Realtors (DMAR) recording 3,854 active listings. While active listings rose to 5,577 in December 2018, the level was 80 percent lower than recorded in May 2008.

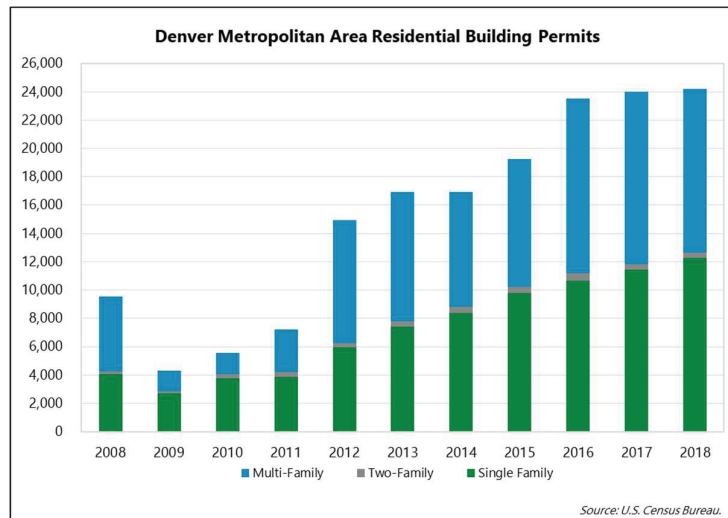


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Over the last decade, Denver metropolitan area existing home sales increased 17 percent from 2008 to 2018. Following the Great Recession, home sales fell to a low of 38,106 sales in 2011. Home sales increased from 2012 to 2015, rising an average of 10.8 percent over the period, but slowed in 2016 and 2017. Despite the decline in sales, home sales remain at historically high levels.

### *Foreclosures*

Foreclosure filings in the Denver metropolitan area declined for the ninth-consecutive year in 2018, falling 8.6 percent from 2017 to 2018. The Denver metropolitan area's low unemployment rate, strong job market, rising home prices, and demand for housing have enabled many homeowners to maintain mortgage payments, restructure debt, and avoid foreclosure. Five of the seven counties in the Denver metropolitan area recorded foreclosure declines in 2018, ranging from a 27.1 percent decline in Boulder County to a 2.9 percent decline in Jefferson County. The City and County of Broomfield and Douglas County were the only two counties that recorded increases in foreclosure filings in 2018, rising 7.7 percent and 4.9 percent, respectively.



### *Residential Building Permits*

The combination of low inventory and high demand have constrained the residential real estate market, and the pace of new development has been challenged to keep up with the increase in new households. Construction permits rose 0.8 percent in 2018 with 24,209 residential construction permits issued, the highest recorded permit count since 2001. Residential construction permits in the Denver metropolitan area have increased for the ninth-consecutive year since falling to a low of 4,288 permits in 2009. In 2018, single-family detached permits rose 7.3 percent and comprised nearly 51 percent of total permits issued. Single-family attached permits increased by 4.2 percent from 2017 to 2018 but comprised just 1.7 percent of permits. Multi-family permits declined, falling by 5.4 percent to 11,561 permits. Despite the drop in multi-family permits, multi-family permit activity remained at historic highs. It is important to note that multi-family construction, which has historically represented about one-third of permits issued over the past 20 years, comprised nearly 48 percent of the total in 2018. Multi-family permits have represented roughly one-half or more of all permits issued in the Denver metropolitan area from 2012 to 2018.

Generational shifts are changing the residential real estate market in the Denver metropolitan area. There has been an influx of millennial homebuyers in 2018 as older millennials are beginning to payoff student loan debt and had a longer period to grow in their careers. Additionally, low interest rates have led to more millennials entering the homeownership market. According to LendingTree.com, Denver ranked fifth among the "Most Popular Cities for Millennial Homebuyers" in 2018, with 45 percent of all new purchase mortgage requests from those under the age of 35. Another growing trend is a return to multigenerational living, driven by shifts in senior living, immigration reform, and affordability. The ongoing shift has increased new types of home product for this type of living including flexible units and accessory dwelling units. Additionally, the aging of the population in the Denver metropolitan area has increased demand for senior living facilities, ranging from independent senior living to assisted living facilities.



## Apartment Market

Demand kept pace with supply and new units were rapidly absorbed in the Denver metropolitan area's apartment market in 2018. In 2018, tenants in the Denver metropolitan area absorbed 13,707 units, more than the number constructed. Subsequently, apartment rent growth has moderated, and vacancy rates remain stable. The vacancy rate average increased just 0.3 percentage points to 5.9 percent in 2018 from 2017.

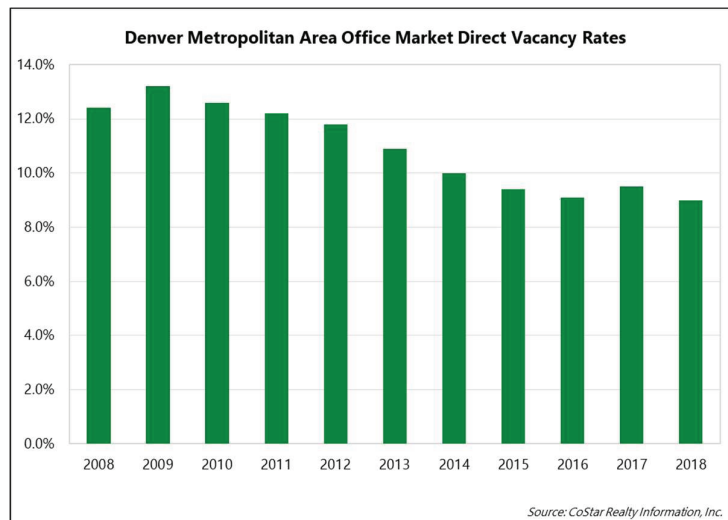
Markets across the region are also showing signs of stabilizing. The *Denver Metro Apartment Vacancy and Rent Survey* indicates average annual vacancy rates decreased from 2017 to 2018 in three of the six county-level markets reported, including the Boulder/Broomfield markets, Adams County, and Douglas County. The vacancy rate decreases ranged from 0.9 percentage points in Douglas County to 0.3 percentage points in the Boulder/Broomfield markets. The vacancy rate increased in two markets including the City and County of Denver (+0.8 percentage points) and Arapahoe County (+0.7 percentage points). The vacancy rate remained unchanged in Jefferson County at 5 percent. Among the six submarkets, the City and County of Denver reported the highest average annual vacancy rate in 2018, reaching 7.3 percent.

Average lease rates in the Denver metropolitan area showed signs of slowing in 2018 as a result of the balanced market conditions. While average lease rates increased slightly in 2018, the pace of growth slowed to its lowest level since 2011. Average rent in the Denver metropolitan area increased 3.8 percent between 2017 and 2018 to \$1,456 per month. Rent growth peaked in 2015 at 12.2 percent before slowing to 6.9 percent in 2016 and 3.9 percent in 2017. Every county reported over-the-year increases in the average rental rate. Jefferson County recorded the largest increase in the average rental rate, reporting a 4.9 percent increase between 2017 and 2018. Douglas County reported the smallest increase in the average rental rate, rising 1 percent over-the-year. Average monthly rental rates ranged from \$1,367 in Adams County to \$1,607 in the Boulder/Broomfield submarket.

## Commercial Real Estate

### Office Activity

Data from CoStar Realty Information, Inc. show that vacancy for office space remained stable and rents were flat in 2018. The vacancy rate over the four quarters of 2018 in the Denver metropolitan area averaged 9.6 percent, which was the same average one year earlier. The fourth quarter 2018 vacancy rate of 9 percent was 0.5 percentage points below the prior year. However, the vacancy rate in 2018 rose to as high as 10 percent in the second quarter of 2018, its highest point since the fourth quarter of 2014. The office vacancy rate had declined year-over-year for 26 consecutive quarters before increasing starting in the first quarter of 2017. While office lease rates have steadily increased since the second quarter of 2011, lease rates in 2017 and 2018 remained relatively flat. The average lease rate for direct space in the fourth quarter of 2018 (\$26.62 per square foot) was relatively unchanged from the year-ago level.



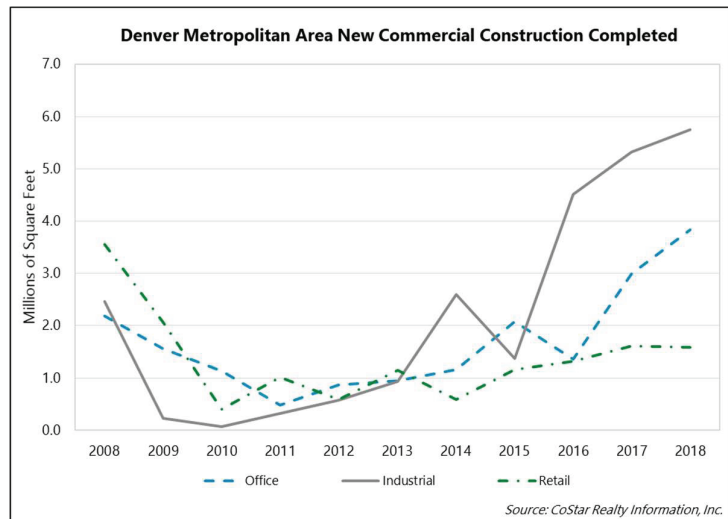
Office construction activity increased in 2018 with 3.83 million square feet completed, up from 3 million square feet in 2017. Office construction activity in the Denver metropolitan area was at its highest level since 2001. Some

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of the year's most notable completed construction projects included the 672,000-square-foot 1144 Fifteenth tower, the 428,200-square-foot 16 Chestnut Building at Denver Union Station, the 324,100-square-foot Village Center Station II building in Greenwood Village, and the 222,100-square-foot INOVA Dry Creek 2 building in Centennial. Further, there was about 4.1 million square feet of office space under construction during the fourth quarter of 2018.

### *Industrial and Flex Activity*

CoStar Realty Information shows that the industrial market posted a stable vacancy rate in 2018 despite adding nearly 6 million square feet of newly completed space to the market. Additionally, demand for industrial space was strong as rents continued to grow throughout the year. The industrial direct vacancy rate averaged 4 percent through the four quarters of 2018 in the Denver metropolitan area, down from an annual average of 4.1 percent in 2017. Average lease rates continued to climb in the industrial market. While average lease rates appeared to moderate in 2017, even posting an over-the-year decline in the first quarter of 2017, average lease rates increased as much as 6.7 percent over-the-year in the first quarter of 2018. From the fourth quarter of 2017 to the fourth quarter of 2018, average lease rates in the industrial market rose 3.9 percent to \$8.05 per square foot triple-net.



Strong industrial demand over the past several years has led to record levels of construction activity, notably for warehousing and distribution space for online merchandisers. Absorption in the industrial market remained strong as new completions were at historic levels for the past three years. New completions rose to 5.75 million square feet in 2018, up from 5.32 million square feet in 2017, representing a record year of new industrial completions. There was another 4.6 million square feet under construction in the fourth quarter of 2018. Notable industrial projects completed included the 2.4 million-square-foot Amazon fulfillment center in Thornton and the 701,900-square-foot Building 15 in Aurora.

The Denver metropolitan area flex market recorded falling vacancy rates and increasing average lease rates through the fourth quarter of 2018. Direct flex market vacancy averaged 5.7 percent in 2018, 0.7 percentage points below the average vacancy rate in 2017. The fourth quarter 2018 vacancy rate (5.2 percent) was 0.6 percentage points below the fourth quarter 2017 level of 5.8 percent and was the lowest recorded vacancy rate based on records going back to 1999. The Denver metropolitan area direct flex market lease rate was \$12.07 per square foot, 0.3 percent above the fourth quarter 2017 average. Since the fourth quarter of 2012, the average lease rate has risen steadily, increasing \$3.44 per square foot from 2012 to 2018. There was about 442,800 square feet of flex space completed in the Denver metropolitan area in 2018, including 133,122 square feet of flex space in the Interpark industrial development in the City and County of Broomfield. As of the fourth quarter of 2018, there was about 432,500 square feet of flex space under construction.



### *Retail Activity*

Consumer confidence in the Mountain Region, which includes Colorado, remained strong in 2018 with several index values during the year rising above previous high levels reached in the early 2000s. Retail sales in both Colorado and the Denver metropolitan area have steadily increased over the past five years in response to increased consumer demand and rising consumer spending activity. Signaling an improved retail real estate market in the Denver metropolitan area, vacancy rates continued to decline, average lease rates grew, and construction activity continued at a reasonable pace in 2018. In the fourth quarter of 2018, the vacancy rate fell to 4.1 percent, falling by 0.2 percentage points from the fourth quarter of 2017. The vacancy rate in the Denver metropolitan area's retail market peaked at 8 percent in 2009. Over the same time period, the average lease rate was up 5.2 percent over-the-year to \$19.12 per square foot. While average lease rate growth appears to have peaked in 2017, retail average lease rates outpaced increases for office and industrial space in 2018.

Analysts have noted that strong population and housing growth continues to drive the Denver metropolitan area's retail market. Additionally, retailers in categories such as entertainment, fitness, grocery, and food and beverage continue to lead leasing activity in the area. Even with national closures and e-commerce disruption, the market has rebounded and continues to attract developers and investors. In 2018, the Denver metropolitan area's retail market added 1.59 million square feet of space in 113 buildings. The level of construction remained close to the long-term average of 1.65 million square feet per year since 2006. An additional 1 million square feet of retail space was under construction at the end of 2018. Some of the major projects completed in 2018 included the 330,000-square-foot Denver Premium Outlets in Thornton, a 140,000-square-foot King Soopers in Arvada, and the 77,300-square-foot Promenade at Castle Rock.

### *Medical Facilities*

The Denver metropolitan area offers a robust culture of health and wellness and is home to major health systems and significant healthcare and wellness facilities. The area's growing and aging population and changes in residents' behavior and lifestyle choices will continue to drive demand for healthcare and wellness services.

As one of the most ambitious medical developments in the nation, the \$5.4 billion, 578-acre Fitzsimons Innovation Community and adjacent Anschutz Medical Campus is the largest academic health and bioscience center between Chicago and the West Coast. The campus serves more than 500,000 patients annually and offers two world-class research hospitals—UCHealth University of Colorado Hospital and Children's Hospital Colorado. In 2018, the Veteran's Administration celebrated the opening of its Rocky Mountain Regional VA Medical Center in Aurora. The facility features 306,000 square feet of diagnostic and treatment space, 260,000 square feet of inpatient space, and 302,000 square feet of clinic space in 12 buildings across 31 acres.

Construction activity remained robust for medical and healthcare facilities in 2018 to accommodate ongoing patient demand. Notable healthcare projects included the construction of Denver Health's \$157 million outpatient center, which is part of a \$937 million bond package approved by Denver voters in 2017. A five-story, 100,000-square-foot medical pavilion will soon be developed at Saint Joseph's Hospital in Denver's Uptown neighborhood that is expected to be completed in the second quarter of 2020. Further, Boulder Community Health (BCH) is expanding with a new 30,000-square-foot office on South Boulder Road. BCH is also building a new medical office and urgent care center in Erie, where it plans to open the new Lafayette rehabilitation center. Children's Hospital Colorado is expanding its North Campus, which will be four times the size of the existing facility once complete.

### Transportation

#### *Highways*

Colorado's transportation network includes almost 1,000 miles of Interstate highway, more than 350 miles of other freeways and expressways, and almost 87,400 miles of arterials, collectors, and local roads. The Texas Transportation Institute reported that the Denver-Aurora area had nearly 1.3 million auto commuters who logged 21.7 million vehicle-miles of freeway travel and 21 million arterial street daily vehicle-miles in 2014. Commuters in the Denver-Aurora area also observe 49 hours of traffic congestion annually per commuter, ranking Denver with the 19th highest level of traffic congestion of the 101 tracked metropolitan areas.

Major transportation projects aimed at improving travel and accessibility throughout the Denver metropolitan area were underway in 2018. Construction continued on the \$276 million C-470 Express Lanes project, which will provide 12.5 miles of increased mobility between I-25 and Wadsworth Boulevard. The project will include both two-lane and one-lane expansions for the Eastbound and Westbound directions. The project also includes on- and off-ramp improvements, widening of existing bridges, and replacing the bridges over the South Platte River. The project is expected to be completed in 2019. The Central 70 project broke ground in August 2018 and includes plans to reconstruct a 10-mile stretch of I-70, add a new express lane in each direction along I-70, lower a portion of the highway below grade, and create a 4-acre park above the highway cap. Construction of the \$1.2 billion project is anticipated through 2022.

#### *Mass Transit*

The Regional Transportation District (RTD), funded by a 1 percent sales tax, oversees the Denver metropolitan area's mass transit system. RTD operates 1,026 buses on 141 fixed routes, 172 light rail vehicles on 58.5 miles of track, and 66 commuter rail vehicles on 29 miles of track. The District operates 84 Park-n-Rides, 54 active light rail stations on 11 rail lines (A, B, C, D, E, F, G, H, L, R, and W), and 9,800 bus stops.

FasTracks is a multibillion-dollar comprehensive transit expansion plan to build 122 miles of new commuter rail and light rail, extend existing routes, and expand the regional bus network across the eight-county district. RTD works continually to expand capacity and services for public transportation in order to meet increasing demand. Future projects include the N Line, a 13-mile rail line that will provide service from Union Station through Denver, Commerce City, Thornton, Northglenn, and eventually north Adams County; several rail extensions including the L Line extension that will connect the existing downtown rail service to the University of Colorado A Line and the C and D lines will be extended 2.5 miles into Highlands Ranch and provide 1,000 parking spaces.

#### *Air*

Denver International Airport (DEN) is a state-of-the-art facility owned and operated by the City and County of Denver. Occupying 53 square miles and located approximately 24 miles northeast of downtown Denver, DEN is the primary airport serving the nine-county region and the state of Colorado. DEN is one of the few major U.S. airports with room to expand to accommodate future growth.

DEN is the 20th-busiest airport in the world and the fifth-busiest airport in the United States, with nearly 64.5 million passengers travelling through DEN in 2018. This was the fifth-consecutive year of record-breaking growth for the airport, with passenger traffic increasing 5.1 percent between 2017 and 2018. Additionally, several records were broken throughout the year including the busiest August in DEN history, the first time the airport served more than 6 million passengers in a single month in July, and the first time that passenger traffic surpassed 5 million in the month of April. International traffic also continues to increase at DEN as a result of strong demand and increased carrier capacity. International passenger traffic rose 13.9 percent between 2017 and 2018 and accounted for nearly 5 percent of the airport's total passenger traffic.

## AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

DEN continues to be the fastest-growing airport in the country, adding more flights and more seats than any top-10 U.S. airport in the past year. Located near the geographic center of the United States, DEN is the only major hub airport within a 500-mile radius. DEN provides nonstop service to more than 210 destinations worldwide, including 26 international destinations in 12 countries and about 190 domestic destinations in 46 states. DEN is served by 24 airlines, including major hubs for United, Southwest, and Frontier Airlines. In fact, United Airlines has grown more at DEN than any other U.S. airport. Many domestic and international service additions were announced in 2018, including Frankfurt, Germany and the Cayman Islands. Additionally, DEN celebrated inaugural nonstop flights to Zurich, Switzerland on a new DEN carrier, Edelweiss/SWISS, and Paris-Charles de Gaulle on Norwegian Air Shuttle.

DEN is a leading air cargo center and a key distribution hub. Eight cargo airlines and 14 major and national carriers currently provide cargo service at DEN, handling 613.6 million pounds of cargo in 2018. With 24-hour operations, the airfield and a 39-acre cargo ramp make freight handling efficient, with no curfews. DEN is home to several world-class cargo companies and support facilities, including FedEx, UPS, Southern Air, and United Airlines cargo. The U.S. Postal Service facility is located nearby, providing a wide array of competitive shipping and receiving options.

DEN serves its ever-expanding travel market with six runways, three concourses, and 111 gates with 38 ground load positions. DEN has capacity for six additional runways, another terminal, and two additional concourses. The Jeppesen Terminal at DEN features 1.5 million square feet of space, and includes passenger ticketing, baggage claim, ground transportation, international arrivals, shops and restaurants, and Transportation Security Administration (TSA) security checkpoints. Located adjacent to the Jeppesen Terminal is the Westin Denver International Airport, which opened in 2015. The Westin offers 519 guest rooms, 37,500 square feet of conference space, 15 meeting rooms, and an open-air plaza for arts and entertainment.

DEN is at the forefront of technology advancements. In 2018, DEN and the Federal Aviation Administration (FAA) successfully launched an upgrade to the use of satellite-based air traffic management that will help airlines save fuel, cut travel times, reduce miles flown, and improve the efficiency of final approach patterns for incoming planes in low-visibility operations. DEN is a leader in developing, testing, and implementing NextGen flight procedures and was the first commercial airport to design a truly comprehensive plan of Area Navigation (RNAV) that allows aircraft to fly more predictable and smoother approaches into DEN that reduce fuel consumption and noise. Since 2010, DEN has worked closely with the FAA, Jeppesen, the major airlines, and Rocky Mountain and Centennial Airports to implement NextGen and Unmanned Aircraft Systems (UAS) programs.

Three reliever airports complement DEN's expanding role in the Denver metropolitan area economy. Centennial Airport serves the southeast metropolitan area; Colorado Air and Space Port (formerly Front Range Airport) is located six miles southeast of DEN 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. According to the Colorado Department of Transportation, Colorado's freight rail system extends over 2,684 miles and is operated by 14 privately owned railroads. Together, these freight railroads move nearly 155 million tons of products into, out of, within, and through Colorado. The Denver metropolitan area serves as a major hub for the Burlington Northern Santa Fe and Union Pacific railroads. Combined, these railroads operate more than 80 percent of freight track miles and carry most freight by volume and by value in the state. Coal is the predominant commodity by weight for trips originating and terminating in Colorado, representing 50 percent of total tonnage and 28 percent of product value carried by rail.

## AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

The primary passenger rail system in the Denver metropolitan area includes light rail, commuter rail, and intercity passenger rail. 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. In 2017, Amtrak began new, seasonal service between Denver and Winter Park Resort. The Amtrak Winter Park Express marked the return of the "Ski Train" to the Denver metropolitan area and provides a car-free transportation alternative. Nearly 280,000 travelers passed through Colorado Amtrak stations in fiscal year 2017, and 55 percent of those travelers either boarded or alighted from trains in the Denver metropolitan area. There were 11.5 percent more riders in fiscal year 2017 than there were during the 2016 fiscal year, which was bolstered by the additional 16,658 passengers on the new Ski Train.

### Tourism

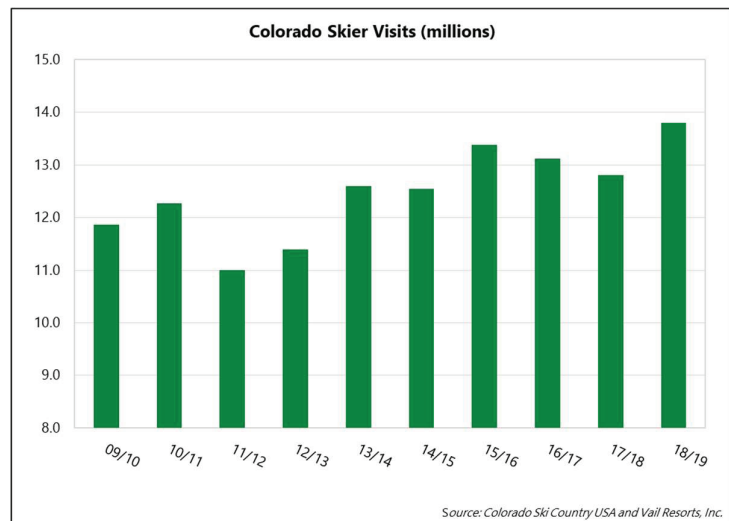
The Denver metropolitan area offers visitors a variety of natural, cultural, and historical assets, with the nation's largest public parks system, over 100 golf courses, and over 850 miles of bike paths with nearly 90 bike sharing stations. The area also offers major attractions including a zoo, an aquarium, two waterparks, two amusement parks, over 40 museums, and 13 historical sites. In 2017, arts and cultural events attracted 15 million people and generated \$1.9 billion in economic activity.

Denver attracted 31.4 million visitors in 2018, which was the third year in a row that visitors surpassed 31 million. According to the most recent study by Longwoods International, visitors to the city spent \$6.5 billion in 2018, which matched the same level from the previous record set in 2017. Of the 31.4 million, 17.3 million were overnight visitors, which decreased 1 percent over-the-year. Top Denver attractions included the 16th Street Mall, the Cherry Creek Shopping District, and the Lower Downtown area, as well as numerous cultural facilities such as the Denver Zoo, the Denver Art Museum, the Denver Botanic Gardens, and the Denver Museum of Nature and Science.

Denver metropolitan area residents and visitors have a multitude of recreational opportunities from which to choose including skiing, hiking, camping, biking, and hunting. Colorado remains the number one ski destination in the country with 20 percent of the market share, according to Longwoods International. The state is a top three ski and snowboard state, with 77 percent of the state's resorts in the top 100 U.S. ski resorts. The state is home to 28 ski and snowboard resorts offering 330 ski lifts and 67,490 skiable acres.

Twelve Colorado ski resorts are located within two hours of the Denver metropolitan area. Estimates from Colorado Ski Country USA and Vail Resorts, Inc. indicate that the number of

skier visits – or the count of persons skiing or snowboarding for any part of one day – during the 2018-19 ski season increased to a record 13.8 million skier visits. Record snowfall, significant resort investments, and new activities added contributed to the new record. Late February and March featured record snow totals, which led to a strong end to the season and ski season extensions at numerous resorts.



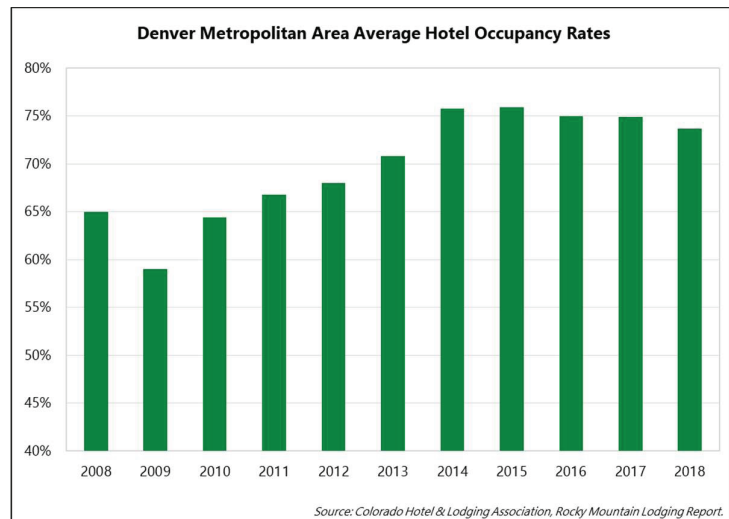
## AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

The Denver metropolitan area hosts many nationally recognized events and festivals throughout the year that positively impact the economy and attract numerous visitors including the National Western Stock Show, the Cinco de Mayo Festival, Denver Comic Con, and the Great American Beer Festival. Additionally, the Denver Performing Arts Complex is one of the largest such complexes in the world and attracts several major performances for visitors each year.

Business, professional, and leisure travelers to Denver have increased in recent years. In 2018, overnight leisure and business travelers spent \$5.6 billion, which matched 2017's record spending. These travelers drive convention activity and spur hotel development in Denver. Since it opened in 1990, the Colorado Convention Center has been an economic engine for downtown Denver, generating more than \$500 million a year in spending. In 2018, the Convention Center hosted over 180 events that attracted more than 893,000 attendees.

There were several new hotels that opened in 2018 or are in the pipeline for 2019, including the Hilton Garden Inn Denver Union Station, the Marriott Element Downtown East, the 201-room Jacquard Hotel in Cherry Creek North, the Ramble Hotel Denver in the River North Art District, and the Origin Red Rocks. Notably, the Gaylord Rockies Resort opened in late 2018, which is the largest hotel property in the state with more than 1,500 hotel rooms.

Despite rising demand over the last few years, the hotel industry in the Denver metropolitan area is showing signs of stabilizing. According to the *Rocky Mountain Lodging Report*, the 2018 revenue per available room (RevPAR) dropped 1.3 percent over 2017, a statistic many in the industry view as the most important indicator. The flood of new rooms in the area's market has contributed to a decline in RevPAR after seven years of significant growth. The average occupancy rate also fell, declining to 73.7 percent in 2018 from 74.9 percent in 2017. The region's average nightly room rate for 2018 (\$144.03) was 0.2 percent higher than the 2017 average.



### Summary

The Denver metropolitan area has a nonfarm employment base of nearly 1.7 million workers, which accounted for about 62 percent of the state's employment. Employment growth in the region has been slightly stronger than the state, rising 2.5 percent between 2017 and 2018 compared with 2.4 percent in Colorado. All 11 industry supersectors in the Denver metropolitan area added jobs in 2018, with the addition of 41,600 jobs of the total 64,900 jobs added in the state. The unemployment rate in the Denver metropolitan area increased from the 17-year low posted in 2017. The growing labor force pushed up the unemployment rate from 2.6 percent in 2017 to 3.1 percent in 2018.

The residential real estate market in the Denver metropolitan area began to moderate in 2018. Existing home sales decreased for the first time since 2011, falling 5.5 percent from 2017 to 2018 due to slower net migration, rising interest rates, and low affordability. However, home prices continued to climb in 2018; the median home price rose for the seventh-consecutive year, rising 8.5 percent to \$449,900 in 2018. Additionally, the combination of low inventory and high demand have constrained the residential real estate market, and the pace of new development has been challenged to keep up with the increase in new households.

## AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

Commercial construction activity in the office, industrial, and retail markets remained strong in 2018 as the level of completed space rose to a record 11.61 million square feet. Vacancy rates declined in three of the four major property types (office, flex, and retail) and increased slightly in industrial. The average lease rates continued to grow in industrial, flex, and retail, but remained flat for office. New development continued in 2018 in the Denver metropolitan area with levels of activity in several of the markets, including office and industrial, exceeding their pre-recession peak. The amount of space under construction in the fourth quarter of 2018 remained near multi-decade highs with 10.12 million square feet under construction. Construction activity also remained robust for hotels, medical, and healthcare facilities across the region.

The Denver metropolitan area offers visitors, travelers, and recreationists world-class natural, cultural, and historical assets. Further, the Denver metropolitan area's multimodal transit system accommodates its growing population of 3.2 million residents and visitors alike. Transportation options throughout the region including Denver International Airport, three reliever airports, FasTracks, and various highways and rail systems, supports the region's quality of life and growing appeal for businesses, workers, and residents.

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>POPULATION (July 1)</b>											
United States (thousands)	304,094	306,772	309,326	311,580	313,874	316,058	318,386	320,743	323,071	325,147	327,167
Colorado	4,901,938	4,976,853	5,050,332	5,119,182	5,189,861	5,266,317	5,345,680	5,444,871	5,534,240	5,609,445	5,689,227
Denver Metropolitan Area	2,716,819	2,762,164	2,797,896	2,847,883	2,899,133	2,953,462	3,008,976	3,070,803	3,117,696	3,154,134	3,196,704
<b>POPULATION GROWTH RATE</b>											
United States	1.0%	0.9%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%
Colorado	1.7%	1.5%	1.5%	1.4%	1.4%	1.5%	1.5%	1.9%	1.6%	1.4%	1.4%
Denver Metropolitan Area	1.8%	1.7%	1.3%	1.8%	1.8%	1.9%	1.9%	2.1%	1.5%	1.2%	1.3%
<b>NET MIGRATION</b>											
Colorado	40,469	36,267	37,569	34,944	38,710	45,345	47,655	69,096	59,628	47,640	52,979
Denver Metropolitan Area	22,326	21,639	13,892	29,168	31,857	34,971	35,778	43,055	28,421	19,030	25,382
<b>NONAGRICULTURAL EMPLOYMENT</b>											
United States (millions)	137.2	131.3	130.4	131.9	134.2	136.4	139.0	141.8	144.4	146.6	149.1
Colorado (thousands)	2,349.3	2,244.4	2,221.1	2,257.3	2,311.7	2,380.5	2,463.7	2,541.0	2,601.8	2,660.4	2,725.3
Denver Metropolitan Area (thousands)	1,420.7	1,359.5	1,353.1	1,378.0	1,417.6	1,468.2	1,522.7	1,578.1	1,619.2	1,653.9	1,695.5
<b>NONAGRICULTURAL EMPLOYMENT GROWTH RATE</b>											
United States	-0.5%	-4.3%	-0.7%	1.2%	1.7%	1.6%	1.9%	2.1%	1.8%	1.6%	1.7%
Colorado	0.8%	-4.5%	-1.0%	1.6%	2.4%	3.0%	3.5%	3.1%	2.4%	2.3%	2.4%
Denver Metropolitan Area	1.0%	-4.3%	-0.5%	1.8%	2.9%	3.6%	3.7%	3.6%	2.6%	2.1%	2.5%

**2018 EMPLOYMENT DISTRIBUTION BY INDUSTRY**

	United States	Colorado	Denver Metropolitan Area
Natural Resources & Construction	5.4%	7.4%	6.7%
Manufacturing	8.5%	5.4%	5.2%
Wholesale & Retail Trade	14.5%	14.0%	14.0%
Transportation, Warehousing, Utilities	4.0%	3.3%	3.7%
Information	1.9%	2.7%	3.4%
Financial Activities	5.7%	6.3%	6.9%
Professional & Business Services	14.1%	15.6%	18.2%
Education & Health Services	15.9%	12.5%	12.7%
Leisure & Hospitality	11.0%	12.5%	11.2%
Other Services	3.9%	4.1%	3.8%
Government	15.1%	16.3%	14.2%

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>UNEMPLOYMENT RATE</b>											
United States	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%
Colorado	4.8%	7.3%	8.7%	8.4%	7.9%	6.9%	5.0%	3.9%	3.2%	2.7%	3.3%
Denver Metropolitan Area	4.9%	7.3%	8.5%	8.1%	7.6%	6.5%	4.7%	3.6%	3.0%	2.6%	3.1%

**CONSUMER PRICE INDEX (CPI-U, 1982-84=100)**

United States	215.3	214.5	218.1	224.9	229.6	233.0	236.7	237.0	240.0	245.1	251.1
Denver-Aurora-Lakewood	209.9	208.5	212.4	220.3	224.6	230.8	237.2	240.0	246.6	255.0	262.0

**INFLATION RATE**

United States	3.8%	-0.4%	1.6%	3.2%	2.1%	1.5%	1.6%	0.1%	1.3%	2.1%	2.4%
Denver-Aurora-Lakewood	3.9%	-0.6%	1.9%	3.7%	1.9%	2.8%	2.8%	1.2%	2.8%	3.4%	2.7%



## DATA APPENDIX

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>TOTAL PERSONAL INCOME (millions, except as noted)</b>											
United States (billions)	\$12,439	\$12,051	\$12,542	\$13,315	\$13,998	\$14,176	\$14,983	\$15,712	\$16,116	\$16,820	\$17,573
Colorado	\$207,773	\$198,147	\$204,692	\$222,572	\$236,687	\$248,959	\$271,101	\$284,143	\$289,621	\$306,411	\$323,767
Denver Metropolitan Area	\$127,120	\$119,244	\$123,978	\$136,459	\$146,258	\$154,805	\$169,476	\$176,907	\$179,824	\$191,255	N/A
<b>TOTAL PERSONAL INCOME GROWTH RATE</b>											
United States	3.6%	-3.1%	4.1%	6.2%	5.1%	1.3%	5.7%	4.9%	2.6%	4.4%	4.5%
Colorado	3.3%	-4.6%	3.3%	8.7%	6.3%	5.2%	8.9%	4.8%	1.9%	5.8%	5.7%
Denver Metropolitan Area	2.9%	-6.2%	4.0%	10.1%	7.2%	5.8%	9.5%	4.4%	1.6%	6.4%	N/A
<b>PER CAPITA PERSONAL INCOME</b>											
United States	\$40,904	\$39,284	\$40,546	\$42,735	\$44,599	\$44,851	\$47,060	\$48,985	\$49,883	\$51,731	\$53,712
Colorado	\$42,492	\$39,851	\$40,547	\$43,456	\$45,572	\$47,236	\$50,662	\$52,116	\$52,269	\$54,561	\$56,846
Denver Metropolitan Area	\$47,053	\$43,374	\$44,336	\$47,939	\$50,478	\$52,444	\$56,358	\$57,645	\$57,722	\$60,685	N/A
<b>PER CAPITA PERSONAL INCOME GROWTH RATE</b>											
United States	2.7%	-4.0%	3.2%	5.4%	4.4%	0.6%	4.9%	4.1%	1.8%	3.7%	3.8%
Colorado	1.4%	-6.2%	1.7%	7.2%	4.9%	3.7%	7.3%	2.9%	0.3%	4.4%	4.2%
Denver Metropolitan Area	1.0%	-7.8%	2.2%	8.1%	5.3%	3.9%	7.5%	2.3%	0.1%	5.1%	N/A
<b>RETAIL TRADE SALES (millions, except as noted)</b>											
United States (billions)	\$4,392	\$4,064	\$4,285	\$4,598	\$4,826	\$5,002	\$5,216	\$5,349	\$5,509	\$5,741	\$6,021
Colorado	\$74,911	\$66,454	\$70,105	\$75,804	\$80,248	\$84,240	\$90,507	\$94,936	\$98,930	\$104,075	\$109,799
Denver Metropolitan Area	\$43,829	\$38,882	\$40,894	\$43,658	\$46,861	\$49,299	\$53,245	\$56,192	N/A	N/A	N/A

## DATA APPENDIX

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>RETAIL TRADE SALES GROWTH RATE</b>											
United States	-1.1%	-7.4%	5.4%	7.3%	5.0%	3.6%	4.3%	2.6%	3.0%	4.2%	4.9%
Colorado	-0.6%	-11.3%	5.5%	8.1%	5.9%	5.0%	7.4%	4.9%	4.2%	5.2%	5.5%
Denver Metropolitan Area	-0.8%	-11.3%	5.2%	6.8%	7.3%	5.2%	8.0%	5.5%	N/A	N/A	N/A
<b>MEDIAN HOME PRICE (thousands)</b>											
United States	\$196.6	\$172.1	\$173.1	\$166.2	\$177.2	\$197.4	\$208.9	\$223.9	\$235.5	\$248.8	\$261.6
Denver Metropolitan Area	\$219.3	\$219.9	\$232.4	\$231.4	\$252.4	\$280.6	\$310.2	\$353.6	\$384.3	\$414.7	\$449.9
<b>EXISTING HOME SALES</b>											
Denver Metropolitan Area	47,837	42,070	38,818	38,106	45,210	53,711	54,183	56,931	56,915	59,258	55,987
<b>NEW RESIDENTIAL UNITS</b>											
<b>DENVER METROPOLITAN AREA</b>											
Single Family	4,037	2,690	3,791	3,885	5,947	7,396	8,396	9,786	10,663	11,419	12,248
Two-Family	224	133	285	309	299	399	440	422	532	384	400
Multi-Family	5,296	1,465	1,478	3,005	8,679	9,145	8,074	9,061	12,301	12,218	11,561
Total Units	9,557	4,288	5,554	7,199	14,925	16,940	16,910	19,269	23,496	24,021	24,209
<b>OFFICE VACANCY RATE</b>											
Denver Metropolitan Area	12.4%	13.2%	12.6%	12.2%	11.8%	10.9%	10.0%	9.4%	9.1%	9.5%	9.0%
<b>HOTEL OCCUPANCY RATE</b>											
Denver Metropolitan Area	65.0%	59.0%	64.4%	66.8%	68.0%	70.8%	75.8%	75.9%	75.0%	74.9%	73.7%
<b>SKIER VISITS</b>											
Colorado (millions)	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
	11.9	11.9	12.3	11.0	11.4	12.6	12.5	13.4	13.1	12.8	13.8

**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; U.S. Department of Commerce, Bureau of the Census; Colorado Department of Revenue; Colorado Legislative Council; National Association of REALTORS; REcolorado; Denver Metro Association of REALTORS; U.S. Department of Commerce, Bureau of the Census; CoStar Realty Information, Inc.; Rocky Mountain Lodging Report; Vail Resorts, Inc. and Colorado Ski Country USA.

**APPENDIX D**  
**FORM OF SPECIAL COUNSEL OPINION**

March 3, 2020

Regional Transportation District  
1660 Blake Street  
Denver, Colorado 80202

**\$63,440,000**  
**Certificates of Participation, Series 2020**  
**Evidencing Assignments of Proportionate Interests**  
**in Rights to Receive Certain Revenues Pursuant to a**  
**Lease Purchase Agreement, as amended,**  
**between 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 December 1, 2010, between RTD Asset Acquisition Authority, Inc. (now known as Asset Acquisition Authority, Inc.) (the "Corporation"), as lessor, and the District, as lessee, as amended by a First Amendment to Lease Purchase Agreement dated as of May 30, 2014, between the Corporation, as lessor, and the District, as lessee, and by a Second Amendment to Lease Purchase Agreement dated as of March 3, 2020, between the Corporation, as lessor, and the District, as lessee (as amended, the "Lease"). Certificates of Participation, Series 2020, in the aggregate principal amount of \$63,400,000 (the "Certificates"), are authorized under a Mortgage and Indenture of Trust, dated as of December 1, 2010, as supplemented by the First Supplement to Mortgage and Indenture of Trust, dated as of May 30, 2014, and by a Second Supplement to Mortgage and Indenture of Trust, dated as of March 3, 2020 (as supplemented, 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 Certificates evidence assignments of proportionate interests in the right to receive certain revenues pursuant to the Lease, as provided in the 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, the Certificates 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 of the Certificates, 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 enforceable in accordance with its terms. Neither the Lease nor the 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 Certificates by the Trustee, the Certificates evidence valid and binding proportionate interests in the right 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 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 hereof (the "Code"), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Code, 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 Certificates and the enforceability of the 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 expressing the opinions above, we are relying, in part, on a report of independent certified public accountants verifying the mathematical computations of the adequacy of the maturing principal amounts of and interest on the investments and moneys included in the Escrow Account to pay when due, at stated maturity or upon prior redemption, all principal of, any prior redemption premiums, and interest on the Refunded Certificates (as defined in the Escrow Agreement).

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 Certificates, or the enforceability of the Indenture or the 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 relating to the Certificates or any other statements made in connection with any offer or sale of the 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 Certificates, except those specifically addressed above, 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 Leased Property, the ownership of or proper description of any property included in the Leased Property, or any other real estate matters related to the 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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AFTER RECORDATION PLEASE RETURN TO:

Sherman & Howard, L.L.C.  
633 17<sup>th</sup> Street, Suite 3000  
Denver, Colorado 80202  
Attention: Sarah P. Tasker, Esq.



---

**RTD ASSET ACQUISITION AUTHORITY, INC.,**

**AS LESSOR**

**AND**

**REGIONAL TRANSPORTATION DISTRICT,**

**AS LESSEE**

---

**LEASE PURCHASE AGREEMENT**

(With Authorization for Certificates of Participation, Series 2010, in the Aggregate Principal Amount of \$312,900,000 Evidencing Assignments of Proportionate Interests in Rights to Receive Certain Payments Hereunder)

---

**DATED AS OF DECEMBER 1, 2010**

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 Mortgage and Indenture of Trust dated as of December 1, 2010, between RTD Asset Acquisition Authority, Inc. and the Trustee, and is subject to the security interest of the Trustee.

(8)



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Jefferson County, Colorado

AFTER RECORDATION PLEASE RETURN TO:

Sherman & Howard, L.L.C.  
633 17<sup>th</sup> Street, Suite 3000  
Denver, Colorado 80202  
Attention: Sarah P. Tasker, Esq.

391.00  
mas

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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 2010, in the Aggregate Principal Amount of \$312,900,000 Evidencing Assignments of Proportionate Interests in Rights to Receive Certain Payments Hereunder)

---

**DATED AS OF DECEMBER 1, 2010**

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 Mortgage and Indenture of Trust dated as of December 1, 2010, 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 December 1, 2010, 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 (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 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 previously entered into a certain Master Lease Purchase Agreement II, as amended, under which the District has leased from the Corporation that certain 1998A Transit Vehicles Project, which consisted of 114 articulated transit coaches (the "1998A Leased Property") and 2001A Transit Vehicles Project, which consisted of 12 light rail vehicles (the "2001A Leased Property"); and

WHEREAS, in connection with the leasing of the 1998A Leased Property and the 2001A Leased Property, the Corporation entered into a certain Mortgage and Indenture of Trust, as amended, pursuant to which there were executed and delivered certain Regional Transportation District, Master Lease Purchase Agreement II, Fixed Rate Certificates of Participation (1998A Transit Vehicles Project), Series 1998A (the "1998A Certificates") relating to the 1998A Leased Property and certain Regional Transportation District, Master Lease Purchase Agreement II, Fixed Rate Certificates of Participation (2001A Transit Vehicles Project), Series 2001A (the "2001A Certificates") relating to the 2001A Leased Property; and

WHEREAS, the District has determined that it is in the best interest of the District to refinance the 1998A Leased Property and the 2001A Leased Property by refunding all the outstanding 1998A Certificates and 2001A Certificates (collectively, the "Refunding 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 Refunding Project; and

WHEREAS, the District has determined that it is in the best interest of the District to acquire, construct, install and improve certain additional equipment, vehicles, buildings and other capital projects to be used in the System, all as described herein (the "2010 Improvement Project" and together with the Refunding Project, the "Project"), and the District has determined to apply a portion of the moneys received in connection with the execution of this Lease,

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together with other available moneys of the District, to effectuate the 2010 Improvement Project; and

WHEREAS, pursuant to this Lease, the District has leased from the Corporation certain equipment, vehicles, sites and buildings as more specifically set forth in Exhibit A attached hereto, as it may be amended from time to time (collectively, "Leased Property"); and

WHEREAS, the Corporation has entered into a certain Mortgage and Indenture of Trust dated as of December 1, 2010 (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 "Tax-Exempt Certificates of Participation, Series 2010A" (the "2010A Certificates") and the "Taxable Certificates of Participation (Direct Pay Build America Bonds), Series 2010B (the "2010B Certificates" and together with the 2010A Certificates, the "2010 Certificates"); and

WHEREAS, the proceeds from the sale of the 2010 Certificates will be disbursed by the Trustee, at the direction of the District as agent for the Corporation, to effectuate the Refunding Project and defray the costs of the 2010 Improvement Project; and

WHEREAS, the 2010 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.

"1998A Certificates" means the "Regional Transportation District, Master Lease Purchase Agreement II, Fixed Rate Certificates of Participation (1998A Transit Vehicles Project), Series 1998A," which will be refunded as part of the Refunding Project.

"1998A Leased Property" means the 114 articulated transit coaches that were financed with the proceeds of the 1998A Certificates.

"2001A Certificates" means the "Regional Transportation District, Master Lease Purchase Agreement II, Fixed Rate Certificates of Participation (2001A Transit Vehicles Project), Series 2001A," which will be refunded as part of the Refunding Project.

"2001A Leased Property" means the 12 light rail vehicles that were financed with the proceeds of the 2001A Certificates.

"2010 Certificates" means, collectively, the 2010A Certificates and the 2010B Certificates.

"2010 Improvement Project" means, collectively, the acquisition, construction, improvement and installation of certain equipment, vehicles, buildings and other capital projects of the District that are being financed with the proceeds of the 2010 Certificates. There is no requirement that each 2010 Improvement Project be included as Leased Property under this Lease.

"2010 Leased Property Project" means, collectively, the acquisition, construction, installation and improvement of the Leased Property that is being financed with the proceeds of the 2010 Certificates.

"2010A Certificates" means the "Tax-Exempt Certificates of Participation, Series 2010A" executed and delivered pursuant to the Indenture.

"2010B Certificates" means the "Taxable Certificates of Participation (Direct Pay Build America Bonds), Series 2010B" executed and delivered pursuant to the Indenture.

"Act" means part 1 of article 9 of title 32, Colorado Revised Statutes, as the same may be amended from time to time.

"Additional Certificates" means any Certificates hereafter issued, in addition to the 2010 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, utility charges, costs of maintenance,



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upkeep, repair, restoration, modification, improvement and replacement, Reserve Fund payments, 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 Leased Property or the Certificates. Additional Rentals do not include Base Rentals.

"BAB Credit" has the meaning set forth in Section 11.8 of this Lease.

"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 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.

"Buildings" means any buildings that are being acquired, constructed, installed and improved as part of the Leased Property, as set forth on Exhibit A, as it may be amended from time to time.

"Certificates" means the 2010 Certificates and any Additional Certificates.

"Completion Date" means the date of final acceptance of all of the 2010 Leased Property Projects 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 the Trustee, 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 2010 Improvement Project, including without limitation:

- (a) obligations incurred or assumed for labor, materials and equipment in connection with the 2010 Improvement Project;

(b) the cost of performance and payment bonds and of insurance of all kinds (including, without limitation, title and liability insurance) that may be necessary or appropriate in connection with the 2010 Improvement Project;

(c) the costs of engineering, architectural and other professional and technical services, including obligations incurred or assumed for preliminary design and development work, test borings, surveys, estimates, plans and specifications;

(d) administrative costs related to the 2010 Improvement Project incurred prior to the Completion Date, including supervision of the construction, acquisition, renovation and installation as well as the performance of all of the other duties required by or consequent upon the construction, other acquisition, renovation and installation of the 2010 Improvement Project; including, without limitation, costs of preparing and securing all Project Documents, architectural, engineering and other professional and technical fees, legal fees and expenses, appraisal fees, independent inspection fees, auditing fees, and advertising expenses in connection with the 2010 Improvement Project;

(e) administrative costs of issuance of any Certificates, including the initial compensation and expenses of the Trustee prior to the related Completion Dates, 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 related Completion Dates, legal fees and expenses, costs incurred in obtaining ratings from rating agencies, 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 related Completion Dates;

(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, construct, install and improve the Leased Property or to acquire any other 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 2010A Certificates and will not disqualify the 2010B Certificates as Build America Bonds under Section 54AA of the Tax Code.

"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 or other financial instrument issued to or for the account of the Corporation or the District

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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.

“Equipment” means (i) those items of equipment, machinery, vehicles and related property that constitute a portion of the Leased Property, as described in Exhibit A hereto, as from time to time amended or supplemented, and (ii) any items of equipment, machinery, vehicles and related property acquired in replacement or substitution therefor pursuant to Sections 9.2, 9.3, 10.2 or 11.5 hereof, less equipment, machinery, vehicles and related property released from this Lease pursuant to Sections 9.3, 11.5 or 12.3 hereof, or damaged, destroyed or condemned as provided in Section 10.1 hereof.

“Escrow Account” means the escrow account created in the Escrow Agreement to effectuate the refunding of the 2001A Certificates.

“Escrow Agreement” means the Escrow Agreement dated December 15, 2010, between the Corporation and UMB Bank, n.a., as escrow agent.

“Event of Default” means one or more events as defined in Section 14.1 of 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, title 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 Leased Property, not applied to the repair, restoration, modification, improvement or replacement of the Leased Property; and (iii) all Net Proceeds, if any, derived from the repossession, liquidation or other disposition of the

Equipment, from sale of the Sites and the Buildings located thereon or any portion thereof, or from leasing by the Trustee of the Leased Property or any portion thereof, 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.

"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 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.

"Initial Term" means the period which commences on the date of delivery of this Lease and terminates on December 31, 2010.

"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 Projects 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, the Escrow Account or any other defeasance escrow account); (v) all other revenues derived from this Lease, excluding Additional Rentals (other than Reserve Fund payments made to the Trustee pursuant to Section 3.3(b) of the Indenture), excluding 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.

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“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 Leased Property under this Lease.

“Leased Property” means, collectively, the Sites, the Buildings and the Equipment and includes all property permanently affixed thereto, as set forth in Exhibit A, as it may be amended from time to time.

“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 Leased Property, or proceeds derived from any repossession, liquidation or other disposition of the Equipment, from sale of the Sites and the Buildings located thereon or any portion thereof, from leasing by the Trustee of the Leased Property or any portion thereof, or proceeds from the sale or trade-in (in which event the proceeds of a trade-in shall be deemed to be the amount of any credit received upon such trade-in) of Equipment by the District pursuant to Section 9.3(b) hereof, 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 for taxes and assessments not then delinquent, or liens which may remain unpaid pursuant to the provisions of Articles VIII and IX hereof; (ii) this Lease and the Indenture; (iii) utility, access and other easements and rights of way, restrictions and exceptions which the District Representative certifies will not materially interfere with or impair the effective use or operation of the Leased Property, including rights or privileges in the nature of easements as provided in Section 11.4 hereof; (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 Leased Property; (vi) any applicable zoning requirements; (vii) any verified statements of amounts due and unpaid pursuant to Section 38-26-107 of the Colorado Revised Statutes, as amended; (viii) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Leased Property and as do not, in the opinion of the District Representative, materially impair title to the Leased Property; and (ix) those easements, rights of way, encumbrances, restrictions and exceptions set forth in Exhibit C hereto as the same may from time to time be amended or supplemented.

“Project” means, collectively, the Refunding Project and the 2010 Improvement Project.

“Project Contract” means any contract between the District, acting on behalf of the Corporation, and any contractor or vendor regarding the acquisition, construction, installation or

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improvement of any part of the Sites, Buildings or Equipment entered into before the Completion Date.

“Project Documents” means the following: (i) plans, drawings and specifications for the Buildings, when and as they are approved by the District, including change orders, if any, as provided in Section 7.1 hereof; (ii) any necessary permits for construction of the Buildings, including any building permits and certificates of occupancy; (iii) the Project Contracts; (iv) policies of title, casualty, public liability, property and workmen’s compensation insurance, or certificates thereof, as required by this Lease with respect to the Leased Property; (v) performance and payment bonds as required by this Lease with respect to the 2010 Leased Property Projects; (vi) contracts with any architects, engineers or consultants hired by the District in connection with the 2010 Leased Property Projects; and (vii) any and all other documents executed by or furnished to the District in connection with the acquisition, construction, installation or improvement of the Leased Property.

“Projects Fund” means the Projects Fund created by the Indenture, which consists of the 2010A Project Account and the 2010B Project Account.

“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 Leased Property pursuant to Article XII hereof, which amount shall be the amount necessary to discharge the Indenture as provided in Article VI thereof.

“Refunding Project” means the payment, refunding and defeasance of the outstanding 1998A Certificates and the 2001A Certificates.

“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.

“Sheridan Site” means, collectively, the real property identified as the “Sheridan Site” on Exhibit A hereto, which is owned by the Corporation and leased by the Corporation to the District pursuant to this Lease.

“Sites” means, collectively, the real property owned by the Corporation and leased by the Corporation to the District pursuant to this Lease, the legal description of which is set forth in Exhibit A hereto, which includes the Sheridan Site and the Wadsworth Site, together with all other such real property that may be designated as such in any amendment or supplement hereto.

“Tax Certificate” means, collectively, the one or more Tax Compliance Certificates 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.

“Wadsworth Site” means, collectively, the real property identified as the “Wadsworth Site” on Exhibit A hereto, which is owned by the Corporation and leased by the Corporation to the District pursuant to this Lease.

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**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 2010 Certificates will be used to effectuate the Refunding Project and the 2010 Improvement Project pursuant to the Indenture.

(c) The Buildings will be designed and constructed so as to comply with all applicable building and zoning ordinances and regulations, if any.

(d) 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 Leased Property other than as lessee, or to require the District to exercise its option to purchase the Leased Property as provided in Article XII hereof.

(e) The Refunding Project and the 2010 Improvement Project, under the terms and conditions provided for in this Lease, are necessary, essential and in furtherance of the District's governmental purposes, are in furtherance of the purposes of the Act, serve a public purpose and are in the best interests of the District and its inhabitants.

(f) During the Lease Term, the 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 Leased Property will adequately serve the needs for which it is being leased throughout the Lease Term.

(g) 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



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whatsoever upon any of the property or assets of the District, except for Permitted Encumbrances.

(h) 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.

(i) Except for customary materials necessary for construction, operation, cleaning and maintenance of the Leased Property, the District shall not cause or permit any Hazardous Substance to be brought upon, generated at, stored or kept or used in or about the Leased Property without prior written notice to the Trustee and all Hazardous Substances, including, customary materials necessary for construction, operation, cleaning and maintenance of the Leased Property, will be used, kept and stored in a manner that complies with all laws regulating any such Hazardous Substance so brought upon or used or kept in or about the Leased Property. If the presence of any Hazardous Substance on the Leased Property caused or permitted by the District results in contamination of the Leased Property, or if contamination of the Leased Property by any Hazardous Substance otherwise occurs for which the District is legally liable for damage resulting therefrom, then the District shall include as an Additional Rental any amount necessary to reimburse the Trustee for legal expenses incurred to defend (to the extent that an appropriation for the necessary moneys has been effected by the District) the Trustee from claims for damages, penalties, fines, costs, liabilities or losses. The reimbursement of the Trustee's legal expenses is not an indemnification. It is expressly understood that the District is not indemnifying the Trustee and expenses of such defense shall constitute Additional Rentals. Without limiting the foregoing, if the presence of any Hazardous Substance on the Leased Property caused or permitted by the District results in any contamination of the Leased Property, the District shall provide prior written notice to the Trustee and promptly take all actions at its sole expense (which expenses shall constitute Additional Rentals) as are necessary to effect remediation of the contamination in accordance with legal requirements.

(j) 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) real and personal property and has duly authorized the execution and delivery of this Lease. This Lease has been duly executed by an

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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 mortgage or encumber the 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**

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The Corporation demises and leases the Leased Property to the District, and the District leases the 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.

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**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, 2010. This Lease may be renewed, solely at the option of the District, for thirty (30) Renewal Terms, with the Lease Term terminating no later than June 1, 2040. The District hereby finds that the maximum Lease Term hereunder does not exceed the weighted average useful life of the Leased Property. The District further determines and declares that the period during which the District has an option to purchase the Leased Property (i.e. the entire maximum Lease Term) does not exceed the useful life of the Leased Property.

The General Manager of the District 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 seven 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 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 Leased Property hereunder shall terminate and (i) the District shall, within 30 days of receiving written notice from the Trustee, vacate the Sites and Buildings and surrender the Equipment; 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 Site and Buildings are vacated and the Equipment 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 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.

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**ARTICLE V**  
**ENJOYMENT OF LEASED PROPERTY**

The Corporation hereby covenants that during the Lease Term the District shall peaceably and quietly have and hold and enjoy the 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 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 Leased Property. In addition, the District may at its own expense join in any legal action affecting its possession and enjoyment of the 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 Leased Property as provided in Section 10.3 of the Indenture, and to the Trustee's right to complete the improvements to the 2010 Leased Property Projects 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.

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**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 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

4.1 of the Indenture, and in the event of the issuance of Additional Certificates, as provided in Section 2.14(a) of the Indenture. 23

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 of the District (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 taxes, utility charges, maintenance, upkeep and repair costs; (iv) payments into the Reserve Fund required by Section 3.3 of the Indenture; (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 Reserve Fund 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 two years in 24 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



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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 2010 Leased Property Projects, any supplier of labor or materials in connection therewith, any vendor or other supplier of Equipment, 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 and 9.4 hereof 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 and 9.4 hereof with respect to certain Additional Rentals) during the Lease Term.

Section 6.5 Necessity of 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 Leased Property. It is the present intention and expectation of the District that this Lease will be renewed annually until title to the 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 Leased Property represent the fair value of the use of the Leased Property and that the Purchase Option Price for the Leased Property will represent the fair purchase price of the 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 Leased Property hereunder. In making such determinations, the District has given consideration to the estimated current value of the Leased Property, the uses and purposes for which the Leased Property will be employed by the District, the benefit to the citizens and inhabitants of the District by reason of the use and occupancy of the Leased Property pursuant to the terms and provisions of this Lease, the District's option to purchase the Leased Property and the expected eventual vesting of unencumbered title to the Leased Property in the District. The District hereby determines and declares that the period during which the District has an option to purchase the Leased Property (i.e., the entire maximum Lease Term for the Leased Property) does not exceed the weighted average useful life of the Leased Property.

The District acknowledges that the delivery schedule for certain Equipment 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 Equipment, the District has determined that it is in the best interests of the District to obtain financing for such Equipment 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 Equipment, 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.

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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 7.5 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).

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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 occupy or retain possession of the Leased Property.

The District shall in all events vacate the Sites and the Buildings and surrender the Equipment to the Trustee by the thirtieth day following an Event of Nonappropriation. Such surrender of Equipment shall consist of delivering the Equipment 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 Projects Fund (but excluding the Rebate Fund, the Escrow Account and any other 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.

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**ARTICLE VII**  
**ACQUISITION, CONSTRUCTION AND INSTALLATION**  
**OF THE 2010 LEASED PROPERTY PROJECTS**

**Section 7.1    Agreement to Acquire, Construct and Install the 2010 Leased Property Projects.**

(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, construction, installation and completion of the 2010 Leased Property Projects. The District agrees to comply with all applicable laws in connection with the making of contracts for the 2010 Leased Property Projects. 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 Leased Property 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 2010 Leased Property Projects to be acquired, constructed, installed and improved as herein provided; and

(2)    Title to the Leased Property and all fixtures thereto shall be held by the Corporation, subject to this Lease and the Indenture.

Acquisition, construction, installation and improvement of the 2010 Leased Property Projects 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, construction, installation and improvement of the 2010 Leased Property Projects, on behalf of the Corporation, through the application of moneys to be disbursed from the Projects Fund pursuant to Section 7.2 hereof and Section 3.4 of the Indenture by the Trustee upon the authorization of the District Representative, and in accordance with Section 7.1(c) hereof. The District agrees to complete the acquisition, construction, installation and improvement of the 2010 Leased Property Projects with all reasonable dispatch, and to use its best efforts to complete such acquisition, construction, installation and improvement by a date not later than three years subsequent to the Closing Date; but if for any reason all the 2010 Leased Property Projects are not completed and in place 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 2010 Leased Property Projects shall not have been completed 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, construction, installation and improvement of any of the remaining 2010 Leased Property Projects from any moneys remaining in the Projects Fund. 28

(c) The District has agreed to sell the Sheridan Site and the Wadsworth Site to the Corporation on the date of execution and delivery of the 2010 Certificates. The District agrees that it shall apply all the proceeds received by the District from such sale to pay a portion of the cost of the acquisition of the new light rail vehicles that will be Leased Property under this Lease.

(d) With respect to any motor vehicle that is acquired by the District and is part of the Leased Property, the District agrees to (i) prepare and deliver to the Corporation and the Trustee, whenever amounts are disbursed from the Projects Fund to acquire any such motor vehicle, an amendment to the description of the Equipment in Exhibit A hereto, which amendment shall include the purchase date, purchase price, type of vehicle and vehicle identification number for each vehicle acquired, and (ii) 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 Leased Property, 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 vehicle comprising a portion of the Equipment shall be delivered to and maintained in the possession and control of the Trustee.

(e) Each contract for any portion of the 2010 Leased Property Projects constituting light rail vehicles (each, a "Vendor Contract") shall contain a provision whereby the vendor party to that Vendor Contract (the "Vendor") grants a first priority security interest in favor of the Corporation in all light rail vehicles, and 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 Vendor specifically for the construction of light rail vehicles under the Vendor Contract (collectively, the "Vendor Contract Collateral"). Promptly upon entering into each Vendor Contract, the Corporation shall file, or cause to be filed, a financing statement covering the Vendor Contract Collateral, naming the Vendor as the "debtor," the Corporation as the "secured party," and the Trustee as "assignee of the secured party," in such places as are necessary to perfect the security interest of the Corporation in the Vendor Contract Collateral. The District hereby grants a first priority security interest to the Corporation in (i) all of the District's rights under each Vendor Contract (the "District Collateral"), and (ii) all of the District's rights in the completed light rail vehicles then delivered or thereafter deliverable to the District under this Lease (the "Lease Collateral"). Promptly upon entering into each Vendor Contract, the Corporation shall file, or cause to be filed, a financing statement covering the District Collateral and the Lease Collateral, naming the District as the "debtor," the Corporation as the "secured party," and the Trustee as "assignee of the secured party," in such places as are necessary to perfect the security interest of the

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Corporation in the District Collateral and the Lease Collateral. With respect to the 2010 Leased Property Projects, the District agrees to cause the certificate of title if required under the laws of the State for any vehicle constituting part of the 2010 Leased Property Projects to show the Corporation as the owner and to evidence the security interest of the Trustee.

Section 7.2 Disbursements from the Projects 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, construction, installation and improvement of the 2010 Leased Property Projects has not otherwise been terminated pursuant to Section 7.1 hereof, the Trustee shall, at the direction of the District, disburse moneys from the Projects Fund in payment of Costs of the Project. Notwithstanding anything to the contrary herein or in the Indenture, all moneys on deposit in the 2010B Project Account of the Projects Fund shall be disbursed only to pay capital expenditures. 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 E hereto. 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, construction, installation and improvement of all of the 2010 Leased Property Projects, the Projects Fund may be utilized by the Trustee to complete the acquisition, construction, installation and improvement of the remaining 2010 Leased Property Projects, as provided in Section 7.5 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 Projects 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 Projects Fund and all disbursements therefrom as reasonably directed by the District, and after the acquisition, construction, installation and improvement of all the 2010 Leased Property Projects have 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. The District may direct the Trustee to maintain separate accounts or subaccounts in the Projects Fund for the payment of the Costs of any of the 2010 Leased Property Projects.

Notwithstanding any provision herein to the contrary, no disbursement shall be made from the Projects Fund for the acquisition of any Site unless and until a title insurance policy in respect of such property, or a binding commitment therefor, is provided to the Trustee as set forth in Section 7.4 hereof.

Notwithstanding any provision of this Lease or the Indenture to the contrary, if there are amounts on deposit in the 2010B Project Account after the Completion Date, such amounts shall be transferred to the District and used by the District solely for capital expenditures, unless the District obtains an opinion of nationally recognized bond counsel that any such excess moneys may be applied to other purposes without disqualifying the 2010B Certificates as Build America Bonds under Section 54AA of the Tax Code.

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Section 7.3 Completion Certificate. Upon the substantial completion of all of the 2010 Leased Property Projects 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, architects, 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, construction, installation and improvement of all of the 2010 Leased Property Projects 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 request of the Trustee, provide to the Trustee a list of the Equipment, if any, identifying the Equipment in such detail as the Trustee may reasonably request and shall execute such financing statements as the Trustee may reasonably request.

Section 7.4 Title Insurance. Concurrently with the delivery of this Lease, the Trustee shall be provided with commitments for standard mortgagee's title insurance policies for the Sheridan Site and the Wadsworth Site in an aggregate amount equal to the estimated amount of proceeds of the 2010 Certificates to be expended on the purchase of such Sites and the construction of the Buildings thereon, or such lesser amount as shall be the maximum insurable value of such Sites. Such title insurance commitments shall be delivered to the Trustee concurrently with delivery of the 2010 Certificates and the policies shall be delivered to the Trustee as soon as practicable thereafter. In the event that additional Sites are to be acquired after the delivery of this Lease with proceeds of the 2010 Certificates, concurrently with the acquisition of any such Site the Trustee shall be provided with an endorsement to the title insurance policy or a commitment that the amount of the title insurance policy previously delivered in respect of the 2010 Certificates will be increased to reflect the estimated amount of 2010 Certificate proceeds being expended on such Site and any Building expected to be constructed thereon, or such lesser amount as shall be the maximum insurable value of such additional Site.

Section 7.5 Project Contracts. All Project Contracts and any District contract with any architect, engineer or consultant with respect to the 2010 Leased Property Projects 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 2010 Leased Property Projects 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. 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 7.6 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 Leased Property 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 Leased Property; (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 11.8 hereof.

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Section 7.7 Defaults Under the Project Contracts. In the event of any default under any of the Project Contracts or otherwise in connection with the acquisition, construction or installation of the 2010 Leased Property Projects, or in the event of a breach of warranty with respect to any materials, workmanship or performance or with respect to the Buildings and the Equipment, which default or breach results in frustration of the purpose for which the Buildings and the Equipment were 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 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 the 2010A Project Account of the Projects Fund if received before the Completion Date, or if received thereafter, shall be deposited as otherwise provided in Section 10.2 hereof or otherwise applied as provided in Section 10.3 hereof.

Section 7.8 Contractor's Performance and Payment Bonds. The District shall cause each contractor entering into a Project Contract for construction of the Buildings to furnish a performance bond and a separate labor and material payment bond on forms acceptable to the District and the Trustee, copies of which shall be provided to the District and the Trustee. Such bonds shall be made payable to the District, the Corporation, and the Trustee, as their interests may appear, and shall be executed by a corporate surety licensed to transact business in the State and acceptable to the District and the Trustee, and shall be in an amount at least equal to the contract price for such contractor's Project Contract. If, at any time during the construction of the Buildings, the surety on such bond shall be disqualified from doing business within the State, an alternate surety acceptable to the District and the Trustee shall be selected. In the event of any change order resulting in the performance of additional work in connection with the Buildings, the amounts of such bonds shall be increased by an amount required by the District Representative.

Section 7.9 Contractor's General Public Liability and Property Damage Insurance. The District shall require each contractor and subcontractor entering into a Project Contract for construction of the Buildings to procure and maintain standard form comprehensive general public liability and property damage insurance, at its own cost and expense, during the duration of such contractor's or subcontractor's Project Contract, in the amount of at least \$1,000,000. Such policies shall include the District, the Corporation and the Trustee, as their respective



interests may appear, as additional insureds, and shall include a provision prohibiting cancellation, termination or alteration without 30 days' prior notice by certified mail to the District, the Corporation and the Trustee. A certificate of insurance in form acceptable to the District shall be provided to the District, the Corporation and the Trustee with respect to each contractor and subcontractor. Such insurance shall provide protection from all claims for bodily injury, including death, property damage, and contractual liability.

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Section 7.10 Contractor's Workmen's Compensation Insurance. The District shall cause each contractor and subcontractor entering into a Project Contract for construction of the Buildings to procure and maintain, at its own cost and expense, workmen's compensation insurance during the term of its Project Contract, covering its employees working thereunder. Such insurance, if issued by a private carrier, shall contain a provision that such coverage shall not be canceled, terminated or altered without 30 days prior written notice to the District, the Corporation and the Trustee. A certificate issued by the State Compensation Insurance Fund evidencing such coverage shall be provided to the District, the Corporation and the Trustee or, if such insurance is provided by a private carrier, a completed certificate of insurance, in form acceptable to the District, shall be provided to the District, the Corporation and the Trustee with respect to each contractor and subcontractor entering into such a Project Contract. Each Project Contract for construction of the Buildings shall also provide that each subcontractor of any contractor or subcontractor who is a party to such Project Contract shall be required to furnish similar workmen's and workers' compensation insurance.

Section 7.11 Contractor's Builder's Risk Completed Value Insurance. The District shall cause any general contractor entering into a Project Contract in connection with the construction of the Buildings to procure, maintain, at its own cost and expense, during the term of its Project Contract and until the Building to which its contract relates is accepted and insured by the District, standard, all risk of loss builder's risk completed value insurance upon the Building constructed or to be constructed, in whole or in part, by such contractor or its subcontractors; provided, however, that the District, solely at its option, may elect to procure and maintain such insurance as a Cost of the Leased Property. Such policy shall contain a waiver of subrogation by the issuer of such policy with respect to the District, the Corporation and the Trustee, and their officers, agents and employees while acting within the scope of their employment. The policy may have a deductible clause in such amount as may be approved by the District; provided, however, that neither the District nor the Trustee shall thereby be deemed to have incurred any obligation to reimburse the Owners or any other person for the amount of the deductible. A copy of such insurance policy, or a certificate with respect thereto, shall be provided to the District, the Corporation and the Trustee. Such insurance coverage shall be in an amount at least equal to the total contract price for such contractor's and its subcontractors' work. In the event of any change order resulting in the performance of additional work in connection with any of the Buildings to be constructed hereunder, the amount of such insurance shall be increased to include the cost of such additional work, as well as materials and fixtures to be incorporated in such Building. Such builder's risk completed value insurance policy shall be made payable to the District, the Trustee, and the Corporation, as their respective interests may appear, as named insureds. No agent or employee of the District shall have the power to adjust or settle any loss with respect to the Buildings 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 adjustment or settlement, regardless of the amount of the loss.

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Section 7.12 Proceeds of Certain Insurance Policies and Performance Bonds. The Net Proceeds of any performance or payment bond or insurance policy required by Sections 7.8 and 7.11 hereof, and any Net Proceeds received as a consequence of default or breach of warranty under a Project Contract or other contract relating to the Leased Property, as provided by Section 7.7 hereof, shall be paid into the 2010A Project Account of the Projects Fund if received before the Completion Date, or, if received thereafter, shall either be deposited as provided in Section 10.2 hereof or otherwise applied as provided in Section 10.3 hereof.

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**ARTICLE VIII**  
**TITLE TO THE LEASED PROPERTY; LIMITATIONS ON ENCUMBRANCES**

Section 8.1 Title to the Leased Property. Except personal property purchased by the District at its own expense pursuant to Section 9.2 hereof, title to the 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 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 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 Leased Property. The District shall not permit any mechanic's or other lien to remain against the 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 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 Leased Property or the lien on the Leased Property pursuant to the Indenture will be materially endangered, or the 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 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.

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**ARTICLE IX**  
**MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES**

Section 9.1 Maintenance of the Property by the District. The District agrees that at all times during the Lease Term the District will maintain, preserve and keep the Leased Property or cause the 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 Leased Property.

Section 9.2 Modification of the 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 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 Leased Property or cause it to be used for purposes other than lawful governmental functions of the District, and provided that the 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 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 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 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 Leased Property would be damaged by the removal of such machinery, equipment or other tangible property.

Section 9.3 Disposal of Certain Equipment. The District shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary Equipment. In any instance where the District Representative determines any Equipment set forth in Exhibit A hereto has become inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary, the District may (acting for the Corporation) sell, trade in, exchange or otherwise dispose of such Equipment (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 equipment, machinery or other personal property not theretofore included pursuant to Section 9.2 hereof as Equipment) and install other 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 equipment, machinery

or related property shall have a useful life of not less than the remaining useful life of the Equipment for which it is substituted; or

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(b) Not make any such substitution and installation, provided (i) that in the case of the sale or other disposition of any such Equipment 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 Equipment for other machinery, equipment or related property not to be included in the 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 Equipment 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 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 Leased Property for all purposes of this Lease and the Indenture. In the absence of a clearly expressed intention by the District that machinery, equipment or related property is to be substituted for Equipment pursuant to subsection (a) of this Section 9.3, it shall be presumed that any disposition of Equipment 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 Equipment 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 Equipment 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 Taxes, Other Governmental Charges and Utility Charges. In the event that the Leased Property or any portion thereof shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body, the District shall pay the amount of all such taxes, assessments and governmental charges then due, as Additional Rentals. With respect to special assessments or other governmental charges that may be lawfully paid in installments over a period of years, the District shall be obligated to provide only for such installments as are required to be paid during the upcoming Fiscal Year. Except as provided in the immediately preceding sentence and except for Permitted Encumbrances, the District shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Leased Property or any portion thereof (including, without limitation, any taxes levied upon the

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Leased Property, or any portion thereof, which, if not paid, will become a charge on the rentals and receipts from the Leased Property or any portion thereof, or any interest therein, including the interest of the Corporation, the Trustee or the Owners) or the rentals and revenues derived therefrom or hereunder. The District shall also pay as Additional Rentals, as the same respectively become due, all gas, water, steam, electricity, heat, power, utility and other charges incurred in the maintenance and upkeep of the Buildings.

If the District shall first notify the Trustee of the intention of the District to do so, the District may, at the expense and in the name of the District, in good faith contest any such tax, assessment, utility and other charges and, in the event of any such contest, may permit the tax, assessment, utility or other charges so contested to remain unpaid 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 security afforded pursuant to the Indenture will be materially endangered or the Leased Property or any portion thereof will be subject to loss or forfeiture, or the Corporation or the Trustee will be subject to liability in which event such tax, assessment, utility or other charges shall be paid as Additional Rentals hereunder (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such tax, assessment, utility or other charges).

Section 9.5 Provisions Regarding Casualty, Public Liability and Property Damage Insurance. Upon the completion and acceptance of each portion of the Leased Property as provided in Section 7.3 hereof 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 Leased Property in an amount equal to the full replacement value of such portion of the 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 Leased Property under blanket insurance policies which insure not only the Leased Property, but other buildings and equipment 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 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 officer of the District 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 9.5 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 9.5 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. Each insurance policy provided for in this Section 9.5 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 9.5, 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 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.

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**ARTICLE X**  
**DAMAGE, DESTRUCTION OR CONDEMNATION; USE OF NET PROCEEDS**

Section 10.1 Damage, Destruction or Condemnation. If during the Lease Term,

(i) the 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 Leased Property, or any portion thereof or the estate of the District, the Corporation or the Trustee in the 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 Leased Property shall become apparent, or

(iv) title to or the use of all or any portion of the Leased Property 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 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 Leased Property, made available by reason of any occurrence described in Section 10.1 hereof, to be deposited in the 2010A Project Account of the Projects Fund, if received before the Completion Date of the related project, or, if received thereafter, 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 Leased Property by the District upon receipt of requisitions acceptable to the Trustee 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 2010A Project Account of the Projects Fund or 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 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 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 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 Leased Property or replace such Leased Property (or portion thereof) with property of a value equal to or in excess of such 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 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 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 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 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.

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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 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 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 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.

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**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 LEASED PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE 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, selection, maintenance and operation of the 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 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 Granting of Easements. As long as no Event of Nonappropriation or Event of Default shall have happened and be continuing, the Corporation and the Trustee shall at any time, but only upon the request of the District, consent to the grant of easements, licenses, rights-of-way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to the Sites, free from this Lease and the Indenture and any security interest or other encumbrance created hereunder or thereunder, and the Corporation and the Trustee shall release existing easements, licenses, rights-of-way and other rights and privileges with respect to the Sites, with or without consideration, and the Corporation and the Trustee agree to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other grant or privilege upon receipt

of: (i) a copy of the instrument of grant or release; and (ii) a written application signed by the District Representative requesting such instrument and stating that such grant or release will not impair the effective use or interfere with the operation of the Leased Property. The District shall not be entitled to any diminution of the Base Rentals and Additional Rentals payable under Section 6.2 of this Lease as a result of any grant or release pursuant to this Section.

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Section 11.5 Partial Release and Substitution of 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, or any improved or unimproved real estate (collectively, the "Replacement Property"), for any 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 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 related property shall have a useful life of not less than the remaining useful life of the Equipment 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 this Lease and the Indenture, or, in the alternative, the fair market value of the 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 improved or unimproved real property shall be determined by an M.A.I. appraisal report prepared by an independent real estate appraiser and submitted by the District to the Trustee. The fair market value of any personal property shall be determined by a report of an independent valuation consultant submitted by the District to the Trustee; and
- (d) the execution and delivery of 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 Leased Property to be released to the lien of the Indenture.

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 11.5 and shall execute any and all conveyances, releases or other documents necessary or appropriate in connection therewith.

Section 11.6 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 Leased Property or any portion thereof, and all current and future requirements of all insurance companies writing policies covering the Leased Property or any portion thereof.

Section 11.7 District Acknowledgment of the 2010 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 2010 Certificates pursuant to the Indenture. The District acknowledges and approves the form of the 2010 Certificates contained in the Indenture.

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Section 11.8 Tax Covenant. The District covenants for the benefit of Owners of the 2010A Certificates that it will not take any action or omit to take any action with respect to the 2010A Certificates, the proceeds thereof, any other funds of the District or any facilities financed or refinanced with the proceeds of the 2010A 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 2010A 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 2010A 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 2010A 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.

The District hereby makes an irrevocable election that Section 54AA of the Tax Code shall apply to the 2010B Certificates and that subsection (g) of Section 54AA will also apply to the 2010B Certificates so that the District will directly receive the credit provided in Section 6431 of the Tax Code in lieu of any credit otherwise available to the Certificate holders under Section 54AA(a) of the Tax Code (the credit described in Section 6431 is herein, the "BAB Credit"). None of the Owners of the 2010B Certificates shall be entitled to any credit under Section 54AA(a) of the Tax Code. The District covenants for the benefit of the Owners of the 2010B Certificates that it will not take any action or omit to take any action with respect to the 2010B Certificates, the proceeds thereof, any other funds of the District or any project financed with the proceeds of the 2010B Certificates if such action or omission would cause the District to not be entitled to the BAB Credit with respect to the 2010B Certificates. The District shall timely file any document required by the Internal Revenue Service to be filed in order to claim the BAB Credit.

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, 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.

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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 11.9 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; however, the Certificate Owners may enforce specific performance of the obligations contained in this Section by any judicial proceedings available.

**ARTICLE XII**  
**CONVEYANCE OF LEASED PROPERTY**

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Section 12.1 Conveyance of Leased Property. The Corporation shall transfer and convey the Leased Property to the District in the manner provided for in Section 12.2 hereof or under the terms and in the manner provided for in Section 12.3 hereof or 11.5 hereof; provided, however, that prior to such assignment, transfer and conveyance (other than with respect to the Leased Property conveyed pursuant to Section 12.3 hereof or Section 11.5 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 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 Leased Property, specifying a closing date for such purchase which shall be no less than 20 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, the Escrow Account and any other escrow accounts theretofore established pursuant to Article VI of the Indenture) held under the Indenture may be credited toward the Purchase Option Price.

Section 12.2 Manner of Conveyance. At the closing of any purchase or other conveyance of the Leased Property pursuant to Section 12.1 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 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 Leased Property was subject when acquired by the Corporation.

Section 12.3 Partial Release Upon Amortization of Leased Property. When the principal component of Base Rentals paid by the District, plus the principal amount of any 2010 Certificates redeemed through optional redemption, or the total principal amount of 2010 Certificates paid or deemed to be paid pursuant to Article VI of the Indenture, equals the amount set forth in Exhibit D hereto, the cost of the corresponding portion of the Leased Property set forth in Exhibit D (or of any property substituted for such portion of the 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 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 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 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 Leased Property was subject when acquired by the Corporation.

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**ARTICLE XIII**  
**ASSIGNMENT, SUBLEASING, MORTGAGING 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 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 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 11.8 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 Leased Property to be used for any purpose which would cause the District to violate its tax covenant in Section 11.8 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 proposed to be subleased.

Section 13.3 Restrictions on Mortgage or Sale of Leased Property. The District and the Corporation agree that, except for (i) the Corporation's assignment of this Lease and mortgaging of the 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 granting of easements pursuant to Section 11.4 hereof, (vi) any release and substitution of portions of the Leased Property pursuant to Section 11.5 hereof, (vii) any modifications to the Leased Property pursuant to Section 9.2 hereof, (viii) any disposition of Equipment pursuant to Section 9.3 hereof, (ix) any replacement of the Leased Property pursuant to Section 10.2 hereof, and (x) any release of any Equipment or Buildings and Sites pursuant to Section 12.3 hereof, neither the Corporation nor the District will mortgage, sell, assign, transfer or convey the Leased Property or any portion thereof during the Lease Term.

**ARTICLE XIV**  
**EVENTS OF DEFAULT AND REMEDIES**

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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 vacate the Sites and the Buildings and to surrender the Equipment 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 11.9 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.

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.

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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 vacate the Sites and the Buildings and to surrender the Equipment, 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 or otherwise dispose of the Leased Property, including sale of the Leased Property or any portion thereof, or the lease of the Leased Property or any portion thereof, and the Trustee may exercise with respect to the Equipment, all the rights and remedies of a secured party under the Colorado Uniform Commercial Code, or may otherwise repossess, liquidate or otherwise dispose of the Leased Property; 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.

(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 occupy the Sites or the Buildings or retains possession of the Equipment; 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 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, the Escrow Account or any other defeasance escrow accounts created to defease outstanding Certificates).

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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 vacate the Sites and the Buildings and surrender the Equipment 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 vacate the Sites and the Buildings and surrender the Equipment 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**

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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, CO 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 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 Projects 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.

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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 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 Leased Property and to convey the 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.

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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

REGIONAL TRANSPORTATION DISTRICT,  
as Lessee

By: \_\_\_\_\_  
Chair

(SEAL)

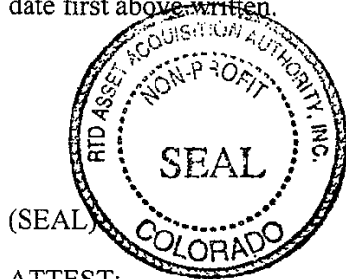
ATTEST:

By: \_\_\_\_\_  
Secretary



56

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.

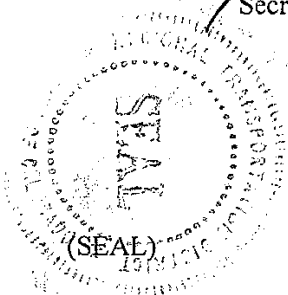


RTD ASSET ACQUISITION  
AUTHORITY, INC., as Lessor

By: \_\_\_\_\_  
President

ATTEST:

By: *Jimmy Z. Howater*  
Secretary



REGIONAL TRANSPORTATION DISTRICT,  
as Lessee

By: *[Signature]*  
Chair

ATTEST:

By: *[Signature]*  
Secretary

STATE OF COLORADO     )  
CITY AND                     )     ss.  
COUNTY OF DENVER     )

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The foregoing instrument was acknowledged before me this 10<sup>th</sup> day of December, 2010, by Paul Jacobs, as President of RTD Asset Acquisition Authority, Inc., a nonprofit corporation in good standing and organized under the laws of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires My Commission Expires 12/08/2014

(SEAL)



Luanna Burris  
Notary Public

STATE OF COLORADO     )  
CITY AND                     )     ss.  
COUNTY OF DENVER     )

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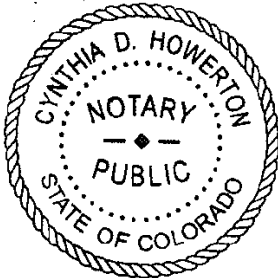
The foregoing instrument was acknowledged before me this 10<sup>th</sup> day of December, 2010, by Lee Kemp, Chair of the Board of Directors of the Regional Transportation District.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires September 15, 2013

(SEAL)

Cynthia D. Howerton  
Notary Public



My Commission Expires 9/15/2013

STATE OF COLORADO     )  
CITY AND                     )  
COUNTY OF DENVER     )

ss.

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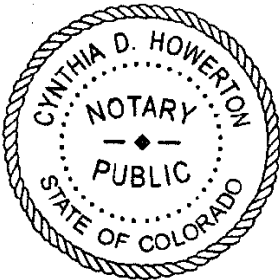
The foregoing instrument was acknowledged before me this 10<sup>th</sup> day of December, 2010, by Kent Bagley, as Secretary of the Board of Directors of the Regional Transportation District.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires September 15, 2013

(SEAL)

Cynthia D. Howerton  
Notary Public



My Commission Expires 9/15/2013

EXHIBIT A

DESCRIPTION OF THE LEASED PROPERTY

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**EQUIPMENT:**

A. 1,142 Electronic Registering Fareboxes, and Radio Communication System and Computer Aided Dispatching and Vehicle Location Systems which are installed on the following buses or located at the following facilities:

**RTD PLATTE DIVISION 3333 Ringsby Ct., Denver, CO 80216**

Bus Total	Model Year	Manufacturer	Model
4 – 1400's	2006	Gillig	Hybrid
36 – 1600's	2000	Transtek	Mall Shuttle
21 – 1900's	1998	Motor Coach Industries	(MCI) 102DL3
99 – 2000's	2000	Orion	Orion V
36 – 2800's	2001	Neoplan	Model AN345/3
21 – 5000's	2005-2008	Gillig	Low floor 40 foot
59 – 9100's	2000	North American Bus Industries	(NABI) 439.09

**RTD EAST METRO DIVISION 1400 E. Colfax Ave., Aurora, CO 80011**

Bus Total	Model Year	Manufacturer	Model
3 – 1400's	2008	Gillig	Hybrid
12 – 1900's	1998	Motor Coach Industries	(MCI) 102DL3
73 – 2000's	2000	Orion	Orion V
8 – 2800's	2001	Neoplan	AN345/3
50 – 5000's	2005-2008	Gillig	Low floor 40 foot
59 – 9100's	2000	North American Bus Industries	(NABI) 439.09

**RTD BOULDER DIVISION 1700 Exposition Drive, Boulder, CO 80301**

Bus Total	Model Year	Manufacturer	Model
2 – 1400's	2008	Gillig	Hybrid
32 – 1900's	1998	Motor Coach Industries	(MCI) 102DL3
6 – 1991	2010	Motor Coach Industries	(MCI) 1 D4500
27 – 2000's	2000	Orion	Orion V
6 – 2700's	2008	Blue Bird	Express 4500
41 – 2800's	2001	Neoplan	AN345/3

**FIRST TRANSIT DENVER      100 W. 64<sup>th</sup> Ave., Denver, CO 80221**

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Bus Total	Model Year	Manufacturer	Model
20 – 2000's	2000	Orion	Orion V
4 – 3800's	2000	Gillig	Phantom
15 – 3900's	2005-2008	Gillig	Low floor 30 foot
85 – 5000's	2005-2008	Gillig	Low floor 40 foot

**FIRST TRANSIT COMMERCE CITY 6345 N. Colo. Blvd., Commerce City, CO 80022**

Bus Total	Model Year	Manufacturer	Model
23 - 2000's	2000	Orion	Orion V
13 - 3800's	2000	Gillig	Phantom
8 - 3900's	2005-2008	Gillig	Low floor 30 foot
74 - 5000's	2005-2008	Gillig	Low floor 40 foot

**FIRST TRANSIT LONGMONT 811 S. Sherman, Unit D, Longmont, CO 80501**

Bus Total	Model Year	Manufacturer	Model
14 – 900's	2009	Startrans	E45F
23 – 3800's	2000	Gillig	Phantom
10 – 3900's	2005-2008	Gillig	Low floor 30 foot
21 – 5000's	2005-2008	Gillig	Low floor 40 foot

**VEOLIA      2775 S. Vallejo St., Englewood, CO 80110**

Bus Total	Model Year	Manufacturer	Model
61 – 2000's	2000	Orion	Orion V
9 – 3800's	2000	Gillig	Phantom
42 – 3900's	2005-2008	Gillig	Low floor 30 foot
13 – 5000's	2005-2008	Gillig	Low floor 40 foot

B. 12 Light Rail Vehicles that previously comprised the 2001A Transit Vehicles Project, which consist of Siemens Model SD-100, 80' Light Rail Vehicles, Numbers 138-149.

C. 55 new SD 160 Light Rail Vehicles acquired from Siemens Transportation Systems, Inc. pursuant to Contract 17 FR 015, Numbers 269 – 323.

**SITES:** The two Sites consist of the Sheridan Site and the Wadsworth Site as follows:

**Sheridan Site:** The Sheridan Site consists of Parcel Numbers 262 REV, 262A, 305, 306 and 304 as follows:

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**PARCEL NO: 262 REV**

Parcel No. 262 REV of the RTD West Corridor Light Rail Project, containing 55,832 square feet, and being a portion of a parcel of land as described in Reception No. 2008113854, recorded on August 18, 2008 in the City and County of Denver Clerk and Recorder's Office, and being all of Lots 6, 7, and 8 and a portion of Lots 9 through 13, inclusive, RUNYAN'S SUBDIVISION as originally recorded in Plat Book 16, at Page 63 in the Jefferson County Clerk and Recorder's office located in the Southeast Quarter of the Northeast Quarter of Section 1, Township 4 South, Range 69 West of the Sixth Principal Meridian, City and County of Denver, Colorado, being more particularly described as follows:

**COMMENCING** at the East Quarter Corner of said Section 1 (a found 3 1/4" aluminum cap stamped "LS 28286 1996");

**WHENCE** the North Sixteenth Corner of said Section 1 (a found 3 1/4" aluminum cap stamped "LS 34579 2005") bears N00°03'21"W a distance of 1321.09 feet;

**THENCE** N 20°16'38"W a distance of 159.37 feet to the southwest corner of Parcel No. 500 as described in Reception No. 2010127547, recorded on November 4, 2010 in the City and County of Denver Clerk and Recorder's Office, being the **POINT OF BEGINNING**;

**THENCE** the following eight (8) courses along the southerly, westerly and northerly lines of a parcel of land as described in said Reception No. 2008113854;

1. S89°28'00"W a distance of 99.92 feet;
2. N00°03'21"W a distance of 55.00 feet;
3. S89°28'00"W non-tangent with the following described curve a distance of 70.11 feet;
4. along the arc of a curve to the left, having a central angle of 2°00'24", a radius of 193.00 feet, a chord bearing of N14°09'05"W a distance of 6.76 feet, and an arc distance of 6.76 feet;
5. along the arc of a curve to the right, tangent with the last described curve, having a central angle of 15°05'56", a radius of 143.00 feet, a chord bearing of N07°36'19"W a distance of 37.58 feet, and an arc distance of 37.68 feet;
6. N00°03'21"W tangent with the last and following described curves a distance of 221.87 feet;
7. along the arc of a curve to the right, having a central angle of 89°31'42", a radius of 25.00 feet, a chord bearing of N44°42'30"E a distance of 35.21 feet; and an arc distance of 39.06 feet;
8. N89°28'21"E tangent with the last described curve a distance of 143.14 feet;

**THENCE** the following four (4) courses along the westerly lines of said Parcel No. 500:

1. S00°02'34"E a distance of 14.28 feet;

2. N88°01'31"E a distance of 2.24 feet;
3. S01°58'29"E a distance of 193.19 feet;
4. S00°02'34"E a distance of 138.15 feet to the **POINT OF BEGINNING**.

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Said Parcel No. 262 REV containing 55,832 square feet, (1.282 Acres), more or less,

**Basis of Bearing:** East line of the Southeast Quarter of the Northeast Quarter of Section 1 bearing N00°03'21"W (assumed), a distance of 1321.09 feet between a found 3 1/4" Aluminum Cap stamped "LS 28286 1996" in a monument box at the East Quarter corner of said Section 1 and a found 3 1/4" Aluminum Cap stamped "LS 34579 2005" in a monument box at the North One-Sixteenth corner of said Section 1, T4S, R69W, 6<sup>th</sup> PM.

Prepared by:

Kenneth W. Carlson, PLS 24942

For and on behalf of Jacobs Engineering Group, Inc.

707 17<sup>th</sup> Street, #2300

Denver, CO 80202

303.820.5240

#### **PARCEL NO: 262A**

Parcel No. 262A of the RTD West Corridor Light Rail Project, containing 50,343 square feet, being all of that parcel of land described as Parcel 1, Parcel 2, and Parcel 3 in deed recorded at Reception No. R 89-0112213, in the records of the City and County of Denver Clerk and Recorder's Office, located in the Southeast Quarter of the Northeast Quarter of Section 1, Township 4 South, Range 69 West of the Sixth Principal Meridian, City and County of Denver, Colorado, and subordinately described as follows:

##### Parcel 1

Lot 4 and the South 50 feet of Lot 3, Runyan's Subdivision, as originally recorded in Plat Book 16, at Page 63 in the Jefferson County Clerk and Recorder's office, and that portion of the West half of the Southeast quarter of the Southeast quarter of the Northeast quarter of Section 1, Township 4 South, Range 69 West of the 6<sup>th</sup> Principal Meridian, City and County of Denver, State of Colorado, described as follows:

Beginning at a point on the West line of said Lot 4, a distance of 29.48 feet North of the Southwest corner thereof; thence North, along the West line of said Lots 4 and 3, a distance of 95.52 feet; thence West, parallel with the south line of said Lot 3, a distance of 94 feet; thence South, parallel with the West line of said Runyan's Subdivision, a distance of 95.52 feet; thence East a distance of 94 feet to the point of beginning,

##### Parcel 2

The South 25 feet of Lot 1, all of Lot 2 and the North 25 feet of Lot 3, Runyan's Subdivision, as originally recorded in Plat Book 16, at Page 63 in the Jefferson County Clerk and Recorder's office, and that portion of the West half of the Southeast quarter of the Southeast quarter of the Northeast quarter of Section 1, Township 4 South, Range 69 West of the 6<sup>th</sup> Principal Meridian, City and County of Denver, State of Colorado, described as follows:



Beginning at a point on the West line of said Lot 1, a distance of 25 feet North of the Southwest corner thereof; thence West, parallel with the North line of said Lot 1, a distance of 94 feet; thence South, parallel with the West line of said Runyan's Subdivision, a distance of 125 feet; thence East, parallel with the South line of said Lot 1, a distance of 94 feet to a point on the West line of said Lot 3; thence North, along the West lines of said Lot 3, 2 and 1, a distance of 125 feet to the point of beginning,

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Parcel 3

The West 15 feet of the North 15 feet of Lot 5, Runyan's Subdivision, as originally recorded in Plat Book 16, at Page 63 in the Jefferson County Clerk and Recorder's office, City and County of Denver, State of Colorado.

This description was authored by:  
Diana E. Askew, PLS 31928  
For and on the behalf of  
David Evans and Associates, Inc.  
1331 17th Street, Suite 900  
Denver, CO 80202

**PARCEL NUMBER: 305**

Parcel No. 305 of the RTD West Corridor Light Rail Project, containing 9,806 square feet, being Lot 5, except the West 15 feet of the North 15 feet thereof, Runyan's Subdivision, as originally recorded in Plat Book 16, at Page 63 in the records of Jefferson County Clerk and Recorder's Office and also being all of that parcel of land described in Reception No. F1026553 in the records of the City and County of Denver Clerk and Recorder's Office, located in the Southeast Quarter of the Northeast Quarter of Section 1, Township 4 South, Range 69 West of the Sixth Principal Meridian, City and County of Denver, Colorado.

This description was authored by:  
Diana E. Askew, PLS 31928  
For and on the behalf of  
David Evans and Associates, Inc.  
1331 17th Street, Suite 900  
Denver, CO 80202

**PARCEL NUMBER: 306**

Parcel No. 306 of the RTD West Corridor Light Rail Project, containing 11,853 square feet, and being Lot 9, excepting the North 20 feet thereof, Runyan's Subdivision, as originally recorded in Plat Book 16, at Page 63 in the records of the Jefferson County Clerk and Recorder's Office, and being all of that parcel of land described in Reception No. 9600166124 in the records of the City and County of Denver Clerk and Recorder's Office, located in the Southeast Quarter of the Northeast Quarter of Section 1, Township 4 South, Range 69 West of the Sixth Principal Meridian, City and County of Denver, Colorado.

This description was authored by:  
Diana E. Askew, PLS 31928  
For and on the behalf of  
David Evans and Associates, Inc.  
1331 17th Street, Suite 900  
Denver, CO 80202

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**PARCEL NUMBER: 304**

Parcel No. 304 of the RTD West Corridor Light Rail Project, containing 13,909 square feet, being all of a parcel of land described in Reception No. 2005097118 in the records of the Jefferson County Clerk and Recorder's Office and being the east 71 feet of East ½, West ½, Southeast ¼ of East ½, South ½ Northeast ¼, Section 1, Township 4 South, Range 69 West, of the 6<sup>th</sup> Principal Meridian, except the North 165 feet thereof as conveyed in Book 300, Page 479, and except South 300 feet of the North 465 feet thereof as conveyed in Book 1019 at Page 563, Jefferson County Records, located in the Southeast Quarter of the Northeast Quarter of Section 1, Township 4 South, Range 69 West of the Sixth Principal Meridian, City of Lakewood, Jefferson County, Colorado.

This description was authored by:  
Gary D. Gable, PLS 24662  
For and on the behalf of  
David Evans and Associates, Inc.  
1331 17th Street, Suite 900  
Denver, CO 80202

**Wadsworth Site:** The Wadsworth Site consists of Parcels 195, 197, 197A, 298, 299, 300 (Parts 1, 2, and 3), 301 and 302 as follows:

**PARCEL 195**

Parcel No. 195 of the RTD West Corridor Light Rail Project, containing 14,065 square feet, more or less, being all of that parcel of land as described on deed recorded at Reception No. 84119846, within the Northeast Quarter of Section 2, Township 4 South, Range 69 West, Sixth Principal Meridian, and being described on said deed as follows:

*"Beginning at the Southwest corner of Block 63, Lakewood, County of Jefferson, State of Colorado, on the East line of Wadsworth Boulevard and the North line of West 13<sup>th</sup> Avenue; thence North along the West line of Block 63, 120 feet; thence East and parallel with the South line of said Block 63, 125.6 feet to an iron pipe; thence Southerly 120 feet more or less to a point on the South line of Block 63 and 130.7 feet East from its Southwest corner; thence West along said South line (the North line of West 13<sup>th</sup> Avenue) 130.7 feet to said point of beginning, except the West 10 feet thereof which has been dedicated for road purposes."*

LESS and EXCEPT that part described in Warranty Deed recorded July 2, 1976 in Book 2873 on Page 68.

This description was authored by:  
Gary D. Gable, PLS 24662  
For and on the behalf of  
David Evans and Associates, Inc.  
1331 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

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**PARCEL NO. 197**

Parcel No. 197 of the RTD West Corridor Light Rail Project, containing 20,511 square feet, being all of that parcel of land as described in Reception No. 80055347 and being described on said deed as follows:

*"The South 120 feet of Block 63, except that portion thereof described in Book 695, Page 484, Lakewood, together with that part of vacated Webster Street adjoining on the East of said Block 63 described as follows: Commencing at the Southeast corner of Block 63, Lakewood, thence East 30 feet, thence North and parallel with the East line of Block 63, 120 feet; thence West 30 feet to the East line of Block 63, thence South along the East line of Block 63, 120 feet to the point of beginning (together with the South 120 feet of vacated alley of Block 63, Lakewood) County of Jefferson, State of Colorado."*

Less and except a parcel of land as described in Book 760 at Page 462 and being described on said deed as follows:

*"The East ten (10) feet of the following described property: Commencing at the Southeast corner of Block Sixty-three (63), LAKEWOOD, Jefferson County, Colorado, thence East 30 feet; thence North and parallel with the East line of Block Sixty-three (63), 120 feet; thence West 30 feet to the East line of Block Sixty-three (63); thence South along the East line of Block Sixty-three (63), 120 feet to the point of beginning."*

And being part of Block 63, Lakewood, as recorded at Reception No. 9025339 in the records of the Jefferson County Clerk and Recorder's Office, located in the Northwest Quarter of the Northeast Quarter of Section 2, Township 4 South, Range 69 West of the Sixth Principal Meridian, City of Lakewood, Jefferson County, Colorado.

This description was authored by:  
Gary D. Gable, PLS 24662  
For and on the behalf of  
David Evans and Associates, Inc.  
1331 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

**PARCEL NO. 197A**

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Parcel No. 197A of the RTD West Corridor Light Rail Project, containing 1,200 square feet, being portion of vacated Webster Street, located in the Northwest Quarter of the Northeast Quarter of Section 2, Township 4 South, Range 69 West of the Sixth Principal Meridian, City of Lakewood, Jefferson County, Colorado.

**COMMENCING** at the Southeast corner of Block 63, Lakewood, as recorded at Reception No. 9025339 in the records of the Jefferson County Clerk and Recorder's Office;  
**THENCE** N89°24'22"E along the northerly line of West 13th Avenue a distance of 20.00 feet to the **POINT OF BEGINNING**;

**THENCE** N00°28'21"W along a line being twenty (20.00) feet easterly of and parallel with the easterly line of said Block 63 a distance of 119.99 feet;  
**THENCE** N89°09'51"E a distance of 10.00 feet;  
**THENCE** S00°28'21"E along a line being thirty (30.00) feet easterly of and parallel with the easterly line of said Block 63 a distance of 120.03 feet;  
**THENCE** S89°24'22"W a distance of 10.00 feet to the **POINT OF BEGINNING**.

Parcel No. 197A containing 1,200 square feet or 0.028 acre(s) of land, more or less.

**Basis Of Bearing:** All bearings are based on the line connecting "Hard" to "Alameda" being a grid bearing of S87°54'44"E as obtained from a Global Positioning System (GPS) Survey based on the Colorado High Accuracy Reference Network (CHARN). Said grid bearing is NAD '83 (1992) Colorado State Plane (Central Zone). "Hard" (PID DE7958) is a Cooperative Base Network Control Station "A" Order Horizontal Mark monumented with a steel rod in access cover. "Alameda" (PID KK1393) is a National Geodetic Survey (NGS) First Order Horizontal Mark monumented with a 3.5" diameter brass cap set flush in concrete, cap stamped in part "Alameda 1977".

Prepared by:  
Kenneth W. Carlson PLS 24942  
For and on behalf of Jacobs Engineering Group, Inc.  
707 17<sup>th</sup> Street, #2300  
Denver, CO 80202  
303.820.5240

**PARCEL NUMBER: 298**

Parcel No. 298 of the RTD West Corridor Light Rail Project, containing 40,164 square feet, more or less, being all of that certain parcel of land as described on deed recorded at Reception No. F0570029, within the Northeast Quarter of Section 2, Township 4 South, Range 69 West, Sixth Principal Meridian, and being described on said deed as follows:

*"The North 135 feet of the South 255 feet of Block 63, Lakewood, together with that portion of vacated alley and that portion of vacated Webster Street being more particularly described as follows: Beginning at a point 120 feet North of the*

*SW corner of said Block 63; thence North 135 feet; thence East 310 feet; thence South 135 feet; thence West 310 feet to the Point of Beginning, Lakewood, County of Jefferson, State of Colorado, EXCEPT the West 10 feet thereof, as conveyed to the City of Lakewood, Colorado by deed recorded September 20, 1984 at Reception No. 84089607, County of Jefferson, State of Colorado."*

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This description was authored by:  
Gary D. Gable, PLS 24662  
For and on the behalf of  
David Evans and Associates, Inc.  
1331 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

**PARCEL NUMBER: 299**

Parcel No. 299 of the RTD West Corridor Light Rail Project, containing 10,612 square feet, more or less, being all of that certain parcel of land as described on deed recorded at Reception No. F1118710, within the Northeast Quarter of Section 2, Township 4 South, Range 69 West, Sixth Principal Meridian, and being described on said deed as follows:

*"A portion of Block 63, Lakewood, more particularly described as follows:  
Beginning at a point which is 282 feet south of the northwest corner of Block 63;  
thence east a distance of 194 feet to a point; thence south a distance of 63 feet to  
a point; thence west a distance of 194 feet to the west line of Block 63; thence  
north along the west line of Block 63 a distance of 63 feet to the point of  
beginning, County of Jefferson, State of Colorado."*

*EXCEPT the parcel of land conveyed to the Colorado Department of Transportation  
in the Warranty Deed recorded August 23, 1993 under reception no. 93128584."*

LESS and EXCEPT that part lying within the alley as shown on plat of Lakewood. That part lying within said alley contains 1,008 square feet, more or less, which is not included in the above stated area for Parcel 299.

This description was authored by:  
Gary D. Gable, PLS 24662  
For and on the behalf of  
David Evans and Associates, Inc.  
1331 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

**PARCEL NUMBER: 300 Part 1**

Parcel No. 300 Part 1 of the RTD West Corridor Light Rail Project, containing 11,721 square feet, being all of Parcel 2, Jefferson County Assessor Number 49-021-06-003, as described in Reception No. F1143445, and being part of Block 63, Lakewood, as recorded at Reception No. 9025339 in the records of the Jefferson County Clerk and Recorder's Office, located in the

Northwest Quarter of the Northeast Quarter of Section 2, Township 4 South, Range 69 West of the Sixth Principal Meridian, City of Lakewood, Jefferson County, Colorado.

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This description was authored by:  
Gary D. Gable, PLS 24662  
For and on the behalf of  
David Evans and Associates, Inc.  
1331 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

**PARCEL NUMBER: 300 Part 2**

Parcel No. 300 Part 2 of the RTD West Corridor Light Rail Project, containing 10,811 square feet, being all of Parcel 3, Jefferson County Assessor Number 49-021-06-004, as described in Reception No. F1143445, and being part of Block 63, Lakewood, as recorded at Reception No. 9025339 in the records of the Jefferson County Clerk and Recorder's Office, located in the Northwest Quarter of the Northeast Quarter of Section 2, Township 4 South, Range 69 West of the Sixth Principal Meridian, City of Lakewood, Jefferson County, Colorado.

This description was authored by:  
Gary D. Gable, PLS 24662  
For and on the behalf of  
David Evans and Associates, Inc.  
1331 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

**PARCEL NUMBER: 300 Part 3**

Parcel No. 300 Part 3 of the RTD West Corridor Light Rail Project, containing 37,196 square feet, being all of Parcel 1, Jefferson County Assessor Number 49-021-06-005, as described in Reception No. F1143445, and being part of Block 63, Lakewood, as recorded at Reception No. 9025339 in the records of the Jefferson County Clerk and Recorder's Office, located in the Northwest Quarter of the Northeast Quarter of Section 2, Township 4 South, Range 69 West of the Sixth Principal Meridian, City of Lakewood, Jefferson County, Colorado.

This description was authored by:  
Gary D. Gable, PLS 24662  
For and on the behalf of  
David Evans and Associates, Inc.  
1331 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

**PARCEL NUMBER: 301**

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Parcel No. 301 of the RTD West Corridor Light Rail Project, containing 18,670 square feet, more or less, being all of that certain parcel of land as described on deed recorded at Reception No. F1260245, within the Northeast Quarter of Section 2, Township 4 South, Range 69 West, Sixth Principal Meridian, and being described on said deed as follows:

*"The South 110.5 feet of the North 180 feet of Block 63, Lakewood, except the East 95 feet thereof, together with the South 110.5 feet of the North 180 feet of the vacated alley in Block 63, Lakewood, except portion thereof described in Book 1128 at Page 59, County of Jefferson, State of Colorado."*

This description was authored by:  
Gary D. Gable, PLS 24662  
For and on the behalf of  
David Evans and Associates, Inc.  
1331 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

**PARCEL NUMBER: 302**

Parcel No. 302 of the RTD West Corridor Light Rail Project, containing 11,555 square feet, more or less, being all of that certain parcel of land as described on deed recorded at Reception No. F0865275, within the Northeast Quarter of Section 2, Township 4 South, Range 69 West, Sixth Principal Meridian, and being described on said deed as follows:

*"The north 69.5 feet of Block 63, Lakewood, except the east 95 feet of Block 63 and except the parcel of land described in Rule and Order recorded March 24, 1994 under reception no. 94055249, together with the north 69.5 feet of the alley in Block 63, Lakewood, County of Jefferson, State of Colorado."*

This description was authored by:  
Gary D. Gable, PLS 24662  
For and on the behalf of  
David Evans and Associates, Inc.  
1331 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

**BUILDINGS:**

The parking facility constructed on the Sheridan Site, which will consist of a multi-story, 800-space parking structure with a security room, elevators and stairs, site drainage improvements, on-site pedestrian plaza and urban design amenities.

The parking facility constructed on the Wadsworth Site, which will consist of a 4 story, 1000-space parking structure with a security room, driver relief station, site drainage improvements, on-site pedestrian plaza and urban design amenities.

EXHIBIT B

BASE RENTALS SCHEDULE

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<u>Date</u>	Base Rentals Principal Component 2010A <u>Certificates(1)</u>	Base Rentals Interest Component 2010A <u>Certificates</u>	Base Rentals Principal Component 2010B <u>Certificates</u>	Base Rentals Interest Component 2010B <u>Certificates</u>	Total Base Rentals
5/15/2011	\$4,230,000	\$5,016,664.10	-	\$3,537,644.45	\$12,784,308.55
11/15/2011	-	5,376,306.25	-	3,836,000.00	9,212,306.25
5/15/2012	4,340,000	5,376,306.25	-	3,836,000.00	13,552,306.25
11/15/2012	-	5,311,206.25	-	3,836,000.00	9,147,206.25
5/15/2013	1,825,000	5,311,206.25	-	3,836,000.00	10,972,206.25
11/15/2013	-	5,274,706.25	-	3,836,000.00	9,110,706.25
5/15/2014	6,220,000	5,274,706.25	-	3,836,000.00	15,330,706.25
11/15/2014	-	5,119,206.25	-	3,836,000.00	8,955,206.25
5/15/2015	4,540,000	5,119,206.25	-	3,836,000.00	13,495,206.25
11/15/2015	-	5,005,706.25	-	3,836,000.00	8,841,706.25
5/15/2016	4,775,000	5,005,706.25	-	3,836,000.00	13,616,706.25
11/15/2016	-	4,886,331.25	-	3,836,000.00	8,722,331.25
5/15/2017	-	4,886,331.25	-	3,836,000.00	8,722,331.25
11/15/2017	-	4,886,331.25	-	3,836,000.00	8,722,331.25
5/15/2018	7,725,000	4,886,331.25	-	3,836,000.00	16,447,331.25
11/15/2018	-	4,693,206.25	-	3,836,000.00	8,529,206.25
5/15/2019	8,120,000	4,693,206.25	-	3,836,000.00	16,649,206.25
11/15/2019	-	4,490,206.25	-	3,836,000.00	8,326,206.25
5/15/2020	15,925,000	4,490,206.25	-	3,836,000.00	24,251,206.25
11/15/2020	-	4,092,081.25	-	3,836,000.00	7,928,081.25
5/15/2021	16,800,000	4,092,081.25	-	3,836,000.00	24,728,081.25
11/15/2021	-	3,630,081.25	-	3,836,000.00	7,466,081.25
5/15/2022	15,930,000	3,630,081.25	-	3,836,000.00	23,396,081.25
11/15/2022	-	3,192,006.25	-	3,836,000.00	7,028,006.25
5/15/2023	16,790,000	3,192,006.25	-	3,836,000.00	23,818,006.25
11/15/2023	-	2,772,256.25	-	3,836,000.00	6,608,256.25
5/15/2024	17,650,000	2,772,256.25	-	3,836,000.00	24,258,256.25
11/15/2024	-	2,331,006.25	-	3,836,000.00	6,167,006.25
5/15/2025	18,560,000	2,331,006.25	-	3,836,000.00	24,727,006.25
11/15/2025	-	1,867,006.25	-	3,836,000.00	5,703,006.25
5/15/2026	10,080,000	1,867,006.25	-	3,836,000.00	15,783,006.25
11/15/2026	-	1,596,106.25	-	3,836,000.00	5,432,106.25
5/15/2027	10,635,000	1,596,106.25	-	3,836,000.00	16,067,106.25
11/15/2027	-	1,310,290.63	-	3,836,000.00	5,146,290.63
5/15/2028	11,225,000	1,310,290.63	-	3,836,000.00	16,371,290.63
11/15/2028	-	1,008,618.75	-	3,836,000.00	4,844,618.75
5/15/2029	11,845,000	1,008,618.75	-	3,836,000.00	16,689,618.75
11/15/2029	-	690,284.38	-	3,836,000.00	4,526,284.38
5/15/2030	12,495,000	690,284.38	-	3,836,000.00	17,021,284.38
11/15/2030	-	354,481.25	-	3,836,000.00	4,190,481.25
5/15/2031	13,190,000	354,481.25	-	3,836,000.00	17,380,481.25
11/15/2031	-	-	-	3,836,000.00	3,836,000.00
5/15/2032	-	-	\$14,045,000	3,836,000.00	17,881,000.00
11/15/2032	-	-	-	3,297,233.80	3,297,233.80
5/15/2033	-	-	15,175,000	3,297,233.80	18,472,233.80
11/15/2033	-	-	-	2,715,120.80	2,715,120.80
5/15/2034	-	-	16,395,000	2,715,120.80	19,110,120.80
11/15/2034	-	-	-	2,086,208.60	2,086,208.60
5/15/2035	-	-	17,715,000	2,086,208.60	19,801,208.60
11/15/2035	-	-	-	1,406,661.20	1,406,661.20
5/15/2036	-	-	6,245,000	1,406,661.20	7,651,661.20



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	Base Rentals Principal Component 2010A	Base Rentals Interest Component 2010A	Base Rentals Principal Component 2010B	Base Rentals Interest Component 2010B	Total Base Rentals
<u>Date</u>	<u>Certificates(1)</u>	<u>Certificates</u>	<u>Certificates</u>	<u>Certificates</u>	
11/15/2036	-	-	-	1,167,103.00	1,167,103.00
5/15/2037	-	-	6,745,000	1,167,103.00	7,912,103.00
11/15/2037	-	-	-	908,364.80	908,364.80
5/15/2038	-	-	7,290,000	908,364.80	8,198,364.80
11/15/2038	-	-	-	628,720.40	628,720.40
5/15/2039	-	-	7,880,000	628,720.40	8,508,720.40
11/15/2039	-	-	-	326,443.60	326,443.60
5/15/2040	-	-	8,510,000	326,443.60	8,836,443.60

(1) With respect to 2010A Certificates that were sold in the initial offering at a discount, the difference between the stated redemption price of such 2010A Certificates at maturity and the initial offering price of those 2010A Certificates to the public will be treated as "original issue discount" for federal income tax purposes and will constitute interest on the 2010A Certificates. The following portions of principal shall be treated as interest on the 2010A Certificates maturing on the following dates:

	Portion of Principal Component that is also Interest on 2010A Certificates (OID)
<u>Maturity Date</u>	
6/1/2025	\$539,010.00
6/1/2031	1,060,806.90

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

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SCHEDULE OF PERMITTED ENCUMBRANCES

**Sheridan Site:** The Sheridan Site consists of Parcel Numbers 262 REV, 262A, 305, 306 and 304. The Permitted Encumbrances for the Sheridan Site include the following:

1. Terms, conditions, provisions, agreements and obligations as specified in Covenant between Fred J. Meldau and the City and County of Denver dated June 23, 1967 and recorded July 3, 1967 at Reception No. 80392 in Book 9753 at Page 28. (Denver County records).
2. Terms, conditions, provisions, agreements and obligations as specified in Warranty deed between John E. Runyan and Lela K. Runyan and Hoyt E. Burdick and Marcelle A. Burdick dated March 30, 1959 and recorded April 2, 1959 at Reception No. 752972 in Book 1184 at Page 372. (Jefferson County records).
3. Terms, conditions, provisions, agreements and obligations as specified in Easement between John E. Runyan & Lela K. Runyan and Raymond J. Runyan & Carl B. Runyan dated May 18, 1958 and recorded March 10, 1959 at Reception No. 750020 in Book 1179 at Page 424. (Jefferson County records).
4. Terms, conditions, provisions, agreements and obligations as specified in Easement between John E. Runyan & Lela K. Runyan and Public Service Company of Colorado dated December 17, 1956 and recorded December 18, 1956 at Reception No. 666193 in Book 1035 at Page 586. (Jefferson County records).
5. All matters set forth in the plat of Runyan's Subdivision recorded October 2, 1956 at Reception No. 658391 in (plat) Book 16 at Page 63. (Jefferson County records).
6. Release and Vacation of Easement dated March 30, 1959 and recorded April 2, 1959 at Reception No. 752978 in Book 1184 at Page 380. (Jefferson County records).

**Wadsworth Site:** The Wadsworth Site consists of Parcels 195, 197, 197A, 298, 299, 300 (Parts 1, 2 and 3), 301 and 302. The Permitted Encumbrances for the Wadsworth Site include the following:

1. Terms, conditions, provisions, agreements and obligations as specified in Public Service Company of Colorado Easement between Wilma M. Graham & Carol A. Lowe and Public Service Company of Colorado dated November 30, 2007 and recorded October 8, 2008 at Reception No. 2008093969.
2. Terms, conditions, provisions, agreements and obligations as specified in Easement between Edward L. Peterson & Margie H. Peterson and US West Communications, Inc. dated August 14, 1996 and recorded November 15, 1996 at Reception No. F0330242.

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3. Terms, conditions, provisions, agreements and obligations as specified in Utility Easement between Berton W. Lofton & Gladys O. Lofton and Public Service Company of Colorado dated July 30, 1976 and recorded September 7, 1976 at Reception No. 814213 in Book 2899 at Page 534.
4. Terms, conditions, provisions, agreements and obligations as specified in Right-of-Way Easement between Edward L. Peterson & Margie H. Peterson and The Mountain States Telephone and Telegraph Company dated October 23, 1968 and recorded April 14, 1969 at Reception No. 322563 in Book 2095 at Page 449.
5. Reservations as described in Resolution dated April 21, 1952 and recorded April 21, 1952 at Reception No. 522996 in Book 758 at Page 78.

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# EXHIBIT D

## RELEASE AND AMORTIZATION SCHEDULE

PORTION OF THE LEASED PROPERTY	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 <sup>1</sup>
All Fareboxes	\$11,000,000
All Radio Communication System and Computer Aided Dispatching and Vehicle Location System	70,000,000
12 Light Rail Vehicles that comprised 2001 Transit Vehicles Project	90,000,000
55 new Light Rail Vehicles	270,000,000
Sheridan Site and Wadsworth Site and the Buildings located thereon	312,900,000

<sup>1</sup>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.

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EXHIBIT E  
FORM OF PROJECT FUNDS REQUISITION

PROJECTS 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 December 1, 2010 (the "Lease"), between RTD Asset Acquisition Authority (the "Corporation"), as lessor, and the District, as lessee, hereby requisitions the following sum from the [2010A Project Account] [2010B Project Account] of the Projects Fund established under the Indenture of Trust dated as of December 1, 2010 (the "Indenture"), entered into by you, as Trustee, and in connection with such request, certifies as follows:

Name and Address of Payee	Purpose for Which Obligation was Incurred	Date Payment Made By District**	Amount To Be Paid
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The District Representative further certifies that

(a) the obligation described above has been properly incurred, is a proper charge against the applicable Project Account of the Projects 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) the District is not in breach of any of the agreements contained in the Lease;

(e) No Event of Default or Event of Nonappropriation has occurred and is continuing.

(f) The bill, invoice or statement of account for the obligation is attached to this requisition form, if applicable.

To the extent that the obligation is payable from the 2010B Construction Account of the Construction Fund, such obligation is a capital expenditure.

---

\*\*Applicable only for reimbursement to District.

The District [has/has not] taken delivery of Equipment constituting part of the Leased Property as a result of this payment [and attached hereto is a specific identification of such Equipment].

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

REGIONAL TRANSPORTATION DISTRICT

By \_\_\_\_\_  
District Representative

AFTER RECORDATION PLEASE RETURN TO:

Butler Snow LLP  
1801 California Street, Suite 5100  
Denver, Colorado 80202  
Attention: Sarah P. Tasker, Esq.

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**RTD ASSET ACQUISITION AUTHORITY, INC.,**

**AS LESSOR**

**AND**

**REGIONAL TRANSPORTATION DISTRICT,**

**AS LESSEE**

---

**FIRST AMENDMENT TO LEASE PURCHASE AGREEMENT**

(With Authorization for Certificates of Participation, Series 2010, in the Aggregate Principal Amount of \$312,900,000 Evidencing Assignments of Proportionate Interests in Rights to Receive Certain Payments Hereunder)

---

**DATED AS OF MAY 30, 2014**

This First Amendment to Lease Purchase Agreement amends and supplements the Lease Purchase Agreement dated as of December 1, 2010, between RTD Asset Acquisition Authority, Inc., as lessor, and Regional Transportation District, as lessee.

The interest of RTD Asset Acquisition Authority, Inc. in this First Amendment to Lease Purchase Agreement has been assigned to UMB Bank, n.a., Denver, Colorado, as trustee (the "Trustee") under the Mortgage and Indenture of Trust dated as of December 1, 2010, between RTD Asset Acquisition Authority, Inc., and is subject to the security interest of the Trustee.

## **FIRST AMENDMENT TO LEASE PURCHASE AGREEMENT**

THIS FIRST AMENDMENT TO LEASE PURCHASE AGREEMENT (this "First Amendment") dated as of May 30, 2014, 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 (the "District"), as lessee;

WITNESSETH:

WHEREAS, the District is authorized by part 1 of article 9 of title 32, Colorado Revised Statutes to develop, maintain and operate a mass transportation 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 and the Corporation have previously entered into a Lease Purchase Agreement, dated as of December 1, 2010 (the "Lease") pursuant to which the District has leased from the Corporation certain equipment, vehicles, sites and buildings as more specifically set forth in Exhibit A to the Lease, as it may be amended from time to time (collectively, the "Leased Property"); and

WHEREAS, capitalized terms used in this First Amendment and not otherwise defined herein shall have the meanings given to them in the Lease; and

WHEREAS, the Corporation has previously entered into a certain Mortgage and Indenture of Trust dated as of December 1, 2010 (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 the Lease to the Trustee; and

WHEREAS, pursuant to the Indenture, there were executed and delivered the "Tax-Exempt Certificates of Participation, Series 2010A" and the "Taxable Certificates of Participation (Direct Pay Build America Bonds), Series 2010B (collectively, the "2010 Certificates") in the total aggregate principal amount of \$312,900,000; and

WHEREAS, the proceeds from the sale of the 2010 Certificates were disbursed by the Trustee, at the direction of the District as agent for the Corporation, to effectuate the Refunding Project and defray the costs of the 2010 Improvement Project; and

WHEREAS, a portion of the 2010 Improvement Project consisted of the construction of parking facilities at the Sheridan Site, which have been completed and are in operation; and



WHEREAS, three parcels of land located at the Sheridan Site, and legally described on Exhibit A hereto, and hereinafter referred to as Parcel 2, Parcel 3 and Parcel 4 (collectively, the "Released Parcels"), are not necessary for the use and operation of the parking facilities at the Sheridan Site and the District has requested that the Corporation sell the Released Parcels to ULC CLT, LLC, whose sole member is Urban Land Conservancy ("ULC") in consideration for the conveyance by ULC to the Corporation of a parcel of land located at the Sheridan Site, and legally described on Exhibit B hereto, and hereinafter referred to as Parcel 1 ("Parcel 1"), plus additional consideration in the amount of \$326,733 (the "Sale Proceeds"); and

WHEREAS, in connection with the conveyance of Parcel 4 by the Corporation to ULC, the Corporation shall reserve an easement (the "Easement") over certain property set forth in Exhibit A hereto related to Parcel 4 (the "Easement Property") to allow access to the Corporation's property; and

WHEREAS, the Corporation has agreed to deposit the Sale Proceeds, less any fees, costs and expenses incurred by the District and the Corporation in connection with this transaction (the "Net Sale Proceeds"), with the Trustee for deposit into the Base Rentals Fund for the 2010 Certificates; and

WHEREAS, in connection with the conveyance of the Released Parcels from the Corporation to ULC, the conveyance of Parcel 1 from ULC to the Corporation, and the deposit of the Net Sale Proceeds with the Trustee, the Released Parcels shall be released from the terms and provisions of the Lease and the Indenture and Parcel 1 shall be added to the definition of Leased Property and become subject to the terms and provisions of the Lease and Indenture; and

WHEREAS, in order to: (a) convey the Released Parcels from the Corporation to ULC, (b) convey Parcel 1 from ULC to the Corporation, (c) release the Released Parcels from the Lease and the Indenture, (d) add Parcel 1 to the definition of Leased Property, and (e) deposit the Net Sale Proceeds with the Trustee, it is necessary and desirable to enter into this First Amendment; and

WHEREAS, the Lease provides that, subsequent to the issuance of the Certificates and prior to the discharge of the Indenture, the 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 the Lease is executed; and

WHEREAS, the Indenture provides that the Corporation and the District may, with the written consent of the Trustee, but without the consent of or notice to the Owners of the Certificates, consent to any amendment, change or modification of the Lease which does not materially adversely affect the interests of the Owners of the Certificates; and

WHEREAS, the District, the Corporation and the Trustee have determined that releasing the Released Parcels from the terms and provisions of the Lease and Indenture in exchange for adding Parcel 1 to the Lease and depositing the Net Sale Proceeds into the Base Rentals Fund held by the Trustee will not materially adversely affect the interests of the Owners of the Certificates; and

WHEREAS, the Trustee has given its written consent to the execution and delivery of this First Amendment; and

WHEREAS, the District and the Corporation desire to amend and supplement the Lease in accordance with the terms and provisions of this First Amendment.

NOW, THEREFORE, for and in consideration of the mutual covenants and the representations, covenants and warranties herein contained, the parties hereto agree to as follows:

Section 1.1 Notwithstanding the provisions of Section 13.3 of the Lease or any other provisions to the contrary contained therein, the Corporation shall have the right to sell the Released Parcels to ULC in consideration for the conveyance of Parcel 1 to the Corporation plus additional consideration in the amount of \$326,733.

Section 1.2 Upon conveyance of the Released Parcels from the Corporation to ULC in accordance with this First Amendment, including the reservation of the Easement, the description of the Leased Property set forth in Exhibit A to the Lease shall be deemed amended to exclude the Released Parcels from the description of the Leased Property, provided that the Easement shall remain subject to the Lease. The legal descriptions of the Released Parcels that shall be automatically excluded from the definition of Leased Property upon such conveyance are set forth in Exhibit A to this First Amendment, and by this reference made a part hereof.

Section 1.3 Upon conveyance of Parcel 1 from ULC to the Corporation in accordance with this First Amendment, Parcel 1 shall automatically become subject to the Lease without further action and the description of the Leased Property set forth in Exhibit A to the Lease shall be deemed amended to include Parcel 1 in the description of the Leased Property. The legal description of Parcel 1 is set forth in Exhibit B to this First Amendment, and by this reference made a part hereof. Parcel 1 shall be deemed to be included within the definition of "Sheridan Site" for purposes of the Lease.

Section 1.4 Upon conveyance of Parcel 1 to the Corporation, the list of Permitted Encumbrances in the Lease shall be deemed amended to include the additional Permitted Encumbrances described in Exhibit C attached hereto.

Section 1.5 Upon receipt of the Net Sale Proceeds, the Corporation shall remit such Net Sale Proceeds to the Trustee for deposit into the Principal Account of the Base Rentals Fund held by the Trustee under the Indenture for the 2010 Certificates.

Section 1.6 This First Amendment shall hereafter form a part of the Lease and all the terms and conditions contained herein shall be deemed to be part of the Lease for any and all purposes. Except as expressly amended hereby, the Lease shall remain as originally stated and is hereby ratified, approved and confirmed.


Section 1.7 This First Amendment 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 1.8 This First Amendment shall be governed by and construed in accordance with the laws of the State of Colorado.

Section 1.9 This First Amendment shall become effective as of the date first above written.

IN WITNESS WHEREOF, the Corporation has executed this First Amendment to Lease Purchase Agreement 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 First Amendment to Lease Purchase Agreement 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

REGIONAL TRANSPORTATION DISTRICT,  
as Lessee

By: \_\_\_\_\_  
Chair

(SEAL)

ATTEST:

By: \_\_\_\_\_  
Secretary

UMB Bank, n.a., as Trustee under the Indenture, hereby consents to the execution and delivery of this First Amendment to Lease Purchase Agreement.

UMB BANK, N.A., as Trustee

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

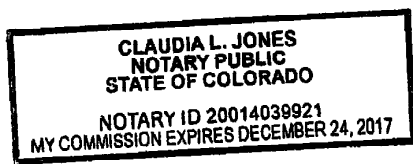
STATE OF COLORADO     )  
CITY AND                     )     ss.  
COUNTY OF DENVER     )

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day of May, 2014, by Paul Jacobs, as President of RTD Asset Acquisition Authority, Inc., a nonprofit corporation in good standing and organized under the laws of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires 12/24/17.

(SEAL)



Claudia L. Jones  
Notary Public

STATE OF COLORADO     )  
CITY AND                     )     ss.  
COUNTY OF DENVER     )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of May, 2014, by Terry Howerter, as Secretary of RTD Asset Acquisition Authority, Inc., a nonprofit corporation in good standing and organized under the laws of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public

IN WITNESS WHEREOF, the Corporation has executed this First Amendment to Lease Purchase Agreement 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 First Amendment to Lease Purchase Agreement for and on behalf of the District, all as of the date first above written.

RTD ASSET ACQUISITION  
AUTHORITY, INC., as Lessor

(SEAL)

By: \_\_\_\_\_  
President

ATTEST:

By: *Gregory J. Hawster*  
Secretary

REGIONAL TRANSPORTATION DISTRICT,  
as Lessee

(SEAL)

By: \_\_\_\_\_  
Chair

ATTEST:

By: \_\_\_\_\_  
Secretary

UMB Bank, n.a., as Trustee under the Indenture, hereby consents to the execution and delivery of this First Amendment to Lease Purchase Agreement.

UMB BANK, N.A., as Trustee

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

STATE OF COLORADO     )  
CITY AND                     )     ss.  
COUNTY OF DENVER     )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of May, 2014, by Paul Jacobs, as President of RTD Asset Acquisition Authority, Inc., a nonprofit corporation in good standing and organized under the laws of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public

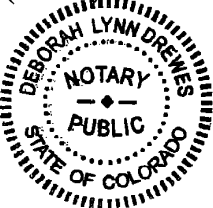
STATE OF COLORADO     )  
CITY AND                     )     ss.  
COUNTY OF DENVER     )

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day of May, 2014, by Terry Howerter, as Secretary of RTD Asset Acquisition Authority, Inc., a nonprofit corporation in good standing and organized under the laws of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires 3/30/2015.

(SEAL)



My Commission  
expires:  
03/30/2015

Deborah Lynn Drewes  
Notary Public

IN WITNESS WHEREOF, the Corporation has executed this First Amendment to Lease Purchase Agreement 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 First Amendment to Lease Purchase Agreement for and on behalf of the District, all as of the date first above written.

RTD ASSET ACQUISITION  
AUTHORITY, INC., as Lessor

(SEAL)


By: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_  
Secretary

REGIONAL TRANSPORTATION DISTRICT,  
as Lessee

(SEAL)

By:  \_\_\_\_\_  
Chair

ATTEST:

By: \_\_\_\_\_  
Secretary

UMB Bank, n.a., as Trustee under the Indenture, hereby consents to the execution and delivery of this First Amendment to Lease Purchase Agreement.

UMB BANK, N.A., as Trustee

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

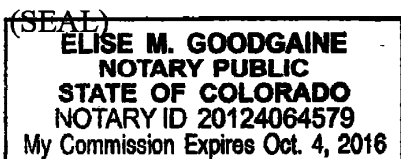


STATE OF COLORADO     )  
CITY AND                     )     ss.  
COUNTY OF DENVER     )

The foregoing instrument was acknowledged before me this 27 day of May, 2014, by Charles L. Sisk, Chair of the Board of Directors of the Regional Transportation District.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires Oct. 4, 2016.



Elise Goodgain  
Notary Public

STATE OF COLORADO     )  
CITY AND                     )     ss.  
COUNTY OF DENVER     )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of May, 2014, by Jeff Walker, as Secretary of the Board of Directors of the Regional Transportation District.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public

IN WITNESS WHEREOF, the Corporation has executed this First Amendment to Lease Purchase Agreement 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 First Amendment to Lease Purchase Agreement for and on behalf of the District, all as of the date first above written.

RTD ASSET ACQUISITION  
AUTHORITY, INC., as Lessor

(SEAL)

By: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_  
Secretary

REGIONAL TRANSPORTATION DISTRICT,  
as Lessee

(SEAL)

By: \_\_\_\_\_  
Chair

ATTEST:

By: Jeff Walker  
Secretary

UMB Bank, n.a., as Trustee under the Indenture, hereby consents to the execution and delivery of this First Amendment to Lease Purchase Agreement.

UMB BANK, N.A., as Trustee

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

STATE OF COLORADO     )  
CITY AND                     )  
COUNTY OF DENVER     )     ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of May, 2014, by Charles L. Sisk, Chair of the Board of Directors of the Regional Transportation District.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires \_\_\_\_\_.

(SEAL)

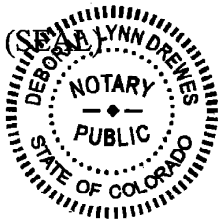
\_\_\_\_\_  
Notary Public

STATE OF COLORADO     )  
CITY AND                     )  
COUNTY OF DENVER     )     ss.

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day of May, 2014, by Jeff Walker, as Secretary of the Board of Directors of the Regional Transportation District.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires 3/30/2015.



My Commission  
expires:  
03/30/2015

Deborah Lynn Drewes  
Notary Public

IN WITNESS WHEREOF, the Corporation has executed this First Amendment to Lease Purchase Agreement 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 First Amendment to Lease Purchase Agreement 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

REGIONAL TRANSPORTATION DISTRICT,  
as Lessee

By: \_\_\_\_\_  
Chair

(SEAL)

ATTEST:

By: \_\_\_\_\_  
Secretary

UMB Bank, n.a., as Trustee under the Indenture, hereby consents to the execution and delivery of this First Amendment to Lease Purchase Agreement.

UMB BANK, N.A. as Trustee

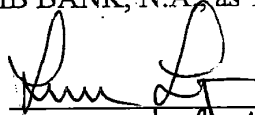
By:  \_\_\_\_\_  
Title: Senior Vice President

EXHIBIT A

DESCRIPTION OF THE RELEASED PARCELS

The following real property shall comprise the Released Parcels that shall be released from the provisions of the Lease and shall no longer be included in the definition of Leased Property:

Parcel 2

A portion of Lot 1, Block 1, RUNYAN'S SUBDIVISION FILING NO. 2, as shown at Reception Number 2013057844, recorded April 23, 2013 at the City and County of Denver Clerk and Recorder's Office, located in the Northeast Quarter of Section 1, Township 4 South, Range 69 West of the Sixth Principal Meridian, City and County of Denver, Colorado, being more particularly described as follows:

COMMENCING at the East Quarter corner of said Section 1 (a found 3 ¼" aluminum cap stamped "LS 28286 1996");

WHENCE the North Sixteenth corner of said Section 1 and Section 6, Township 4 South, Range 68 West of same Principal Meridian (a found 3 ¼" aluminum cap stamped "PLS 34579 2005") bears N00°03'21"W (basis of bearing - assumed) a distance of 1321.09 feet;

THENCE N66°04'52"W a distance of 543.59 feet to the southwest corner of said Lot 1, Block 1 to the POINT OF BEGINNING;

THENCE N00°03'21"W coincident with the west line of said Lot 1, Block 1 a distance of 72.25 feet;

THENCE N89°28'14"E a distance of 98.00 feet to the east line of said Lot 1, Block 1;

THENCE S00°03'21"E coincident with said east line a distance of 72.25 feet to the southeast corner of said Lot 1, Block 1;

THENCE S89°28'14"W coincident with the south line of said Lot 1, Block 1 a distance of 98.00 feet to the POINT OF BEGINNING.

Containing 7,080 square feet, (0.163 Acres), more or less.

Prepared by:  
Daniel G. Wolken, PLS 38010  
For and on Behalf of Jacobs Engineering Group Inc.  
707 17th Street, Suite 2400  
Denver, CO 80202  
303.820.5240



Parcel 3

A portion of Lot 1, Block 1, RUNYAN'S SUBDIVISION FILING NO. 2, as shown at Reception Number 2013057844, recorded April 23, 2013 at the City and County of Denver Clerk and Recorder's Office, located in the Northeast Quarter of Section 1, Township 4 South, Range 69 West of the Sixth Principal Meridian, City and County of Denver, Colorado, being more particularly described as follows:

COMMENCING at the East Quarter corner of said Section 1 (a found 3 1/4" aluminum cap stamped "LS 28286 1996");

WHENCE the North Sixteenth corner of said Section 1 and Section 6, Township 4 South, Range 68 West of same Principal Meridian (a found 3 1/4" aluminum cap stamped "PLS 34579 2005") bears N00°03'21"W (basis of bearing - assumed) a distance of 1321.09 feet;

THENCE N48°25'50"W a distance of 664.47 feet to the northwest corner of said Lot 1, Block 1 to the POINT OF BEGINNING;

THENCE N89°28'21"E coincident with the north line of said Lot 1, Block 1 a distance of 98.00 feet to the northeast corner of said Lot 1, Block 1;

THENCE S00°03'21"E coincident with the east line of said Lot 1, Block 1 a distance of 148.24 feet;

THENCE S89°28'14"W a distance of 98.00 feet to the west line of said Lot 1, Block 1;

THENCE N00°03'21"W coincident with said west line a distance of 148.25 feet to the POINT OF BEGINNING.

Containing 14,527 square feet, (0.334 Acres), more or less.



Parcel 4

A portion of Lot 1, Block 2, RUNYAN'S SUBDIVISION FILING NO. 2, as shown at Reception Number 2013057844, recorded April 23, 2013 at the City and County of Denver Clerk and Recorder's Office, located in the Northeast Quarter of Section 1, Township 4 South, Range 69 West of the Sixth Principal Meridian, City and County of Denver, Colorado, being more particularly described as follows:

COMMENCING at the East Quarter corner of said Section 1 (a found 3 1/4" aluminum cap stamped "LS 28286 1996");

WHENCE the North Sixteenth corner of said Section 1 and Section 6, Township 4 South, Range 68 West of said Principal Meridian (a found 3 1/4" aluminum cap stamped "PLS 34579 2005") bears N00°03'21"W (basis of bearing - assumed) a distance of 1321.09 feet; THENCE N47°42'15"W a distance of 346.38 feet to the POINT OF BEGINNING;

THENCE S89°56'39"W a distance of 27.49 feet;

THENCE S00°00'00"W a distance of 10.00 feet;

THENCE S89°56'39"W a distance of 54.22 feet to a west line of said Lot 1, Block 1, also being the east right of way line of Ames Street, as dedicated by said RUNYAN'S SUBDIVISION FILING NO. 2;

THENCE the following three (3) courses coincident with said west line of Lot 1, Block 1, and said east right of way line of Ames Street:

1) N00°03'21"W a distance of 20.00 feet;

2) S89°48'55"W a distance of 1.00 feet;

3) N00°03'21"W a distance of 199.35 feet to a northwest corner of said Lot 1, Block 1;

THENCE N89°28'21"E coincident with a north line of said Lot 1, Block 1 a distance of 52.71 feet;

THENCE S00°03'19"E a distance of 30.00 feet;

THENCE N89°28'21"E a distance of 30.00 feet;

THENCE S00°03'19"E a distance of 180.03 feet to the POINT OF BEGINNING.

Containing 16,976 square feet, (0.390 Acres), more or less.



Provided, however, that there shall be excepted from such release and reserved unto the Corporation, its successors and assigns, a permanent, non-exclusive easement (the "Easement") in, through, on, across and over a parcel of land as hereinafter described (the "Easement Property") for the purpose of vehicular and pedestrian ingress and egress to and from the Corporation's property and to inspect, operate, maintain, repair, remove, replace, relocate, install, construct and reconstruct the Corporation's building located on the Corporation's property, all as more particularly described in the Easement Agreement dated as of May 30, 2014 between ULC, as grantor, and the Corporation, as grantee. The legal description of the Easement Property is as follows:

**A portion of Lot 1, Block 2, RUNYAN'S SUBDIVISION FILING NO. 2, as shown at Reception Number 2013057844, recorded April 23, 2013 at the City and County of Denver Clerk and Recorder's Office, located in the Northeast Quarter of Section 1, Township 4 South, Range 69 West of the Sixth Principal Meridian, City and County of Denver, Colorado, being more particularly described as follows:**

**COMMENCING at the East Quarter corner of said Section 1 (a found 3 1/4" aluminum cap stamped "LS 28286 1996");**

**WHENCE the North Sixteenth corner of said Section 1 and Section 6, Township 4 South, Range 68 West of said Principal Meridian (a found 3 '4" aluminum cap stamped "PLS 34579 2005") bears N00°03'20"W (basis of bearing - assumed) a distance of 1321.09 feet; THENCE N47°42'15"W a distance of 346.38 feet to the POINT OF BEGINNING;**

**THENCE 589°56'39"W a distance of 20.00 feet;**

**THENCE N00°03'19"W a distance of 179.86 feet;**

**THENCE N89°28'21"E a distance of 20.00 feet;**

**THENCE S00°03'19"E a distance of 180.03 feet to the POINT OF BEGINNING.**

**Containing 3,599 square feet, (0.083 Acres), more or less.**



**EXHIBIT B**  
**DESCRIPTION OF PARCEL 1 TO BE ADDED TO THE LEASE:**

The following real property shall comprise Parcel 1 that shall be added to the Lease and shall be included within the definition of Leased Property:

Parcel 1

A parcel of land being a portion of Lot 1, RUNYAN'S SUBDIVISION as shown at Book 16, Page 63, recorded October 2, 1956, and a portion of vacated Ames Street as described at Ordinance 21-2013, also being a portion of a parcel of land described at Reception No. 2007194144, recorded December 21, 2007, all recorded at the City and County of Denver Clerk and Recorder's Office and located in the Northeast Quarter of Section 1, Township 4 South, Range 69 West of the Sixth Principal Meridian, City and County of Denver, Colorado, being more particularly described as follows:

COMMENCING at the East Quarter corner of said Section 1 (a found 3 1/4" aluminum cap stamped "LS 28286 1996");  
WHENCE the North Sixteenth corner of said Section 1 and Section 6, Township 4 South, Range 68 West of same Principal Meridian (a found 3 1/4" aluminum cap stamped "PLS 34579 2005") bears N00°03'21"W (basis of bearing - assumed) a distance of 1321.09 feet;  
THENCE N39°16'20"W a distance of 635.33 feet to the northwest corner of said Lot 1;  
THENCE N89°28'21"E coincident with the north line of said Lot 1 a distance of 4.00 feet to the POINT OF BEGINNING;

THENCE continuing N89°28'21"E coincident with said north line of Lot 1 and the north line of said vacated Ames Street a distance of 141.61 feet to a northwest corner of Lot 1, Block 2, RUNYAN'S SUBDIVISION FILING No. 2, recorded at Reception Number 2013057844 on April 23, 2013 at said Clerk and Recorder's Office;  
THENCE the following two (2) courses coincident with the westerly and northerly lines of said Lot 1, Block 2, and the northerly line of Ames Street as dedicated by said RUNYAN'S SUBDIVISION FILING No. 2:  
1) S00°03'21"E a distance of 50.00 feet;  
2) S89°28'21"W a distance of 141.61 feet;  
THENCE N00°03'21"W a distance of 50.00 feet to the POINT OF BEGINNING.

Containing 7,080 square feet, (0.163 Acres), more or less.



EXHIBIT C  
PERMITTED ENCUMBRANCES

The Permitted Encumbrances for Parcel 1 shall include all Permitted Encumbrances that relate to the Sheridan Site as set forth in the Lease, as well as the following Permitted Encumbrances:

1. Easement granted to Colorado Telephone CO., for utility lines, and incidental purposes, by instrument recorded June 4, 1909, in Book 140 at Page 486. (Jefferson County records).
2. Right of Way for electric transmission lines, as conveyed in instrument recorded April 22, 1924 at Page 346. (Jefferson County records).
3. Easement granted to Public Service Company of Colorado, for utility lines, and incidental purposes, by instrument recorded December 18, 1956, in Book 1035 at Page 586. (Jefferson County Records).
4. Easements, conditions, restrictions, reservations and notes on the plat of Runyan's Subdivision recorded October 2, 1956 in Plat Book 16 at Page 63. (Jefferson County records).
5. Terms, conditions, provisions, burdens, obligations and easements as set forth and granted in covenant recorded November 13, 1967 in Book 9809 at Page 361.
6. Easement granted to Public Service Company of Colorado, for utility lines, and incidental purposes, by instrument recorded November 1, 1968 in Book 9950 at Page 673.
7. Terms, conditions and provisions of Denver zoning document recorded February 25, 1971 in Book 287 at Page 446.
8. Terms, conditions, provisions, burdens, obligations and easements as set forth and granted in agreement recorded March 11, 1971 in Book 293 at Page 485.
9. Terms, conditions, provisions, burdens and obligations as set forth in Rental and Occupancy Covenant recorded January 03, 2008 under Reception No. 2008000982.
10. Terms, conditions, provisions, burdens and obligations set forth in Colorado Division of Housing Beneficiary and Rent Use Covenant recorded November 12, 2009 under Reception No. 2009148662.
11. Terms, conditions, provisions, burdens, obligations and easements as set forth and granted in easement agreement recorded April 3, 2013 under reception No. 2013046138.
12. Terms, conditions, provisions, burdens, obligations and easements as set forth and granted in Easement Agreement recorded March 26, 2014 under Reception No. 2014033469.
13. Terms, conditions, provisions, burdens, obligations and easements as set forth and granted in Public Access Permanent Easement recorded March 26, 2014 under Reception No. 2014033470 and Re-Recorded April 11, 2014 under Reception No. 2014041037.

AFTER RECORDATION PLEASE RETURN TO:

Butler Snow LLP  
1801 California Street, Suite 5100  
Denver, Colorado 80202  
Attention: Sarah P. Tasker, Esq.

---

**ASSET ACQUISITION AUTHORITY, INC.,**  
**AS LESSOR**  
**AND**  
**REGIONAL TRANSPORTATION DISTRICT,**  
**AS LESSEE**

---

**SECOND AMENDMENT TO LEASE PURCHASE AGREEMENT**

---

DATED AS OF MARCH 3, 2020

This Second Amendment to Lease Purchase Agreement amends and supplements: (a) the Lease Purchase Agreement dated as of December 1, 2010, between RTD Asset Acquisition Authority, Inc. (now known as Asset Acquisition Authority, Inc.), as lessor, and Regional Transportation District, as lessee, and recorded on December 15, 2010 in the real estate records of the City and County of Denver, Colorado at Reception No. 2010146232 and in the real estate records of Jefferson County, Colorado at Reception No. 2010114138, and as amended by (b) the First Amendment to Lease Purchase Agreement dated as of May 30, 2014 between RTD Asset Acquisition Authority, Inc., as lessor, and Regional Transportation District, as lessee and recorded in the real estate records of the City and County of Denver, Colorado and in the real estate records of Jefferson County, Colorado.

The interest of Asset Acquisition Authority, Inc. in this Second Amendment to Lease Purchase Agreement has been assigned to UMB Bank, n.a., Denver, Colorado, as trustee (the "Trustee") under the Mortgage and Indenture of Trust dated as of December 1, 2010, between RTD Asset Acquisition Authority, Inc. and the Trustee, as amended by a First Supplement to Mortgage and Indenture of Trust dated as of May 30, 2014 between RTD Asset Acquisition Authority, Inc. and the Trustee.

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SECOND AMENDMENT  
TO LEASE PURCHASE AGREEMENT

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(This Table of Contents is not a part of this Second Amendment to  
Lease Purchase Agreement and is only for convenience of reference.)

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APPENDIX B –    Exhibit B to Lease – Recalculated Base Rentals Schedule	

## **SECOND AMENDMENT TO LEASE PURCHASE AGREEMENT**

THIS SECOND AMENDMENT TO LEASE PURCHASE AGREEMENT (this “Second Amendment”) dated as of March 3, 2020, entered into by and between the ASSET ACQUISITION AUTHORITY, INC. (previously known as 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 (the “District”), as lessee, amends and supplements (a) the Lease Purchase Agreement dated as of December 1, 2010, between RTD Asset Acquisition Authority, Inc. (now known as Asset Acquisition Authority, Inc.), as lessor, and Regional Transportation District, as lessee, and recorded on December 15, 2010 in the real estate records of the City and County of Denver, Colorado at Reception No. 2010146232 and in the real estate records of Jefferson County, Colorado at Reception No. 2010114138, and as amended by (b) the First Amendment to Lease Purchase Agreement dated as of May 30, 2014 between RTD Asset Acquisition Authority, Inc., as lessor, and Regional Transportation District, as lessee and recorded in the real estate records of the City and County of Denver, Colorado and in the real estate records of Jefferson County, Colorado.

### **WITNESSETH:**

WHEREAS, the Regional Transportation District in the City and County of Broomfield, the City and County of Denver and the Counties of Adams, Arapahoe, Boulder, Douglas, Jefferson and Weld in the State of Colorado (the “District”) was created by the General Assembly of the State of Colorado in 1969 by Chapter 231, Laws of Colorado 1969, which is currently codified as Sections 32-9-101 through 32-9-164, inclusive, of the Colorado Revised Statutes (the “Act”) and the District’s Board of Directors (the “Board”) and officers from time to time, including the present incumbents, have been duly chosen and qualified; and

WHEREAS, the District is authorized by the Act to develop, maintain and operate a mass transportation 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 and the Corporation have previously entered into a Lease Purchase Agreement, dated as of December 1, 2010 (the “Original Lease”), as amended by a First Amendment to Lease Purchase Agreement, dated as of May 30, 2014 (the “First Amendment” and together with the Original Lease, the First Amendment and this Second Amendment, the “Lease”) pursuant to which the District has leased from the Corporation certain equipment, vehicles, sites and buildings as more specifically set forth in Exhibit A to the Lease, as amended (collectively, the “2010 Leased Property” or the “Leased Property”); and

WHEREAS, capitalized terms used in this Second Amendment and not otherwise defined herein shall have the meanings given to them in the Lease; and

WHEREAS, the Corporation has previously entered into a certain Mortgage and Indenture of Trust dated as of December 1, 2010 (the “Original Indenture”), as amended by a First Supplement to Mortgage and Indenture of Trust dated as of May 30, 2014 (the “First Supplemental 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 the Lease to the Trustee; and

WHEREAS, pursuant to the Original Indenture, there were executed and delivered the “Tax-Exempt Certificates of Participation, Series 2010A” (the “2010A Certificates”) and the “Taxable Certificates of Participation (Direct Pay Build America Bonds), Series 2010B” (the “2010B Certificates” and collectively, the “2010 Certificates”); and

WHEREAS, the proceeds from the sale of the 2010 Certificates were disbursed by the Trustee, at the direction of the District as agent for the Corporation, to effectuate the Refunding Project (as defined in the Original Indenture) and defray the costs of the 2010 Improvement Project (as defined in the Original Indenture); and

WHEREAS, in 2017, the Board determined to refinance a portion of the 2010 Leased Property by refunding a portion of the 2010A Certificates in the aggregate principal amount of \$78,315,000 (the “2017 Refunding Project”) pursuant to a Lease Purchase Agreement, dated as of August 1, 2017, between the District and the Corporation; and

WHEREAS, in connection with the 2017 Refunding Project, portions of the 2010 Leased Property were released from the provisions of the Lease in accordance with the provisions thereof; and

WHEREAS, as of the date hereof, the 2010A Certificates are outstanding in the aggregate principal amount of \$92,810,000; and

WHEREAS, the Board has determined that it is in the best interest of the District to refinance a portion of the remaining 2010 Leased Property by refunding the Outstanding 2010A Certificates maturing on and after June 1, 2021 in the aggregate principal amount of \$76,885,000 (the “2020 Refunding Project”) to achieve interest rate savings; and

WHEREAS, the Original Indenture provides that Additional Certificates may be executed and delivered to provide funds to pay the costs of refunding all or a portion of the Outstanding Certificates; and

WHEREAS, the Board has determined that it is necessary, desirable and in the best interest of the District to enter into this Second Amendment, and apply a portion of the moneys received in connection with the execution and delivery of this Second Amendment, together with other available moneys of the District, to effectuate the 2020 Refunding Project; and

WHEREAS, in order to effectuate the 2020 Refunding Project, there will be executed and delivered the “Certificates of Participation, Series 2020” (the “2020 Certificates”)

that will be Additional Certificates and that will be executed and delivered pursuant to a Second Supplement to Mortgage and Indenture of Trust, dated as of the date of this Second Amendment (the "Second Supplemental Indenture" and together with the Original Indenture and the First Supplemental Indenture, the "Indenture") between the Corporation and the Trustee; and

WHEREAS, the net proceeds from the sale of the 2020 Certificates, together with other available moneys, will be applied to effectuate the 2020 Refunding Project and to pay the costs of execution and delivery of the 2020 Certificates; and

WHEREAS, the 2020 Certificates shall evidence assignments of proportionate interests in the rights to receive Lease Revenues and shall be payable solely from the sources provided in the Lease, and the Base Rentals and Additional Rentals payable by the District under the Lease 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 beyond the then current Fiscal Year; and

WHEREAS, the Lease provides that, subsequent to the issuance of the Certificates and prior to the discharge of the Indenture, the 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 the Lease is executed; and

WHEREAS, the Indenture provides that the Corporation and the District may, with the written consent of the Trustee, but without the consent of or notice to the Owners of the Certificates, consent to any amendment, change or modification of the Lease to, among other purposes, amend the schedule of Base Rentals and make all other amendments necessary for the execution and delivery of Additional Certificates in accordance with the Indenture; and

WHEREAS, the Trustee has given its written consent to the execution and delivery of this Second Amendment; and

WHEREAS, the District and the Corporation have each authorized the execution and delivery of this Second Amendment and the 2020 Refunding Project; and

WHEREAS, the District and the Corporation desire to amend and supplement the Lease in accordance with the terms and provisions of this Second Amendment in connection with the 2020 Refunding Project and the execution and delivery of the 2020 Certificates.

NOW THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

ARTICLE I  
DEFINITIONS AND APPLICABILITY

Section 1.1 Definitions Generally. Unless otherwise defined in Sections 1.2 of this Second Amendment or unless the context requires otherwise, all capitalized words and phrases in this Second Amendment shall have the respective meanings set forth in the Lease, including the First Amendment.

Section 1.2 Second Amendment Definitions. For all purposes of this Second Amendment, the following terms, except where the context requires otherwise, shall have the meanings set forth below.

“2017 Refunding Project” means the refunding and defeasance of a portion of the 2010A Certificates in the aggregate principal amount of \$78,315,000 pursuant to a Lease Purchase Agreement dated as of August 1, 2017 between the District and the Corporation.

“2020 Certificates” mean the Certificates of Participation, Series 2020 executed and delivered pursuant to the terms and provisions of the Second Supplemental Indenture, and constituting Additional Certificates hereunder and under the Indenture.

“2020 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, and that was executed and delivered in connection with the 2020 Certificates.

“2020 Escrow Agreement” means the Escrow Agreement, dated as of the date of this Second Amendment, between the Corporation and UMB Bank, n.a., as escrow agent.

“2020 Refunding Project” means the payment, refunding and defeasance of the 2010A Certificates maturing on and after June 1, 2021 in the aggregate principal amount of \$76,885,000.

“2020 Tax Certificate” means the Tax Compliance Certificate entered into by the District with respect to the Second Amendment and the execution and delivery of the 2020 Certificates.

“First Amendment” means the First Amendment to Lease Purchase Agreement, dated May 30, 2014 between the Corporation, as lessor, and the District, as lessee.

“Original Lease” means the Lease Purchase Agreement, dated December 1, 2010, between the Corporation, as lessor, and the District, as lessee.

“Second Amendment” means this Second Amendment to Lease Purchase Agreement. In the event that the District and the Corporation enter into an amendment to the Lease that is effective prior to the date hereof, the designation of this amendment as the “Second Amendment” may be changed to the Third Amendment.



“Second Supplemental Indenture” means the Second Supplement to Mortgage and Indenture of Trust dated as of the date of the Second Amendment, between the Trustee and the Corporation. In the event that the Trustee and the Corporation enter into a supplement to the Indenture that is effective prior to the date hereof, the designation of such a supplement as the “Second Supplemental Indenture” may be changed to the Third Supplemental Indenture.

“Unrefunded 2010A Certificates” means the 2010A Certificates maturing on June 1, 2020 in the aggregate principal amount of \$15,925,000 that will be paid on their regularly scheduled maturity date and will not be defeased as part of the 2020 Refunding Project.

Section 1.3 Second Amendment. This Second Amendment amends and supplements the Lease, as amended pursuant to the First Amendment, and is entered into in accordance with the provisions of the Lease and the Indenture. This Second Amendment shall hereafter form a part of the Lease and all the terms and conditions contained herein shall be deemed to be part of the Lease for any and all purposes. Except as expressly amended by the First Amendment and this Second Amendment, the Original Lease shall remain as originally stated and is hereby ratified, approved and confirmed.

## 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, the Trustee and the Certificate Owners, as follows:

- (a) As of the date hereof, the Lease Term remains in effect, and no Event of Nonappropriation or Event of Default has occurred and is continuing under the Lease.
- (b) Each of the District’s representations, covenants and warranties set forth in Section 2.1 of the Original Lease remains true and correct as of the date hereof.
- (c) The District is authorized to enter into the transactions contemplated by the Lease, including this Second Amendment, and to carry out its obligations under the Lease, as amended. The District has duly authorized and approved the execution and delivery of this Second Amendment and other documents related to this transaction.
- (d) This Second Amendment 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.
- (e) The District agrees that the proceeds of the 2020 Certificates will be used to effectuate the 2020 Refunding Project pursuant to the 2020 Escrow Agreement and to pay the costs of execution and delivery of the 2020 Certificates.

(f) The 2020 Refunding Project, under the terms and conditions provided for in this Lease, as amended by this Second Amendment, 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.

(g) 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.

(h) There is no litigation or proceeding pending against the District affecting the right of the District to execute this Second Amendment or the ability of the District to make the payments required under the Lease, as amended hereby, or to otherwise comply with the obligations contained in the Lease, as amended hereby, 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.

(i) The District covenants and agrees to comply with any applicable covenants and requirements of the District set forth in the 2020 Tax Certificate.

## Section 2.2 Representations, Covenants and Warranties of the Corporation.

The Corporation represents, covenants and warrants for the benefit of the District, the Trustee, and the Certificate Owners, as follows:

(a) No Event of Nonappropriation or Event of Default has occurred and is continuing under the Lease.

(b) Each of the Corporation's representations, covenants and warranties set forth in Section 2.2 of the Original Lease remains true and correct as of the date hereof.

(c) The Corporation has duly authorized the execution and delivery of this Second Amendment and the Second Supplemental Indenture and other documents related to this transaction.

(d) 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.

(e) 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 Second Amendment or the Second Supplemental Indenture or to perform its obligations thereunder.

### ARTICLE III OTHER SUPPLEMENTAL PROVISIONS

Section 3.1 Certificates. For purposes of this Lease and the Indenture, the term "Certificates" shall mean and include: (a) the 2020 Certificates being executed and delivered pursuant to the Second Supplemental Indenture, (b) the Unrefunded 2010A Certificates, (c) the Outstanding 2010B Certificates, and (d) any other Additional Certificates hereafter executed and delivered in accordance with the terms and provisions of this Lease and the Indenture.

Section 3.2 Disposition of 2020 Certificate Proceeds. In consideration of the execution and delivery of this Second Amendment and the Second Supplemental Indenture by the Corporation and the Trustee and the financial and other benefits accruing to the District as a result of the 2020 Refunding Project, the District hereby approves and consents to the disposition of proceeds of the 2020 Certificates to effectuate the 2020 Refunding Project, as set forth in the Second Supplemental Indenture and the 2020 Escrow Agreement, and to pay the costs of execution and delivery of the 2020 Certificates.

Section 3.3 District Consent to Second Supplemental Indenture and Acknowledgement of 2020 Certificates. The District consents to the provisions of the Second Supplemental Indenture. The District acknowledges and consents to the execution, sale and delivery of the 2020 Certificates pursuant to the Second Supplement Indenture and acknowledges and approves the form of the 2020 Certificates contained in the Second Supplement Indenture

### ARTICLE IV OTHER AMENDMENTS TO THE LEASE

Section 4.1 Tax Covenants. Section 11.8 of the Lease is hereby amended by adding the following paragraphs at the end thereof:

"The District covenants for the benefit of Owners of the 2020 Certificates that it will not take any action or omit to take any action with respect to the 2020 Certificates, the proceeds thereof, any other funds of the District or any facilities financed or refinanced with the proceeds of the 2020 Certificates (except for the possible exercise of the District's right to terminate the Lease as provided in Section 6.6 of the Lease) if such action or omission (i) would cause the interest on the 2020 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, or (iii) would cause interest on the 2020 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 the Lease as provided in Section 6.6 of the Lease, the foregoing covenant shall remain in full force and effect, notwithstanding the payment in full or defeasance of the 2020 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.

The District is to execute the 2020 Tax Certificate in connection with the execution and delivery of the Second Amendment, which 2020 Tax Certificate shall provide further details in respect of the District's tax covenants herein."

Section 4.2 Continuing Disclosure. Section 11.9 of the Lease is hereby amended by adding the following paragraph at the end thereof:

"The District covenants for the benefit of the Owners of the 2020 Certificates to comply with the terms of the 2020 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 paragraph. Unless otherwise required by law, no 2020 Certificate owner shall be entitled to damages for the Districts non-compliance with its obligations under this paragraph; however, the 2020 Certificate Owners may enforce specific performance of the obligations contained in this paragraph by any judicial proceedings available."

Section 4.3 Partial Release Upon Amortization of Leased Property. Section 12.3 of the Lease is hereby amended and restated in its entirety as follows:

"When the principal component of Base Rentals paid by the District, plus the principal amount of any Unrefunded 2010A Certificates, 2010B Certificates and 2020 Certificates redeemed through optional redemption, or the total principal amount of Unrefunded 2010A Certificates, 2010B Certificates and 2020 Certificates paid or deemed to be paid pursuant to Article VI of the Indenture, equals the indicated amount set forth in Exhibit D hereto, the cost of the corresponding portion of the Leased Property set forth in Exhibit D (or of any property substituted for such portion of the 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 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 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 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 Leased Property was subject when acquired by the Corporation.”

Section 4.4 Amendment to Exhibit D – Release and Amortization Schedule. Prior to the execution and delivery of the Second Amendment, a portion of the principal amount of the Outstanding 2010 Certificates had been defeased in accordance with the 2017 Refunding Project and a portion of the 2010 Leased Property was released from the terms and provisions of the Lease in accordance with Section 12.3 of the Lease and Exhibit D attached to the Lease. In addition, prior to the execution and delivery of the Second Amendment, a portion of the Outstanding 2010 Certificates had been paid on their respective maturity dates.

In order to reflect the release of a portion of the 2010 Leased Property in connection with the 2017 Refunding Project and to reflect the aggregate principal amount of the Certificates that will be Outstanding after the 2020 Refunding Project and the execution and delivery of the 2020 Certificates in connection therewith, Exhibit D to the Lease – Release and Amortization Schedule - shall be replaced by Appendix A to this Second Amendment, and all references to Exhibit D in the Lease shall refer to the revised Release and Amortization Schedule set forth in Appendix A attached hereto and by this reference made a part hereof.

Section 4.5 Amendment to Exhibit B. In accordance with Section 6.2 of the Lease, the Base Rentals have been recalculated by the Trustee in connection with the 2020 Refunding Project and the execution and delivery of the 2020 Certificates in connection therewith, as set forth in Appendix B to this Second Amendment attached hereto and made a part hereof. Concurrently with the execution and delivery of this Second Amendment, such Appendix B hereto shall replace Exhibit B to the Lease and all references to Exhibit B in the Lease shall refer to the revised schedule of Base Rentals set forth in Appendix B to this Second Amendment.

## ARTICLE V

### MISCELLANEOUS

Section 5.1 Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of this Second Amendment have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 5.2 Governing Law. This Second Amendment shall be governed by and construed in accordance with the law of the State of Colorado.

Section 5.3 Execution in Counterparts. This Second Amendment 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 5.4 Effective Date. This Second Amendment shall become effective as of the date first above written.

IN WITNESS WHEREOF, the Corporation has executed this Second Amendment to Lease Purchase Agreement 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 Second Amendment to Lease Purchase Agreement for and on behalf of the District, all as of the date first above written.

ASSET ACQUISITION  
AUTHORITY, INC., as Lessor

(SEAL)

By: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_  
Secretary-Treasurer

REGIONAL TRANSPORTATION DISTRICT,  
as Lessee

(SEAL)

By: \_\_\_\_\_  
Chair

ATTEST:

By: \_\_\_\_\_  
Secretary

UMB Bank, n.a., as Trustee under the Indenture, hereby consents to the execution and delivery of this Second Amendment to Lease Purchase Agreement.

UMB BANK, N.A., as Trustee

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

STATE OF COLORADO     )  
CITY AND                     )       ss.  
COUNTY OF DENVER     )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2020, by Stephen A. Weinstein, as President of Asset Acquisition Authority, Inc., a nonprofit corporation in good standing and organized under the laws of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public

STATE OF COLORADO     )  
CITY AND                     )       ss.  
COUNTY OF DENVER     )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2020, by Heather McKillop, as Secretary-Treasurer of Asset Acquisition Authority, Inc., a nonprofit corporation in good standing and organized under the laws of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public

STATE OF COLORADO     )  
CITY AND                     )       ss.  
COUNTY OF DENVER     )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2020, by Doug Tisdale, Chair of the Board of Directors of the Regional Transportation District.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public

STATE OF COLORADO     )  
CITY AND                     )       ss.  
COUNTY OF DENVER     )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2020, by Jeff Walker, as Secretary of the Board of Directors of the Regional Transportation District.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public



## APPENDIX A

EXHIBIT B – RELEASE AND AMORTIZATION SCHEDULE – shall be amended and restated in its entirety as follows:

### RELEASE AND AMORTIZATION SCHEDULE

PORTION OF THE LEASED PROPERTY	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 <sup>1</sup>
55 new Light Rail Vehicles	\$131,535,000
Sheridan Site and Wadsworth Site and the Buildings located thereon	Payment or Defeasance of All Outstanding Unrefunded 2010A Certificates, 2010B Certificates and 2020 Certificates

<sup>1</sup>Pursuant to Section 12.3 of the 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.

## APPENDIX B

EXHIBIT B – BASE RENTALS SCHEDULE shall be amended and restated in its entirety as follows:

<u>Date</u>	<u>Base Rentals Principal Component 2010A Certificates(1)</u>	<u>Base Rentals Interest Component 2010A Certificates</u>	<u>Base Rentals Principal Component 2010B Certificates(1)</u>	<u>Base Rentals Interest Component 2010B Certificates</u>	<u>Base Rentals Principal Component 2020 Certificates</u>	<u>Base Rentals Interest Component 2020 Certificates</u>	<u>Total Base Rentals</u>
5/15/2020	15,925,000.00	398,125.00		3,836,000.00		775,377.78	20,934,502.78
11/15/2020			-	3,836,000.00		1,586,000.00	5,422,000.00
5/15/2021			-	3,836,000.00		1,586,000.00	5,422,000.00
11/15/2021			-	3,836,000.00		1,586,000.00	5,422,000.00
5/15/2022			-	3,836,000.00		1,586,000.00	5,422,000.00
11/15/2022			-	3,836,000.00		1,586,000.00	5,422,000.00
5/15/2023			-	3,836,000.00		1,586,000.00	5,422,000.00
11/15/2023			-	3,836,000.00		1,586,000.00	5,422,000.00
5/15/2024			-	3,836,000.00		1,586,000.00	5,422,000.00
11/15/2024			-	3,836,000.00		1,586,000.00	5,422,000.00
5/15/2025			-	3,836,000.00		1,586,000.00	5,422,000.00
11/15/2025			-	3,836,000.00		1,586,000.00	5,422,000.00
5/15/2026			-	3,836,000.00	3,525,000.00	1,586,000.00	8,947,000.00
11/15/2026			-	3,836,000.00		1,497,875.00	5,333,875.00
5/15/2027			-	3,836,000.00	10,815,000.00	1,497,875.00	16,148,875.00
11/15/2027			-	3,836,000.00		1,227,500.00	5,063,500.00
5/15/2028			-	3,836,000.00	11,370,000.00	1,227,500.00	16,433,500.00
11/15/2028			-	3,836,000.00		943,250.00	4,779,250.00
5/15/2029			-	3,836,000.00	11,955,000.00	943,250.00	16,734,250.00
11/15/2029			-	3,836,000.00		644,375.00	4,480,375.00
5/15/2030			-	3,836,000.00	12,565,000.00	644,375.00	17,045,375.00
11/15/2030			-	3,836,000.00		330,250.00	4,166,250.00
5/15/2031			-	3,836,000.00	13,210,000.00	330,250.00	17,376,250.00
11/15/2031			-	3,836,000.00			3,836,000.00
5/15/2032			14,045,000.00	3,836,000.00			17,881,000.00
11/15/2032			-	3,297,233.80			3,297,233.80
5/15/2033			15,175,000.00	3,297,233.80			18,472,233.80
11/15/2033			-	2,715,120.80			2,715,120.80
5/15/2034			16,395,000.00	2,715,120.80			19,110,120.80
11/15/2034			-	2,086,208.60			2,086,208.60
5/15/2035			17,715,000.00	2,086,208.60			19,801,208.60
11/15/2035			-	1,406,661.20			1,406,661.20
5/15/2036			6,245,000.00	1,406,661.20			7,651,661.20
11/15/2036			-	1,167,103.00			1,167,103.00
5/15/2037			6,745,000.00	1,167,103.00			7,912,103.00
11/15/2037			-	908,364.80			908,364.80
5/15/2038			7,290,000.00	908,364.80			8,198,364.80
11/15/2038			-	628,720.40			628,720.40
5/15/2039			7,880,000.00	628,720.40			8,508,720.40
11/15/2039			-	326,443.60			326,443.60
5/15/2040			8,510,000.00	326,443.60			8,836,443.60
TOTALs	15,925,000.00	398,125.00	100,000,000.00	120,971,712.40	63,440,000.00	29,093,877.78	329,828,715.18

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.

**APPENDIX F**  
**FORM OF INDENTURE**

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AFTER RECORDATION PLEASE RETURN TO:

Sherman & Howard, L.L.C.  
633 17<sup>th</sup> Street, Suite 3000  
Denver, Colorado 80202  
Attention: Sarah P. Tasker, Esq.



RTD ASSET ACQUISITION AUTHORITY, INC.

AND

UMB BANK, N.A.

AS TRUSTEE

---

MORTGAGE AND INDENTURE OF TRUST

Dated as of  
December 1, 2010

This is a security agreement with respect to chattels,  
as well as a mortgage on real estate and other property.

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Jefferson County, Colorado

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AFTER RECORDATION PLEASE RETURN TO:

Sherman & Howard, L.L.C.  
633 17<sup>th</sup> Street, Suite 3000  
Denver, Colorado 80202  
Attention: Sarah P. Tasker, Esq.

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RTD ASSET ACQUISITION AUTHORITY, INC.

AND

UMB BANK, N.A.

AS TRUSTEE

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MORTGAGE AND INDENTURE OF TRUST

Dated as of  
December 1, 2010

This is a security agreement with respect to chattels,  
as well as a mortgage on real estate and other property.

---

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MORTGAGE AND INDENTURE OF TRUST dated as of December 1, 2010 (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 previously entered into a certain Master Lease Purchase Agreement II, as amended, under which the District has leased from the Corporation that certain 1998A Transit Vehicles Project, which consisted of 114 articulated transit coaches (the "1998A Leased Property") and 2001A Transit Vehicles Project, which consisted of 12 light rail vehicles (the "2001A Leased Property"); and

WHEREAS, in connection with the leasing of the 1998A Leased Property and the 2001A Leased Property, the Corporation entered into a certain Mortgage and Indenture of Trust, as amended, pursuant to which there were executed and delivered certain Regional Transportation District, Master Lease Purchase Agreement II, Fixed Rate Certificates of Participation (1998A Transit Vehicles Project), Series 1998A (the "1998A Certificates") relating to the 1998A Leased Property and certain Regional Transportation District, Master Lease Purchase Agreement II, Fixed Rate Certificates of Participation (2001A Transit Vehicles Project), Series 2001A (the "2001A Certificates") relating to the 2001A Leased Property; and

WHEREAS, the District has determined that it is in the best interest of the District to refinance the 1998A Leased Property and the 2001A Leased Property by refunding all the outstanding 1998A Certificates and 2001A Certificates (collectively, the "Refunding Project") and the District has determined to apply a portion of the moneys received in connection with the execution of the Lease (as hereinafter defined), together with other available moneys of the District, to effectuate the Refunding Project; and

WHEREAS, the District has determined that it is in the best interest of the District to acquire, construct, install and improve certain additional equipment, vehicles, buildings and other capital projects to be used in the System, all as described herein (the "2010 Improvement Project" and together with the Refunding Project, the "Project"), and the District has determined

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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 2010 Improvement Project; and

WHEREAS, the District and the Corporation have entered into an annually renewable Lease Purchase Agreement, dated as of December 1, 2010 (as amended or supplemented from time to time, the "Lease") pursuant to which the District has leased from the Corporation certain equipment, vehicles, sites and buildings as set forth in Exhibit A attached thereto, as it may be amended from time to time (collectively, the "Leased Property"); 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 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 duties under the Lease, have been assigned to the Trustee; and

WHEREAS, pursuant to this Indenture, the Corporation has also granted to the Trustee a mortgage and security interest in the Leased Property; and

WHEREAS, there will be executed and delivered by the Trustee pursuant to this Indenture the "Tax-Exempt Certificates of Participation, Series 2010A (the "2010A Certificates") and the "Taxable Certificates of Participation (Direct Pay Build America Bonds), Series 2010B (the "2010B Certificates" and together with the 2010A Certificates, the "2010 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 2010 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 effectuate the Refunding Project and to defray the costs of the 2010 Improvement Project; and

WHEREAS, the 2010 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 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 2010 Certificates are to be in substantially the forms set forth in Exhibit A and Exhibit B 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 2010 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 MORTGAGE AND 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 Sites, as more fully described in Exhibit A to the Lease as the same may be amended from time to time, and all buildings, additions and real property improvements now or hereafter located thereon and the tenements, hereditaments, appurtenances, rights, privileges and immunities thereto belonging or appertaining (subject to Permitted Encumbrances, as defined in the Lease, and subject to the provisions of Sections 7.1, 9.2, 9.3, 11.5 and 12.3 of the Lease).

(b) The Buildings and the Equipment, as defined in the Lease and as described in Exhibit A to the Lease, as the same may be amended from time to time, constituting a part of the Leased Property (subject to Permitted Encumbrances, as defined in the Lease, and subject to Sections 7.1, 9.2, 9.3, 11.5 and 12.3 of the Lease).

(c) 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.

(d) 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)

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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.

(e) 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.

(f) 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 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.

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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:

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**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.

“1998A Certificates” means the “Regional Transportation District, Master Lease Purchase Agreement II, Fixed Rate Certificates of Participation (1998A Transit Vehicles Project), Series 1998A,” which will be refunded as part of the Refunding Project.

“1998A Leased Property” means the 114 articulated transit coaches that were financed with the proceeds of the 1998A Certificates.

“2001A Certificates” means the “Regional Transportation District, Master Lease Purchase Agreement II, Fixed Rate Certificates of Participation (2001A Transit Vehicles Project), Series 2001A,” which will be refunded as part of the Refunding Project.

“2001A Leased Property” means the 12 light rail vehicles that were financed with the proceeds of the 2001A Certificates.

“2010 Certificates” means, collectively, the 2010A Certificates and the 2010B Certificates.

“2010 Improvement Project” means, collectively, the acquisition, construction, installation and improvement of certain equipment, vehicles, buildings and other capital projects of the District that are being financed with the proceeds of the 2010 Certificates.

“2010 Leased Property Projects” means, collectively, the acquisition, construction, installation and improvement of the Leased Property that is being financed with the proceeds of the 2010 Certificates.

“2010A Certificates” means the “Tax-Exempt Certificates of Participation, Series 2010A” executed and delivered pursuant to this Indenture.

“2010B Certificates” means the “Taxable Certificates of Participation (Direct Pay Build America Bonds), Series 2010B” executed and delivered pursuant to this Indenture.

“Additional Certificates” means any Certificates hereafter executed and delivered, in addition to the 2010 Certificates, as provided in Section 2.14 hereof.

“Authorized Denomination” means, (i) with respect to a particular 2010 Certificate, \$5,000 or any integral multiple thereof, (ii) with respect to Certificates other than 2010 Certificates, such amount as is set forth in a supplemental indenture.

“BAB Credit” means the amount of the direct payment the federal government is to make to the District with respect to the 2010B Certificates pursuant to Sections 54AA and 6431 of the Tax Code, as further set forth in Section 11.8 of the Lease.

"BABs" means the 2010B Certificates and any future Additional Certificates with respect to which the District expects to receive a BAB Credit. 11

"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 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.

"Buildings" means any buildings that are being acquired, constructed, installed and improved as part of the Leased Property, as set forth on Exhibit A to the Lease, as it may be amended from time to time.

"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 2010 Certificates and any Additional Certificates.

"Closing Date" means the date of the initial authentication and delivery of the 2010 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 2010 Leased Property Projects 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. For purposes of this definition, "interest" on any BAB (including the 2010B Certificates) shall be treated as the amount of interest to be paid on such BAB without a deduction for the BAB Credit. 12

"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.

"Equipment" means those items of equipment, machinery, vehicles and related property that constitute a portion of the Leased Property, as described in Exhibit A to the Lease, as further provided in the Lease.

"Escrow Account" means the escrow account or accounts created in the Escrow Agreement and referred to in Section 3.6 of this Indenture.

"Escrow Agreement" means the Escrow Agreement dated December 15, 2010, between the Corporation and UMB Bank, n.a. as escrow agent.

"Event of Default" means any of the events specified in Section 7.1 hereof.

"Extraordinary Event" means an event causing the BAB Credit expected to be received with respect to the 2010B Certificates to be eliminated or reduced, as reasonably determined by the General Manager, which determination shall be conclusive, as a result of:

- (1) a material adverse change to Section 54AA or 6431 of the Tax Code,
- (2) guidance published by the Internal Revenue Service or the United States Treasury with respect to such Sections, or

(3) determination by the Internal Revenue Service or the United States Treasury, which determination is not the result of a failure of the District to satisfy the requirements of Section 11.8 of the Lease.

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“Extraordinary Optional Redemption” means any redemption made with respect to the 2010B Certificates pursuant to Section 4.8 hereof upon the occurrence of an Extraordinary Event.

“Extraordinary Redemption Make-Whole Price” means the amount equal to the greater of the following:

(a) 100% of the issue price of the 2010B Certificates set forth in the certificate purchase agreement related to the 2010B Certificates (but not less than 100%) of the principal amount of the 2010B Certificates to be redeemed; or

(b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the 2010B Certificates to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2010B Certificates are to be redeemed, discounted to the date on which the 2010B Certificates are to be redeemed on a semi-annual basis, assuming a 360-day year containing twelve 30-day months, at the Treasury Rate, plus 100 basis points; plus, in each case, accrued and unpaid interest on the 2010B Certificates to be redeemed to the redemption date.

For purpose of determining the Extraordinary Redemption Make-Whole Price, “Treasury Rate” is, as of any extraordinary redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation-indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the 2010B Certificates to be redeemed; provided, however that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

The Extraordinary Redemption Make-Whole Price shall be calculated by a qualified, independent entity appointed by the Chief Financial Officer.

“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.

"Funds" means any of the accounts or funds established pursuant to this Indenture (other than the Rebate Fund, the Escrow Account and any other defeasance escrow account created hereunder).

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"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 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, telex 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, telex or telecopier number of an addressee, Immediate Notice shall mean written notice by first class mail, postage prepaid.

"Indenture" means this Mortgage and 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 2010 Certificates, the initial purchasers of the 2010 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 June 1, 2011, with respect to the 2010 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 December 1, 2010, between the Corporation, as lessor, and the District, as lessee, as it may be amended or supplemented from time to time.

"Leased Property" means, collectively, the Sites, the Buildings and the Equipment and includes all property permanently affixed thereto, as set forth in Exhibit A to the Lease, as it may be amended from time to time.

"Maturity" means the scheduled maturity date of any Certificate without regard to optional or mandatory redemption.

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"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.

"Optional Redemption Make-Whole Price" means the amount equal to the greater of the following:

(a) 100% of the issue price of the 2010B Certificates set forth in the certificate purchase agreement related to the 2010B Certificates (but not less than 100%) of the principal amount of the 2010B Certificates to be redeemed; or

(b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the 2010B Certificates to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2010B Certificates are to be redeemed, discounted to the date on which the 2010B Certificates are to be redeemed on a semi-annual basis, assuming a 360-day year containing twelve 30-day months, at the Treasury Rate, plus 50 basis points; plus, in each case, accrued and unpaid interest on the 2010B Certificates to be redeemed to the redemption date.

For purpose of determining the Optional Redemption Make-Whole Price, "Treasury Rate" is, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation-indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the 2010B Certificates to be redeemed; provided, however that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

The Optional Redemption Make-Whole Price shall be calculated by a qualified, independent entity appointed by the Chief Financial Officer.

"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 16

(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 Denver, Colorado.

“Project” means, collectively, the Refunding Project and the 2010 Improvement Project.

“Project Contract” means any contract between the District, acting on behalf of the Corporation, and any contractor or vendor regarding the acquisition, construction installation or improvement of any part of the Sites, Buildings or Equipment entered into before the Completion Date.

“Project Documents” means the following: (i) plans, drawings and specifications for the Buildings, when and as they are approved by the District, including change orders, if any, as provided in the Lease; (ii) any necessary permits for construction of the Buildings, including any building permits and certificates of occupancy; (iii) the Project Contracts; (iv) policies of title, casualty, public liability, property and workmen’s compensation insurance, or certificates thereof, as required by the Lease with respect to the Leased Property; (v) performance and payment bonds as required by the Lease with respect to the 2010 Leased Property Projects; (vi) contracts with any architects, engineers or consultants hired by the District in connection with the 2010 Leased Property Projects; and (vii) any and all other documents executed by or furnished to the District in connection with the acquisition, construction, installation or improvement of the Leased Property.

“Projects Fund” means the special fund created by Section 3.4 hereof and includes the 2010A Project Account, the 2010B Project Account and the Costs of Execution and Delivery Account, and any other accounts or subaccounts created therein by the Trustee.

“Rating Agency” means each nationally recognized securities rating agency then maintaining a rating on the 2010 Certificates and initially means Standard & Poor’s, Moody’s and Fitch.

“Rebate Fund” means the special fund created by Section 5.3 hereof, which consists of the 2010A Rebate Account and the 2010B Rebate Account.

“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. 17

“Refunding Project” means the payment, refunding and defeasance of the outstanding 1998A Certificates and the 2001A Certificates.

“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 2010 Certificates unless otherwise provided in the ordinance or indenture authorizing the execution and delivery of Additional Certificates.

“Reserve Fund Requirement” in respect of the 2010 Certificates means as of the date of execution and delivery of the 2010 Certificates, an amount equal to \$13,649,622.47, which is an amount equal to the least of (a) 5% of the proceeds of the 2010 Certificates, (b) 50% of the Maximum Annual Debt Service Requirements on the Outstanding 2010 Certificates, or (c) 62.5% of the Average Annual Debt Service Requirements on the Outstanding 2010 Certificates. Upon optional redemption or defeasance of a portion of the 2010 Certificates, the Reserve Fund Requirement shall be recalculated and shall be an amount equal to the least of (a) 5% of the proceeds of the 2010 Certificates, (b) 50% of the Maximum Annual Debt Service Requirements on the Outstanding 2010 Certificates, or (c) 62.5% of the Average Annual Debt Service Requirements on the Outstanding 2010 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. When calculating the Reserve Fund Requirement, the BAB Credit shall not be subtracted from the Debt Service Requirements of the 2010B Certificates.

“Sites” means, collectively, the real property owned by the Corporation and leased by the Corporation to the District pursuant to the Lease, the legal description of which is set forth in Exhibit A thereto, together with all other such real property that may be designated as such in any amendment or supplement thereto.

“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. 18

“Tax Certificate” means, collectively, the one or more Tax Compliance Certificates 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 mortgaged, pledged and assigned to the Trustee pursuant to the granting clauses hereof. The Trust Estate does not include the Rebate Fund, the Escrow Account or any other 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.

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**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 2010 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 Certificates. The Certificates shall be sold, executed and delivered hereunder to effectuate the Refunding Project and to defray the cost of the 2010 Improvement Project and for other authorized purposes as set forth in Section 2.14 of this Indenture. The Certificates shall evidence assignments of proportionate interests in the right to receive Lease Revenues under the Lease.

Each series of the 2010 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. Each series of the 2010 Certificates shall be numbered consecutively in such manner as the Trustee shall determine; provided that while the 2010 Certificates are held by a Depository, one 2010A Certificate shall be executed and delivered for each maturity bearing interest at the same interest rate of the Outstanding 2010A Certificates, and one 2010B Certificate shall be executed and delivered for each maturity bearing interest at the same interest rate of the Outstanding 2010B Certificates.

Section 2.3 2010 Certificate Details.

a. The 2010A Certificates shall be in substantially the form attached hereto as Exhibit A and the 2010B Certificates shall be in substantially the form attached hereto as Exhibit B, and all provisions and terms of the 2010 Certificates set forth therein are incorporated in this Indenture. The 2010 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 2010 Certificates after their delivery for value. The 2010B Certificates are also issued under the authority of the Colorado Recovery and Reinvestment Finance Act of 2010, Part 1 of Article 59.7 of Title 11, Colorado Revised Statutes.

b. The aggregate principal amount of the 2010A Certificates shall be \$212,900,000. The 2010A 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:



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<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
6/1/2011	\$4,230,000	3.000%
6/1/2012	4,340,000	3.000
6/1/2013	1,825,000	4.000
6/1/2014	6,220,000	5.000
6/1/2015	4,540,000	5.000
6/1/2016	4,775,000	5.000
6/1/2018	7,725,000	5.000
6/1/2019	8,120,000	5.000
6/1/2020	15,925,000	5.000
6/1/2021	16,800,000	5.500
6/1/2022	15,930,000	5.500
6/1/2025	53,000,000	5.000
6/1/2031	69,470,000	5.375

c. The principal amount of the 2010B Certificates shall be \$100,000,000. The 2010B Certificates shall be dated as of their date of execution and delivery and shall mature on June 1, 2040, with interest thereon at the rate of 7.672% per annum.

d. The 2010 Certificates shall bear interest from their date to maturity or prior redemption at the rates per annum set forth above, payable on each Interest Payment Date, beginning on June 1, 2011. Each 2010 Certificate authenticated prior to the first Interest Payment Date thereon shall bear interest from the date of execution and delivery of the 2010 Certificates, except that if, as shown by the records of the Trustee, interest on such 2010 Certificate shall be in default, any 2010 Certificate issued in exchange for or upon the registration of transfer of such 2010 Certificate shall bear interest from the date to which interest has been paid in full on such 2010 Certificate or, if no interest has been paid on such 2010 Certificate, the date of execution and delivery of the 2010 Certificates. Each 2010 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 2010 Certificate from the date on which such principal, premium or interest became due and payable.

#### Section 2.4 Payment of Certificates.

The 2010 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 2010 Certificates shall be paid on each Interest Payment Date. Interest on the 2010 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

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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.

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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 2010A Certificates shall be substantially in the form set forth in Exhibit A hereto and the 2010B Certificates shall be substantially in the form set forth in Exhibit B 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; and the title insurance policy or commitment required by Section 7.4 of the Lease shall be delivered to the Trustee.

(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 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

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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 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 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 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 2010 Certificate Form. On each date on which the Trustee authenticates and delivers a 2010 Certificate, it shall complete the information required to be inserted by the 2010 Certificate form and shall keep a record of such information, identifying each such 2010 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.

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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 X 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 2010A Certificates or other tax-exempt Additional Certificate hereafter executed and delivered or adversely effect the qualification of the Outstanding 2010B Certificates as Build America Bonds under Section 54AA of the Tax Code or other Additional Certificates hereafter executed and delivered as Build America Bonds, 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) A commitment or other evidence satisfactory to the Trustee that the amount of the title insurance policy required by Section 7.4 of the Lease will be increased, if necessary, to reflect the amount of the Certificates and Additional Certificates theretofore executed and delivered and Outstanding plus the Additional Certificates (or such lesser amount as shall be the maximum insurable value of the Sites).

(d) 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 for deposit into the Reserve Fund, or other substitution for the cash deposit as described in Section 3.3(a) hereof, in an amount, if any, necessary to increase the amount on deposit in the Reserve Fund to the then applicable Reserve Fund Requirement.

(e) 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 plus accrued interest.

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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 Owners 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

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(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 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.

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Section 2.17 Payments and Notices to Cede & Co. Notwithstanding any other provision of this Indenture to the contrary, so long as any 2010 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 2010 Certificates and all notices with respect to the 2010 Certificates shall be made and given, respectively, in the manner provided in the Representation Letter.



### ARTICLE III REVENUES AND FUNDS

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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 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 Projects 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.

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Section 3.3 Reserve Fund. The Reserve Fund is 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 2010 Certificates, there shall be deposited to the Reserve Fund an amount equal to \$9,347,021.99 from the proceeds of the sale of the 2010A Certificates and an amount equal to \$4,302,600.48, from the proceeds of the sale of the 2010B Certificates, which is an amount equal to the Reserve Fund Requirement.

The Reserve Fund shall only be funded with cash or Permitted Investments.

(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 11.8 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 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 (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 then Outstanding and the payment of interest thereon.

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(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 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 to effect a discharge of this Indenture pursuant to Article VI hereof.

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 two years, in 24 approximately equal monthly installments, unless the Lease has theretofore been terminated by the District.

Section 3.4 Projects Fund. The Projects Fund is 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 "Projects Fund" and within the Projects Fund there is hereby established the "2010A Project Account, the "2010B 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 Projects Fund as may be necessary or desirable. Any moneys held as part of the Projects Fund shall be invested and reinvested by the Trustee in accordance with Article V hereof.

(b) Upon the delivery of the 2010 Certificates there shall be deposited into the Costs of Execution and Delivery Account (i) from the net proceeds of the 2010A Certificates an amount equal to \$334,087.79, and (ii) from the net proceeds of the 2010B Certificates an amount equal to \$169,915.58. 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 2010 Certificates approved in writing by the District Representative. Not more than 2% of the proceeds of the 2010B Certificates shall be used for the payment of "issuance costs" within the meaning of Section 54A(e)(4) of the Tax Code and the "issuance

costs” of the 2010 Certificates shall be allocated between the 2010A Certificates and the 2010B Certificates pro rata, based on the original principal amounts thereof.

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Upon the final payment of all costs of execution and delivery of the 2010 Certificates, as certified in writing by the District Representative, any moneys remaining in the Costs of Execution and Delivery Account that are attributable to the proceeds of the 2010B Certificates shall be deposited in the 2010B Project Account and used to pay capital expenditures, and any other moneys shall be transferred to the Interest Account or Principal Account of the Base Rentals Fund or the 2010A Project Account as directed in writing by the District Representative.

(c) Upon delivery of the 2010 Certificates, there shall be deposited into the 2010A Project Account from the net proceeds of the 2010A Certificates an amount equal to \$179,657,374.26 and there shall be deposited into the 2010B Project Account from the net proceeds of the 2010B Certificates an amount equal to \$92,974,488.89.

Moneys held in the Projects Fund shall be disbursed to pay the Costs of the Project in accordance with the provisions of Article VII of the Lease. Notwithstanding any provisions to the contrary in the Lease or in this Indenture, moneys on deposit in the 2010B Project Account shall be applied solely to pay capital expenditures, unless the District obtains an opinion of Special Counsel that any moneys on deposit therein may be applied to other purposes without disqualifying the 2010B Certificates as Build America Bonds under Section 54AA of the Tax Code.

Any moneys remaining in the 2010A 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.

Any moneys remaining in the 2010B 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 remitted by the Trustee to the District and shall be used by the District to pay for capital expenditures of the District, unless the District obtains an opinion of Special Counsel that any such excess moneys may be applied to other purposes without disqualifying the 2010B Certificates as Build America Bonds under Section 54AA of the Tax Code.

(d) Upon receipt of any disbursement requisition from the District stating any revision to Exhibit A to the Lease is required as a result of such disbursement or indicating that the District has taken delivery of any Equipment constituting part of the 2010 Leased Property Projects, 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 or mortgage 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 or mortgage pursuant to the Lease or this Indenture.

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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 Escrow Account. Pursuant to the Escrow Agreement, an escrow account (the "Escrow Account") has been created and established as a special fund with UMB Bank, n.a., as escrow agent, pursuant to the terms and provisions of the Escrow Agreement. A portion of the proceeds of the 2010A Certificates shall be deposited in the Escrow Account in accordance with the provisions of the Escrow Agreement and shall be used to refund, redeem and discharge all the outstanding 2001A Certificates. Moneys held in the Escrow Account shall not be part of the Trust Estate. Moneys held in the Escrow Account shall be invested and disbursed in accordance with the provisions of the Escrow Agreement.

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 Projects 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 Projects 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 and the Escrow Account shall be applied to effectuate the Refunding Project. 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.

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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 Projects 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**

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**Section 4.1    Optional and Mandatory Sinking Fund Redemption.**

(a)    The 2010 Certificates are subject to optional redemption prior to their respective maturity dates as follows:

(1)    The 2010A Certificates maturing on or prior to June 1, 2020 are not subject to optional redemption prior to their respective maturity dates. The 2010A Certificates maturing on and after June 1, 2021 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 2010A Certificates in denominations larger than \$5,000), at a redemption price equal to the principal amount of each 2010A Certificate, or portion thereof, so redeemed, plus accrued interest thereon to the redemption date, without premium.

(2)    The 2010B Certificates are subject to redemption prior to maturity at the option of the District, in whole or in part, on any Business Day at the Optional Redemption Make Whole Price. The 2010B Certificates shall not otherwise be subject to optional redemption prior to their respective maturity dates, except for extraordinary optional redemption upon the occurrence of an Extraordinary Event.

(3)    If less than all the Outstanding 2010 Certificates are to be redeemed, the Trustee, upon written instruction from the District, shall (i) with respect to a redemption of the 2010A Certificates, select the 2010A 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 2010A Certificate to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof; and (ii) with respect to a redemption of the 2010B Certificates, select the 2010B Certificates to be redeemed on a pro rata pass-through distribution of principal basis in accordance with DTC procedures; provided, that so long as the 2010B Certificates are registered in the name of DTC or its nominee, the selection for redemption of the 2010B Certificates shall be made in accordance with the operational arrangements of DTC then in effect and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the 2010B Certificates will be selected for redemption, in accordance with DTC procedures, by lot.

(b)    The 2010 Certificates are subject to mandatory sinking fund redemption as follows:

(1)    The 2010A Certificates constituting Term Certificates maturing on June 1, 2025 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 2010A Certificates in denominations larger than \$5,000). As and for a sinking fund for the redemption of the 2010A Certificates constituting Term Certificates maturing on June 1,

2025, 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:

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<u>Redemption Date</u>	<u>Principal Amount</u>
6/1/2023	\$16,790,000
6/1/2024	17,650,000

The remaining \$18,560,000 of the 2010A Certificates constituting Term Certificates maturing on June 1, 2025 shall be paid upon presentation and surrender at maturity unless redeemed pursuant to optional redemption prior to maturity.

(2) The 2010A Certificates constituting Term Certificates maturing on June 1, 2031 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 2010A Certificates in denominations larger than \$5,000). As and for a sinking fund for the redemption of the 2010A Certificates constituting Term Certificates maturing on June 1, 2031, 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>
6/1/2026	\$10,080,000
6/1/2027	10,635,000
6/1/2028	11,225,000
6/1/2029	11,845,000
6/1/2030	12,495,000

The remaining \$13,190,000 of the 2010A Certificates constituting Term Certificates maturing on June 1, 2031 shall be paid upon presentation and surrender at maturity unless redeemed pursuant to optional redemption prior to maturity.

(3) The 2010B 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. With respect to a mandatory sinking fund redemption of the 2010B Certificates, the Trustee shall select the 2010B Certificates to be redeemed on a pro rata pass-through distribution of principal basis in accordance with DTC procedures; provided, that so long as the 2010B Certificates are registered in the name of DTC or its nominee, the selection for redemption of the 2010B Certificates shall be made in accordance with the operational arrangements of DTC then in effect and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the 2010B Certificates will be selected for redemption, in accordance with DTC procedures, by lot.



As and for a sinking fund for the redemption of the 2010B 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:

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<u>Redemption Date</u>	<u>Principal Amount</u>
6/1/2032	\$14,045,000
6/1/2033	15,175,000
6/1/2034	16,395,000
6/1/2035	17,715,000
6/1/2036	6,245,000
6/1/2037	6,745,000
6/1/2038	7,290,000
6/1/2039	7,880,000

The remaining \$8,510,000 of the 2010B Certificates constituting Term Certificates maturing on June 1, 2040 shall be paid upon presentation and surrender at maturity unless redeemed pursuant to optional redemption prior to maturity.

(4) On or before the 30th day prior to each such sinking fund payment date, the Trustee shall proceed to call the Term Certificates indicated above (or any Term Certificate or Certificates issued to replace such Term Certificates) for redemption from the sinking fund on the next June 1, as the case may be, and give notice of such call without other instruction or notice from the District. The amount of each sinking fund installment may be reduced by the principal amount of any Term Certificates of the maturity and interest rate which are subject to sinking fund redemption on such date and which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) or otherwise canceled and not theretofore applied as a credit against a sinking fund installment. Such reductions, if any, shall be applied in such year or years as may be determined by the District.

Section 4.2 Extraordinary Mandatory Redemption. The 2010 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 2010 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.

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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 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 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 Projects 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 2010 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:

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- (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 mailed.

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 2010 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 2010 Certificates so called for redemption and accrued interest thereon to the redemption date), interest on the 2010 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 2010 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 2010 Certificates by reason of such redemption. Upon surrender and cancellation of any Certificate for redemption of only a portion thereof, a new Certificate or 2010 Certificates of the same Maturity 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 2010 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

2010 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.

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The 2010 Certificates shall be redeemed only in integral multiples of \$5,000. The Trustee shall treat any 2010 Certificate of denomination greater than \$5,000 as representing that number of separate 2010 Certificates each of the denomination of \$5,000 as can be obtained by dividing the actual principal amount of such 2010 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.

Section 4.8 Extraordinary Optional Redemption of 2010B Certificates. The 2010B Certificates are subject to extraordinary optional redemption prior to their respective maturity dates, on any date at the option of the District, in whole or in part, upon the occurrence of an Extraordinary Event, at the Extraordinary Redemption Make-Whole Price. If less than all Outstanding 2010B Certificates are to be redeemed, the Trustee, upon written instruction from the District, shall select the 2010B Certificates to be redeemed on a pro rata pass-through distribution of principal basis in accordance with DTC procedures; provided, that so long as the 2010B Certificates are registered in the name of DTC or its nominee, the selection for redemption of the 2010B Certificates shall be made in accordance with the operational arrangements of DTC then in effect and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the 2010B Certificates will be selected for redemption, in accordance with DTC procedures, by lot. In the case of 2010B Certificates of a denomination larger than \$5,000, a portion of such 2010B Certificate (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Trustee shall, without charge to the Owner of such 2010B Certificate, authenticate and issue a replacement 2010B Certificate or 2010B Certificates for the unredeemed portion thereof.

## ARTICLE V INVESTMENTS

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Section 5.1 Investment of Moneys. All moneys held as part of the Base Rentals Fund, the Projects 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 such Permitted Investments, provided 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 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. Notwithstanding the foregoing, proceeds of the 2010B Certificates on deposit in the 2010B Project Account shall be applied only as set forth in Section 3.4 hereof. 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, except in the event of a withdrawal from the Reserve Fund, whereupon it shall be valued immediately after such withdrawal. The Trustee shall calculate the value of investments on deposit in the Reserve Fund and the District, at the written request of the Trustee, shall calculate the value of investments in 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.

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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"). A separate account shall be established in the Rebate Fund for each series of Certificates subject to rebate, including without limitation the 2010A Certificates and the 2010B Certificates. To the extent necessary to comply with the provisions of the relevant Tax Certificate, there shall be deposited into the appropriate account in 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 appropriate account in the Rebate Fund moneys received from the District as Additional Rentals for rebate payments pursuant to the Lease; moneys transferred to an account in 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 an account of the Rebate Fund. The District will cause (or direct the Trustee to cause) amounts on deposit in the appropriate account in the Rebate Fund to be forwarded to the United States Treasury at the address and times provided in the Tax Certificates, 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 11.8 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 an account of 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 appropriate account in the Rebate Fund sufficient for its purpose, the Trustee may transfer moneys to an account in the Rebate Fund from the following funds in the following order of priority: the Reserve Fund, the Projects Fund (to the extent permitted by the District's tax covenant in Section 11.8 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 an account of the Rebate Fund is in excess of the amount required to be therein pursuant to the provisions of the relevant 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.

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Notwithstanding the foregoing, in the event that the Lease has been terminated or the District has failed to comply with Section 11.8 thereof so as to make the amount on deposit in the appropriate account in Rebate Fund sufficient for its purpose, the Trustee shall make transfers of investment income or of moneys from the above-described funds in such combination as the Trustee shall determine to be in the best interests of the Certificate Owners.

## ARTICLE VI DISCHARGE OF INDENTURE

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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) In the case of the 2010B Certificates, the District is obligated to contribute additional securities or monies to the escrow or trust if necessary to provide sufficient amounts to satisfy the payment obligations on the 2010B Certificates.

(d) 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.



(e) 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.

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(f) 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.

(g) 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**

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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 Leased Property, and give notice to the District to vacate the Sites and the Buildings and to surrender the Equipment 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 or otherwise dispose of the Leased Property, including sale of the Leased Property or any portion thereof, or the lease of the Leased Property or any portion thereof, and the Trustee may exercise with respect to the Equipment, all the rights and remedies of a secured party under the Colorado Uniform Commercial Code, or may otherwise repossess, liquidate or otherwise dispose of the Leased Property; 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.

(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 occupy or retain possession of the 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, after the District vacates and surrenders the Leased Property, of the Fiscal Year in which such Event of Default occurs.

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(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 Section 7.1 above, to any moneys in any funds or accounts created hereunder (except the Rebate Fund, the Escrow Account or any other 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

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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 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 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 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 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 Leased Property; and may take any further lawful action with respect to the 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 Appraisalment, 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 appraisalment, 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 Equipment, and the interest of the Trustee in the Sites and the Buildings located thereon as an entirety.

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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 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 by it 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 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.

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Section 7.13 Notice of Default. In the event of any default hereunder, the Trustee will 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 (except for moneys held in the Rebate Fund, the Escrow Account or any other 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 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.

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## 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 reasonable and 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 shall be entitled to act upon 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 an 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 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 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 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 VI hereof.

(d) The Trustee shall not be accountable for the use of any Certificates delivered to the Initial Purchasers hereunder. The Trustee may become the owner of Certificates with the same rights which it would have if not Trustee.

(e) The Trustee shall be protected in 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. 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. 51

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, 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.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of 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 Leased Property, including all books, papers and records of the Corporation or the District pertaining to the Leased Property.

(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.

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(m) Before taking any action hereunder subsequent to the occurrence of an Event of Nonappropriation or an Event of Default, the Trustee may require that satisfactory indemnity be furnished to it by the Owners 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.

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 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.

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, after payment of all outstanding fees and expenses, 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.

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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; 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.

Section 8.6 Environmental Matters. Any real property or interest in real property constituting any portion of the Trust Estate shall be subject to the following provisions:

(a) The Trustee's responsibilities for any interest in real property constituting any portion of the Trust Estate, prior to an Event of Default under this Indenture, shall be performed as Trustee on behalf of the Owners of the Certificates without any duty to monitor or

investigate whether the real property constituting any portion of the Trust Estate complies with environmental laws or is subject to any Hazardous Substance.

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(b) Following an Event of Default under this Indenture, if the Trustee determines that the release, threatened release, use, generation, treatment, storage or disposal of any Hazardous Substance on, under or about real property constituting any portion of the Trust Estate gives rise to any liability or potential liability under any federal, State, local or common law, or devalues or threatens to devalue such real property, the Trustee may take whatever action is deemed necessary by the Trustee to address the threatened or actual releases of Hazardous Substances, or to bring about or maintain such real property's compliance with federal, State or local environmental laws and regulations.

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**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 and to mortgage any Sites, including Sites acquired by ground lease, or Buildings in favor of the Trustee;

(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 2010A Certificates;

(f) To maintain the status of the 2010B Certificates as qualified Build America Bonds under Section 54AA of the Tax Code;

(g) 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;

(h) To secure or maintain ratings from any Rating Agency; or

(i) 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;

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(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. 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 Leased Property, including any substitutions, additions or modifications to the Leased Property as the case may be, as may be authorized under the Lease;

(d) To make additions to the 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 2010A Certificates;

(f) To maintain the status of the 2010B Certificates as qualified Build America Bonds under Section 54AA of the Tax Code; or

(g) 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.

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**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 Leased Property. The Trustee and its duly authorized agents shall have the rights, on reasonable notice to the District, at all reasonable times, to examine and inspect the 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 Leased Property.

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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 2010 Certificates outstanding hereunder prior to Maturity, (ii) the District shall provide for the payment of any portion of the 2010 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 2010 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.

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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

UMB BANK, N.A., as Trustee

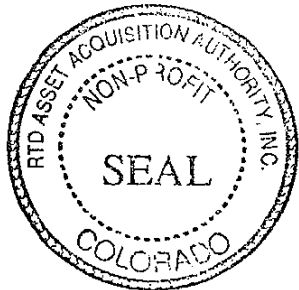
By: \_\_\_\_\_

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

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.



(SEAL)

ATTEST:

By: *Gregory T. Haworth*  
Secretary

RTD ASSET ACQUISITION AUTHORITY,  
INC.

By: \_\_\_\_\_  
President

UMB BANK, N.A., as Trustee

By: *Lina M. M...*  
Title: *VP*

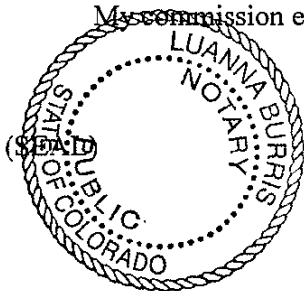
STATE OF COLORADO     )  
CITY AND                     ) ss.  
COUNTY OF DENVER     )

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The foregoing instrument was acknowledged before me this 10<sup>th</sup> day of December, 2010, by Paul Jacobs, as President of RTD Asset Acquisition Authority, Inc., a nonprofit corporation in good standing and organized under the laws of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires: My Commission Expires 12/08/2014



Luanna Burris  
Notary Public

STATE OF COLORADO     )  
CITY AND                     ) ss.  
COUNTY OF DENVER     )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of December, 2010, by Terry Howerter, as Secretary of RTD Asset Acquisition Authority, Inc., a nonprofit corporation in good standing and organized under the laws of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

(SEAL)

STATE OF COLORADO     )  
CITY AND                     ) ss.  
COUNTY OF DENVER     )

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The foregoing instrument was acknowledged before me this \_\_\_\_ day of December, 2010, by Paul Jacobs, as President of RTD Asset Acquisition Authority, Inc., a nonprofit corporation in good standing and organized under the laws of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

(SEAL)

STATE OF COLORADO     )  
CITY AND                     ) ss.  
COUNTY OF DENVER     )

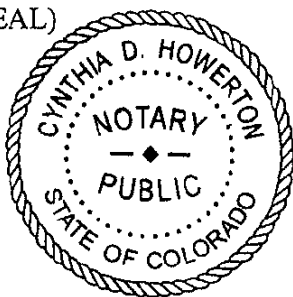
The foregoing instrument was acknowledged before me this 9<sup>th</sup> day of December, 2010, by Terry Howerter, as Secretary of RTD Asset Acquisition Authority, Inc., a nonprofit corporation in good standing and organized under the laws of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires: September 15, 2013

Cynthia D. Howerton  
Notary Public

(SEAL)



My Commission Expires 9/15/2013

STATE OF COLORADO     )  
CITY AND                     ) ss.  
COUNTY OF DENVER     )

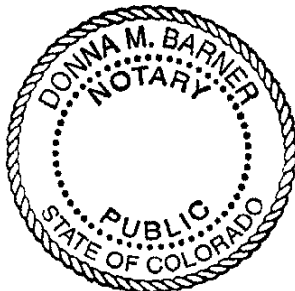
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The foregoing instrument was acknowledged before me this 14<sup>th</sup> day of December, 2010, by Tamara Dixon, as an authorized officer of UMB Bank, n.a., as trustee.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires: 01-20-2012

Donna M. Barner  
Notary Public



My Commission Expires 01/20/2012

**EXHIBIT A**

(Form of 2010A Certificates)

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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.

**TAX-EXEMPT CERTIFICATE OF PARTICIPATION  
SERIES 2010A**

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

\$ \_\_\_\_\_

MATURITY DATE	ORIGINAL ISSUE DATE	INTEREST RATE	CUSIP
---------------	------------------------	------------------	-------

December 15, 2010

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 December 1, 2010 (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 Tax-Exempt Certificate of Participation, Series 2010A (this "2010A Certificate") is secured as provided in the Lease and in the Mortgage and Indenture of Trust dated as of December 1, 2010 (the "Indenture") between the Corporation and UMB Bank, n.a., as trustee (the "Trustee"), for the registered owners of the 2010A 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 mortgage and security interest in the Leased Property (as defined in the Lease). To the extent not defined herein, terms used in this 2010A Certificate shall have the same meanings as set forth in the Indenture and the Lease.

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This 2010A Certificate bears interest, matures, is payable, is subject to redemption prior to maturity, and is transferable as provided in the Indenture.

This 2010A 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 \$212,900,000 for the purpose of providing funds to refund all of the outstanding Series 1998 Certificates and Series 2001A Certificates and to finance additional equipment, vehicles, buildings and other capital projects for the District. The District will lease the Leased Property, which is comprised of certain equipment, vehicles, sites and buildings, 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 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 2010A Certificates, and interest thereon.

The 2010A Certificates are being executed and delivered under the Indenture concurrently with the execution and delivery of certain Taxable Certificates of Participation (Direct Pay Build America Bonds), Series 2010B in the aggregate principal amount of \$100,000,000 (the "2010B Certificates" and together with the 2010A Certificates, the "Certificates") under the Indenture, and are proportionately and ratably secured under the Lease and the Indenture with the 2010B Certificates and with any Additional Certificates issued from time to time in the future.

THE LEASE, THIS 2010A CERTIFICATE, THE ISSUE OF 2010A 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 2010A CERTIFICATES DO NOT DIRECTLY OR INDIRECTLY OBLIGATE THE DISTRICT TO MAKE ANY PAYMENTS BEYOND THOSE SPECIFICALLY APPROPRIATED FOR ITS THEN CURRENT FISCAL YEAR. EXCEPT TO THE EXTENT PAYABLE FROM THE PROCEEDS OF THE SALE OF THE 2010A CERTIFICATES AND INCOME FROM THE INVESTMENT THEREOF, NET PROCEEDS OF CERTAIN INSURANCE, PERFORMANCE BONDS AND CONDEMNATION AWARDS, NET PROCEEDS RECEIVED AS A CONSEQUENCE OF BREACHES OF WARRANTY OR DEFAULTS UNDER CERTAIN CONTRACTS OR NET PROCEEDS OF LEASING THE LEASED PROPERTY OR ANY PORTION THEREOF, SALE OF THE LEASED PROPERTY OR ANY PORTION THEREOF, AND REPOSSESSION, LIQUIDATION OR OTHER DISPOSITION OF THE LEASED PROPERTY, OR SUCH OTHER FUNDS AS MAY BE HELD THEREFOR UNDER THE INDENTURE, THIS 2010A CERTIFICATE, THE ISSUE OF WHICH IT FORMS A PART AND THE INTEREST HEREON WILL BE PAYABLE DURING THE TERM OF THE

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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 2010A 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 LEASED PROPERTY OR ANY PORTION THEREOF, SALE OF THE LEASED PROPERTY OR ANY PORTION THEREOF, AND REPOSSESSION, LIQUIDATION OR OTHER DISPOSITION OF THE 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 2010A CERTIFICATES OR THE INTEREST THEREON. NO DIRECTOR OR OFFICER OF THE CORPORATION SHALL BE PERSONALLY LIABLE ON THE 2010A 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 2010A 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 2010A Certificate, assents.

This 2010A 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 2010A Certificate after its delivery for value.

This 2010A Certificate is issued with the intent that the laws of the State of Colorado shall govern its legality, validity, enforceability and construction.



This 2010A 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.

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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

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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.

PREPAYMENT PANEL

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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 DTC</u>

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**EXHIBIT B**

(Form of 2010B Certificate)

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.

TAXABLE CERTIFICATE OF PARTICIPATION  
(DIRECT PAY BUILD AMERICA BONDS)  
SERIES 2010B

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

\$ \_\_\_\_\_

MATURITY DATE	ORIGINAL ISSUE DATE	INTEREST RATE	CUSIP
---------------	------------------------	------------------	-------

December 15, 2010

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 December 1, 2010 (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 Taxable Certificate of Participation (Direct Pay Build America Bonds), Series 2010B (this "2010B Certificate") is secured as provided in the Lease and in the Mortgage and Indenture of Trust dated as of December 1, 2010 (the "Indenture") between the Corporation and UMB Bank, n.a., as trustee (the "Trustee"), for the registered owners of the 2010B Certificates (the "Owners"),

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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 mortgage and security interest in the Leased Property (as defined in the Lease). To the extent not defined herein, terms used in this 2010B Certificate shall have the same meanings as set forth in the Indenture and the Lease.

This 2010B Certificate bears interest, matures, is payable, is subject to redemption prior to maturity, and is transferable as provided in the Indenture.

This 2010B 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 \$100,000,000 for the purpose of providing funds to finance equipment, vehicles, buildings and other capital projects for the District. The District will lease the Leased Property, which is comprised of certain equipment, vehicles, sites and buildings, 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 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 2010B Certificates, and interest thereon.

The 2010B Certificates are being executed and delivered under the Indenture concurrently with the execution and delivery of certain Tax-Exempt Certificates of Participation, Series 2010A in the aggregate principal amount of \$212,900,000 (the "2010A Certificates" and together with the 2010B Certificates, the "Certificates") under the Indenture, and are proportionately and ratably secured under the Lease and the Indenture with the 2010B Certificates and with any Additional Certificates issued from time to time in the future.

THE LEASE, THIS 2010B CERTIFICATE, THE ISSUE OF 2010B 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 2010B CERTIFICATES DO NOT DIRECTLY OR INDIRECTLY OBLIGATE THE DISTRICT TO MAKE ANY PAYMENTS BEYOND THOSE SPECIFICALLY APPROPRIATED FOR ITS THEN CURRENT FISCAL YEAR. EXCEPT TO THE EXTENT PAYABLE FROM THE PROCEEDS OF THE SALE OF THE 2010B CERTIFICATES AND INCOME FROM THE INVESTMENT THEREOF, NET PROCEEDS OF CERTAIN INSURANCE, PERFORMANCE BONDS AND CONDEMNATION AWARDS, NET PROCEEDS RECEIVED AS A CONSEQUENCE OF BREACHES OF WARRANTY OR DEFAULTS UNDER CERTAIN CONTRACTS OR NET PROCEEDS OF LEASING THE LEASED PROPERTY OR ANY PORTION THEREOF, SALE OF THE LEASED PROPERTY OR ANY PORTION THEREOF, AND REPOSSESSION, LIQUIDATION OR OTHER DISPOSITION OF THE LEASED PROPERTY, OR SUCH OTHER FUNDS AS MAY BE HELD THEREFOR UNDER THE INDENTURE, THIS 2010B CERTIFICATE, THE ISSUE OF WHICH IT FORMS A PART AND THE INTEREST HEREON WILL BE PAYABLE DURING THE TERM OF THE

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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 2010B 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 LEASED PROPERTY OR ANY PORTION THEREOF, SALE OF THE LEASED PROPERTY OR ANY PORTION THEREOF, AND REPOSSESSION, LIQUIDATION OR OTHER DISPOSITION OF THE 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 2010B CERTIFICATES OR THE INTEREST THEREON. NO DIRECTOR OR OFFICER OF THE CORPORATION SHALL BE PERSONALLY LIABLE ON THE 2010B 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 2010B 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 2010B Certificate, assents.

This 2010B 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 2010B Certificate after its delivery for value. This 2010B Certificate is also issued under the authority of the Colorado Recovery and Reinvestment Finance Act of 2010, Part 1 of Article 59.7 of Title 11, Colorado Revised Statutes.

The District has designated this 2010B Certificate as a Build America Bond pursuant to Section 54AA of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on this 2010B Certificate is not excludable from gross income for federal income tax purposes under Section 103 of the Code.

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This 2010B Certificate is issued with the intent that the laws of the State of Colorado shall govern its legality, validity, enforceability and construction.

This 2010B 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

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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.



PREPAYMENT PANEL

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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 DTC</u>

AFTER RECORDATION PLEASE RETURN TO:

Butler Snow LLP  
1801 California Street, Suite 5100  
Denver, Colorado 80202  
Attention: Sarah P. Tasker, Esq.

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RTD ASSET ACQUISITION AUTHORITY, INC.

AND

UMB BANK, N.A.

AS TRUSTEE

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FIRST SUPPLEMENT TO

MORTGAGE AND INDENTURE OF TRUST

Dated as of  
May 30, 2014

This is a security agreement with respect to chattels,  
as well as a mortgage on real estate and other property.

## **FIRST SUPPLEMENT TO MORTGAGE AND INDENTURE OF TRUST**

THIS FIRST SUPPLEMENT TO MORTGAGE AND INDENTURE OF TRUST (this “First Supplement”) dated as of May 30, 2014, 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 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 to develop, maintain and operate a mass transportation 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 and the Corporation have previously entered into a Lease Purchase Agreement, dated as of December 1, 2010 (the “Lease”) pursuant to which the District has leased from the Corporation certain equipment, vehicles, sites and buildings as more specifically set forth in Exhibit A to the Lease, as it may be amended from time to time (collectively, the “Leased Property”); and

WHEREAS, the Corporation has previously entered into a certain Mortgage and Indenture of Trust dated as of December 1, 2010 (the “Indenture”), with the Trustee; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Lease and the Indenture; and

WHEREAS, pursuant to the Indenture, the Corporation has assigned (with certain exceptions) all of its rights, title and interest in, to and under the Lease to the Trustee; and

WHEREAS, pursuant to the Indenture, there were executed and delivered the “Tax-Exempt Certificates of Participation, Series 2010A” and the “Taxable Certificates of Participation (Direct Pay Build America Bonds), Series 2010B (collectively, the “2010 Certificates”) in the total aggregate principal amount of \$312,900,000; and

WHEREAS, the proceeds from the sale of the 2010 Certificates were disbursed by the Trustee, at the direction of the District as agent for the Corporation, to effectuate the Refunding Project and defray the costs of the 2010 Improvement Project; and

WHEREAS, a portion of the 2010 Improvement Project consisted of the construction of parking facilities at the Sheridan Site, which have been completed and are in operation; and

WHEREAS, three parcels of land located at the Sheridan Site, and legally described on Exhibit A hereto, and hereinafter referred to as Parcel 2, Parcel 3 and Parcel 4 (collectively, the "Released Parcels"), are not necessary for the use and operation of the parking facilities at the Sheridan Site and the District has requested that the Corporation sell the Released Parcels to ULC CLT, LLC, whose sole member is Urban Land Conservancy ("ULC") in consideration for the conveyance by ULC to the Corporation of a parcel of land located at the Sheridan Site, and legally described on Exhibit B hereto, and hereinafter referred to as Parcel 1 ("Parcel 1"), plus additional consideration in the amount of \$326,733 (the "Sale Proceeds"); and

WHEREAS, in connection with the conveyance of Parcel 4 by the Corporation to ULC, the Corporation shall reserve an easement (the "Easement") over certain property set forth in Exhibit A hereto related to Parcel 4 (the "Easement Property") to allow access to the Corporation's property; and

WHEREAS, the Corporation has agreed to deposit the Sale Proceeds, less any fees, costs and expenses incurred by the District and the Corporation in connection with this transaction (the "Net Sale Proceeds"), with the Trustee for deposit into the Base Rentals Fund for the 2010 Certificates; and

WHEREAS, in connection with the conveyance of the Released Parcels from the Corporation to ULC, the conveyance of Parcel 1 from ULC to the Corporation, and the deposit of the Net Sale Proceeds with the Trustee, the Released Parcels shall be released from the terms and provisions of the Lease and the Indenture and Parcel 1 shall be added to the definition of Leased Property and become subject to the terms and provisions of the Lease and Indenture; and

WHEREAS, in order to: (a) convey the Released Parcels from the Corporation to ULC, (b) convey Parcel 1 from ULC to the Corporation, (c) release the Released Parcels from the Lease and the Indenture, (d) add Parcel 1 to the definition of Leased Property, and (e) deposit the Net Sale Proceeds with the Trustee, it is necessary and desirable to enter into a First Amendment to Lease Purchase Agreement between the District and the Corporation (the "First Amendment to the Lease") and this First Supplement; and

WHEREAS, the Trustee has given its written consent to the execution and delivery of the First Amendment to the Lease; and

WHEREAS, the District and the Trustee desire to amend and supplement the Indenture in accordance with the terms and provisions of this First Supplement.

NOW, THEREFORE, for and in consideration of the mutual covenants and the representations, covenants and warranties herein contained, the parties hereto agree as follows:

Section 1.1 Upon conveyance of the Released Parcels from the Corporation to ULC in accordance with the First Amendment to Lease, including the reservation of the Easement, the description of the Leased Property set forth in Exhibit A to the Lease shall be deemed amended to exclude the Released Parcels from the description of the Leased Property,

provided that the Easement shall remain subject to the Lease. The legal descriptions of the Released Parcels that shall be automatically excluded from the definition of Leased Property upon such conveyance are set forth in Exhibit A to the First Amendment to the Lease. Upon such exclusion from the definition of Leased Property, the Released Parcels shall be released and shall no longer be subject to the terms and provisions of the Indenture.

Section 1.2 Upon conveyance of Parcel 1 from ULC to the Corporation in accordance with the First Amendment to Lease, Parcel 1 shall automatically become subject to the Lease without further action and the description of the Leased Property set forth in Exhibit A to the Lease shall be deemed amended to include Parcel 1 in the description of the Leased Property. The legal description of Parcel 1 is set forth in Exhibit B to this First Supplement, and by this reference made a part hereof. Upon such conveyance, Parcel 1 shall be deemed to be included within the definition of "Sites" for purposes of the Indenture, as amended and supplemented by this First Supplement, and Parcel 1 shall be included as a portion of the Trust Estate under the Indenture, as amended and supplemented by this First Supplement.

Section 1.3 This First Supplement shall hereafter form a part of the Indenture and all the terms and conditions contained herein shall be deemed to be part of the Indenture for any and all purposes. Except as expressly amended and supplemented hereby, the Indenture shall remain as originally stated and is hereby ratified, approved and confirmed.

Section 1.4 This First Supplement 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 1.5 This First Supplement shall be governed by and construed in accordance with the laws of the State of Colorado.

Section 1.6 This First Supplement shall become effective as of the date first above written.

IN WITNESS WHEREOF, the Corporation and the Trustee have executed this First Supplement to Mortgage and Indenture of Trust as of the date set forth above.

RTD ASSET ACQUISITION AUTHORITY, INC.

By:   
Secretary-Treasurer

UMB BANK, N.A., as Trustee

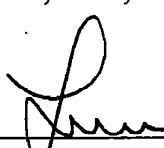
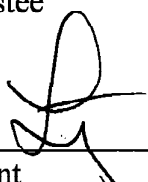
By: \_\_\_\_\_  
Senior Vice President

IN WITNESS WHEREOF, the Corporation and the Trustee have executed this First Supplement to Mortgage and Indenture of Trust as of the date set forth above.

RTD ASSET ACQUISITION AUTHORITY, INC.

By: \_\_\_\_\_  
Secretary-Treasurer

UMB BANK, N.A., as Trustee

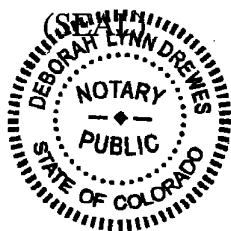
By:   \_\_\_\_\_  
Senior Vice President

STATE OF COLORADO     )  
CITY AND                     )  
COUNTY OF DENVER     )       ss.

The foregoing instrument was acknowledged before me this 30<sup>th</sup> day of May, 2014, by Terry Howerter, as Secretary-Treasurer of RTD Asset Acquisition Authority, Inc., a nonprofit corporation in good standing and organized under the laws of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires 3/30/2015.



My Commission  
expires:  
03/30/2015

  
Notary Public



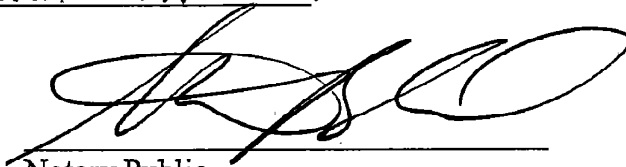
STATE OF COLORADO     )  
CITY AND                     )  
COUNTY OF DENVER     )     ss.

The foregoing instrument was acknowledged before me this 30<sup>th</sup> day of May, 2014, by Leigh Lutz, as Senior Vice President of UMB Bank, n.a., as trustee.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires December 17, 2017.

(SEAL)

  
\_\_\_\_\_  
Notary Public

**STEVEN W. BREILAND**  
**NOTARY ID #20094041236**  
**NOTARY PUBLIC**  
**STATE OF COLORADO**  
My Commission expires Dec 17, 2017

EXHIBIT A

DESCRIPTION OF THE RELEASED PARCELS

The following real property shall comprise the Released Parcels that shall be released from the provisions of the Lease and the Indenture and shall no longer be included in the definition of Leased Property:

Parcel 2

A portion of Lot 1, Block 1, RUNYAN'S SUBDIVISION FILING NO. 2, as shown at Reception Number 2013057844, recorded April 23, 2013 at the City and County of Denver Clerk and Recorder's Office, located in the Northeast Quarter of Section 1, Township 4 South, Range 69 West of the Sixth Principal Meridian, City and County of Denver, Colorado, being more particularly described as follows:

COMMENCING at the East Quarter corner of said Section 1 (a found 3 ¼" aluminum cap stamped "LS 28286 1996");

WHENCE the North Sixteenth corner of said Section 1 and Section 6, Township 4 South, Range 68 West of same Principal Meridian (a found 3 ¼" aluminum cap stamped "PLS 34579 2005") bears N00°03'21"W (basis of bearing - assumed) a distance of 1321.09 feet;

THENCE N66°04'52"W a distance of 543.59 feet to the southwest corner of said Lot 1, Block 1 to the POINT OF BEGINNING;

THENCE N00°03'21"W coincident with the west line of said Lot 1, Block 1 a distance of 72.25 feet;

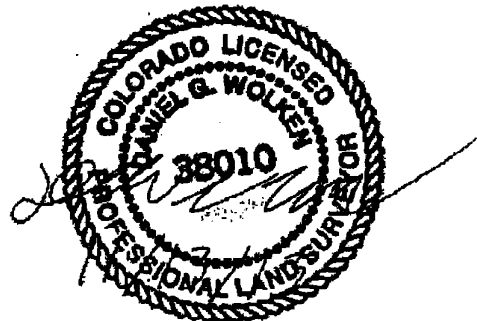
THENCE N89°28'14"E a distance of 98.00 feet to the east line of said Lot 1, Block 1;

THENCE S00°03'21"E coincident with said east line a distance of 72.25 feet to the southeast corner of said Lot 1, Block 1;

THENCE S89°28'14"W coincident with the south line of said Lot 1, Block 1 a distance of 98.00 feet to the POINT OF BEGINNING.

Containing 7,080 square feet, (0.163 Acres), more or less.

Prepared by:  
Daniel G. Wolken, PLS 38010  
For and on Behalf of Jacobs Engineering Group Inc.  
707 17th Street, Suite 2400  
Denver, CO 80202  
303.820.5240



Parcel 3

A portion of Lot 1, Block 1, RUNYAN'S SUBDIVISION FILING NO. 2, as shown at Reception Number 2013057844, recorded April 23, 2013 at the City and County of Denver Clerk and Recorder's Office, located in the Northeast Quarter of Section 1, Township 4 South, Range 69 West of the Sixth Principal Meridian, City and County of Denver, Colorado, being more particularly described as follows:

COMMENCING at the East Quarter corner of said Section 1 (a found 3 ¼" aluminum cap stamped "LS 28286 1996");

WHENCE the North Sixteenth corner of said Section 1 and Section 6, Township 4 South, Range 68 West of same Principal Meridian (a found 3 ¼" aluminum cap stamped "PLS 34579 2005") bears N00°03'21"W (basis of bearing - assumed) a distance of 1321.09 feet;

THENCE N48°25'50"W a distance of 664.47 feet to the northwest corner of said Lot 1, Block 1 to the POINT OF BEGINNING;

THENCE N89°28'21"E coincident with the north line of said Lot 1, Block 1 a distance of 98.00 feet to the northeast corner of said Lot 1, Block 1;

THENCE S00°03'21"E coincident with the east line of said Lot 1, Block 1 a distance of 148.24 feet;

THENCE S89°28'14"W a distance of 98.00 feet to the west line of said Lot 1, Block 1;

THENCE N00°03'21"W coincident with said west line a distance of 148.25 feet to the POINT OF BEGINNING.

Containing 14,527 square feet, (0.334 Acres), more or less.



Parcel 4

A portion of Lot 1, Block 2, RUNYAN'S SUBDIVISION FILING NO. 2, as shown at Reception Number 2013057844, recorded April 23, 2013 at the City and County of Denver Clerk and Recorder's Office, located in the Northeast Quarter of Section 1, Township 4 South, Range 69 West of the Sixth Principal Meridian, City and County of Denver, Colorado, being more particularly described as follows:

COMMENCING at the East Quarter corner of said Section 1 (a found 3 ¼" aluminum cap stamped "LS 28286 1996");

WHENCE the North Sixteenth corner of said Section 1 and Section 6, Township 4 South, Range 68 West of said Principal Meridian (a found 3 ¼" aluminum cap stamped "PLS 34579 2005") bears N00°03'21"W (basis of bearing - assumed) a distance of 1321.09 feet; THENCE N47°42'15"W a distance of 346.38 feet to the POINT OF BEGINNING;

THENCE S89°56'39"W a distance of 27.49 feet;

THENCE S00°00'00"W a distance of 10.00 feet;

THENCE S89°56'39"W a distance of 54.22 feet to a west line of said Lot 1, Block 1, also being the east right of way line of Ames Street, as dedicated by said RUNYAN'S SUBDIVISION FILING NO. 2;

THENCE the following three (3) courses coincident with said west line of Lot 1, Block 1, and said east right of way line of Ames Street:

1) N00°03'21"W a distance of 20.00 feet;

2) S89°48'55"W a distance of 1.00 feet;

3) N00°03'21"W a distance of 199.35 feet to a northwest corner of said Lot 1, Block 1;

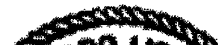
THENCE N89°28'21"E coincident with a north line of said Lot 1, Block 1 a distance of 52.71 feet;

THENCE S00°03'19"E a distance of 30.00 feet;

THENCE N89°28'21"E a distance of 30.00 feet;

THENCE S00°03'19"E a distance of 180.03 feet to the POINT OF BEGINNING.

Containing 16,976 square feet, (0.390 Acres), more or less.



Provided, however, that there shall be excepted from such release and reserved unto the Corporation, its successors and assigns, a permanent, non-exclusive easement (the "Easement") in, through, on, across and over a parcel of land as hereinafter described (the "Easement Property") for the purpose of vehicular and pedestrian ingress and egress to and from the Corporation's property and to inspect, operate, maintain, repair, remove, replace, relocate, install, construct and reconstruct the Corporation's building located on the Corporation's property, all as more particularly described in the Easement Agreement dated as of May 30, 2014 between ULC, as grantor, and the Corporation, as grantee. The legal description of the Easement Property is as follows:

**A portion of Lot 1, Block 2, RUNYAN'S SUBDIVISION FILING NO. 2, as shown at Reception Number 2013057844, recorded April 23, 2013 at the City and County of Denver Clerk and Recorder's Office, located in the Northeast Quarter of Section 1, Township 4 South, Range 69 West of the Sixth Principal Meridian, City and County of Denver, Colorado, being more particularly described as follows:**

**COMMENCING at the East Quarter corner of said Section 1 (a found 3 1/4" aluminum cap stamped "LS 28286 1996");**

**WHENCE the North Sixteenth corner of said Section 1 and Section 6, Township 4 South, Range 68 West of said Principal Meridian (a found 3 '4" aluminum cap stamped "PLS 34579 2005") bears N00°03'20"W (basis of bearing - assumed) a distance of 1321.09 feet; THENCE N47°42'15"W a distance of 346.38 feet to the POINT OF BEGINNING;**

**THENCE 589°56'39"W a distance of 20.00 feet;**

**THENCE N00°03'19"W a distance of 179.86 feet;**

**THENCE N89°28'21"E a distance of 20.00 feet;**

**THENCE S00°03'19"E a distance of 180.03 feet to the POINT OF BEGINNING.**

**Containing 3,599 square feet, (0.083 Acres), more or less.**

**EXHIBIT B**  
**DESCRIPTION OF PARCEL 1 TO BE ADDED TO THE TRUST ESTATE:**

The following real property shall comprise Parcel 1 that shall be added to the Lease and shall be included within the definition of Leased Property and shall be included in the Trust Estate under the Indenture:

Parcel 1

A parcel of land being a portion of Lot 1, RUNYAN'S SUBDIVISION as shown at Book 16, Page 63, recorded October 2, 1956, and a portion of vacated Ames Street as described at Ordinance 21-2013, also being a portion of a parcel of land described at Reception No. 2007194144, recorded December 21, 2007, all recorded at the City and County of Denver Clerk and Recorder's Office and located in the Northeast Quarter of Section 1, Township 4 South, Range 69 West of the Sixth Principal Meridian, City and County of Denver, Colorado, being more particularly described as follows:

COMMENCING at the East Quarter corner of said Section 1 (a found 3 1/4" aluminum cap stamped "LS 28286 1996");  
WHENCE the North Sixteenth corner of said Section 1 and Section 6, Township 4 South, Range 68 West of same Principal Meridian (a found 3 1/4" aluminum cap stamped "PLS 34579 2005") bears N00°03'21"W (basis of bearing - assumed) a distance of 1321.09 feet;  
THENCE N39°16'20"W a distance of 635.33 feet to the northwest corner of said Lot 1;  
THENCE N89°28'21"E coincident with the north line of said Lot 1 a distance of 4.00 feet to the POINT OF BEGINNING;

THENCE continuing N89°28'21"E coincident with said north line of Lot 1 and the north line of said vacated Ames Street a distance of 141.61 feet to a northwest corner of Lot 1, Block 2, RUNYAN'S SUBDIVISION FILING No. 2, recorded at Reception Number 2013057844 on April 23, 2013 at said Clerk and Recorder's Office;  
THENCE the following two (2) courses coincident with the westerly and northerly lines of said Lot 1, Block 2, and the northerly line of Ames Street as dedicated by said RUNYAN'S SUBDIVISION FILING No. 2:  
1) S00°03'21"E a distance of 50.00 feet;  
2) S89°28'21"W a distance of 141.61 feet;  
THENCE N00°03'21"W a distance of 50.00 feet to the POINT OF BEGINNING.

Containing 7,080 square feet, (0.163 Acres), more or less.



AFTER RECORDATION PLEASE RETURN TO:

Butler Snow LLP  
1801 California Street, Suite 5100  
Denver, Colorado 80202  
Attention: Sarah P. Tasker, Esq.

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ASSET ACQUISITION AUTHORITY, INC.

AND

UMB BANK, N.A.

AS TRUSTEE

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SECOND SUPPLEMENT TO  
MORTGAGE AND INDENTURE OF TRUST

Dated as of  
March 3, 2020

This is a security agreement with respect to chattels,  
as well as a mortgage on real estate and other property.

This Second Supplement to Mortgage and Indenture of Trust amends and supplements (a) the Mortgage and Indenture of Trust, dated as of December 1, 2010, between RTD Asset Acquisition Authority, Inc. (now known as Asset Acquisition Authority, Inc.) and UMB Bank, n.a., as Trustee, and recorded on December 15, 2010 in the real estate records of the City and County of Denver, Colorado at Reception No. 2010146233 and in the real estate records of Jefferson County, Colorado at Reception No. 2010114139; and (b) the First Supplement to Mortgage and Indenture of Trust, dated as of May 30, 2014, between RTD Asset Acquisition Authority, Inc. and UMB Bank, n.a., as trustee and recorded in the real estate records of the City and County of Denver, Colorado and in the real estate records of Jefferson County, Colorado.

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## SECOND SUPPLEMENT TO MORTGAGE AND INDENTURE OF TRUST

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(This Table of Contents is not a part of this Second Supplement to Mortgage and Indenture of Trust and is only for convenience of reference.)

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EXHIBIT A – Form of 2020 Certificates.

## SECOND SUPPLEMENT TO MORTGAGE AND INDENTURE OF TRUST

THIS SECOND SUPPLEMENT TO MORTGAGE AND INDENTURE OF TRUST (this “Second Supplemental Indenture”) dated as of March 3, 2020, entered into by and between the ASSET ACQUISITION AUTHORITY, INC. (formerly known as 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 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, amends and supplements (a) the Mortgage and Indenture of Trust, dated as of December 1, 2010, between RTD Asset Acquisition Authority, Inc. and UMB Bank, n.a., as Trustee, and recorded on December 15, 2010 in the real estate records of the City and County of Denver, Colorado at Reception No. 2010146233 and in the real estate records of Jefferson County, Colorado at Reception No. 2010114139; and (b) the First Supplement to Mortgage and Indenture of Trust, dated as of May 30, 2014, between RTD Asset Acquisition Authority, Inc. and UMB Bank, n.a., as trustee and recorded in the real estate records of the City and County of Denver, Colorado and in the real estate records of Jefferson County, Colorado.

### WITNESSETH:

WHEREAS, the Regional Transportation District (the “District”) is authorized by part 1 of article 9 of title 32, Colorado Revised Statutes to develop, maintain and operate a mass transportation 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 and the Corporation have previously entered into a Lease Purchase Agreement, dated as of December 1, 2010 (the “Original Lease”), as amended by a First Amendment to Lease Purchase Agreement, dated as of May 30, 2014 (the “First Amendment”) pursuant to which the District has leased from the Corporation certain equipment, vehicles, sites and buildings as more specifically set forth in Exhibit A to the Lease, as amended (collectively, the “2010 Leased Property” or the “Leased Property”); and

WHEREAS, the Corporation has previously entered into a certain Mortgage and Indenture of Trust dated as of December 1, 2010 (the “Original Indenture”), as amended by a First Supplement to Mortgage and Indenture of Trust dated as of May 30, 2014 (the “First Supplemental Indenture” and together with the Original Indenture and this Second Supplemental Indenture, the “Indenture”), with the Trustee; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Lease (hereafter defined) and the Indenture; and

WHEREAS, pursuant to the Original Indenture, there were executed and delivered the “Tax-Exempt Certificates of Participation, Series 2010A” (the “2010A Certificates”) and the “Taxable Certificates of Participation (Direct Pay Build America Bonds), Series 2010B (the “2010B Certificates and together with the 2010A Certificates, the “2010 Certificates”); and

WHEREAS, the proceeds from the sale of the 2010 Certificates were disbursed by the Trustee, at the direction of the District as agent for the Corporation, to effectuate the Refunding Project (as defined in the Original Indenture) and defray the costs of the 2010 Improvement Project (as defined in the Original Indenture); and

WHEREAS, in 2017, the Board determined to refinance a portion of the 2010 Leased Property by refunding a portion of the 2010A Certificates in the aggregate principal amount of \$78,315,000 (the “2017 Refunding Project”) pursuant to a Lease Purchase Agreement, dated as of August 1, 2017, between the District and the Corporation; and

WHEREAS, in connection with the 2017 Refunding Project, portions of the 2010 Leased Property were released from the provisions of the Lease in accordance with the provisions thereof; and

WHEREAS, as of the date hereof, the 2010A Certificates are outstanding in the aggregate principal amount of \$92,810,000; and

WHEREAS, the District has determined that it is in the best interest of the District to refinance a portion of the remaining 2010 Leased Property by refunding the Outstanding 2010A Certificates maturing on and after June 1, 2021 in the aggregate principal amount of \$76,885,000 (the “2020 Refunding Project”) to achieve interest rate savings; and

WHEREAS, the Indenture provides that Additional Certificates may be executed and delivered to provide funds to pay the costs of refunding all or a portion of the Outstanding Certificates; and

WHEREAS, in order to effectuate the 2020 Refunding Project, the District and the Corporation will enter into a Second Amendment to Lease Purchase Agreement, dated as of March 3, 2020 (the “Second Amendment” and together with the Original Lease and the First Amendment, the “Lease”); and

WHEREAS, the Trustee has given its written consent to the execution and delivery of the Second Amendment; and

WHEREAS, in order to effectuate the 2020 Refunding Project, there will be executed and delivered the “Certificates of Participation, Series 2020” (the “2020 Certificates”) that will be issued as Additional Certificates and that will be executed and delivered pursuant to this Second Supplemental Indenture; and

WHEREAS, the net proceeds from the sale of the 2020 Certificates, together with other available moneys, will be applied to effectuate the 2020 Refunding Project and to pay the costs of execution and delivery of the 2020 Certificates; and

WHEREAS, the Indenture provides that the Trustee and the Corporation may, with the written consent of the District, but without the consent of, or notice to, the Owners of the Certificates, enter into a supplemental indenture to, among other purposes, set forth the terms and conditions and other matters in connection with the execution and delivery of Additional Certificates; and

WHEREAS, the District has given its written consent to the execution and delivery of this Second Supplemental Indenture; and

WHEREAS, the Trustee and the Corporation have each authorized the execution and delivery of this Second Supplemental Indenture; and

WHEREAS, it is now necessary to enter into this Second Supplemental Indenture to provide for the execution and delivery of the 2020 Certificates as Additional Certificates under the Indenture in order to effectuate the 2020 Refunding Project, and to provide terms in connection therewith; and

WHEREAS, the Trustee has entered into the Indenture, including the First Supplemental Indenture and this Second Supplemental Indenture, for and on behalf of the Certificate Owners, and will hold its rights under the Indenture, including its rights with respect to the Leased Property, except as otherwise specifically provided in the Indenture, for the equal and proportionate benefit of the Certificate Owners, and will disburse monies received by it in accordance with the Indenture; and

WHEREAS, all things necessary to make the 2020 Certificates, when executed and delivered by the Trustee as in the Indenture (including this Second Supplemental Indenture) provided, legal, valid and binding assignments of proportionate interests in rights to receive Base Rentals and certain other payments, as herein provided, and to constitute the Indenture (including this Second Supplemental 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 SECOND SUPPLEMENTAL INDENTURE WITNESSETH and it is expressly declared, that all Certificates issued and secured under the Indenture (including this Second Supplemental Indenture) are to be executed, authenticated and delivered and all said property, rights, interests, revenues and receipts pledged, assigned and mortgaged hereby and by the Indenture, are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as expressed in the Indenture (including this Second Supplemental Indenture), and the Corporation has agreed and covenanted, and does hereby agree and covenant, with the Trustee for the benefit of the Certificate Owners, as follows:

## ARTICLE I DEFINITIONS AND APPLICABILITY

**Section 1.1. Definitions Generally.** Unless otherwise defined in Sections 1.2 and 1.3 of this Second Supplemental Indenture or unless the context requires otherwise, all capitalized words and phrases in this Second Supplemental Indenture shall have the respective meanings set forth in Article I of the Original Indenture and Section 1.2 of the First Supplemental Indenture.

**Section 1.2. Second Supplemental Indenture Definitions.** For all purposes of this Second Supplemental Indenture, the following terms, except where the context requires otherwise, shall have the meanings set forth below.

**“2017 Refunding Project”** means the refunding and defeasance of a portion of the 2010A Certificates in the aggregate principal amount of \$78,315,000 pursuant to a Lease Purchase Agreement dated as of August 1, 2017 between the District and the Corporation.

**“2020 Certificates”** mean the Certificates of Participation, Series 2020 executed and delivered pursuant to the terms and provisions of the Second Supplemental Indenture, and constituting Additional Certificates under the Lease and the Indenture.

**“2020 Costs of Execution and Delivery Fund”** means the fund by that name created in the 2020 Escrow Agreement.

**“2020 Escrow Account”** means the Escrow Account created pursuant to the 2020 Escrow Agreement to facilitate the 2020 Refunding Project.

**“2020 Escrow Agreement”** means the Escrow Agreement, dated as of March 3, 2020, between the Corporation and UMB Bank, n.a., as escrow agent.

**“2020 Rebate Account”** means the 2020 subaccount of the Rebate Fund for the 2020 Certificates created under this Second Supplemental Indenture.

**“2020 Refunding Project”** means the payment, refunding and defeasance of the 2010A Certificates maturing on and after June 1, 2021 in the aggregate principal amount of \$76,885,000.

**“2020 Tax Certificate”** means the Tax Compliance Certificate entered into by the District with respect to the Second Amendment and the execution and delivery of the 2020 Certificates.

**“First Amendment”** means the First Amendment to Lease Purchase Agreement, dated May 30, 2014 between the Corporation, as lessor, and the District, as lessee.

**“First Supplemental Indenture”** means the First Supplement to Mortgage and Indenture of Trust, dated May 30, 2014, between the Trustee and the Corporation.

“Original Indenture” means the Mortgage and Indenture of Trust dated as of December 1, 2010 between the Corporation and the Trustee.

“Second Amendment” means the Second Amendment to Lease Purchase Agreement dated as of March 3, 2020, between the Corporation and the District.

“Second Supplemental Indenture” means the Second Supplement to Mortgage and Indenture of Trust dated as of March 3, 2020, between the Trustee and the Corporation.

“Unrefunded 2010A Certificates” means the 2010A Certificates maturing on June 1, 2020 in the aggregate principal amount of \$15,925,000 that will be paid on their regularly scheduled maturity date and will not be defeased as part of the 2020 Refunding Project.

**Section 1.3. Amendments to Definitions in the Indenture.** The following terms as set forth in the Original Indenture are hereby amended to read as follows:

“Funds” shall be amended by the addition of the following sentence at the end of such definition: “Funds shall not include the 2020 Rebate Account or the 2020 Escrow Account.”

“Initial Purchasers” shall be amended by the addition of the following sentence at the end of such definition: “Initial Purchasers with respect to the 2020 Certificates shall mean J.P. Morgan Securities LLC, on behalf of itself and as representative for Harvestons Securities, Inc. and Jefferies LLC.”

“Rebate Fund” shall be amended and restated in its entirety as follows: “Rebate Fund” means the special fund created by Section 5.3 hereof, which consists of the 2010A Rebate Account, the 2010B Rebate Account, and the 2020 Rebate Account.

“Reserve Fund Requirement” shall be amended by the addition of the following paragraph at the end of such definition:

“Upon the execution and delivery of the 2020 Certificates and the defeasance of the Outstanding 2010A Certificates maturing on and after June 1, 2021, the Reserve Fund Requirement for the Unrefunded 2010A Certificates, the 2010B Certificates and the 2020 Certificates shall be \$9,717,195.19, which is an amount equal to the least of (a) 5% of the proceeds of the Unrefunded 2010A Certificates, the 2010B Certificates and the 2020 Certificates, (b) 50% of the Maximum Annual Debt Service Requirements on the Outstanding Unrefunded 2010A Certificates, the 201B Certificates and the 2020 Certificates, or (c) 62.5% of the Average Annual Debt Service Requirements on the Outstanding Unrefunded 2010A Certificates, the 2010B Certificates and 2020 Certificates. Upon optional redemption or defeasance of a portion of the Unrefunded 2010A Certificates, the 2010B Certificates or 2020 Certificates, the Reserve Fund Requirement shall be recalculated and shall be an amount equal to the least of (a) 5% of the proceeds of the Unrefunded 2010A Certificates, the 2010B Certificates and the 2020 Certificates, (b) 50% of the Maximum Annual Debt Service Requirements on the Outstanding Unrefunded 2010A Certificates, the 201B

Certificates and the 2020 Certificates, or (c) 62.5% of the Average Annual Debt Service Requirements on the Outstanding Unrefunded 2010A Certificates, the 2010B Certificates and 2020 Certificates. When calculating the Reserve Fund Requirement, the BAB Credit shall not be subtracted from the Debt Service Requirements of the 2010B Certificates.”

**Section 1.4. Second Supplemental Indenture.** This Second Supplemental Indenture amends and supplements the Original Indenture, as amended pursuant to the First Supplemental Indenture, and is entered into in accordance with the provisions of the Indenture. This Second Supplemental Indenture shall hereafter form a part of the Indenture and all the terms and conditions contained herein shall be deemed to be part of the Indenture for any and all purposes. Except as expressly amended by the First Supplemental Indenture and this Second Supplemental Indenture, the Original Indenture shall remain as originally stated and is hereby ratified, approved and confirmed.

**Section 1.5. Applicability of the Indenture.** Except as otherwise provided herein, the provisions of the Indenture, which includes the First Supplemental Indenture and this Second Supplemental Indenture, govern the 2020 Certificates. However, specific provisions concerning and exclusive to the 2020 Certificates as set forth herein and in the Second Amendment shall apply solely to the 2020 Certificates.

For all purposes of the Indenture and the Lease, “Certificates” shall mean and include the 2020 Certificates as well as the Outstanding Unrefunded 2010A Certificates, the 2010B Certificates and any Additional Certificates to be executed and delivered in the future, if any.

## **ARTICLE II AUTHORIZATION, TERMS, EXECUTION AND DELIVERY OF 2020 CERTIFICATES**

**Section 2.1. Authorization.** The 2020 Certificates shall be issued, sold and delivered as Additional Certificates in the aggregate principal amount of \$63,440,000. The 2020 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 2020 Certificates after their delivery for value.

The 2020 Certificates are being issued as Additional Certificates in accordance with Section 2.14 of the Original Indenture. Each of the 2020 Certificates 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 2010 Certificates originally executed and delivered and all other issues of Additional Certificates, if any, executed and delivered pursuant to Section 2.14 of the Original Indenture, without preference, priority or distinction of any Certificates or Additional Certificates over any other.

## **Section 2.2. Execution and Delivery of 2020 Certificates.**

(a) The 2020 Certificates shall be sold, executed and delivered hereunder to effectuate the 2020 Refunding Project and to pay the costs of execution and delivery of the 2020 Certificates.

(b) The Authorized Denominations for the 2020 Certificates shall be \$5,000 or any integral multiple thereof. Each of the 2020 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. Each of the 2020 Certificates shall be numbered consecutively in such manner as the Trustee shall determine; provided that while the 2020 Certificates are held by a Depository, one 2020 Certificate shall be executed and delivered for each maturity bearing interest at the same interest rate of the Outstanding 2020 Certificates.

(c) After the execution and delivery of the 2020 Certificates and the defeasance of all the Outstanding 2010A Certificates in connection therewith, the Reserve Fund shall secure the payment of the Outstanding 2010B Certificates and the 2020 Certificates.

## **Section 2.3. 2020 Certificate Details.**

(a) The 2020 Certificates shall be substantially in the form set forth in Exhibit A attached hereto and by this reference made a part hereof, with such appropriate variations, omissions and insertions as may be required by the circumstances, or as may be permitted or required hereby.

(b) The aggregate principal amount of the 2020 Certificates shall be \$63,440,000. The 2020 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:

Maturity Date ( <u>June 1</u> )	Principal <u>Amount</u>	Interest <u>Rate</u>
2026	\$3,525,000	5.00%
2027	10,815,000	5.00
2028	11,370,000	5.00
2029	11,955,000	5.00
2030	12,565,000	5.00
2031	13,210,000	5.00

(c) The Interest Payment Dates for the 2020 Certificates shall be June 1 and December 1, commencing June 1, 2020. The 2020 Certificates shall bear interest from their date to maturity or prior redemption at the rates per annum set forth above, payable on each Interest Payment Date, beginning on June 1, 2020. Each 2020 Certificate authenticated prior to the first Interest Payment Date thereon shall bear interest from the date of execution and delivery of the 2020 Certificates, except that if, as shown by the records of the Trustee, interest on such 2020 Certificate shall be in default, any 2020 Certificate issued in exchange for or upon the registration of transfer of such 2020 Certificate shall bear interest from the date to which interest has been paid in full on such 2020 Certificate or, if no interest has been paid on such 2020 Certificate, the date of execution and delivery of the 2020 Certificates. Each 2020



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 2020 Certificate from the date on which such principal, premium or interest became due and payable.

**Section 2.4. Payment of the 2020 Certificates** The 2020 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 2020 Certificates shall be paid on each Interest Payment Date. Interest on the 2020 Certificates shall be computed upon the basis of a 360-day year consisting of twelve 30-day months.

**Section 2.5. Delivery of the 2020 Certificates.** Upon the execution and delivery of this Second Supplemental Indenture, the Trustee shall execute and deliver the 2020 Certificates to the Initial Purchasers thereof, as hereinafter in this Section provided.

(a) Prior to the delivery by the Trustee of any of the 2020 Certificates, there shall have been filed with the Trustee the following:

(i) originally executed counterparts of the Second Amendment and the Second Supplement Indenture;

(ii) a certified copy of the resolution adopted by the District approving the Second Amendment;

(iii) a certified copy of the resolution adopted by the Corporation approving the Second Amendment and the Second Supplemental Indenture;

(iv) a written opinion of Special Counsel regarding the issuance and authorization of the 2020 Certificates and certain tax matters as set forth in Section 2.14(b) of the Original Indenture;

(v) a commitment or other evidence that the amount of the title insurance policy required by Section 7.4 of the Lease will be increased, if necessary, to reflect the amount of the 2010B Certificates outstanding plus the 2020 Certificates;

(vi) proceeds of the 2020 Certificates or other legally available funds of the District shall be deposited in the Reserve Fund in an amount, if any, necessary to increase the amount on deposit in the Reserve Fund to the then applicable Reserve Fund Requirement; and

(vii) a written order to the Trustee by the District to deliver the 2020 Certificates to the purchaser or purchasers identified therein upon payment to the District of the sum set forth therein.

(b) Thereupon, the Trustee shall deliver the 2020 Certificates to the Initial Purchasers of the 2020 Certificates, upon payment to the District of a sum equal to \$78,135,943.46 as set forth in the District's order specified in (a)(vii). Such sum shall be deposited or paid pursuant to Article III of this Second Supplemental Indenture.

**Section 2.6. Payments and Notices to Cede & Co.** Notwithstanding any other provision of the Indenture to the contrary, so long as any 2020 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 2020 Certificates and all notices with respect to the 2020 Certificates shall be made and given, respectively, in the manner provided in the Representation Letter.

### **ARTICLE III REVENUES AND FUNDS**

**Section 3.1. Disposition of Proceeds of 2020 Certificates.** The net proceeds of the 2020 Certificates, together with other available money of the District in the amount of \$\_\_\_\_\_, shall be accounted for as follows:

(a) Proceeds of the 2020 Certificates in the amount of \$\_\_\_\_\_ shall be deposited to the 2020 Escrow Account, together with \$\_\_\_\_\_ of available money of the District.

(b) Proceeds of the 2020 Certificates in the amount of \$\_\_\_\_\_ shall be deposited into the 2020 Costs of Execution and Delivery Fund and applied to pay the costs of execution and delivery of the 2020 Certificates.

**Section 3.2. Concerning the Reserve Fund.** Upon the execution and delivery of the 2020 Certificates and the implementation of the 2020 Refunding Project, the Reserve Fund shall secure the payment of the Unrefunded 2010A Certificates, the 2010B Certificates and the 2020 Certificates, and may secure the payment of any Additional Certificates hereafter executed and delivered to the extent provided in the supplemental indenture authorizing the execution and delivery of such Additional Certificates.

**Section 3.3. Concerning the Rebate Fund.** Pursuant to Section 5.3 of the Original Indenture, there is hereby created within the Rebate Fund the "2020 Rebate Account" for the 2020 Certificates.

**Section 3.4. 2020 Escrow Account.** Pursuant to the 2020 Escrow Agreement, an escrow account (the "2020 Escrow Account") has been created and established as a special fund with UMB Bank, n.a., as escrow agent, pursuant to the terms and provisions of the 2020 Escrow Agreement. A portion of the proceeds of the 2020 Certificates in the amount set forth in Section 3.1 hereof shall be deposited in the 2020 Escrow Account in accordance with the provisions of the 2020 Escrow Agreement and shall be used, together with other available moneys of the District deposited therein, to defease, refund, redeem and discharge the outstanding 2010A Certificates maturing on and after June 1, 2021, in accordance with the terms and provisions of the 2020 Escrow Agreement. Moneys held in the 2020 Escrow Account shall not be part of the Trust Estate. Moneys held in the 2020 Escrow Account shall be invested and disbursed in accordance with the provisions of the 2020 Escrow Agreement.

**ARTICLE IV  
REDEMPTION OF 2020 CERTIFICATES**

**Section 4.1. Optional and Mandatory Sinking Fund Redemption.**

(a) The 2020 Certificates are subject to optional redemption prior to their respective maturity dates as follows:

(i) The 2020 Certificates maturing on or prior to June 1, 2029 are not subject to optional redemption prior to their respective maturity dates. The 2020 Certificates maturing on and after June 1, 2030 are subject to redemption prior to maturity at the option of the District, on June 1, 2029 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 2020 Certificates in denominations larger than \$5,000), at a redemption price equal to the principal amount of each 2020 Certificate, or portion thereof, so redeemed, plus accrued interest thereon to the redemption date, without premium.

(ii) If less than all the Outstanding 2020 Certificates are to be redeemed, the Trustee, upon written instruction from the District, shall select the 2020 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 2020 Certificate to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

(b) The 2020 Certificates are not subject to mandatory sinking fund redemption.

**Section 4.2. Extraordinary Mandatory Redemption** The Unrefunded 2010A Certificates, the 2010B Certificates and the 2020 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 of the Original Indenture. If called for redemption pursuant to this Section 4.2, the Unrefunded 2010A Certificates, the 2010B Certificates and the 2020 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 of the Original Indenture).

**Section 4.3. 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 2010B Certificates and the 2020 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 2010B Certificates and 2020 Certificates so called for redemption and accrued interest thereon to the redemption date), interest on the 2010B Certificates and 2020 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 2010B Certificates and/or 2020 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 2010B Certificates and/or 2020 Certificates by reason of such redemption. Upon surrender and cancellation of any Certificate for redemption of only a portion thereof, a new Certificate 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 4.4. Cancellation.** All 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 of the Original Indenture.

**Section 4.5. Partial Redemption.** Nothing in the Indenture shall prevent the Trustee from applying any moneys available therefor hereunder to partial payments in redemption of 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 2020 Certificates shall be redeemed only in integral multiples of \$5,000. The Trustee shall treat any 2020 Certificate of denomination greater than \$5,000 as representing that number of separate 2020 Certificates each of the denomination of \$5,000 as can be obtained by dividing the actual principal amount of such 2020 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 bearing the same interest rate equal to the unredeemed portion of the Certificates so surrendered.

## **ARTICLE V MISCELLANEOUS PROVISIONS**

**Section 5.1. Titles, Headings, Etc.** The titles and headings of the articles, sections and subdivisions of this Second Supplemental 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 5.2. Governing Law.** This Second Supplemental Indenture shall be governed by and construed in accordance with the law of the State of Colorado.

**Section 5.3. Execution in Counterparts.** This Second Supplemental 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 5.4. Effective Date.** This Second Supplemental Indenture shall become effective as of the date first above written.

IN WITNESS WHEREOF, the Corporation and the Trustee have executed this Second Supplement to Mortgage and Indenture of Trust as of the date set forth above.

ASSET ACQUISITION AUTHORITY, INC.

(SEAL)

By: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_  
Secretary-Treasurer

UMB BANK, N.A., as Trustee

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

The Regional Transportation District hereby consents to the execution and delivery of this Second Supplement to Mortgage and Indenture of Trust.

REGIONAL TRANSPORTATION DISTRICT

(SEAL)

By: \_\_\_\_\_  
Chair

ATTEST:

By: \_\_\_\_\_  
Secretary

STATE OF COLORADO     )  
CITY AND                     )       ss.  
COUNTY OF DENVER     )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2020, by Stephen A. Weinstein, as President of Asset Acquisition Authority, Inc., a nonprofit corporation in good standing and organized under the laws of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public

STATE OF COLORADO     )  
CITY AND                     )       ss.  
COUNTY OF DENVER     )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2020, by Heather McKillop, as Secretary-Treasurer of Asset Acquisition Authority, Inc., a nonprofit corporation in good standing and organized under the laws of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public

STATE OF COLORADO     )  
CITY AND                     )     ss.  
COUNTY OF DENVER     )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2020, by \_\_\_\_\_, as an authorized officer of UMB Bank, n.a., as trustee.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public

EXHIBIT A

(Form of 2020 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 2020  
Evidencing Assignment of a Proportionate  
Interest in Rights to Receive Certain Revenues  
Pursuant to the Lease Purchase Agreement, as amended, between**

**ASSET ACQUISITION AUTHORITY, INC.,  
as Lessor, and  
REGIONAL TRANSPORTATION DISTRICT,  
as Lessee**

No. R-1 \$ \_\_\_\_\_

MATURITY DATE	ORIGINAL ISSUE DATE	INTEREST RATE	CUSIP
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March 3, 2020

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 December 1, 2010, as amended (the “Lease”), between ASSET ACQUISITION AUTHORITY, INC. (formerly known as 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 2020 (this “2020 Certificate”) is secured as provided in the Lease and in the Mortgage and Indenture of Trust dated as of December 1, 2010, as amended (the “Indenture”), between the Corporation and UMB Bank, n.a., as trustee (the “Trustee”), for the registered owners of the 2020 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 mortgage and security interest in the Leased Property (as defined in the Lease). To the extent not defined herein, terms used in this 2020 Certificate shall have the same meanings as set forth in the Indenture and the Lease.

This 2020 Certificate bears interest, matures, is payable, is subject to redemption prior to maturity, and is transferable as provided in the Indenture.

This 2020 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 \$63,440,000 for the purpose of providing funds to refund the outstanding 2010A Certificates maturing on and after June 1, 2021. The District will lease the Leased Property, which is comprised of certain light rail vehicles, sites and buildings, 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 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 2020 Certificates, and interest thereon.

The 2020 Certificates are being executed and delivered as Additional Certificates under the Indenture, and are proportionately and ratably secured under the Lease and the Indenture with the Unrefunded 2010A Certificates, the 2010B Certificates and with any Additional Certificates issued from time to time in the future.

THE LEASE, THIS 2020 CERTIFICATE, THE ISSUE OF 2020 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 2020 CERTIFICATES DO NOT DIRECTLY OR INDIRECTLY OBLIGATE THE DISTRICT TO MAKE ANY PAYMENTS BEYOND THOSE SPECIFICALLY APPROPRIATED FOR ITS THEN CURRENT FISCAL YEAR. EXCEPT TO THE EXTENT PAYABLE FROM THE PROCEEDS OF THE SALE OF THE 2020 CERTIFICATES AND INCOME FROM THE INVESTMENT THEREOF, NET PROCEEDS OF CERTAIN INSURANCE, PERFORMANCE BONDS AND CONDEMNATION AWARDS, NET PROCEEDS RECEIVED AS A CONSEQUENCE OF BREACHES OF WARRANTY OR DEFAULTS UNDER CERTAIN CONTRACTS OR NET PROCEEDS OF LEASING THE LEASED PROPERTY OR ANY PORTION THEREOF, SALE OF THE LEASED PROPERTY OR ANY PORTION THEREOF, AND REPOSSESSION, LIQUIDATION OR OTHER DISPOSITION OF THE LEASED PROPERTY, OR SUCH OTHER FUNDS AS MAY BE HELD THEREFOR UNDER THE INDENTURE, THIS 2020 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 2020 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 LEASED PROPERTY OR ANY PORTION THEREOF, SALE OF THE LEASED PROPERTY OR ANY PORTION THEREOF, AND REPOSSESSION, LIQUIDATION OR OTHER DISPOSITION OF THE 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 2020 CERTIFICATES OR THE INTEREST THEREON. NO DIRECTOR OR OFFICER OF THE CORPORATION SHALL BE PERSONALLY LIABLE ON THE 2020 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 2020 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 2020 Certificate, assents.

This 2020 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 2020 Certificate after its delivery for value.

This 2020 Certificate is issued with the intent that the laws of the State of Colorado shall govern its legality, validity, enforceability and construction.

This 2020 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.

## 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 DTC</u>

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(End of Form of 2020 Certificates)

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## APPENDIX G

### FORM OF DELAYED DELIVERY CONTRACT

J.P. Morgan Securities LLC  
1125 17<sup>th</sup> Street, Floor 02  
Denver, Colorado 80202

Re: \$63,440,000 Denver Regional Transportation District Certificates of Participation, Series 2020  
(the *Certificates*)

Ladies and Gentlemen:

The undersigned (the *Purchaser*) hereby agrees to purchase from J.P. Morgan Securities LLC (the *Representative*), as representative of itself, Jefferies LLC, and Harvestons Securities, Inc. (collectively, the *Underwriters*) when, as, and if issued and delivered to the Representative by the Denver Regional Transportation District (the *District*), and the Representative agrees to sell to the Purchaser:

<u>Par Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>	<u>Yield</u>	<u>Price</u>
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of the above-referenced Certificates (the *Purchased Certificates*) offered by the District under the Preliminary Official Statement dated November 11, 2019 and the Official Statement relating to the Certificates dated November 21, 2019 (the *Official Statement*), at the purchase price and with the interest rates, principal amounts, and maturity dates shown above, and on the further terms and conditions set forth in this Delayed Delivery Contract. The Certificates are being purchased by the Underwriters pursuant to a Forward Delivery Certificate Purchase Agreement among the District, Asset Acquisition Authority, Inc. (the *Corporation*), and the Representative (the *Forward Delivery Purchase Agreement*). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Forward Delivery Purchase Agreement or the Official Statement.

The Purchaser hereby confirms that it has reviewed the Preliminary Official Statement and the Official Statement (including without limitation the sections entitled "FORWARD DELIVERY OF 2020 CERTIFICATES" and "RISK FACTORS – Additional Risks Related to the Delayed Delivery Period" therein), has considered the risks associated with purchasing the Purchased Certificates and is duly authorized to purchase the Purchased Certificates. The Purchaser further acknowledges and agrees that the Purchased Certificates are being sold on a "forward" or "delay delivery" basis, and the Purchaser hereby purchases and agrees to accept delivery of such Certificates from the Underwriters on or about March 3, 2020 (the *Delayed Delivery Date*) as they may be issued and delivered in accordance with the Forward Delivery Purchase Agreement.

Payment for the Purchased Certificates shall be made to the Representative or upon its order on the Delayed Delivery Date upon delivery to the Purchaser of the Purchased Certificates through the book-entry system of The Depository Trust Company. The Purchaser agrees that in no event shall the Underwriters, the Corporation, or their respective affiliates be responsible or liable for any claim or loss, whether direct or consequential, which the Purchaser may suffer in the event the District does not for any reason issue and deliver the Purchased Certificates.

Upon the Delayed Delivery (as defined in the Forward Delivery Purchase Agreement), the obligation of the Purchaser to take delivery of the Purchased Certificates hereunder shall be unconditional, which occurs after satisfaction of the conditions thereto specified in the Forward Delivery Purchase Contract. The Purchaser may terminate its obligation to purchase the Purchased Certificates in the event that between the Initial Closing (as defined in the Forward Delivery Purchase Agreement) and the Delayed Delivery, one of the following events shall have occurred after the later of the Initial Closing or the date hereof and the Purchaser has notified the Representative in writing as provided herein:

(1) Legislation shall have been enacted, or actively considered for enactment with an effective date prior to Delayed Delivery, or a decision by a court of the United States shall have been rendered, the effect of which is that the Certificates or the Indenture, as the case may be, is not exempt from the registration, qualification or other requirements of the 1933 Act, the 1934 Act or the Trust Indenture Act, each as amended and as then in effect; or

(b) Any Change in Law (defined below) shall have occurred; or

(c) A stop order, cease-and-desist order, injunction, no-action letter, ruling, regulation or official statement by the SEC, its staff or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering, or sale of the Certificates or the adoption, enactment, execution and delivery of any of the District Documents or the Corporation Documents as contemplated in or by this Agreement, the Preliminary Official Statement, the Official Statement or the Updated Official Statement, is or would be in violation of any provision of the federal securities laws, including 1933 Act, the 1934 Act or the Trust Indenture Act, each as amended and as then in effect; or

(d) Any fact, condition or circumstance exists that, but for the passage of time or giving notice or both, would constitute an event of default or an event of nonappropriation under the Indenture or the Lease; or

(e) Any rating of the Certificates by a national rating agency then rating the Certificates has been withdrawn or suspended; or

(f) Any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Updated Official Statement (other than any statement provided by the Underwriters) or is not reflected in the Updated Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the District or the Corporation refuses to permit the Updated Official Statement to be supplemented to supply such statement or information, or the effect of the Updated Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Certificates or the ability of the Underwriters to enforce contracts for the sale of the Certificates.

A "***Change in Law***" means (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies, (ii) any legislation enacted by the Congress of the United States or introduced therein or recommended for passage by the President of the United States (if such enacted, introduced or recommended legislation has a proposed effective date that is on or before the Delayed Delivery Date), (iii) any law, rule or regulation proposed or enacted by any governmental body, department or agency (if such proposed or enacted law, rule or regulation has a proposed effective date that is on or before the Delayed Delivery Date) or (iv) any judgment, ruling or order issued by any court or administrative body, which in the case of any of (i), (ii), (iii) or (iv) would,



(A) as to the Underwriters, prohibit (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) the Underwriters from purchasing the Certificates as provided in the Forward Delivery Purchase Agreement or selling the Certificates or beneficial ownership interests therein to the public; (B) as to the District, would make the issuance, sale or delivery of the Certificates illegal (or have the retroactive effect of making such issuance, sale or delivery illegal, if enacted, adopted, passed or finalized); or (C) eliminate the exclusion from gross income for federal income tax purposes of interest on the Certificates (or have the retroactive effect of eliminating such exclusion if enacted, adopted, passed, or finalized); provided, however, that such change in or addition to law, legislation, law, rule or regulation or judgment, ruling or order shall have become effective, been enacted, introduced or recommended, been proposed or enacted or been issued as the case may be, after the date of the Forward Delivery Purchase Agreement.

If the Change of Law involves the enactment of legislation which only diminishes the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes of interest payable on "state or local bonds," the District may, nonetheless, be able to satisfy the requirements for the delivery of the Certificates. In such event, the Underwriters would be obligated to purchase the Certificates from the District and the Purchaser would be required to accept delivery of the Purchased Certificates from the Underwriters.

The Purchaser acknowledges and agrees that the Certificates are being sold on a "forward" or "delayed delivery" basis for delivery on the Delayed Delivery Date and that the Purchaser is obligated to take up and pay for the Purchased Certificates on the Delayed Delivery Date unless the Representative terminates the Forward Delivery Purchase Agreement or the Purchaser terminates its obligation to purchase the Purchased Certificates as described herein. To effect a termination by the Purchaser, the Purchaser acknowledges and agrees that it must give written notice of termination of this Delayed Delivery Contract to the Representative before Delayed Delivery. The Purchaser understands and agrees that no termination of the obligation of the Purchaser may occur after Delayed Delivery. The Purchaser is not a third party beneficiary under the Forward Delivery Purchase Contract and has no rights to enforce, or cause the Representative to enforce, any of the terms thereof. The Purchaser acknowledges that it will not be able to withdraw its order except as described herein, and will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Certificates on the Delayed Delivery Date because of market or credit changes, including specifically, but not limited to (a) changes in the ratings assigned to the Certificates between the Initial Closing and the Delayed Delivery or changes in the credit associated with the Certificates generally, and (b) changes in the financial condition, operations, performance, properties or prospects of the District from the Initial Closing to the Delayed Delivery. The Purchaser acknowledges and agrees that it will remain obligated to purchase the Purchased Certificates in accordance with the terms hereof, even if the Purchaser decides to sell Purchased Certificates following the date hereof, unless the Purchaser sells Purchased Certificates to another institution with the prior written consent of the Representative and such institution provides a written acknowledgment of confirmation of purchase order and a delayed delivery contract in the same respective forms as that executed by the Purchaser.

The Purchaser represents and warrants that, as of the date of this Delayed Delivery Contract, the Purchaser is not prohibited from purchasing the Purchased Certificates hereby agreed to be purchased by it under the laws of the jurisdiction to which the Purchaser is subject.

This Delayed Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party without the prior written consent of the other.

The Purchaser acknowledges that the Representative is entering into the Forward Delivery Purchase Agreement to purchase the Certificates in reliance in part on the performance by the Purchaser of its obligations hereunder.

This Delayed Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument under the laws of the State of New York.

It is understood that the acceptance by the Representative of any Delayed Delivery Contract (including this one) is in the Representative's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Delayed Delivery Contract is acceptable to the Representative, it is requested that the Representative sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Representative and the Purchaser when such counterpart is so mailed or delivered by the Representative. This Delayed Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

This Delayed Delivery Contract shall be construed and administered under the laws of the State of New York.

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone

By: \_\_\_\_\_

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

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

Accepted: J.P. Morgan Securities LLC, as  
Representative to the Underwriters

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

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



