

PRELIMINARY OFFICIAL STATEMENT DATED [AUGUST 25], 2023

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATING: [to come]
See "RATING"**

In the opinion of Hogan Lovells, US LLP, Special Counsel to the District, to be delivered upon the issuance of the 2023 Certificates, under existing law and assuming compliance by the District with requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be met subsequent to the issuance of the 2023 Certificates, with which the District has certified, represented and covenanted its compliance, the portion of the Base Rentals which is designated as interest in the Lease and is paid as interest on the 2023 Certificates is excluded from gross income for federal income tax purposes, is not a specific preference item for purposes of the federal alternative minimum tax, and is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws. See "TAX MATTERS."

[RTD LOGO]

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CERTIFICATES OF PARTICIPATION, SERIES 2023
Evidencing Assignments of Proportionate
Interests in Rights to Receive Certain Revenues
Pursuant to the Lease Purchase Agreement, 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 2023, 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 [], 2023, (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 2023 Certificates are being executed and delivered pursuant to an Indenture of Trust dated as of [], 2023, (the "Indenture"), between the Corporation and UMB Bank, n.a., as trustee (the "Trustee").

The 2023 Certificates will be issued as fully registered certificates and are initially to be registered in the name of "Cede & Co." as nominee for The Depository Trust Company ("DTC"), which is acting as the securities depository for the 2023 Certificates. Purchases by Beneficial Owners (as defined herein) are to be made in book-entry form in denominations of \$5,000 or any integral multiple thereof. Beneficial Owners will not receive certificates evidencing their interest in the 2023 Certificates. The principal of, premium, if any, and interest on the 2023 Certificates are payable to DTC, which will remit such payments to DTC Participants, as defined herein, who in turn will remit such payments to Beneficial Owners of the 2023 Certificates. See "THE 2023 CERTIFICATES--Book-Entry Only System." Interest on the 2023 Certificates will be payable semiannually on June 1 and December 1, commencing on December 1, 2023. Principal on the 2023 Certificates is payable on the dates shown on the inside cover unless the 2023 Certificates are redeemed prior thereto as more fully described in this Official Statement.

The maturity schedule for the 2023 Certificates appears on the inside cover page of this Official Statement.

The 2023 Certificates are *not* subject to optional redemption prior to their respective maturity dates. *However, the 2023 Certificates are subject to extraordinary mandatory redemption upon the occurrence of certain events as described in "THE 2023 CERTIFICATES--Redemption Provisions - Extraordinary Mandatory Redemption."*

* Subject to change.

The proceeds from the issuance of the 2023 Certificates will be used to: (i) refinance all or a portion of certain outstanding certificates of participation of the District, as described herein; and (ii) pay the costs of issuing the 2023 Certificates. See “SOURCES AND USES OF FUNDS.”

Neither the Lease nor the 2023 Certificates constitute a general obligation, a multiple fiscal year direct or indirect debt or other financial obligation or indebtedness of the District within the meaning of any constitutional or statutory debt limitation. None of the Lease, the Indenture or the 2023 Certificates directly or indirectly obligate the District to make any payments beyond those appropriated for any fiscal year in which the Lease may be in effect. Except to the extent payable from the proceeds of the 2023 Certificates and income from the investment thereof, from the Net Proceeds (as defined herein), or from other amounts made available under the Indenture, the 2023 Certificates are payable during the lease term solely from Base Rentals payable to the Trustee under the Lease and the income from certain investments under the Indenture. All payment obligations of the District under the Lease are from year to year only. The Lease is subject to annual renewal by the District. Upon termination of the Lease, the 2023 Certificates will be payable solely from moneys, if any, held by the Trustee under the Indenture and any amounts resulting from the exercise of various remedies by the Trustee under the Site Lease, the Lease and the Indenture, all as more fully described herein.

This cover page contains certain information for quick reference only. It is *not* a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision, giving particular attention to the section entitled “CERTAIN RISK FACTORS.”

The 2023 Certificates are offered when, as, and if executed and delivered, subject to the approval of legality of the 2023 Certificates by Hogan Lovells US LLP, Denver, Colorado, Special Counsel, and certain other conditions. Butler Snow LLP, Denver, Colorado, has acted as Disclosure Counsel to the District in connection with this Official Statement. Certain legal matters will be passed upon for the District by its General Counsel, Melanie J. Snyder, Esq. Hilltop Securities Inc., Dallas, Texas, has acted as Municipal Advisor to the District. Hawkins Delafield & Wood LLP, San Francisco, California, has acted as Underwriters’ counsel. It is expected that the 2023 Certificates will be available for delivery through the facilities of DTC, on or about [September 28], 2023.*

[RBC LOGO]

[STIFEL LOGO]

[WELLS FARGO SECURITIES LOGO]

* Preliminary; subject to change.

MATURITY SCHEDULE*

(CUSIP® 6-digit issuer number: _____)

CERTIFICATES OF PARTICIPATION, SERIES 2023
Evidencing Assignments of Proportionate
Interests in Rights to Receive Certain Revenues
Pursuant to the Lease Purchase Agreement, between
ASSET ACQUISITION AUTHORITY, INC., as Lessor, and
REGIONAL TRANSPORTATION DISTRICT, as Lessee

<u>Maturing</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>	<u>CUSIP</u> [©] <u>Issue</u> <u>Number</u>
2024	\$			
2025				
2026				
2027				
2028				

* Preliminary; subject to change.

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USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2023 Certificates in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2023 Certificates, and if given or made, such information or representations must not be relied upon as having been authorized by the District. The District maintains an internet website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2023 Certificates.

The information set forth in this Official Statement has been obtained from the District, from the sources referenced throughout this Official Statement and from other sources the District believes to be reliable. No representation is made by the District, however, as to the accuracy or completeness of information received from sources other than the District. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

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 a part of, their respective responsibilities under the federal securities laws, as applied to the facts and circumstances of this transaction, but do not guarantee the accuracy or completeness of such information.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2023 Certificates shall, under any circumstances, create any implication that there has been no change in the affairs of the District, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2023 Certificates and may not be reproduced or used in whole or in part for any other purpose.

The 2023 Certificates have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The 2023 Certificates have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE 2023 CERTIFICATES ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2023 CERTIFICATES, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2023 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

REGIONAL TRANSPORTATION DISTRICT

Board of Directors

<u>Directors</u>	<u>District</u>
Lynn Guissinger, Chair	District O
Margaret “Peggy” Catlin, First Vice Chair	District N
Erik Davidson, Second Vice Chair	District I
Bobby Dishell, Treasurer	District D
Marjorie Sloan, Secretary	District M
Kate Williams	District A
JoyAnn Ruscha	District B
Michael Guzman	District C
Paul Rosenthal	District E
Bob Broom	District F
Julien Bouquet	District G
Doug Tisdale	District H
Vince Buzek	District J
Troy Whitmore	District K
Ian Harwick	District L

District Personnel

Debra A. Johnson, General Manager and Chief Executive Officer
Doug MacLeod, Chief Financial Officer
Melanie J. Snyder, Esq., General Counsel

MUNICIPAL ADVISOR TO THE DISTRICT

Hilltop Securities Inc.
Dallas, Texas

TRUSTEE

UMB Bank, n.a.
Denver, Colorado

SPECIAL COUNSEL

Hogan Lovells US LLP
Denver, Colorado

DISCLOSURE COUNSEL

Butler Snow LLP
Denver, Colorado

UNDERWRITERS’ COUNSEL

Hawkins Delafield & Wood LLP
San Francisco, California

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
General	1
The District.....	1
Purpose	1
The 2023 Certificates; Prior Redemption	2
The Leased Property.....	2
Security for the Certificates; Termination of Lease.....	2
Tax Status	3
Professionals.....	4
Continuing Disclosure Agreement	4
Certain Risks to Owners of the Certificates	5
Additional Information	5
CERTAIN RISK FACTORS	6
Nonappropriation.....	6
Effect of a Termination of the Lease Term	7
No Reserve Fund	8
Factors that May Cause Insufficiency of Expected Revenues.....	8
Factors that Could Impact Value of Property if Lease is Terminated	9
Enforceability of Remedies; Liquidation Delays	10
Effect of Termination on Exemption from Taxation and on Exemption from Registration.....	10
Insurance Risk	10
Cybersecurity Threats.....	11
Future Changes in Laws	11
Effect of Additional Indebtedness and Annual Appropriation Obligations.....	11
Forward-Looking Statements	11
Secondary Market.....	12
SOURCES AND USES OF FUNDS	13
Sources and Uses of Proceeds	13
The Refunding Project.....	13
THE 2023 CERTIFICATES	14
General	14
Payment Provisions	14
Redemption Provisions.....	14
Tax Covenants	16
Book-Entry Only System.....	16
BASE RENTALS SCHEDULE	17
SECURITY FOR THE 2023 CERTIFICATES	18
General	18
The Leased Property.....	19
Base Rentals Fund	21
Additional Certificates.....	21
CURRENT SOURCES OF AVAILABLE REVENUE	22
General	22
Major Revenue Sources.....	22

	<u>Page</u>
Fare Structure	22
Advertising and Ancillary Revenues	24
Federal Funding	24
Investment Income	26
Collection and Enforcement of the District Sales Tax	26
History of RTD’s General Fund Revenues, Expenditures and Changes in Fund Balances	29
RTD’s Budget Summary and Comparison	30
Management’s Discussion of Fiscal Year 2023 Budget	31
RTD	35
Powers	35
Board of Directors	36
Principal Officials	37
Employees; Labor Relations	39
Retirement Plans	40
Other Postemployment Benefits	41
Climate Change	41
RTD Service Area and Director District Map	42
THE SYSTEM	43
Fleet Composition	43
Transit Services	43
Passenger, Maintenance and Administrative Facilities	45
Long-Term Financial Planning	45
FasTracks	47
FasTracks Line Map	49
Reimagine RTD	51
THE CORPORATION	52
DISTRICT FINANCIAL OPERATIONS	53
Budget Policy	53
Risk Management	53
Intergovernmental Agreements	54
RTD’S DEBT STRUCTURE	55
Authority to Incur Debt	55
Debt Structure of the District	55
Debt Service Requirements and Annual Appropriations	56
ECONOMIC AND DEMOGRAPHIC OVERVIEW	58
TAX MATTERS	58
LEGAL MATTERS	61
Litigation	61
Governmental Immunity	61
Approval of Certain Legal Proceedings	62
Certain Constitutional Limitations	62
Police Power	63
MUNICIPAL ADVISOR	63
INDEPENDENT AUDITORS	63

	<u>Page</u>
RATING	64
UNDERWRITING	64
OFFICIAL STATEMENT CERTIFICATION	65
APPENDIX A - District’s Annual Comprehensive Financial Report for the Fiscal Years Ended December 31, 2022 and 2021	A-1
APPENDIX B - An Economic and Demographic Overview of the Denver Metropolitan Area	B-1
APPENDIX C - Book-Entry Only System	C-1
APPENDIX D - Form of Continuing Disclosure Agreement	D-1
APPENDIX E - Form of Opinion of Special Counsel.....	E-1
APPENDIX F - Form of Lease.....	F-1
APPENDIX G - Form of Indenture.....	G-1

INDEX OF TABLES

NOTE: Tables marked with an (*) indicate Annual Financial Information to be updated pursuant to SEC Rule 15c2 12, as amended. See “INTRODUCTION--Continuing Disclosure Agreement” and Appendix D - Form of Continuing Disclosure Agreement.

The information to be updated may be reported in any format chosen by the District; it is not required that the format reflected in this Official Statement be used in future years. The information in the Budget to Actual Comparison tables is to be satisfied with the current year budget information found in the District’s Annual Comprehensive Financial Report (“ACFR”) or audited financial statements; no budget documents are required to be filed.

	<u>Page</u>
Sources and Uses of Proceeds.....	13
Schedule of Base Rentals.....	17
*Revenue and Capital Receipts by Source	22
Fares as of January 1, 2023	23
LiVe Fare Program as of January 21, 2023	23
*Annual Ridership and Fare Revenue	23
*Advertising and Ancillary Revenues	24
*Federal & Local Grant Receipts.....	25
History of Sales Tax Collections	28
Categories of Sales Tax Generators – 2022	28
*Summary of Statement of Revenue, Expenses and Changes in Net Position.....	30
*Budget to Actual Comparison of Revenues and Expenses	31
RTD Active Fleet (As of December 31, 2022)	43
*Historical Operating Data (As of December 31, 2022).....	45
*Statement of Obligations as of June 1, 2023.....	55
*Annual Debt Service Requirements and Amounts Subject to Appropriation.....	57

OFFICIAL STATEMENT

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Pursuant to the Lease Purchase Agreement, between
ASSET ACQUISITION AUTHORITY, INC., as Lessor, and
REGIONAL TRANSPORTATION DISTRICT, (Colorado), as Lessee

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices, is furnished in connection with the execution, delivery and sale of \$[]* aggregate principal amount of Certificates of Participation, Series 2023 (the “2023 Certificates”). The 2023 Certificates evidence proportionate interests in the Base Rentals and other Revenues under an annually renewable Lease Purchase Agreement dated as of [], 2023 (the “Lease”), between the Asset Acquisition Authority, Inc. (the “Corporation”), as lessor, and the Regional Transportation District, Colorado (“RTD” or the “District”), as lessee. The 2023 Certificates will be executed and delivered pursuant to the terms of an Indenture of Trust dated as of [], 2023 (the “Indenture”), between the Corporation and UMB Bank, n.a., as Trustee (the “Trustee”). Certain of the capitalized terms used herein and not otherwise defined are defined in Appendix F and Appendix G to this Official Statement.

The offering of the 2023 Certificates is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2023 Certificates. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein, particularly the section entitled “CERTAIN RISK FACTORS.” Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, the inside cover page and the appendices, is unauthorized.

The District

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 (defined below). 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. 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. See “RTD.”

Purpose

The proceeds from the execution and delivery of the 2023 Certificates will be used to: (i) refinance all of the District’s Certificates of Participation, Series 2013A (the “2013A Certificates”), currently outstanding in the aggregate principal amount of \$69,745,000 and maturing on and after June 1,

* Preliminary, subject to change.

2024; and (ii) pay the costs of issuing the 2023 Certificates. See “SOURCES AND USES OF FUNDS—The Refunding Project.”

The 2023 Certificates; Prior Redemption

General. The 2023 Certificates are issued solely as fully registered certificates in the denomination of \$5,000, or any integral multiple thereof. The 2023 Certificates mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page hereof. The payment of principal and interest on the 2023 Certificates is described in “THE 2023 CERTIFICATES--Payment Provisions.”

The 2023 Certificates initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which is acting as the securities depository for the 2023 Certificates. Purchases of the 2023 Certificates are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2023 Certificates. See “THE 2023 CERTIFICATES--Book-Entry Only System.”

Redemption Provisions. The 2023 Certificates are not subject to optional redemption prior to their respective maturity dates.

However, the 2023 Certificates are subject to extraordinary mandatory redemption upon the occurrence of certain events as described in “THE CERTIFICATES--Redemption Provisions - Extraordinary Mandatory Redemption.”

The Leased Property

Under the Lease, the 2023 Leased Property consists of: the 18 light rail vehicles that currently comprised a portion of the 2013A Leased Property, 30 light rail vehicles the District owns free and clear of all liens, and any other property that is subject to the Lease, as it may be amended from time to time or supplemented, and any property acquired in replacement or substitution therefor pursuant to the Lease. The light rail vehicles that currently are subject to the 2013A Lease will be released from the lien of the 2013A Lease and re-encumbered pursuant to the Lease at closing.

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 “SECURITY FOR THE 2023 CERTIFICATES--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 “SECURITY FOR THE 2023 CERTIFICATES--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 2023 Certificates and any Additional Certificates executed and delivered under the Indenture.

Security for the Certificates; Termination of Lease

General. 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 F--FORM OF LEASE.”

The Corporation has leased the Leased Property to the District and taken a security interest in the 2023 Leased Property pursuant to the Lease. Pursuant to the Indenture, the Corporation has assigned to the Trustee a security interest in the 2023 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 2023 Certificates and any Additional Certificates (as hereinafter defined) issued and outstanding under the Indenture (collectively, the “Certificates”).

Sources of Payment of Base Rentals. 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 the fees and expenses of the Trustee and the Corporation, the cost of insurance premiums, the cost of maintenance, upkeep and repair, payments into the Rebate Fund, and all other costs expressly required to be paid as Additional Rentals under the Lease. Under the Lease, RTD is required to pay Base Rentals directly to the Trustee for distribution to the Owners of the 2023 Certificates and to pay all Additional Rentals directly to the persons or entities to which such Additional Rentals are owed.

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 to 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 “CERTAIN RISK FACTORS–Nonappropriation.”

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 “SECURITY FOR THE 2023 CERTIFICATES--The Leased Property – Purchase Option Price.”

Other than its obligations under the Indenture, the Trustee does not have any obligation to and will not make any payments on the Certificates pursuant to the Lease or otherwise.

Certain statutory and constitutional limitations may limit the amount of sales and use tax RTD can collect in the future. See “LEGAL MATTERS--Certain Constitutional Limitations” for a discussion of those limitations.

Annual Appropriation; Termination of Lease. The Lease constitutes a one-year lease of the Leased Property which is annually renewable for additional one-year terms as described in the Lease. The District must take action annually in order to renew the Lease term for another year. If the District fails to take such action, the Lease automatically will be terminated. The District’s decision to terminate its obligations under the Lease will be determined by the failure of the District’s Board to specifically budget and appropriate moneys to pay all Base Rentals and reasonably estimated Additional Rentals for the ensuing Fiscal Year. The General Manager and Chief Executive Officer of the District or other officer of the District at any time charged with the responsibility of formulating budget proposals is directed under the Lease to include in the annual budget proposal submitted to the Board, in any year in which the Lease is in effect, items for all payments required under the Lease for the ensuing Renewal Term until such time, if any, as the District may determine to not renew and terminate the 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, as further provided in the Lease.

Tax Status

In the opinion of Hogan Lovells, US LLP, Special Counsel to the District, to be delivered upon the issuance of the 2023 Certificates, under existing law and assuming compliance by the District with

requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be met subsequent to the issuance of the 2023 Certificates, with which the District has certified, represented and covenanted its compliance, the portion of the Base Rentals which is designated as interest in the Lease and is paid as interest on the 2023 Certificates is excluded from gross income for federal income tax purposes, is not a specific preference item for purposes of the federal alternative minimum tax, and is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws. See “TAX MATTERS” for a more detailed description. See “TAX MATTERS--2023 Certificates.”

Notwithstanding the foregoing, Special Counsel has disclaimed any opinion regarding the tax status of the 2023 Certificates after termination of the Lease. See “CERTAIN RISK FACTORS--Effect of a Termination of the Lease Term,” “TAX MATTERS” and Appendix E.

Professionals

Hogan Lovells US LLP, Denver, Colorado, has acted as Special Counsel to the District in connection with execution and delivery of the 2023 Certificates. Butler Snow LLP, Denver, Colorado, has acted as Disclosure Counsel to the District in connection with the preparation of this Official Statement. The fees of Hogan Lovells US LLP and Butler Snow LLP will be paid only from 2023 Certificate proceeds at closing. Certain legal matters will be passed on for the District by its General Counsel, Melanie J. Snyder. Hilltop Securities Inc., Dallas, Texas, has acted as the municipal advisor to the District (the “Municipal Advisor”) in connection with the issuance of the 2023 Certificates. See “MUNICIPAL ADVISOR.” The District has appointed UMB Bank, n.a., Denver, Colorado, to serve as Trustee. The District’s audited basic financial statements, attached as Appendix A to this Official Statement, have been audited by Plante & Moran, PLLC, certified public accountants, Flint, Michigan, to the extent and for the period indicated in their report thereon. See “INDEPENDENT AUDITORS.” RBC Capital Markets, LLC, has acted as the Senior Manager and Stifel, Nicolaus & Company, Inc. and Wells Fargo Securities, LLC are acting as Co-Managers for the Certificates (the “Underwriters”). See “UNDERWRITING.” Hawkins Delafield & Wood LLP, San Francisco, California, has acted as Underwriters’ Counsel. Certain mathematical computations regarding the Escrow Account (defined below) will be verified by Causey Demgen & Moore P.C., certified public accounts, Denver, Colorado. See “SOURCES AND USES OF FUNDS--The Refunding Project--Verification of Mathematical Computations.”

Continuing Disclosure Agreement

At the time of the closing for the 2023 Certificates, the District will execute a continuing disclosure agreement (the “Continuing Disclosure Agreement”) with Digital Assurance Certification, L.L.C., as dissemination (the “Dissemination Agent”). The Continuing Disclosure Agreement will be executed for the benefit of the beneficial owners of the 2023 Certificates. The Continuing Disclosure Agreement will provide that so long as the 2023 Certificates remain outstanding, the District and/or the Dissemination Agent will provide the following information to the Municipal Securities Rulemaking Board, acting through its Electronic Municipal Market Access (“EMMA”) system: (i) annually, audited financial statements; (ii) annually, certain financial information and operating data; and (iii) notice of the occurrence of certain listed events; all as specified in the Continuing Disclosure Agreement. The form of the Continuing Disclosure Agreement is attached hereto as Appendix D.

Failure by RTD or the Dissemination Agent to comply with the Continuing Disclosure Agreement does not constitute an Event of Default under the Indenture. Nevertheless, such a failure must be reported in accordance with the Continuing Disclosure Agreement and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2023 Certificates in the secondary market. Consequently, such a failure may adversely affect the marketability and liquidity of the 2023 Certificates and their market price.

Continuing disclosure agreements entered into by the District for past issuances require that filings made by the District be linked with related CUSIP numbers. At the time of filing, the 2017 and

2018 audited financial statements and annual financial report were not linked with three CUSIPs for the District's Series 2010A Certificates of Participation. At the time of filing, the District's 2020 and 2021 annual financial reports did not include two tables required to be included with respect to private activity bonds issued in 2020. The District has corrected these issues.

Certain Risks to Owners of the Certificates

Certain factors described in this Official Statement could affect the payment of Base Rentals under the Lease and could affect the market price of the Certificates to an extent that cannot be determined at this time. Each prospective investor should read this Official Statement in its entirety to make an informed investment decision, giving particular attention to the section entitled "CERTAIN RISK FACTORS."

Additional Information

This introduction is only a brief summary of the provisions of the 2023 Certificates, the Indenture, the Lease and other documents described herein; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the Refunding Project, the Leased Property, the District, the 2023 Certificates, the Indenture and the Lease are included in this Official Statement. All references herein to the 2023 Certificates, the Lease, the Indenture and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change without notice.*

Additional information and copies of the documents referred to herein are available from the District or the Municipal Advisor as follows:

Regional Transportation District, Colorado
Attention: Chief Financial Officer
1660 Blake Street BLK-34
Denver, Colorado 80202
Telephone: (303) 299-3036.

Hilltop Securities Inc.
717 N. Harwood St., Suite 3400
Dallas, Texas 75201
Telephone: (214) 953-8875.

CERTAIN RISK FACTORS

Investment in the 2023 Certificates involves certain risks. Each prospective investor in the 2023 Certificates is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below which could affect the payment of rentals under the Lease, could adversely impact the District and could affect the market price or liquidity of the 2023 Certificates to an extent that cannot be determined at this time. The factors set forth below are not intended to provide an exhaustive list of the risks associated with the purchase of the 2023 Certificates and the order of the information presented does not necessarily reflect the relative importance of the various risks and other factors. There can be no assurance the other risk factors will not become material in the future.

Nonappropriation

Prospective purchasers of the 2023 Certificates must look to the ability of the District to pay Base Rentals pursuant to the Lease; such Base Rentals will provide funds for payment of principal and interest on the 2023 Certificates. The District is not obligated to pay Base Rentals or Additional Rentals under the Lease unless funds are budgeted and appropriated for such rentals by the District each year. If, prior to December 31 of each year, the Board does not specifically budget and appropriate amounts sufficient to pay all Base Rentals for the next Fiscal Year, and to pay such Additional Rentals as are estimated to become due for the ensuing Fiscal Year, an “Event of Nonappropriation” occurs. If an Event of Nonappropriation occurs, the District will not be obligated to make payment of the Base Rentals or Additional Rentals which accrue after the last day of the Original or Renewal Term during which such Event of Nonappropriation occurs.

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 2023 Leased Property, and give notice to the District to surrender the 2023 Leased Property as provided in the Lease.

(b) The Trustee may proceed to foreclose through the courts on or otherwise sell, liquidate, repossess or otherwise dispose of the 2023 Leased Property, including sale of the 2023 Leased Property or any portion thereof, or the lease or sublease of the 2023 Leased Property or any portion thereof, and the Trustee may exercise all the rights and remedies of a secured party under the Colorado Uniform Commercial Code; provided however that the Trustee may not recover from the District any deficiency which may exist following the sale, liquidation or other disposition of the 2023 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 retain possession of the 2023 Leased Property; and

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

(d) The Trustee, acting for the Corporation, may take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the 2023 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 moneys in any funds or accounts created thereunder (except the Rebate Fund or any defeasance escrow accounts established under the Indenture).

If any Event of Default under the 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 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 2023 CERTIFICATES – Redemption Provisions – Extraordinary Mandatory Redemption."

Various political, legal and economic factors could lead to the nonappropriation of sufficient funds to make the payments under the Lease, and prospective investors should carefully consider any factors which may influence the budgetary process. There is no assurance that the Board will appropriate sufficient funds to renew the Lease each year and the District has no obligation to do so. In addition, the ability of the District to maintain adequate revenues for its operations and obligations in general (including obligations associated with the Lease) is dependent upon many factors outside the District's control, such as the economy, collections of Sales and changes in law. See "LEGAL MATTERS--Certain Constitutional Limitations," "SECURITY FOR THE 2023 CERTIFICATES," and "DISTRICT FINANCIAL OPERATIONS."

Effect of a Termination of the Lease Term

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, RTD is required to surrender the 2023 Leased Property within 30 days of receiving written notice from the Trustee. 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 2023 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 2023 Certificates and any Additional Certificates, to the extent of such monies. See "THE 2023 CERTIFICATES--Redemption Provisions--Extraordinary Mandatory Redemption."

A potential purchaser of the 2023 Certificates should not assume that the amount of money received by the Trustee upon the exercise of its rights under the Lease and the Indenture after a termination of the Lease Term will be sufficient to pay the aggregate principal amount of the 2023 Certificates then outstanding plus accrued interest thereon. Among other causes, this may be due to the inability to recover certain of the costs incurred in connection with the issuance of the 2023 Certificates.

IF THE CERTIFICATES (INCLUDING ADDITIONAL CERTIFICATES) ARE REDEEMED SUBSEQUENT TO A TERMINATION OF THE LEASE TERM FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF AND ACCRUED INTEREST THEREON, SUCH PARTIAL PAYMENT WILL BE DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE CERTIFICATES PURSUANT TO THE INDENTURE; AND UPON SUCH A

PARTIAL PAYMENT, NO OWNER OF ANY CERTIFICATE WILL HAVE ANY FURTHER CLAIMS FOR PAYMENT UPON THE TRUSTEE, THE CORPORATION OR THE DISTRICT.

No Reserve Fund

The 2023 Certificates are not secured by a Reserve Fund.

Factors that May Cause Insufficiency of Expected Revenues

Economic and Other Factors Beyond the Control of the District. The District is not obligated to pay Base Rentals or Additional Rentals from any particular revenue source, but the District expects to timely pay Base Rentals and Additional Rentals to the extent funds are available and appropriated therefor each year. See “CURRENT SOURCES OF AVAILABLE REVENUE.”

Sales Tax Risk. The Base Rental payments may be paid from the 1.0% Sales Tax and generation of revenues from all sales taxes are closely related to the amount of economic activity in the District. In 2022, approximately 66% of the District’s revenues were derived from 1.0% Sales Tax revenues and in 2023, the District has budgeted 72% 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 “RTD’S DEBT STRUCTURE,” “Statement of Obligations as of June 1, 2023” and “Annual Debt Service Requirements and Amounts Subject to Annual Appropriation.”

Sales Tax revenues are subject to fluctuation, and may be impacted by adverse changes in national and local economic and financial conditions generally, reductions in the rates of employment and economic growth in the District, the State and the region, a decrease in rates of population growth and rates of residential and commercial development in the District, the State and the region and various other factors.

Collections of Sales Tax revenues are also subject to fluctuations in consumer spending. Such fluctuations cause Sales Tax revenues to increase along with the increasing prices brought about by inflation, but also cause collections to be vulnerable to adverse economic conditions and reduced spending. Consequently, the rate of Sales Tax collections can be expected to correspond generally to economic cycles. The District has no control over general economic cycles and is unable to predict what general economic factors or cycles will occur while the 2023 Certificates remain outstanding.

For the ten-year period from period 2013 to 2022, the 1.0% Sales Tax revenues have increased at an average annual rate of approximately 7.1%. The highest percentage of increase during that period was 19.6% from 2020 to 2021; there was a 4.1% decrease in 1.0% Sales Tax Revenues from 2019 to 2020 due to the impacts of the COVID-19 pandemic. Should the economy deteriorate, growth diminish or the current diverse retail market be affected by a change in the economy in the region in any future year, 1.0% Sales Tax revenues could be negatively impacted in the future.

Sales Tax is Subject to Change by General Assembly or by the Voters. RTD is an entity created by statute and its powers are susceptible to changes in statutes enacted by the General Assembly or initiated by the voters. See "RTD--Organization." In particular, because current legislation requires the sales tax imposed by the District to be imposed upon the same transactions or incidents upon which the State imposes a sales tax, with certain exceptions the District is not able to prevent the State from enacting exemptions that would diminish the District's sales tax base. Although in 1983 the General Assembly increased the District's sales tax rate when it enacted new sales tax exemptions and on other occasions has created for the District exceptions to new tax exemptions, the General Assembly also has created tax exemptions that reduced the District's sales tax base and could do so again in the future, adversely affecting the Pledged Revenues. See "RTD."

Constitutional Limitations on 0.6% Sales Tax. As described in “LEGAL MATTERS--Certain Constitutional Limitations,” TABOR (defined herein) limits the amount of 0.6% Sales Tax revenues

that can be collected by the District under certain circumstances. Those revenues are exempt from the limitations of TABOR until certain senior lien sales tax bonds are paid in full; payment in full is expected to occur in December 2024. If the revenues collected from the 0.6% Sales Tax exceed the constitutional limitations, the District may be required to refund revenues rather than use them to pay Base Rentals. See “LEGAL MATTERS--Certain Constitutional Limitations.

Other Factors. Other factors over which the District has no control may impact the collection of the Sales Tax Revenues. These factors include, but are not limited to, the construction of new shopping facilities in areas outside the District which draw residents or internet sales through vendors which do not voluntarily remit sales or use tax revenues.

COVID-19 Impact on Ridership, Fares and Sales Tax Collections. COVID-19 measures implemented in 2020 severely reduced ridership within the District by approximately 70%. In response, RTD suspended the collection of fares and reduced its transit services by approximately 40% to reduce costs and adjust services to the lower demand. RTD reinstated fare collection on July 1, 2020. As of April 30, 2023, year to date ridership has increased by approximately 8.7%, and fare revenue has increased by approximately 0.8%, as compared to the same four-month period in 2022.

The District cannot predict the financial impact of remote and hybrid work arrangements among potential riders within its service area or how those arrangements may affect future revenues. For comparative historical information, see the tables titled “Revenue and Capital Receipts by Source” and “Annual Ridership and Fare Revenue.” RTD’s ridership and fare revenue remain significantly lower than before the COVID-19 pandemic, and it is uncertain when each may begin to recover to prior levels. Although RTD sales and use tax collections have rebounded since the lows experienced in 2020, RTD sales and use tax collections remain volatile and difficult to forecast.

Federal Funding Risk. The District also depends on federal grants and operating assistance as a source of funding. In 2022, approximately 24% of the District’s revenues were derived from federal grants and operating assistance and in 2023, the District has budgeted that 20% of its revenues will come from federal grants and operating assistance. Federal operating assistance in 2022 was about 3.5 times higher than typical due to COVID-19 related grants. See “CURRENT SOURCES OF AVAILABLE REVENUE--Major Revenue Sources.” 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.

Existing Obligations Payable from Legally Available Revenues; Future Bonds and Other Obligations. The District has numerous other obligations outstanding that are serviced from the General Fund. Although Sales Tax revenues are not specifically pledged to these obligations, those revenues comprise the vast majority of revenues that are used to pay debt service on various obligations. See “RTD’S DEBT STRUCTURE” for a description of the obligations payable from legally available revenues.

The District may enter into additional capital leases in the future; if it does so, the rentals due under those leases will also be payable from legally available revenues. Further, the District is authorized to issue bonds secured in whole or in part by its Sales Tax after satisfying all legal conditions. Should the District issue bonds secured by the Sales Tax, debt service on those bonds will be paid prior to any Sales Tax revenues being available to pay Base Rentals or Additional Rentals.

Factors that Could Impact Value of Property if Lease is Terminated

General. The Corporation demises and leases the 2023 Leased Property to the District, and the District leases the 2023 Leased Property from the Corporation, in accordance with the provisions of the Lease. Upon the termination of the Lease due to an Event of Nonappropriation or a Lease Event of Default,

the Trustee will have the right to sell, liquidate, repossess or otherwise dispose of the 2023 Leased Property, including sale of the 2023 Leased Property or any portion thereof, or the lease or sublease of the 2023 Leased Property or any portion thereof. However, a potential purchaser of the 2023 Certificates should not assume that it will be possible for the Trustee to sell, lease or sublease the Leased Property or otherwise dispose of the 2023 Leased Property, or any portion thereof, for an amount equal to the aggregate principal amount of the 2023 Certificates then outstanding plus accrued interest thereon or that such leasing or disposal can be accomplished in time to pay any installment of principal or interest on the 2023 Certificates when due.

Valuation of Property. The valuation of each component of the 2023 Leased Property is based upon its current depreciated book value. The market value of 2023 Leased Property may have fluctuated since the District purchased the 2023 Leased Property and the District will continue to use the 2023 Lease Property to operate the System which may cause the value of the 2023 Leased Property to fluctuate in the future. In any event, the original purchase price of the 2023 Leased Property is an imperfect indicator of the value of the 2023 Leased Property to third parties if an Event of Lease Default or an Event of Nonappropriation occurs because the Trustee may not be able to sell the 2023 Leased Property and the original purchase price may not be indicative of amounts the Trustee may receive in exercising its remedies under the Lease. There is no assurance that the original purchase price of the 2023 Leased Property will continue in the future and there is no guarantee that the Trustee will be able to sublease or otherwise sell or dispose of the 2023 Leased Property in an amount equal to the amount of the outstanding 2023 Certificates.

Enforceability of Remedies; Liquidation Delays

Under the Lease, the Trustee has the right to take possession of and dispose of the 2023 Leased Property upon an Event of Nonappropriation or an Event of Lease Default and a termination of the Lease. However, the enforceability of the Lease is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, and the police powers of the District. Because of the use of a portion of the Leased Property by the District is for the public welfare, a court in any action brought to enforce the remedy of the Trustee to take possession of the Leased Property may delay repossession for an indefinite period, even though the District may have terminated the Lease or be in default thereunder. As long as the Trustee is unable to take possession of the Leased Property or any other projects or property which may subsequently be approved in connection with the issuance of Additional Certificates, it will be unable to sublease or otherwise dispose of its leasehold interests in the 2023 Leased Property as permitted under the Lease and the Indenture or to redeem or pay the 2023 Certificates except from funds otherwise available to the Trustee under the Indenture. See "SECURITY FOR THE 2023 CERTIFICATES."

Effect of Termination on Exemption from Taxation and on Exemption from Registration

Special Counsel has specifically disclaimed any opinion as to the effect which any termination of the District's obligations under the Lease may have upon the treatment for federal income tax purposes or Colorado income tax purposes of any monies received or paid under the Indenture subsequent to such determination.

Insurance Risk

The Lease requires the District to provide casualty and property damage insurance with respect to each portion of the 2023 Leased Property in an amount equal to the full replacement value of such portion of the 2023 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 2023 Leased Property, money made available by reason of any such occurrence will be sufficient to redeem the Certificates at a price equal to the principal amount thereof outstanding plus accrued interest to the redemption date. Although the District believes its casualty insurance coverages are adequate, there is no assurance that such damage or destruction would not have a material adverse effect on the ability of the District to make use of the 2023 Leased Property. Delays

in the receipt of casualty insurance proceeds pertaining to the 2023 Leased Property or delays in the repair, restoration or replacement of property damaged or destroyed also could have an adverse effect upon the ability of the District to make use of the 2023 Leased Property or upon its ability to make timely payment of rental payments under the Lease.

If the District insures against similar risks by self-insurance, the District may, at its election, provide for public liability insurance in connection with the Leased Property partially or wholly by means of an adequate self-insurance fund. Such a self-insurance fund (if established) would likely be funded annually by appropriation, and there is no assurance that such fund will at any time be adequately funded.

Cybersecurity Threats

Computer hacking, cyberattacks, ransomware attacks or other malicious activities could disrupt the District's services or financial operations. Further, security breaches such as leakage, or loss of confidential or proprietary data and failure or disruption of information technology systems could materially and adversely affect the District's reputation, which could lead to significant capital outlays and decreased ridership that insurance may not cover. See "RTD--Cybersecurity."

Future Changes in Laws

Various State laws and constitutional provisions apply to the imposition, collection, and expenditure of sales taxes and other revenues, and the operation of the District. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District and the imposition, collection, and expenditure of its revenues. Such changes could include, but are not limited to, future restrictions on real estate development and growth in the District and State law changes in the items subject to sales taxes or exemptions therefrom.

Effect of Additional Indebtedness and Annual Appropriation Obligations

The District may issue additional bonds secured by Sales Tax 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 2023 Certificates.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and

actual results. Those differences could be material and could impact the availability of Revenues available to pay Base Rentals and Additional Rentals under the Lease.

Secondary Market

No assurance can be given concerning the future existence of a secondary market for the 2023 Certificates or its maintenance by the Initial Purchaser or others, and prospective purchasers of the 2023 Certificates should therefore be prepared to hold their 2023 Certificates to maturity.

SOURCES AND USES OF FUNDS

Sources and Uses of Proceeds

The District expects to apply the proceeds of the 2023 Certificates as shown below:

Sources and Uses of Proceeds

	<u>Amount</u>
<u>Sources of Funds</u>	
Par amount of the 2023 Certificates	
Plus: net original issue premium / (discount)	
Other Available Funds	
Total:	
<u>Uses of Proceeds</u>	
The Refunding Project	
Costs of issuance (including underwriting discount).....	
Total:	

Source: The Municipal Advisor.

The Refunding Project

The Refunding Project. A portion of the proceeds from the 2023 Certificates will be used to refinance all of the District’s Certificates of Participation, Series 2013A (the “2013A Certificates”), maturing on and after June 1, 2024 (the “Refunding Project”). The 2013A Certificates are outstanding in the aggregate principal amount of \$69,745,000. The District also plans to contribute approximately \$[] of cash reserves and an estimated \$[] from reserve fund releases to fully fund the Refunding Project.

To accomplish the Refunding Project, the District will deposit the net proceeds of the 2023 Certificates with the Trustee for deposit to the Base Rentals Fund for the 2013A Certificates. Those funds will be invested in securities that will yield sufficient funds to pay the 2013A Certificates on _____, 2023.

Verification of Mathematical Computations. The accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the Federal Securities and cash deposited with the Trustee to provide for the payment of the principal and interest with respect to the 2013A Certificates when due or upon prior redemption will be verified by Causey Demgen & Moore P.C., certified public accountants, Denver, Colorado.

THE 2023 CERTIFICATES

General

The 2023 Certificates are issuable as fully registered certificates and initially will be registered in the name of “Cede & Co.,” as nominee for DTC, the securities depository for the Certificates. Purchases by Beneficial Owners of the 2023 Certificates are to be made in book-entry only form. Payments to Beneficial Owners are to be made as described in “Book-Entry Only System” and Appendix C. The 2023 Certificates are dated the date of their execution and delivery, and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) from such date to maturity payable semiannually on June 1 and December 1 (each an “Interest Payment Date”), commencing December 1, 2023. The 2023 Certificates mature on the dates and in the amounts and bear interest at the rates set forth on the inside cover page of this Official Statement.

Payment Provisions

The 2023 Certificates are issuable in fully registered form and are initially being registered in the name of Cede & Co., as nominee for DTC, as security depository for the 2023 Certificates (the “Securities Depository”). Purchases by beneficial owners (“Beneficial Owners”) of the 2023 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 2023 Certificates are payable to the registered Owner thereof as shown on the registration records of the Trustee upon maturity or prior redemption at the 2023 office of the Trustee upon presentation and surrender thereof. Interest on the 2023 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.

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 2023 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 2023 Certificates or the delivery to any Participant, Beneficial Owner or any other person of any notice with respect to the 2023 Certificates.

Redemption Provisions

No Optional Redemption. The 2023 Certificates are not subject to optional redemption prior to their respective maturity dates.

Extraordinary Mandatory Redemption. The 2023 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 2023 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 in addition, 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 2023 Certificates or Additional Certificates, if any, and interest thereon, the Trustee may commence proceedings for the sale of the 2023 Leased Property or any portion thereof, the leasing of the 2023 Leased Property or any portion thereof, and the repossession, liquidation or other disposition of the 2023 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 2023 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 and not more than sixty 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 2023 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 2023 Certificates so called for redemption and accrued interest thereon to the redemption date), interest on the 2023 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.

Tax Covenants

In the Lease, the District covenants for the benefit of the Owners of the 2023 Certificates that it will not take any action or omit to take any action with respect to the 2023 Certificates, the proceeds thereof, any other funds of the District or any facilities financed or refinanced with the proceeds of the 2023 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 2023 Certificates to lose its exclusion from gross income for federal income tax purposes under Section 103 of the 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 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 Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the 2023 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, the foregoing covenant shall remain in full force and effect, notwithstanding the payment in full or defeasance of the 2023 Certificates, until the date on which all obligations of the District in fulfilling the above covenant under the Code and Colorado law have been met.

In addition, the District covenants that its direction of investments pursuant to the Indenture shall be in compliance with the procedures established by the Tax Certificate entered into by the District with respect to the Lease (the "Tax Certificate") to the extent required to comply with its covenants described in the previous paragraph. The District further agrees in the Lease 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 payments pursuant to the foregoing sentence shall be Additional Rentals for all purposes of the Lease.

Book-Entry Only System

The 2023 Certificates will be available in book-entry form only in the principal amount of \$5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the 2023 Certificates. The ownership of one fully registered 2023 Certificate for each maturity of each series as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix C--Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2023 CERTIFICATES, REFERENCES IN THIS OFFICIAL STATEMENT TO THE OWNERS OR REGISTERED OWNERS OF THE 2023 CERTIFICATES WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

Neither the District nor the Trustee will have any responsibility or obligation to DTC's Participants or Indirect Participants, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the DTC Participants, the Indirect Participants or the beneficial owners of the 2023 Certificates as further described in Appendix C to this Official Statement.

BASE RENTALS SCHEDULE

The following table sets forth the schedule of Base Rentals due pursuant to the Lease in each year, including the Principal Component and the Interest Component related to the 2023 Certificates.

Schedule of Base Rentals(1)(2)*

<u>Calendar Year</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Base Rentals</u>
2024	\$		
2025			
2026			
2027			
2028			

(1) Totals may not add due to rounding.

(2) The Base Rentals are due semi-annually on May 15 and November 15 of each year that the Lease remains in effect. The Trustee will use the Base Rentals to pay the principal and interest due on the Certificates on June 1 and December 1 of each year.

Source: The Municipal Advisor.

* Subject to change.

SECURITY FOR THE 2023 CERTIFICATES

General

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 and to (1) the 2023 Leased Property, as defined in 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 "APPENDIX F--FORM OF LEASE and "APPENDIX G--FORM OF INDENTURE."

The District may not selectively terminate the Lease as to certain portions of the 2023 Leased Property only. A decision not to renew the Lease would mean the District would lose the use of all of the 2023 Leased Property unless the District exercises its option to purchase the 2023 Leased Property under certain circumstances as provided by the Lease. See "SECURITY FOR THE 2023 CERTIFICATES--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 and Chief Executive Officer 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 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. The 0.4% sales tax is not available to pay Base Rentals as described in "RTD--Powers" and "THE SYSTEM--FasTracks."

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 2023 Leased Property shall terminate and (i) the District is required, within 30 days of receiving written notice from the Trustee, to surrender the 2023 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 2023 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 2023 Leased Property. Trustee may also exercise various

rights and remedies under the Indenture, including, without limitation, the right to sell, liquidate, repossess or otherwise dispose of the 2023 Leased Property or any portion thereof, the right to lease the 2023 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 2023 CERTIFICATES 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 2023 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 2023 CERTIFICATES AND INCOME FROM THE INVESTMENT THEREOF, NET PROCEEDS OF CERTAIN INSURANCE, PERFORMANCE BONDS, NET PROCEEDS RECEIVED AS A CONSEQUENCE OF BREACHES OF WARRANTY OR DEFAULTS UNDER CERTAIN CONTRACTS OR NET PROCEEDS OF LEASING THE 2023 LEASED PROPERTY OR ANY PORTION THEREOF, SALE OF THE 2023 LEASED PROPERTY OR ANY PORTION THEREOF, AND REPOSSESSION, LIQUIDATION OR OTHER DISPOSITION OF THE 2023 LEASED PROPERTY, OR SUCH OTHER FUNDS AS MAY BE HELD THEREFOR UNDER THE INDENTURE, THE 2023 CERTIFICATE, THE ISSUE OF WHICH IT FORMS A PART AND THE INTEREST THEREON 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 THE 2023 CERTIFICATE AND THE INTEREST THEREON 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 2023 LEASED PROPERTY OR ANY PORTION THEREOF, SALE OF THE 2023 LEASED PROPERTY OR ANY PORTION THEREOF, AND REPOSSESSION, LIQUIDATION OR OTHER DISPOSITION OF THE 2023 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 2023 CERTIFICATES OR THE INTEREST THEREON. NO DIRECTOR OR OFFICER OF THE CORPORATION SHALL BE PERSONALLY LIABLE ON THE 2023 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 THE 2023 CERTIFICATE OR THE INTEREST HEREON. SEE "RISK FACTORS."

The Leased Property

General. The 2023 Leased Property, certain of which is being refinanced as part of the Refunding Project, consists of the 18 light rail vehicles that comprised a portion of the 2013A Leased Property, 30 light rail vehicles the District owns free and clear of all liens, and any other property that is

subject to the Lease as it may be amended from time to time or supplemented, and any property acquired in replacement or substitution therefor pursuant to the provisions of the Lease. The Lease is subject to annual renewal by RTD and cannot be renewed in part or only with respect to certain assets.

Light Rail Vehicle Portion of the Leased Property. The 48 light rail vehicles are compatible with and currently operating as part of RTD's current fleet of 201 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.

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, or the total principal amount of 2023 Certificates paid or deemed paid under the Indenture, equals certain amounts set forth in Exhibit C to the Lease, the cost of the corresponding portions of the 2023 Leased Property set forth in such Exhibit (or of any property substituted for such portion of the 2023 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.

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 2023 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 2023 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 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 2023 Leased Property proposed to be released from the Lease and the Indenture, or, in the alternative, the fair market value of the 2023 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 the Lease and the Indenture and any other documents necessary to subject any Replacement Property to be substituted for the portion of the 2023 Leased Property to be released to the lien of the Indenture.

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 F-FORM OF LEASE" and "APPENDIX G-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 elect, on any date, to prepay Base Rentals, terminate the Lease, and purchase the Leased Property by payment of the 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 2023 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.

Base Rentals Fund

Each 2023 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 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 monies transferred to the Interest Account of the Base Rentals Fund from the Project Fund or the Rebate 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 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 monies transferred to the Principal Account of the Base Rentals Fund from the Project Fund pursuant to the Indenture; and (iii) 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.

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 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.

Each of the Additional Certificates executed and delivered pursuant to the Indenture 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 2023 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.

CURRENT SOURCES OF AVAILABLE REVENUE

General

Although no particular funds or sources of revenue are pledged to make payments under the Lease, the District currently intends to budget, appropriate and pay the Base Rentals (and Additional Rentals, if any) allocable to the 2023 Certificates from its Sales Tax collections and passenger fares. Notwithstanding the foregoing, such Base Rentals and Additional Rentals may be budgeted, appropriated and paid from any of the District’s available funds in the future.

The District’s overall financial operations, budgeting process and information and historical General Fund financial statement comparisons are discussed in “DISTRICT FINANCIAL OPERATIONS.”

Major Revenue Sources

According to its audited financial statements for the year ended December 31, 2022, RTD derived 66.3% of its combined operating and non-operating income from Sales Tax Revenues, 1.2% from capital grants and local contributions, 6.1% from operating revenues, 23.8% from federal operating assistance and 2.7% from other sources.

The following table summarizes certain information relating to RTD’s primary sources of revenue and capital receipts, including Sales Tax Revenues, for the years 2010 to 2022:

Revenue and Capital Receipts by Source (\$000’s)⁽¹⁾

<u>Year</u>	<u>Operating Revenues⁽²⁾</u>	<u>Sales Tax Revenues</u>	<u>Federal Operating Assistance</u>	<u>Investment Income</u>	<u>Other⁽⁴⁾</u>	<u>Total Revenue</u>	<u>Federal Capital Grants</u>	<u>Local Capital Contributions</u>	<u>Total Revenue and Capital Receipts</u>
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
2019	160,943	659,418	86,263	17,669	26,582	950,875	116,303	8,194	1,075,372
2020	82,448	632,665	316,848	8,965	10,397	1,052,232	66,215	29,962	1,147,500
2021	83,120	756,974	299,052	2,401	11,998	1,153,545	15,739	1,430	1,170,714
2022	77,999	855,146	307,042	(1,004)	34,370	1,273,553	12,490	3,156	1,289,199
2022 % ⁽³⁾	6.1%	66.3%	23.8%	(0.1)%	2.7%	98.8%	1.0%	0.2%	100.0%

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

⁽²⁾ Comprised almost entirely of passenger fare revenues and advertising revenues.

⁽³⁾ Represents 2022 percentage of Total Revenue and Capital Receipts.

⁽⁴⁾ 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, Annual Comprehensive Financial Report in Appendix B hereto.

Source: District ACFR for the years ended December 31, 2010-2022.

Fare Structure

Passenger fare revenues are derived from fares charged to the users of the 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 District’s Mid-Term Financial Plan assumes future fare increases every three years corresponding to the projected increase in the Denver-Boulder Consumer Price Index.

In the fall of 2022, the Board approved revised fares and changes in fare structure that took effect in 2023 as set forth in the tables below and which provided enhanced revenues and modified certain fare offerings.

Fares as of January 1, 2023

	Three-Hour Fare	Day Pass	Monthly Pass	Senior⁽¹⁾/ Disabled Fare	Youth Fare
Mall Shuttle	Free	Free	Free	Free	Free
Local – Bus and Rail	\$ 3.00	\$ 6.00	\$114.00	50% Discount	70% Discount
Regional – Bus and Rail	5.25	10.50	200.00	50% Discount	70% Discount
Airport	10.50	--	--	50% Discount	70% Discount

⁽¹⁾ Seniors include age 65 and older.

Source: The District

LiVe Fare Program as of January 21, 2023⁽¹⁾

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

⁽¹⁾ LiVe fares offer a 40% discount from full fares for those meeting certain household income requirements.

Source: The District

The District completed a fare study and equity analysis that evaluated reducing fare prices, simplifying the fare structure and expanding the categories of riders who receive free service. [Butler Snow will update this paragraph after the Finance Committee and Board vote on changes, if done prior to posting.]

The following table summarizes RTD’s ridership and fare revenue for the years 2010 to 2022, and for 2023 through April 30, 2023:

Annual Ridership and Fare Revenue (\$000’s)

Year	Revenue Boardings⁽¹⁾	Fare Revenue	Percent Change in Fare Revenue
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 ⁽²⁾	88,982	134,622	11.7
2017	87,823	140,217	4.2
2018	95,114	143,231	2.1
2019	95,041	154,390	7.8
2020	48,878	76,265	(50.6)
2021	48,172	78,923	3.5
2022	57,803	75,292	(4.6)
2023 (3)	19,223	24,397	--

(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 A Line opened in April 2016, and the B Line opened in July 2016.

(3) Through April 30, 2023. The revenue boardings reflect a 5.4% decrease from the same period in the prior year and fare revenue represents a 0.8% increase.

Source: District Annual Comprehensive Financial Reports for the fiscal years ended December 31, 2010-2022, and unaudited information from the District for 2023.

Advertising and Ancillary Revenues

RTD receives additional operating revenue from advertising on its buses and trains and 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.

The following table shows RTD's advertising income and ancillary non-operating revenues for the years 2010 to 2022, and for 2023 through April 30, 2023:

Advertising and Ancillary Revenues (\$000's)

<u>Year</u>	<u>Advertising Revenue</u>	<u>Ancillary Revenues</u>
2010	\$3,301	\$2,892
2011	3,992	2,528
2012	3,524	2,214
2013	2,924	20,123 ⁽¹⁾
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
2019	4,482	2,071
2020	4,484	1,699
2021	1,135	3,062
2022	86	2,621
2023 YTD ⁽²⁾	1,800	666

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

(2) Through April 30, 2023.

Source: District Annual Comprehensive Financial Reports for the fiscal years ended December 31, 2010-2022, and unaudited information from the District for 2023.

Federal Funding

RTD is a designated recipient of federal funds from the Federal Transit Administration (“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 2010 to 2022, and through April 30, 2023:

Federal & Local Grant Receipts (\$000’s)

Year	Federal Capital	Local Contributions	Grant Operating Assistance
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
2019	116,303	8,194	86,263
2020	64,079	29,954	311,848
2021	15,739	1,430	284,604
2022	4,983	3,156	307,042
2023 YTD (1)	--	--	98,516

(1) Through April 30, 2023. Beginning in 2020, RTD received federal funding from the CARES Act, CRRSAA and ARPA. RTD submitted draw requests for the final remaining available apportionments totaling \$792.9 million in May 2023 and has received all COVID-19 relief grant funding as of June 2023.

Source: District Annual Comprehensive Financial Reports for the fiscal years ended December 31, 2010-2022 and unaudited information from the District for 2023.

Beginning in 2020, RTD was apportioned federal COVID-19 relief grant funding through the Coronavirus, Aid, Relief and Economic Security (CARES) Act, followed by 2021 COVID-19 relief grant apportionments through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and, subsequently, another federal COVID-19 relief grant apportionment through the American Rescue Plan Act (ARPA). RTD submitted draw requests for the final remaining available apportionments totaling \$792.9 million in May 2023 and has received all COVID-19 relief grant funding as of June 2023.

As a condition of receipt of FTA grants, RTD is typically required to augment these grants with certain amounts of its own locally generated funds. As of December 31, 2022, RTD had a commitment to provide \$72,585,000 in local funds in order to receive \$172,344,000 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), the amount payable in federal fiscal year 2017 was reduced by 6.9% (\$608,676), 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), the amount payable in federal fiscal year 2020 was reduced by 5.9% (\$520,462) and the amount payable in federal fiscal year 2021 is to be reduced by 5.7% (\$502,820). The RTD annual operating assistance grants of approximately \$307.0 million in 2022 were exempt from sequestration. While the RTD Full Funding Grant Agreements (“FFGAs”), are subject to sequestration, RTD has received all but approximately \$40 million which remains to be drawn. 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.

Cost Reduction Measures. RTD has reduced costs in response to impacts from the COVID-19 impacts primarily through implementation of a System Optimization Plan which has adjusted service levels and supporting costs to align with demand. RTD modifies its service plan three times annually, or more frequently if necessary, to adjust to changing travel patterns and ridership demand.

Investment Income

For the year ended December 31, 2022, RTD had unrealized investment losses in the amount of \$(1,004,000) which was caused by the District marking its bonds and investments to market during the current rising interest rate environment. For the year ended December 31, 2022, RTD earned investment income in the amount of \$2,401,000. See the table titled “Revenue and Capital Receipts by Source” for further information.

Collection and Enforcement of the District Sales Tax

The following discussion includes information with respect to the imposition, collection and administration of the District’s Sales Tax.

General. Pursuant the Regional Transportation District Act, Section 32-9-101 et seq., Colorado Revised Statutes, as amended (the “Act”), in September 1973, District voters authorized RTD to issue bonds for the purpose of developing a public multi-modal mass transportation system for RTD, such bonds to be payable from District-wide sales taxes imposed at the rate of 0.5% upon every taxable transaction. Effective May 1, 1983, after the State General Assembly eliminated food and utilities from the sales tax base of RTD, the Act was amended to empower RTD to impose the sales tax at the rate of 0.6% throughout the District. At the 2004 Election, District voters approved a ballot measure authorizing RTD to increase the rate of the 0.6% Sales Tax by 0.4%, up to a total of 1.0% in connection with financing FasTracks. See “THE SYSTEM--FasTracks.” The sales tax and use tax imposed by RTD are collectively referred to herein as the “Sales Tax.”

The Sales Tax, which has been imposed and collected in the District since January 1, 1974, is imposed upon every transaction or other incident with respect to which the State imposes a sales tax. Reference is made to Article 26 of Title 39, Colorado Revised Statutes, as amended (the “Sales Tax Act”) for a complete description of the transactions subject to or exempt from the State sales tax. The sales tax must be collected at the time of the transaction. One exception to the sales tax being collected at the time of sale applies to the purchase of used automobiles from private parties. If the buyer and seller both live within the District, the sales tax is collected by the county motor vehicle registrar in the county in which the buyer resides at the time that the vehicle is registered and remitted to RTD. If one party lives within the District and one or more parties live outside the District, no sales tax is collected, but a use tax will be collected by the county motor vehicle registrar in the county in which the buyer resides at the time the vehicle is registered and remitted to RTD. For discussion about the boundaries of the District in which the Sales Tax is levied, see “RTD.”

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

Manner of Collection of the Sales Tax. The collection, administration and enforcement of the District's Sales Tax are performed by the Executive Director of the Department of Revenue (the "Executive Director") in the same manner as the collection, administration and enforcement of the State sales tax. Legislation enacted in 1987 requires the Executive Director to charge RTD for the cost of collection, administration and enforcement after crediting RTD with interest earnings on amounts collected.

Any person engaged in the business of selling at retail must obtain a license therefor from the State. The State license is in force and effect until December 31 of the year following the year in which it is issued. Each individual vendor in the District is liable for the amount of tax due on all taxable sales made by such vendor. Before the twentieth day of each month, a vendor, if reporting monthly, must make a return and remit the amount due for the preceding calendar month to the Executive Director. Some small businesses are permitted to remit sales tax collections quarterly. The Executive Director may extend the time for making a return and paying the taxes due. A vendor is entitled to withhold an amount equal to 3.33% of the total amount to be remitted to the Executive Director each month in order to cover the vendor's expenses. If any vendor is delinquent in remitting the tax, other than in unusual circumstances shown to the satisfaction of the Executive Director, the vendor will not be allowed to retain any amounts to cover the vendor's expenses.

The Executive Director is required to furnish the District a monthly listing of all returns filed by retailers in the District. The District must notify the Executive Director within 90 days of any retailers omitted from the listing or thereafter will be precluded from making any further claims based upon such omission. The District receives sales taxes so collected in the form of monthly distributions made to the District by the Executive Director. Historically, RTD has received Sales Tax proceeds on or about the fifth business day of the second month following receipt thereof by the State Department of Revenue. The District has assigned its rights to receive the 0.6% Sales Tax revenues and 0.4% Sales Tax revenues to the Trustee for the Senior Debt and the Trustee, respectively. See "RTD'S DEBT STRUCTURE."

Manner of Collection of the Use Tax. Motor vehicles are registered by the county where its owner resides. Consequently, the motor vehicle use tax is collected by each county within the District during its licensing process and is then remitted to the District periodically pursuant to agreements entered into between such counties, the District and the Executive Director. Other use taxes are collected by the State Department of Revenue and distributed to the District on a monthly basis.

Overlapping Sales Taxes. Certain counties, municipalities and special districts located within the District also impose sales taxes. A statutorily created special district, the Scientific and Cultural Facilities District, covers generally the same geographical area as RTD and is empowered to levy a 0.1% sales tax. The total sales tax levy in the District, including the State sales tax, RTD Sales Tax and any locally imposed sales tax, ranges from 4.00% in Weld County to 9.25% in the City of Commerce City.

Penalties for Failure to Pay Sales Tax; Remedies. Failure by a retailer to pay the appropriate sales taxes collected is punishable pursuant to State law. A statutorily prescribed rate of interest is due on deficiencies from the first date prescribed for payment. Any vendor receiving a deficiency notice regarding the payment of sales taxes to the District has the right to request the Executive Director to conduct a hearing on the deficiency, and may thereafter appeal the decision to the district court. Conviction of a violation of any of the State's sales tax statutory provisions is punishable by a fine of no more than \$300, or imprisonment for no more than 90 days, or both. Violations also are subject to prosecution and punishment by the State for the violation of State law.

Further, if any part of the deficiency is due to negligence or intentional disregard of the regulations with knowledge thereof, but without intent to defraud, 10% of the total amount of the deficiency, plus interest, is to be added to the amount due. If the deficiency is due to fraud with intent to evade the tax, 100% of the total amount of the deficiency is to be added to the amount due, with an additional 3% per month added from the date the return was due until paid. In both instances, the additional amount and interest become due and payable 10 days after written notice and demand by the Executive Director.

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

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

History of Sales and Use Tax Collections. The following table sets forth a history of District’s Tax collections for the past five years. Not all of the Sales Tax revenues depicted in the table below are available to pay Base Rentals under the Lease.

History of Sales Tax Collections (\$000’s)

<u>Year</u>	<u>0.6% Sales Tax Collections</u>	<u>0.4% Sales Tax Collections</u>	<u>Total Sales Tax Collections</u>	<u>Percent Change</u>
2018	\$380,515	\$253,677	\$634,192	--
2019	395,651	263,767	659,418	4.0%
2020 ⁽¹⁾	379,599	253,066	632,665	(4.1)
2021	454,184	302,790	756,974	19.7
2022	513,088	342,058	855,146	13.0
2023 ⁽²⁾	159,818	106,545	266,364	--

(1) Sales tax revenues declined between 2019 and 2020 due to the impacts of the COVID-19 pandemic.

(2) 2023 collections through April 30, 2023. The total Sales Tax collections represent a 3.6% increase over the same period in the prior year.

Source: District Annual Comprehensive Financial Reports for the fiscal years ended December 31, 2018-2022 and unaudited information from the District for 2023.

Principal Sales Tax Generators. The following table sets forth broad categories of Sales Tax generators in the District in 2022, based on type of business. Because of the confidential nature of the gross sales of such entities, the vendors’ identities cannot be divulged under penalty of law. The District expects that the following Sales Tax generators will remain substantially the same for 2023.

In the aggregate, the 20 largest retail sales taxpayers in the District accounted for 24.6% of Sales Tax Revenues through December 31, 2022, equal to \$196,213,890.

Categories of Sales Tax Generators – 2022

<u>Type of Business</u>	<u>Percent of Total Collections</u>
Other (1)	34.6%
Food Services and Drinking Places	18.8
Motor Vehicle and Parts Dealers	13.0
Merchant Wholesalers, Durable Goods	9.1
Building Materials and Garden	6.4
Rental and Leasing Services	5.5
Accommodation	5.2
Utilities	3.9
Miscellaneous Store Retailers	2.1
Telecommunications	0.7
Furniture and Home Furnishing Stores	0.6
Total	100%

(1) This category include sales taxes collected from sales of medical and recreational marijuana [additional detail to come].

Source: The District.

History of RTD’s General Fund Revenues, Expenditures and Changes in Fund Balances

The following table provides a comparative history of revenues, expenditures and changes in fund balance in the District’s General Fund for fiscal years 2018 through 2022. The information in this table has been derived from the audited financial information presented in the District’s Annual Comprehensive Financial Report (“ACFR”) for 2018-2022. The information should be read together with the District’s fiscal year 2022 basic financial statements (and accompanying notes) appearing in Appendix A. Financial statements for preceding years may be obtained from the sources noted in “INTRODUCTION--Additional Information.”

Prospective investors should be aware that the 2023 Certificates are payable solely from the Trust Estate. Inclusion of the following material is for informational purposes only and does not imply that the 2023 Certificates constitute a general obligation of the District or a lien on any District revenues. *No specific fund or source of revenue is being pledged to pay debt service on the 2023 Certificates. The District has other obligations payable from legally available revenues. See “RTD’S DEBT STRUCTURE.” In addition, the District may use legally available revenues for the payment of other District obligations as described in “CERTAIN RISK FACTORS--Nonappropriation; Factors that May Cause Insufficiency of Expected Revenues.”*

Summary of Statement of Revenue, Expenses and Changes in Net Position (\$000's)⁽¹⁾

	Years ended December 31				
	2018	2019	2020	2021	2022
Operating Revenues:					
Passenger Fares	\$143,231	\$154,390	\$76,265	\$78,923	\$75,292
Other	<u>7,535</u>	<u>6,553</u>	<u>6,183</u>	<u>4,197</u>	<u>2,707</u>
Total Operating Revenues	150,766	160,943	82,448	83,120	77,999
Operating Expenses:					
Salaries, wages, fringe benefits	236,892	251,074	248,595	246,125	332,539
Materials and supplies	51,335	54,983	42,108	39,569	43,820
Services	81,189	96,085	84,673	74,328	82,633
Utilities	16,419	17,823	16,206	17,512	18,434
Insurance	9,941	10,833	10,186	10,104	13,221
Purchased transportation	176,416	203,559	203,964	174,747	196,016
Leases and rentals	1,996	3,204	3,397	1,643	1,540
Miscellaneous	<u>4,317</u>	<u>5,053</u>	<u>2,546</u>	<u>2,213</u>	<u>3,263</u>
Total Operating Expenses	578,505	642,614	611,675	566,241	691,466
Operating loss before depreciation	(427,739)	(481,671)	(529,227)	(483,121)	(613,467)
Depreciation	<u>285,653</u>	<u>355,417</u>	<u>339,833</u>	<u>343,167</u>	<u>358,207</u>
Operating Loss	(713,392)	(837,088)	(869,060)	(826,288)	(971,674)
Nonoperating Income (expense):					
Sales and use tax revenues	634,192	659,418	632,665	756,974	855,146
Grant operating assistance	86,403	86,263	316,848	299,052	307,042
Interest income	13,409	17,669	8,965	2,401	(1,004)
Other income	12,618	26,582	10,397	11,998	34,370
Gain/loss capital assets	(1,449)	(2,452)	(3,822)	(6,787)	(5,121)
Interest expense	(62,770)	(200,845)	(167,055)	(154,096)	(138,337)
Other expense/Unrealized loss	<u>(16)</u>	<u>(672)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Nonoperating Income	682,387	585,963	797,998	909,542	1,052,096
Net income before capital grants and local contributions	(31,005)	(251,125)	(71,062)	83,254	80,422
Capital grants and local contributions	<u>81,002</u>	<u>124,497</u>	<u>96,177</u>	<u>17,169</u>	<u>15,646</u>
Increase in Net Position	49,997	(126,628)	25,115	100,423	96,068
Net Position, Beginning of Year (as previously reported)	3,413,509	3,463,506	3,336,878	3,361,993	3,462,416
Net Position at End of Year	\$3,463,506	\$3,336,878	\$3,361,993	\$3,462,416	\$3,558,484

⁽¹⁾ Financial data is from the District Annual Comprehensive Financial Reports for the fiscal years ended December 31, 2018-2022.

RTD's Budget Summary and Comparison

General. Set forth below is a comparison of the District's budgets for 2022 and 2023, compared to actual, interim results for 2022 and 2023. The table below is presented in budgetary format and is not intended to conform to generally accepted accounting principles.

Budget to Actual Comparison of Revenues and Expenses (\$000's)

	2022 Amended Budget	2022 Actual Thru 4/30/2023	2023 Budget	2023 Actual Thru 4/30/2023
Operating Revenues:				
Passenger fares	\$98,179	\$24,199	\$89,515	\$24,397
Other	<u>8,353</u>	<u>2,461</u>	<u>8,400</u>	<u>2,466</u>
Total operating revenues	106,532	26,660	97,915	26,863
Operating Expenses:				
Salaries, wages, fringe benefits	319,700	98,797	350,927	\$123,861
Materials and supplies	55,231	13,231	53,446	17,658
Services	147,358	21,484	140,425	23,813
Utilities	19,719	4,589	19,432	6,291
Insurance	13,120	4,512	14,700	3,498
Purchased transportation	207,773	62,905	223,696	70,683
Leases and rentals	4,555	1,001	3,356	491
Miscellaneous	<u>3,810</u>	<u>1,200</u>	<u>10,456</u>	<u>1,476</u>
Total Operating Expenditures (excluding depreciation)	<u>771,266</u>	<u>207,719</u>	<u>816,438</u>	<u>247,771</u>
Operating Loss	(664,734)	(181,059)	(718,523)	(220,908)
Nonoperating revenue (expense):				
Sales and Use Tax	799,024	257,039	852,827	266,363
Grant operating assistance	209,494	90,413	157,704	98,516
Investment income	--	(6,681)	10,000	20,238
Other income	--	3,983	--	4,241
Gain/loss on capital assets	--	4	--	31
Interest expense	(153,844)	(48,903)	(140,933)	(45,464)
Other expense	<u>(7)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Nonoperating Revenue	854,667	295,855	879,598	343,925
Capital Outlay:				
Capital expenses	643,556	6,132	643,829	15,415
Less capital grants	<u>--</u>	<u>(4,457)</u>	<u>--</u>	<u>--</u>
	643,556	1,675	643,829	15,415
Long-term debt principal payment	<u>81,324</u>	<u>--</u>	<u>84,827</u>	<u>--</u>
Excess (deficit) of revenue and non-operating income over (under) expenses, capital outlay and debt principal payments	<u>\$(534,947)</u>	<u>\$113,121</u>	<u>\$(567,581)</u>	<u>\$107,602</u>

Source: The District.

Management's Discussion of Fiscal Year 2023 Budget

General. The Fiscal Year 2021 Budget of RTD adopted by the Board in November 2022 (the "2023 Budget") is available at <https://www.rtd-denver.com/sites/default/files/files/2022-11/2023-RTD-Budget-Final.pdf>.

For 2023, the operating expense budget is \$816.4 million, of which \$28.9 million is carryforward from 2022 into 2023. New capital is \$75.9 million and capital carry forward of \$568.0 million for a total capital budget of \$643.9 million. Debt service is \$225.8 million and reserves are \$516.4 million for a total appropriation of \$2,202 million.

RTD will present an amended budget to the Board in July 2023. The amended budget primarily involves modifications to revenues and expenses to allow for new information and adjustments to certain expense line items to accommodate changes since initial approval of the 2023 budget. The amended budget seeks to align actual experience and new efforts in accordance with budgetary controls. Each modification is primarily related to operation needs with no significant new initiatives included. [This paragraph will be updated prior to posting]

Overview. The 2023 Budget focuses on the Strategic Priorities of the Board-adopted 2021-2026 Strategic Plan. As a result, funding appropriations are aligned in a manner to direct efforts towards achieving the desired success outcomes as measured by specific metrics.

Revenues. RTD's sources of recurring revenue, in descending order of size, are sales and use taxes, fares, federal operating grants and miscellaneous revenue from advertising, investment income and rent. Historically, RTD has also been the recipient of one-time revenues from federal capital grants, federal COVID-19 relief funding, local contributions and land sales. RTD does not budget or forecast one-time revenues unless certainty exists.

Revenue assumptions for the 2023 Budget include the following:

- Fare revenue has been adjusted downward from 2022 expectations due to lower ridership. The 2022 Budget anticipated a gradual, modest return of ridership due to increased in-person participation at universities and anticipated return-to-work requirements during the emergence from the COVID Pandemic. While ridership has recovered from its nadir of 30% of pre-COVID levels to approximately 60% currently, it has fallen short of the 2022 expectations of a gradual return to 85% of pre-COVID levels. As a result, the 2023 Budget reflects a 1.4% increase in ridership in 2023 that will drive fare revenue. In a September 2022 report, Standard and Poor's predicts that public transportation ridership will only return to 75% of pre-pandemic levels by 2025.
- Sales and use tax projections were provided by the University of Colorado Leeds School of Business (CU Leeds) in August 2022 and presented to the RTD Board in September 2022. Based on Moody's economic forecasts, the CU Leeds forecast model predicts that tax collections will increase 2.2% in 2023 vs. 2022 primarily driven by continued high employment, population growth and real GDP growth in the Denver metro area. In addition, inflation is pushing prices upward resulting in growing tax collections which is somewhat tempered by an expected modest decrease in spending. The RTD forecast aligns with the statewide expectations from the Colorado Legislative Council (CLC) and Office of State Budgeting and Planning (OSPB).
- Operating grants of \$141.7 million, primarily from the FTA, are a recurring revenue stream to RTD. These grant apportionments are based upon financial and statistical data that RTD submits to the National Transit Database (NTD). The FTA has agreed to apportion amounts based on prior year NTD submissions excluding COVID-19 impacts and the Infrastructure Investment and Jobs Act (IUA)/Bipartisan Infrastructure Law (BIL) increases the annual apportionment to RTD approximately 30% in 2023 which is the equivalent of \$27 million. These increased apportionments are scheduled to continue through 2026.
- COVID-19 relief grants are anticipated to be fully drawn by the end of 2022. This additional grant funding combined with strong sales and use taxes has contributed to an unprecedented balance of over \$1 billion in cash and investments as well as substantial reserves which, along with higher interest rates, will generate additional investment income in 2023. These significant cash and investment balances are earmarked for state of good repair needs and maintaining fund balances in accordance with the RTD Fiscal Policy.

- Other revenue includes recurring revenue of \$16 million which consists primarily of a federal Build America Bonds (BAB) interest rate subsidy and advertising revenues.
- Interest income of \$10 million is planned for 2023 with higher interest yields on higher reserve balances.

Expenditures Generally. RTD's largest expenditure is core business service delivery. These costs include compensation, materials and supplies, contracted services, insurance, utilities and other such expenses. RTD also has a significant debt burden primarily from capital expansion projects as well as obligations issued to finance the purchase of rolling stock. RTD has completed two refinancings in the past year to realize interest savings and reduce the debt burden. Furthermore, RTD has ongoing asset management needs that average approximately \$120 million annually. Asset management needs can fluctuate significantly by year when, for example, a single year includes a large purchase such as fleet replacements. The 2023 Proposed Budget contemplates these periodic needs through building Capital Replacement Fund reserves until needed. RTD has the ability to fund these purchases with cash, rather than more expensive lease-purchases that have been utilized in the past, and has budgeted and forecasted accordingly.

Expenditure assumptions for the 2023 Budget include:

- Salaries and wages assume full staffing to provide service levels in accordance with the System Optimization Plan (SOP). While it is anticipated that the job market will remain competitive and will prolong RTD's ability to attract and maintain full staffing levels, funding has been made available in these appropriations. In addition, the Collective Bargaining Agreement (CBA) includes wage increases with provisions for incentive pay for represented employees until such time that adequate staffing levels are achieved. The compensation increases in 2023 are primarily driven by annual increases and additional RTD police officers, which is partially offset by the decrease in contracted security services included in outside services.
- Materials and supplies consist of consumable items such as fuel, fluids and parts. Diesel fuel purchases have been contracted at \$2.94 per gallon for 7 million gallons, up from \$2.30 per gallon in 2022. Contracting fuel purchases provides budget certainty, particularly in the volatile fuel pricing environment. Diesel and gasoline expenses typically account for 2% of operating expenses and the increases will add approximately \$4.5 million to these costs in 2023. This increase in cost is offset by lower fuel usage cost savings in 2022 that will fall to the fund balance as well as a decrease in budgeted parts costs resulting from lower trends, supply chain constraints and increased focus on utilization of parts inventory
- Services consist of contracted specialties within IT, legal and the security realm. Additionally, these expenses contain inflationary increases which are offset by reductions resulting in a \$6.1 million decrease in 2023. The majority of the decrease is due to lower anticipated project activity as well as a reduction in contracted security needs which will be replaced with RTD police officers. Project activity is expected to be lower in alignment with current experience as well as people power and supply chain challenges.
- Other expenses primarily contain expenditures for insurance, utilities and purchased transportation and, to a lesser degree, various minor business expenses. The 2023 Budget identifies spending for various programs. All other discretionary spending will continue to be limited

Debt Service Expenditures. Debt service represents a significant portion of RTD's annual expenditures. Debt service consists of principal and interest payments on bonds, certificates of participation and lease-purchase agreements. Debt service payments for 2023 were budgeted to be \$225.8 million, down

from \$235.2 million in 2022 as a result of refinancings for interest savings. This decrease does not include the proposed tender or refunding of the 2019A/2021A Bonds. The Senior Bond payments will expire in 2024, at which point, the 0.6% Sales Tax revenues will be subject to the limitations of TABOR. The Board has convened an ad hoc committee in 2023 to continue to investigate options to mitigate the impact of these limitations.

Fund Balance and Reserves. Budgeted fund balances (reserves) meet the District's 2023 Fiscal Policy targets. The fund balances discussed above will change subsequent to the financial close-out of 2022 and completion of the 2022 financial audit. The budget does not include the following items which are expected to be paid from reserves: \$15 million to the City and County of Denver (CCD) to return remaining Eagle P3 project contingency that was advanced to RTD through an intergovernmental agreement; 50% of the Railroad Rehabilitation and Improvement Financing (RRIF) loan credit risk premium.

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.

Prior to January 1, 2005, the District imposed the 0.6% Sales Tax. At an election held in November 2004, voters in the District approved a ballot question allowing for an additional 0.4% Sales Tax effective and also authorized RTD to issue additional debt obligations to finance 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 Tax rate will be reduced to a rate sufficient to operate the transit system financed through FasTracks, but not below 0.6%.

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 “CURRENT SOURCES OF AVAILABLE REVENUE--Major Revenue Sources” and “LEGAL MATTERS--Certain Constitutional 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 “LEGAL MATTERS--Certain Constitutional 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:

<u>Name</u>	<u>Director District</u>	<u>Expiration of Present Term (December 31)</u>	<u>Occupation</u>
Lynn Guissing, Chair	District O	2026	Small Business Owner
Margaret “Peggy” Catlin, First Vice Chair	District N	2026	Small Business Owner
Erik Davidson, Second Vice Chair	District I	2024	Small Business Owner
Bobby Dishell, Treasurer	District D	2024	Attorney
Marjorie Sloan, Secretary	District M	2024	Attorney (Inactive)
Kate Williams	District A	2024	Non-Profit Professional
JoyAnn Ruscha	District B	2026	Non-Profit Professional
Michael Guzman	District C	2026	Coffee Master

Paul Rosenthal	District E	2024	Local Government Professional
Bob Broom	District F	2024	Retired Investment Banker
Julien Bouquet	District G	2024	Educator
Doug Tisdale	District H	2024	Attorney
Vince Buzek	District J	2026	Attorney
Troy Whitmore	District K	2026	Public Affairs Officer
Ian Harwick	District L	2026	Local Government 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:

Ms. Debra A. Johnson – General Manager and Chief Executive Officer. Ms. Johnson was selected as General Manager and Chief Executive Officer of RTD by the Board on August 25, 2020, and began her contract in November 2020. She is responsible for RTD’s budget, capital projects, and service delivery, which include bus, light rail, and commuter rail options across the Denver metro region. Ms. Johnson joined RTD from Long Beach Transit, where she served as Deputy CEO of the Southern California agency from May 2014 to October 2020. Prior to that, Ms. Johnson held executive positions at the Los Angeles County Metropolitan Transportation Authority, the San Francisco Municipal Transportation Agency, and Washington Metropolitan Area Transit Authority. She moved into public sector service after beginning her transportation career in the private sector in the Bay Area. Ms. Johnson holds a Master of Arts in public administration from California State University Hayward (now CSU East Bay) and a Bachelor of Arts in international relations from the University of California Davis. She is an alumna of civic leadership programs in San Francisco and Long Beach, as well as the Eno Center for Transportation’s Executive Development Program. Ms. Johnson’s leadership and work have been recognized with several recent honors. In 2019, she received a Women In Action Award from the Los Angeles African American Women’s Public Policy Institute and a Women Who Move the Nation award from Conference of Minority Transportation Officials (“COMTO”). The Greater Los Angeles African American Chamber of Commerce honored Ms. Johnson with a community service award in 2017. In 2016, she was given a Women Leading the Way Leadership Award from Upgrade LA and an Outstanding Transportation Executive Leadership Award from COMTO’s Southern California chapter. From 2019 through 2021, Ms. Johnson served on the American Public Transportation Association (“APTA”) Emerging Leaders Committee and she is a board member of the American Public Transportation Foundation.

Mr. Doug MacLeod – Chief Financial Officer. Mr. MacLeod was appointed as the Chief Financial Officer on April 15, 2021, after having served as the Acting Chief Financial Officer since November 2020. As the RTD Chief Financial Officer, he directs the activities of the Finance Department. Mr. MacLeod has 32 years of experience in finance and accounting in both the private and public sector with 13 years at RTD. Mr. MacLeod has an undergraduate degree in Accounting from Fort Lewis College and an MBA in Finance and Accounting from Regis University. He also has an active Certified Public Accountant license with the State.

Mr. Brenden R. Morgan – Senior Manager, Debt & Investments. Mr. Morgan assumed the role of Senior Manager of Debt and Investments for RTD in 2012 and directs the capital financing and investment management activities of the District. Mr. Morgan has over 20 years of diversified experience in various public and corporate finance and accounting roles. He previously served as the debt manager for Jefferson County, Colorado. Prior to his roles in Colorado local government, Mr. Morgan worked in corporate finance and the financial services industry. Mr. Morgan has an undergraduate degree in Finance from Seton Hall University in South Orange, New Jersey.

Ms. Melanie J. Snyder – General Counsel. Ms. Snyder began her role as RTD General Counsel in June 2020. Ms. Snyder has over 15 years of experience representing a variety of clients in both the public and private sectors. As RTD General Counsel, she advises the Chief Executive Officer and General Manager and elected Board of Directors, and oversees the Legal Services, Risk Management, and

Information Governance Management Divisions. Ms. Snyder previously served as Chief Deputy Attorney General and Chief of Staff overseeing the management of the largest law firm in the State. Prior to joining the Attorney General's Office, Ms. Snyder practiced commercial litigation at large and small Denver firms. She received her J.D. from the University of San Diego School of Law and B.A. degrees in Political Science and Psychology from the University of Arizona.

Mr. Michael Ford – Chief Operations Officer. Mr. Ford was appointed to the 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. Brian T. Welch, AICP – Acting Assistant General Manager, Planning. Mr. Welch has decades of evaluated multi-modal transportation planning experience including over 11 years with RTD; 12 years of public sector service with Danville, California; and 11 years with Fehr & Peers in California and Colorado. His career has been characterized by key leadership roles for complex, inter-jurisdictional, high-profile public and private sector work. Public sector accomplishments include authority and responsibility for the completion and implementation of agency-wide transportation planning and programming efforts. Private sector work includes project management and direction for millions of dollars of on-time, on-budget, consulting projects including award-winning efforts in California and Colorado. Recognized for his expertise on the relationship between transportation and the built environment, he has authored papers and spoken at professional conferences on a range of topics including mobility on demand, mobility as a service, bus rapid transit, innovations in transit-oriented, mixed-use development, strategic planning, and organizational leadership.

Mr. Henry Stoppolecamp, P.E. – Assistant General Manager, Capital Programs. Mr. Stoppolecamp 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. Stoppolecamp 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. Prior to his career at RTD, Mr. Stoppolecamp 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. Stoppolecamp 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 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 RTD, 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.

Mr. Stuart Summers – Chief Communications and Engagement Officer. Mr. Summers began his role with the District in December 2022. Prior to working for RTD, he was the Associate Vice President for Marketing, Communications, and Strategic Initiatives at Idaho State University. Mr. Summers spent 11 years overseeing all marketing and communications efforts at the public research university. During his time at Idaho State, he led a multimillion dollar rebrand at the university and comprehensive marketing campaign focused on growing student enrollment. Additionally, Mr. Summers oversaw all campus events, strategic plan priorities, and student traditions. Originally from Idaho Falls, Idaho, Mr. Summers graduated from Idaho State with a Bachelor of Arts in International Studies and a minor in Mass Communication. Prior to working at Idaho State, he spent four years at KPVI-TV News 6, an NBC affiliate, where he was a morning show anchor and reporter. During that time, Mr. Summers was recognized as “Idaho’s Up and Coming Journalist of the Year” by the Idaho Press Club. Prior to working as an anchor and reporter, Mr. Summers spent two years living in Mongolia as a volunteer English teacher. He taught at a career and technical college in Erdenet, near the Russian border, and a business university in the capital city of Ulaanbaatar. In addition to being a certified ESL instructor, Mr. Summers also speaks Mongolian fluently.

Employees; Labor Relations

As of December 31, 2022, RTD employed over 2,840 persons of whom about 1,932 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. RTD and the Union entered into a three-year collective bargaining agreement effective January 1, 2022, that expires on December 31, 2024. In addition to District employees, approximately 1,910 non-District employees provide contracted services including commuter-rail, fixed-route bus, and paratransit services.

In recent years, RTD and its contractors have experienced staffing shortages, particularly with bus and train operators, mechanics, security and vehicle cleaning staff. In addition to the impacts from COVID, the low Denver Metro Area unemployment rate of 3.0% in 2022 has contributed to a very competitive labor market. RTD has implemented wage increases, improved benefits and incentive pay as well as enhanced recruitment efforts. RTD has also implemented a System Optimization Plan to more closely match services to customer demand and available resources while eliminating mandatory overtime to improve working conditions. Although these acute staffing shortages are expected to continue in the

near term due to labor market conditions, RTD will continue its ongoing efforts to target front-line position vacancies for fulfillment.

Retirement Plans

The District maintains several pension and retirement plans which are generally described below. See Note F to the Annual Comprehensive Financial Report attached hereto as Appendix A for further descriptions of each plan.

Pension and retirement plans have been established covering substantially all of RTD's employees. Union-represented employees hired prior to January 1, 2023, participate in a defined benefit pension plan ("ATU DB Plan") while union-represented employees hired subsequently participate in a defined contribution retirement plan ("ATU DC Plan"). Both plans were established through a collective bargaining agreement and are administered by a Board of Trustees representing both the Union and RTD. Pension participants and RTD make required contributions to the ATU DB Plan based on a percentage of wages. RTD makes required contributions to the ATU DC Plan, based on a percentage of wages, and participants may elect to make contributions, a portion of which is matched by RTD. As of the actuarial valuation date of December 31, 2022, the ATU DB Plan had a net pension liability of \$249 million. The funded ratio of the actuarial value of assets to the actuarial accrued liability for the ATU DB Plan was 55.1%.

Under the current 2022-2024 collective bargaining agreement, RTD contributed a \$160 million lump sum towards the net pension liability and is required to contribute 15% (and the employees to contribute 5%) of eligible employee's qualifying wages to the ATU DB Plan. The \$160 million lump sum payment in 2022 is not fully reflected in the funded ratio of 55.1% due to actuarial standards requiring amortization/recognition over a period of time. RTD contributes 9% of wages to the DC Plan and will match up to 5% of employee contributions. RTD's contribution obligations under the ATU DB and DC Plans comply with the current collective bargaining agreement. RTD is current with respect to those negotiated contributions and the current collective bargaining agreement expires December 31, 2024. It is anticipated that in the future fixed amount contributions, as opposed to contributions based on a percentage of wages, will need to be made by RTD to the ATU DB Plan to meet its obligations. The closure to new union-represented employees of the ATU DB Plan and implementation of the ATU DC Plan occurred to ensure the long-term fiscal soundness of both plans while controlling the cost of pension benefits.

Non-represented salaried personnel hired prior to January 1, 2008, are covered under a non-contributory defined benefit pension plan ("Salaried DB Plan") to which RTD solely makes contributions. RTD began making fixed amount annual contributions to the Salaried DB Plan in 2013 rather than contributions based on a percentage of wages. These fixed amount contributions are guided by the actuarial recommended contribution. RTD contributed \$6.1 million, \$8.4 million and \$15.0 million lump sums in 2021, 2022 and 2023, respectively. As of the actuarial valuation date of December 31, 2021, the funded ratio of the actuarial value of assets to the actuarial accrued liability for the Salaried Pension Plan was 83.9%. It is anticipated that in the future increased contributions may 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, participate in a non-contributory defined contribution plan ("Salaried DC Plan") providing for a 7% to 9% contribution by RTD based on the earnings of the employee. The Board adopts a percentage amount for contribution each year. RTD closed the Salaried DB Plan to non-represented salaried personnel hired on or after January 1, 2008, and initiated the Salaried DC 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.

Climate Change

Changing weather patterns have impacted areas within the State, including the District’s service area. The impacts include increasing temperatures, more extreme weather patterns, longer periods of drought, and increased wildfires. Recent fires have been widespread and, in some cases, have occurred within the District’s service area. Colorado, the federal government and local firefighting agencies have dedicated significant resources for prevention, management and eradication of fires.

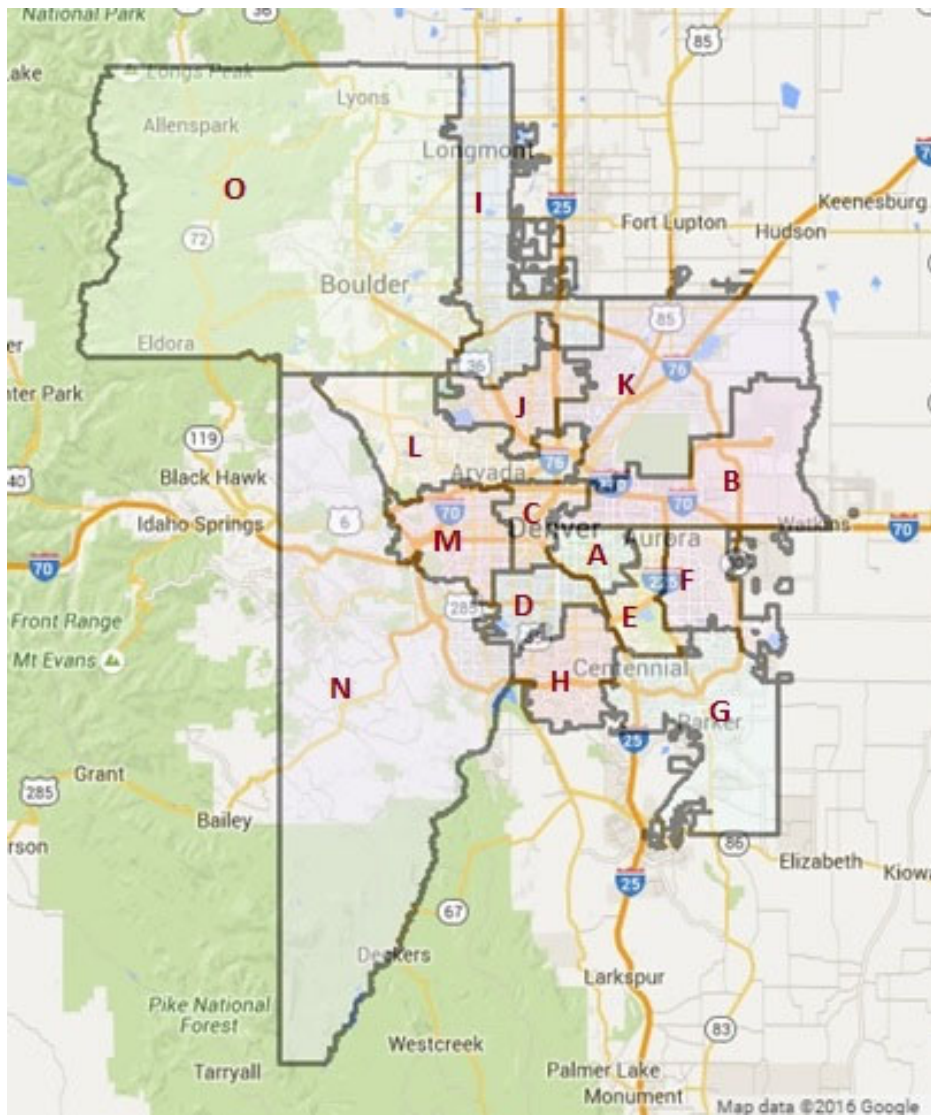
It is difficult to predict whether or how a changing climate will impact the District and its finances, but extreme weather and increased fire activity could impact the District’s facilities. The District maintains casualty property insurance policies to insure against damage or destruction of its facilities. Extreme weather events could also damage or destroy private properties located in the District. Such damage or destruction could potentially impact the District’s Sales Tax revenues.

The District will perform an 18-month study for the development of a holistic no/low emission facilities and fleet transition plan and has requested proposals from qualified consultants. In addition, the District has offered zero fares during certain summer months in order to improve air quality and reduce ground-level ozone. The Zero Fare for Better Air program ran during August 2022 and will run again during July and August of 2023. The State reimburses RTD for 80% of its budgeted farebox revenues during the zero fare months.

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RTD Service Area and Director District Map

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



THE SYSTEM

Fleet Composition

As of December 31, 2022, the District operated 1,059 fixed-route transit buses (432 of which are leased to private carriers), 201 light rail vehicles, 373 Access-a-Ride paratransit vehicles and Flex Ride vehicles, and 66 commuter rail vehicles (operated as part of the Eagle P3 Project). 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 December 31, 2022, which is the most recent calculation of the RTD peak fleet requirements, the System had a peak fleet requirement (pre COVID-19 service levels) of 412 fixed-route buses and 89 light rail vehicles.

RTD Active Fleet (As of December 31, 2022)

<u>Fixed Route Bus Fleet</u> ⁽¹⁾	<u>Number</u>
40' Transit Coaches	676
60' Articulated Buses	116
Intercity Coaches	174
16 th Street Free Mall Ride Shuttles	36
30' Transit Buses	52
35' Transit Buses	<u>5</u>
Total Fixed Route Bus Fleet	<u>1,059</u>
<u>Access-a-Ride Fleet</u> ⁽²⁾	310
<u>Flex Ride Fleet</u> ⁽³⁾	63
<u>Light Rail Vehicle Fleet</u>	201
<u>Commuter Rail</u>	<u>66</u>
TOTAL ACTIVE FLEET	<u>1,699</u>

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

⁽²⁾ All paratransit vehicles are owned by RTD and operated by private contractors.

⁽³⁾ 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, 2022, including those operated by private contractors. RTD, upon action of its Board, has the authorization to reduce services with no other approval required. Additional services and routes are considered and added depending on funding and demand. The information below generally describes the transit services offered by RTD as of December 31, 2022.

The District provides local bus routes along major streets that make frequent stops for passengers, limited bus routes serving high-density corridors with less frequent stops and regional bus routes that connect outlying areas of RTD's geographical area to Denver, Boulder and other employment centers. The District also provides free shuttle service along the 16th Street mall in downtown Denver. In addition, the District provides rail service for approximately 60 miles of light rail track and 61 miles of commuter rail track, including rail service to Denver International Airport.

The District also provides curb-to-curb paratransit service for people with disabilities under the requirements of the Americans with Disabilities Act of 1990, curb-to-curb flexible service that responds to passenger requests (typically in lieu of fixed route service with small vehicles in areas and/or times of low demand), and pre-scheduled trips in off-peak hours to recreational events for elderly persons.

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

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, 2022:

<u>Historical Operating Data (As of December 31, 2022)</u>	
Total Miles	60,532,485
Passenger Stops	9,720
Number of routes	
Local	86
Regional	17
SkyRide	3
Commuter Rail	4
Light Rail	8
Downtown Circulators	1
FlexRide	22
Ridership average weekday, all services	187,529
Total annual boardings	61,602,568
Daily miles operated (average weekday)	117,620
Diesel fuel consumption, gallons (excluding purchased transportation)	3,374,838
Total active buses	1,059
Wheelchair lift equipped buses	1,059
Number of employees (actual staff)	
Salaried	869
Represented (includes part-time operators)	1,739
Fleet requirements (during peak hours)	n/a
Operating facilities	8

Source: District Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022.

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 December 31, 2022, RTD had 96 Park-n-Ride lots providing a total of 36,021 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 Denver Regional Council of Governments (“DRCOG”) biennially adopts a comprehensive six-year Transportation Improvement Program (“TIP”) for the Denver metropolitan area, as required by federal regulations, and specifically programs the federally- and state-funded transportation improvements and management actions to be completed by the Colorado Department of Transportation (“CDOT”), RTD, local governments, and other project sponsors. By inclusion in the TIP, RTD’s capital projects may become eligible for federal assistance.

The TIP is programmed using a dual model selection process for all funds allocated by DRCOG. This process splits available funding into two shares - regional and subregional. The regional process is conducted similar to previous DRCOG allocations, while the subregional process proportionally

targets funding for planning purposes to each county and all the eligible applicants within, to recommend projects that meet the regional vision of DRCOG and the needs of each individual subregion. Due to changing federal, state, and local laws and regulations, including shifts in regional priorities, this document can be amended by the Board at any time.

DRCOG's Metro Vision Regional Transportation Plan ("MVRTP") serves as a comprehensive guide for future development of the region with respect to growth and development, transportation, and the environment. The MVRTP presents the vision for a multimodal transportation system that is needed to respond to future growth, as well as to influence how the growth occurs. The Fiscally Constrained MVRTP defines the specific transportation elements and services that can be provided throughout the years identified in the adopted MVRTP based on reasonably expected revenues.

The MVRTP includes those regional transportation facilities that can be provided through the year 2050, based on reasonably expected revenues. The MVRTP 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 MVRTP 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 2050 Metro Vision Regional Transportation Plan was adopted by the DRCOG Board of Directors on [September 21, 2022].

RTD typically updates its MVRTP periodically through its Long-Range Financial Plan. RTD prepared an update to its long-range financial plan in 2022, which has been provided to DRCOG.

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.

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 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.

RTD adopted the most recent six-year MTFP on September 28, 2022, which covers the period from 2023 through 2028. The 2023-2028 MTFP shows funding sources balanced with funding uses while maintaining reserves in accordance with RTD's Fiscal Policy. Fare revenue is forecasted to decrease due to anticipated simplification and reduction of fares in 2024 before resuming modest annual increases. Sales and use tax receipts are assumed to meet the forecast provided to RTD from a third-party contractor, however, annual growth of the 0.6% sales and use tax is capped at 1.4% beginning in 2025 until such time as RTD develops clarity regarding an approach to the upcoming TABOR revenue growth limitations. Operating expenses are included that match the System Optimization Plan and Capital expenditures are primarily limited to maintaining an asset state of good repair with some modest new capital expenditures. The next MTFP development for the period 2024-2029 is expected to be approved by the Board in September 2023.

Financial Policies of the District. The information set forth below regarding the financial policies 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 Board.

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 TABOR reserve in an amount equal to 3% of non-federal revenues pursuant to State statute. RTD maintains an available fund balance for the Base System of at least three months of Base System and FasTracks operating expenses excluding depreciation. See Note B to the Annual Comprehensive Financial Report attached hereto as Appendix A 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. Each year, as part of the MTFP process, RTD conducts a comprehensive evaluation of the entire FasTracks program. On September 21, 2022, the DRCOG Board of Directors approved the most recent amended 2050 MVRTP, 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 MVRTP. However, the MVRTP can be further amended over time as new funding sources or additional revenues become available.

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 the additional 0.4% Sales Tax effective January 1, 2005. In connection therewith, the ballot question also authorized RTD to issue up to \$3.477 billion of additional debt obligations, with a maximum total repayment cost of \$7.129 billion and a maximum annual repayment cost of \$309.738 million, to finance 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 Tax rate will be reduced to a rate sufficient to operate the transit system financed through FasTracks, but not below 0.6%.

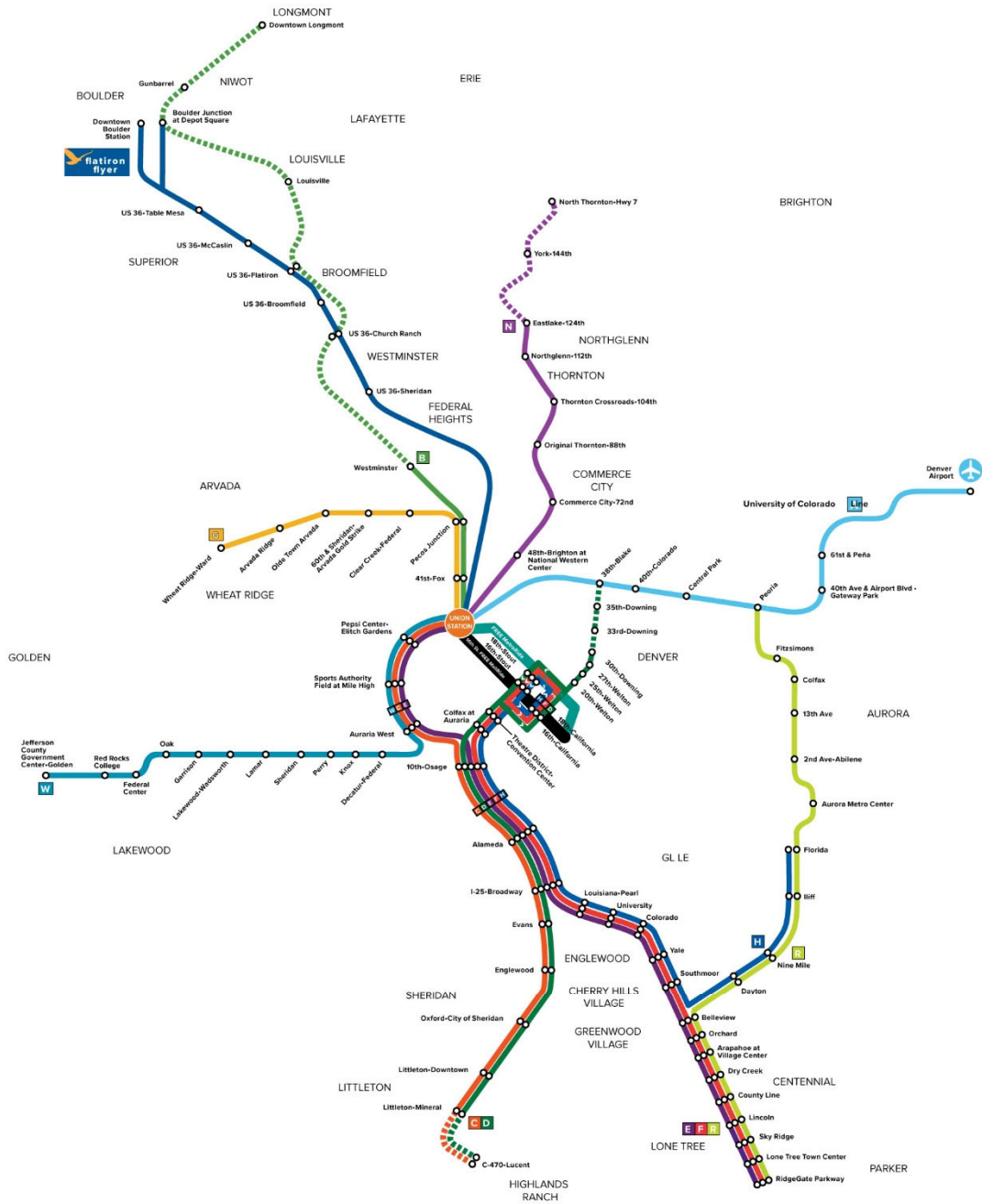
In April 2004, CDOT and RTD executed an intergovernmental agreement that is intended to establish a coordinated process to facilitate the implementation of the FasTracks plan and preserve the ability to pursue planned highway and transit improvements in corridors where both highway and transit improvements are likely to occur. The Board has formally resolved to analyze the FasTracks program 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.

FasTracks Program. The FasTracks program 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 “FasTracks Line Map” below.

FasTracks Rail Corridors. The District maintains several rail transit corridors extending to neighboring cities and population centers, and the corridors are generally associated with one of the District’s major rail lines or with the Flatiron Flyer Bus Rapid Transit service connecting Denver and Boulder. See the map titled “FasTracks Line Map” for a depiction of the corridors and lines. Some of the corridors have achieved full buildout while others are in various stages of design and construction, or their completion is subject to future funding. The District has represented that it is committed to completing as many corridors in the shortest timeframe possible, while ensuring that it can meet all current and future projected obligations.

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FasTracks Line Map



CURRENT LINES

- University of Colorado A Line
- B Line
- C Line
- D Line
- E Line
- F Line
- H Line
- R Line
- W Line

CURRENT LINES

- G Line
- N Line
- E, F, R
- Flatiron Flyer (Bus Rapid Transit)
- Free MailRide
- Free MetroRide

FUTURE LINES

- B Line Extension
- C & D Line Extension
- N Line Extension

FUTURE CONSTRUCTION



Eagle P3 Project. The District served as the “conduit issuer” of its Tax-Exempt Private Activity Bonds (the “P3 Conduit Bonds”) and the proceeds of the P3 Conduit Bonds were loaned to Denver Transit Partners (“DTP”) pursuant to a Loan Agreement (the “P3 Loan Agreement”) between the District and DTP to pay a portion of the costs of certain FasTracks projects (the “Eagle P3 Project”). In December 2020, the District issued new conduit bonds to refinance such P3 Conduit Bonds in the aggregate principal amount of \$311,785,000 (the “2020 P3 Conduit Bonds”). The 2020 P3 Conduit Bonds are secured solely by loan payments required under the P3 Loan Agreement to be made by DTP in amounts and on the dates required to pay the principal of and interest on the 2020 P3 Conduit Bonds. The 2020 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 DTP entered into the P3 Concession Agreement in July 2010 in order to generate the revenues necessary to meet DTP’s obligations under the P3 Loan Agreement. Under the P3 Concession Agreement, DTP 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 made monthly Construction Payments to DTP during the design and construction phase of the Eagle P3 Project, and, commencing with the revenue service of the A Line Project, began making monthly Service Payments to DTP. As part of the Eagle P3 Project, the District received a federal grant in the amount of \$1.03 billion. The full grant has been appropriated by the federal government and RTD has spent the remaining eligible grant funds during 2023.

Service Payments have two components. One portion (the “TABOR Portion of Service Payments”), structured to exceed scheduled debt service on the 2020 P3 Conduit Bonds, is secured by a subordinate pledge of Sales Tax Revenues available after payment of the outstanding sales tax revenue bonds. See “RTD’S DEBT STRUCTURE--Debt Structure of the District.” 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. 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 DTP 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 Bonds and the Parity Bonds. The P3 Concession Agreement is not subject to termination for convenience by either party. See “LEGAL MATTERS--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”). Certain improvements to Denver Union Station and related facilities were delivered as part of the Eagle P3 Project.

The light rail station realignment opened to passengers on August 15, 2011, and the bus facility opened to passengers on May 11, 2014. Amtrak resumed rail service from Denver Union Station on February 28, 2014, and RTD began commuter rail operations on April 22, 2016, with the opening of the 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.

Reimagine RTD

Reimagine RTD was a multi-year effort to evaluate and forecast the changing mobility needs in the District, better position the District to meet those needs, and collaborate with agency partners to build a cohesive vision for regional mobility. This effort culminated in two primary components to guide the near- and long-term decision making of the agency: a System Optimization Plan and a Mobility Plan for the Future.

The System Optimization Plan ("SOP") is a detailed evaluation of travel patterns, demographics, and transit routes in the District, and includes recommended modifications to RTD's fixed-route services to better meet the region's near-term mobility needs within existing workforce and financial constraints. The SOP, formally adopted by the RTD Board of Directors in July 2022, will be gradually implemented through 2026 through RTD's standard service planning process.

The Mobility Plan for the Future ("MPFF") is a comprehensive, forward-thinking plan that identifies strategies to address the future mobility needs of the region. The MPFF, intended to help guide RTD's long-term decision making, is the culmination of extensive technical analysis, stakeholder and public engagement, and intra-agency coordination, as well as several previous planning efforts. Key context, findings, and recommendations are broken into a series of technical memoranda focusing on individual components of the overall planning effort. The Mobility Plan for the Future was adopted by the Board of Directors on November 15, 2022.

THE CORPORATION

General. 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 2023 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 and Chief Executive Officer 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, 2026
Charles L. Sisk, Vice President	June 30, 2024
Doug MacLeod, Secretary/Treasurer	June 30, 2025

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

Limited Liability. The Corporation has entered into the Lease with RTD and the Indenture with the Trustee to facilitate the financing of the 2023 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 2023 Certificates have no right to look to the Corporation, or its assets (other than the Leased Property), for any payment of the 2023 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 2023 Certificates. The Corporation’s obligations with respect to the 2023 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 2023 Certificates, the Corporation has not otherwise assisted in the public offer, sale or distribution of the 2023 Certificates. Accordingly, the Corporation disclaims responsibility for the disclosures set forth in the Official Statement or otherwise made in connection with the offer, sale or distribution of the 2023 Certificates.

DISTRICT FINANCIAL OPERATIONS

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 and Chief Executive Officer 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 and Chief Executive Officer 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 and Chief Executive Officer 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 asset management 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."

Risk Management

District Insurance Coverage. 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 annual comprehensive financial reports. For 2022, RTD recognized insurance costs of \$13.2 million. RTD maintained reserve funds for existing liabilities (as of December 31, 2022) in the amount of \$11.9 million and workers' compensation claims (as of December 31, 2022) in the amount of \$6.7 million.

Cybersecurity. RTD recognizes that cyber security threats create risk to the organization's short-term financial stability/liquidity and long-term health. This risk is managed by the Cyber Security Division which monitors, reports and researches cybersecurity attacks on the organization, performs risk assessment, provides cybersecurity planning and sets vendor requirements for new procurements. RTD maintains cybersecurity Policies and Procedures which include topics such as computer system and network

configuration, electronic data protection and cybersecurity incident response. RTD maintains strong controls, procedures and a well-trained staff to identify these attacks. Annual cybersecurity training for all RTD employees who are computer users is mandatory. RTD maintains cybersecurity insurance at a level reasonably expected to be sufficient to protect it in the case of such an attack.

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 IGAs for various purposes with municipalities, the State or its agencies such as the Department of Transportation, and the federal government, particularly the FTA.

Management's Discussion and Analysis

An overview and analysis of the District's most recent financial activities (as of December 31, 2022) is provided in "FINANCIAL SECTION–Management's Discussion and Analysis" in the ACFR attached hereto as APPENDIX A.

RTD'S DEBT STRUCTURE

The following is a general discussion of the District's authority to incur general obligation indebtedness and other financial obligations and the amount of such obligations currently outstanding.

Authority to Incur Debt

General. 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 "LEGAL MATTERS--Certain Constitutional Limitations." The Act does not provide any limitation as to the amount of debt which may be issued by RTD. Certificates of Participation and 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.

Debt Structure of the District

The following table describes the long-term debt structure of the District as of June 1, 2023.

Statement of Obligations as of June 1, 2023

Sales Tax Revenue Bonds (0.6% Sales Tax)⁽¹⁾ – Senior Bonds	Outstanding⁽²⁾
Sales Tax Revenue Refunding Bonds, Series 2007A	\$ <u>17,760,000</u>
SUBTOTAL	\$ 17,760,000
Sales Tax Revenue Bonds (FasTracks – 0.4% Sales Tax)⁽³⁾ – Subordinate Bonds	
Sales Tax Revenue Refunding Bonds (FasTracks Project), Series 2007A	220,480,000
Sales Tax Revenue Bonds (FasTracks Project) (Direct Pay Build America Bonds), Series 2010B	300,000,000
Sales Tax Revenue Refunding Bonds (FasTracks Project), Series 2013A	204,820,000
Sales Tax Revenue Bonds (FasTracks Project), Series 2016A	194,965,000
Sales Tax Revenue Bonds (FasTracks Project), Series 2017A	71,935,000
Sales Tax Revenue Bonds (FasTracks Project), Series 2017B	119,465,000
Sales Tax Revenue Refunding Bonds (FasTracks Project), Series 2019A	82,740,000
Taxable Sales Tax Revenue Refunding Bonds (FasTracks Project), Series 2021A	422,405,000
Tax-Exempt Sales Tax Revenue Refunding Bonds (FasTracks Project), Series 2021B	411,630,000
Tax-Exempt Sales Tax Revenue Bonds (FasTracks Project), Series 2022A	122,860,000
Tax-Exempt Sales Tax Revenue Bonds (FasTracks Project), Series 2022B	<u>191,620,000</u>
SUBTOTAL	\$2,342,920,000
Eagle P3 Project	
TABOR Portion of Service Payments ⁽⁴⁾	\$535,386,523
Lease Purchase Agreements⁽⁵⁾	
Taxable Certificates of Participation, Series 2010B	100,000,000
Certificates of Participation, Series 2013A	90,235,000
Certificates of Participation, Series 2015A	106,950,000
Lease Purchase Agreement, Series 2017	93,369,095
Certificates of Participation, Series 2020A	<u>63,440,000</u>
SUBTOTAL	\$453,994,095
TOTAL	<u>\$3,350,060,618</u>

¹Secured by first lien on 0.6% Sales Tax and any additional revenues legally available to RTD.

²RTD is current on payment of its outstanding sales tax obligations; none bear a variable interest rate or are subject to acceleration.

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

⁴Secured by a lien on the Sales Tax Revenue that is subordinate to the lien thereon of the Senior Bonds and Subordinate Bonds.

⁵Lease payments are made with annually appropriated, legally available revenues of 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 issued the P3 Conduit Bonds in the aggregate principal amount of \$397,835,000, which have been refunded with proceeds of the District's 2020 P3 Conduit Bonds issued on December 18, 2020 in the aggregate principal amount of \$311,785,000. The 2020 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 P3 Concession Agreement relating to the Eagle P3 Project on a subordinate basis to the Senior Bonds and Subordinate 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. The vehicles expected to be acquired as part of the fleet expansion and replacement program in the Mid-Term Financial Plan are expected to be funded from cash on hand. See Appendix A and "THE SYSTEM--Long-Term Financial Planning--Mid-Term Financial Plan."

The remaining elements of the FasTracks Program to be constructed consist of the Central Rail Extension, the portion of the N Line north of 124th Street, Southwest Rail Extension 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 System. The District has the capacity to issue additional FasTracks debt and will seek to maximize the benefit of its remaining capacity. The District may also enter into additional lease purchase agreements or certificates of participation financings in connection with its FasTracks program. 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. RTD also continues to evaluate refunding opportunities that will result in a reduction in interest expense.

Debt Service Requirements and Annual Appropriations

Debt service requirements 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 and Lease Purchase Agreements are set forth in the following table:

Annual Debt Service Requirements and Amounts Subject to Appropriation⁽¹⁾

Year	0.6% Sales Tax Obligations	TABOR Portion of			Certificates of Participation ⁽⁴⁾	Non-Tabor Portion of Eagle P3 Service Payments	Total Appropriation Obligations
		FasTracks Bonds ⁽²⁾⁽³⁾	Eagle P3 Service Pmts	Total Sales Tax Secured Obligations			
2023	\$9,582,400	\$103,385,203	\$44,375,139	\$157,342,742	\$71,401,530	\$ 44,375,139	\$115,776,669
2024	9,588,275	102,774,665	52,916,967	165,279,907	71,763,522	52,916,967	124,680,489
2025	--	115,145,734	68,941,545	184,087,279	72,151,659	68,941,545	141,093,204
2026	--	164,620,786	45,473,216	210,094,002	51,078,375	45,473,216	96,551,591
2027	--	194,709,762	43,727,773	238,437,535	50,135,875	43,727,773	93,863,648
2028	--	194,124,633	46,825,191	240,949,824	28,789,000	46,825,191	75,614,191
2029	--	183,774,327	52,648,306	236,422,633	28,792,982	52,648,306	81,441,288
2030	--	158,954,208	75,692,613	234,646,821	28,791,089	75,692,613	104,483,702
2031	--	199,257,460	45,285,059	244,542,519	28,791,876	45,285,059	74,076,935
2032	--	195,114,373	42,872,897	237,987,270	28,755,847	42,872,897	71,628,744
2033	--	184,971,250	43,272,245	228,243,495	28,760,924	43,272,245	72,033,169
2034	--	156,264,112	53,004,179	209,268,291	28,776,030	53,004,179	81,780,209
2035	--	148,398,846	79,102,485	227,501,331	28,782,320	79,102,485	107,884,805
2036	--	205,981,227	52,419,271	258,400,498	16,395,364	52,419,271	68,814,635
2037	--	195,786,981	48,306,955	244,093,936	16,393,768	48,306,955	64,700,723
2038	--	120,200,443	50,119,391	170,319,834	16,401,585	50,119,391	66,520,976
2039	--	89,018,169	57,871,536	146,889,705	16,409,864	57,871,536	74,281,400
2040	--	110,539,331	73,447,043	183,986,374	16,409,944	73,447,043	89,856,987
2041	--	104,781,110	53,273,799	158,054,909	--	53,273,799	53,273,799
2042	--	105,034,693	45,831,896	150,866,589	--	45,831,896	45,831,896
2043	--	105,304,358	66,801,535	172,105,893	--	66,801,535	66,801,535
2044	--	105,593,929	63,196,154	168,790,083	--	63,196,154	63,196,154
2045	--	94,833,763	--	94,833,763	--	--	--
2046	--	94,224,750	--	94,224,750	--	--	--
2047	--	70,831,823	--	70,831,823	--	--	--
2048	--	70,920,223	--	70,920,223	--	--	--
2049	--	71,015,803	--	71,015,803	--	--	--
2050	--	71,116,584	--	71,116,584	--	--	--
Total	<u>\$19,170,675</u>	<u>\$3,716,678,545</u>	<u>\$1,205,405,195</u>	<u>\$4,941,254,415</u>	<u>\$628,781,554</u>	<u>\$1,205,405,195</u>	<u>\$1,834,186,749</u>

- (1) Amounts may not add to column totals due to rounding.
- (2) The Series 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.
- (3) Debt Service includes the impact of the 2021A and 2021B Bonds
- (4) 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.

ECONOMIC AND DEMOGRAPHIC OVERVIEW

Appendix B contains an economic and demographic overview of the Denver Metropolitan Area as of _____ 2023 (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, the Municipal Advisor nor the Underwriters assume responsibility for the accuracy, completeness or fairness of the information contained in the Overview. The information in Appendix B – 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.

TAX MATTERS

The following discussion is a summary of the opinion of Special Counsel to the District that is to be rendered on the tax status of interest on the 2023 Certificates and of certain federal and state income tax considerations that may be relevant to prospective purchasers of the 2023 Certificates. This discussion is based upon existing law, including current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed regulations under the Code, and current administrative rulings and court decisions, all of which are subject to change.

Upon issuance of the 2023 Certificates, Hogan Lovells US LLP, Special Counsel to the District, will provide an opinion, substantially in the form included in Appendix E, to the effect that, under existing law, the portion of the Base Rentals which is designated as interest in the Lease and is paid as interest on the 2023 Certificates is excluded from gross income for federal income tax purposes, and is not a specific preference item for purposes of the federal alternative minimum tax.

The foregoing opinion will assume compliance by the District with certain requirements of the Code that must be met subsequent to the issuance of the 2023 Certificates. The District will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements could cause the interest on the 2023 Certificates to be included in gross income, or could otherwise adversely affect such opinion, retroactive to the date of issuance of the 2023 Certificates.

The opinion of Special Counsel to the District relating to the 2023 Certificates will also provide to the effect that, under existing law, the portion of the Base Rentals which is designated as interest in the Lease and is paid as interest on the 2023 Certificates is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws.

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 income tax purposes or Colorado income tax purposes of any monies received or paid under the Indenture subsequent to such determination.

Certain of the 2023 Certificates (the "Discount Certificates") are being offered and sold to the public in their original public offering at an original issue discount. Generally, original issue discount is the excess of the stated redemption price at maturity of any Discount Certificate over the issue price of the Certificate. Special Counsel has advised the District and the Underwriters that, under existing laws and to the extent interest on any Discount Certificate is excluded from gross income for federal income tax purposes, the original issue discount on any such Discount Certificate that accrues during the period such person holds the Discount Certificate will be treated as interest that is excluded from gross income for federal income tax purposes with respect to such holder, and will increase such holder's tax basis in any

such Discount Certificate. Purchasers of any Discount Certificate should consult their tax advisors regarding the proper computation and accrual of original issue discount.

If a holder purchases a 2023 Certificate for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the 2023 Certificate with “amortizable bond premium” equal in amount to such excess. A holder must amortize such premium using a constant yield method over the remaining term of the 2023 Certificate, based on the holder’s yield to maturity. As bond premium is amortized, the holder’s tax basis in such 2023 Certificate is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of the 2023 Certificate prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a 2023 Certificate. Purchasers of a 2023 Certificate with amortizable bond premium should consult with their own tax advisors regarding the proper computation of amortizable bond premium and with respect to state and local tax consequences of owning such 2023 Certificate.

Other than the matters specifically referred to above, Special Counsel to the District expresses and will express no opinions regarding the federal, state, local or other tax consequences of the purchase, ownership and disposition of the 2023 Certificates. Prospective purchasers of the 2023 Certificates should be aware, however, that the Code contains numerous provisions under which receipt of interest on the 2023 Certificates may have adverse federal tax consequences for certain taxpayers. Such consequences include the following: (a) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the 2023 Certificates or, in the case of financial institutions, that portion of the holder’s interest expense allocable to interest on the 2023 Certificates (subject to certain exceptions); (b) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the 2023 Certificates; (c) interest on the 2023 Certificates earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (d) passive investment income, including interest on the 2023 Certificates, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and (e) Section 86 of the Code requires recipients of certain Social Security and certain railroad retirement benefits to take into account, in determining the inclusion of such benefits in gross income, receipts or accrual of interest on the 2023 Certificates.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting obligations for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the 2023 Certificates will be audited. If an audit is commenced, under current Service procedures the holders of the 2023 Certificates may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the 2023 Certificates could adversely affect their value and liquidity.

Prospective purchasers of 2023 Certificates should consult their own tax advisors as to the applicability and extent of federal, state, local or other tax consequences of the purchase, ownership and disposition of 2023 Certificates in light of their particular tax situation.

Special Counsel to the District will render their opinions as of the Issue Date, and will assume no obligation to update their opinions after the Issue Date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Special Counsel to the District are not binding on the courts or the IRS; rather, such opinions represent Special Counsel’s legal judgment based upon their review of existing law and upon the certifications, representations and covenants referenced above.

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the 2023 Certificates or, as applicable, the exclusion of interest on the 2023 Certificates from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the 2023 Certificates or any other date, or that such changes will not result in other adverse federal or state tax consequences.

LEGAL MATTERS

Litigation

There are no pending lawsuits or claims that have been filed against the District that will materially and adversely affect the financial position of the District or its ability to enter into the Lease or to pay Base Rentals under the Lease as set forth therein. The District is subject to certain pending and threatened litigation or administrative proceedings regarding various matters arising in the ordinary course of the District's business. It is the opinion of RTD's General Counsel that the pending litigation is either adequately covered by insurance or, to the extent not insured, the final settlement thereof, individually or in the aggregate, is not expected to materially adversely affect the District's financial position or its ability to perform its obligations under the Lease.

Denver Transit Partners ("DTP"), RTD's concessionaire for its Eagle P3 Project (consisting of the A Line from Denver Union Station ("DUS") to Denver International Airport, B Line from DUS to Westminster, and G Line from DUS to Wheat Ridge) has asserted force majeure and change in law claims and damages of approximately \$111 million against RTD. DTP claims that the Colorado Public Utilities Commission and/or the Federal Railroad Administration have created new interpretations of existing regulations and that the Concessionaire is therefore entitled to risk allocation in its favor of costs that the Concessionaire has incurred. A four-week bench trial on the claims began on September 21, 2020. Post-trial briefing concluded on December 15, 2020. On February 10, 2023, the court issued its Findings of Fact, Conclusions of Law and Order for Entry of Judgment finding in favor of RTD on DTP's above claims. DTP filed its notice of appeal on March 30, 2023. RTD believes it is likely to prevail again on appeal. [DTP filed a bill of costs against RTD as the prevailing party on RTD's counterclaims for approximately \$2.2 million, which costs were rejected by the court].

Governmental Immunity

The Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S. (the "Immunity Act"), provides that, with certain specified exceptions, governmental immunity acts as a bar to any action against a public entity, such as the District, for injuries which lie in tort or could lie in tort.

The Immunity Act provides that governmental immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle owned or leased by the public entity; operation and maintenance of any public water, gas, sanitation, electrical, power or swimming facility; a dangerous condition of any public building; the operation of any public water facility; and a dangerous condition of a public highway, road or street as provided in the Immunity Act. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment.

The maximum amounts that may be recovered under the Immunity Act for injuries occurring on or after January 1, 2022, 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 \$424,000; (b) for an injury to two or more persons in any single occurrence, the sum of \$1,195,000; except in such instance, no person may recover in excess of \$424,000. These amounts increase every four years pursuant to a formula based on the Denver-Aurora-Greeley Consumer Price Index. The District may increase any maximum amount that may be recovered from the District for certain types of injuries. However, the District may not be held liable under the Immunity Act either directly or by indemnification for punitive or exemplary damages unless the District voluntarily pays such damages in accordance with State law. Pursuant to the Immunity Act, a public entity may prospectively waive its immunity. RTD has waived governmental immunity for certain types of claims. Specifically, RTD waived immunity for claims arising from the construction of

light rail lines, up to the limits of its insurance policy covering such claims. See “DISTRICT FINANCIAL OPERATIONS--Risk Management.”

In 2021, the Legislature passed Senate Bill 21-088 which created a new cause of action (C.R.S. §13-20-1201, *et seq.*) and added a waiver of immunity for certain sexual misconduct claims that occurred on or after January 1, 1960, but before January 1, 2022 (C.R.S. §§24-10-106, -109). Any claims brought under Section 13-20-1201, C.R.S., *et seq.*, must be commenced before January 1, 2025. A claimant’s maximum recovery is limited by the Immunity Act. The District’s current and historical insurance coverage is sufficient to cover claims brought under the new cause of action created by Section 13-20-1201, C.R.S., *et seq.* To date, the District has not received any notices or demands under the new cause of action and would address any such claims alleged in the future as it would any other liability claim.

The District may be subject to civil liability and may not be able to claim governmental immunity for actions founded upon various federal laws. Examples of such civil liability include suits filed pursuant to 42 U.S.C. § 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the District may be enjoined from engaging in anti-competitive practices which violate the antitrust laws.

Approval of Certain Legal Proceedings

The approving opinion of Hogan Lovells US LLP, as Special Counsel, will be delivered with the 2023 Certificates. A form of the Special Counsel opinion is attached to this Official Statement as Appendix E. Butler Snow LLP, Denver, Colorado, has acted as Disclosure Counsel to the District in connection with this Official Statement. Certain matters will be passed upon for the District by its General Counsel, Melanie J. Snyder, Esq., and for the Underwriters by Hawkins Delafield & Wood, LLP.

Certain Constitutional Limitations

General. In 1992, Colorado voters approved a constitutional amendment which is codified as Article X, Section 20, of the Colorado Constitution (the Taxpayers Bill of Rights or “TABOR”). In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the District (“local governments”), but does not apply to “enterprises,” defined as government-owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined.

Because some provisions of TABOR are unclear, litigation seeking judicial interpretation of its provisions has been commenced on numerous occasions since its adoption. Additional litigation may be commenced in the future seeking further interpretation of TABOR. No representation can be made as to the overall impact of TABOR on the future activities of the District, including its ability to generate sufficient revenues for its general operations, to undertake additional programs or to engage in any subsequent financing activities.

Voter Approval Requirements and Limitations on Taxes, Spending, Revenues, and Borrowing. TABOR requires voter approval in advance for: (a) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase, extension of an expiring tax, or a tax policy change causing a net tax revenue gain; (b) any increase in a local government’s spending from one year to the next in excess of the limitations described below; (c) any increase in the real property tax revenues of a local government from one year to the next in excess of the limitations described below; or (d) creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever (subject to certain exceptions such as the refinancing of obligations at a lower interest rate).

TABOR limits increases in government spending and property tax revenues to, generally, the rate of inflation and a local growth factor which is based upon, for the District, the actual value of new

construction in the local government. Unless voter approval is received as described above, revenues collected in excess of these permitted spending limitations must be rebated. Debt service on bonds can be paid without regard to any spending limits, assuming revenues are available to do so.

On November 2, 1999, the voters of the District voted to exempt RTD from the revenue and spending limitations of TABOR for the purpose of repaying any debt incurred to finance the Southeast Rail Line or operating such line. This vote related to the 0.6% Sales Tax revenues and the exemption approved by the voters of the District will continue as long as any Senior Bonds remain outstanding, but in no event beyond December 31, 2026. Following the expiration, the revenue and spending limitations of TABOR will apply to the 0.6% Sales Tax revenues. On November 2, 2004, the voters of the District exempted the District from any revenue and spending limitations on the 0.4% Sales Tax revenues and related investment income.

Emergency Reserve Funds. TABOR also requires local governments to establish emergency reserve funds. The reserve fund must consist of at least 3% of fiscal year spending. TABOR allows local governments to impose emergency taxes (other than property taxes) if certain conditions are met. Local governments are not allowed to use emergency reserves or taxes to compensate for economic conditions, revenue shortfalls, or local government salary or benefit increases. The District has set aside emergency reserves as required by TABOR.

Other Limitations. TABOR also prohibits new or increased real property transfer tax rates and local government income taxes. TABOR allows local governments to enact exemptions and credits to reduce or end business personal property taxes; provided, however, the local governments' spending is reduced by the amount saved by such action. With the exception of K-12 public education and federal programs, TABOR also allows local governments (subject to certain notice and phase-out requirements) to reduce or end subsidies to any program delegated for administration by the General Assembly; provided, however, the local governments' spending is reduced by the amount saved by such action.

Police Power

The obligations of the District are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including bankruptcy.

MUNICIPAL ADVISOR

Hilltop Securities Inc., Dallas, Texas (the "Municipal Advisor") has served as Municipal Advisor to the District with respect to the 2023 Certificates. As the District's Municipal Advisor, the Municipal Advisor has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, rating and issuance of the 2023 Certificates. In its role of Municipal Advisor to the District, the Municipal Advisor has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in the Official Statement and the appendices hereto.

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended December 31, 2022, included in this Official Statement as Appendix A, have been audited by Plante & Moran, PLLC, certified public accountants, Flint, Michigan to the extent and for the period indicated in their report thereon.

The District has not requested and will not obtain a consent letter from its auditor for the inclusion of the audit report in this Official Statement. Plante & Moran, PLLC, the District's independent auditor, has not been engaged to perform, and has not performed, since the date of the report included

herein, any procedures on the financial statements addressed in that report. Plante & Moran, PLLC, also has not performed any procedures relating to this Official Statement.

RATING

[TO COME WHEN RATING AGENCY IS SELECTED]

The rating reflects only the view of the rating agency, and there is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price or liquidity of the 2023 Certificates. Except for its responsibilities under the Continuing Disclosure Agreement, the District has not undertaken any responsibility to bring to the attention of the owners of the 2023 Certificates any proposed change in or withdrawal of such rating once received or to oppose any such proposed revision.

UNDERWRITING

The Underwriters shown on the front cover of this Official Statement (the “Underwriters”) have agreed to purchase the 2023 Certificates at a price of \$[] (representing the principal amount of the 2023 Certificates, plus/(less) [net] original issue premium/ (discount) of \$[], less an underwriting discount of \$[]).

The Underwriters are committed to take and pay for all of the 2023 Certificates if any are taken. The 2023 Certificates are being offered for sale to the public at the prices or yields shown on the cover of this Official Statement. The Underwriters may allow concessions from the public offering price to certain dealers who may reallow concessions to other dealers. After the initial public offering price, prices may be varied from time to time by the Underwriters, and the 2023 Certificates may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such 2023 Certificates into investment accounts.

Information Provided by the Underwriters. The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the underwriters of the 2023 Certificates, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including

the 2023 Certificates. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2023 Certificates with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the 2023 Certificates. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

OFFICIAL STATEMENT CERTIFICATION

The preparation of this Official Statement and its distribution has been authorized by the Board. This Official Statement is hereby duly approved by the District as of the date on the cover page hereof.

REGIONAL TRANSPORTATION DISTRICT

By: /s/
Chair, Board of Directors

APPENDIX A

**DISTRICT'S ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2022 AND 2021**

Prospective investors should be aware that the 2023 Certificates are not general obligations of the District. Rather, Base Rentals are payable from annually appropriated, legally available District funds. The inclusion of the District's ACFR in this Official Statement does not indicate that any of the sources of revenue described herein are pledged to the payment of the 2023 Certificates.

APPENDIX B

ECONOMIC AND DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

APPENDIX C
BOOK-ENTRY ONLY SYSTEM

APPENDIX D
FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX E
FORM OF OPINION OF SPECIAL COUNSEL

APPENDIX F
FORM OF LEASE

APPENDIX G
FORM OF INDENTURE

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