

## PRELIMINARY OFFICIAL STATEMENT DATED MARCH \_\_, 2022

NEW ISSUE—BOOK-ENTRY-ONLY

RATING: S&P GLOBAL RATINGS: “[ ]”  
See “RATING”

*In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2022 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing State of Colorado statutes, to the extent interest on the Series 2022 Bonds is excludable from gross income for federal income tax purposes, such interest is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. For a more detailed description of such opinions of Bond Counsel, see “TAX MATTERS” herein.*

\$15,120,000\*

## City of Greeley, Colorado

acting by and through its  
Stormwater EnterpriseFirst-Lien Stormwater System Improvement Revenue Bonds,  
Series 2022

Dated: Date of Delivery

Due: August 1, as shown below

The First-Lien Stormwater System Improvement Revenue Bonds, Series 2022 (the “Series 2022 Bonds”) will be issued in fully registered book-entry form in denominations of \$5,000 or integral multiples thereof. The Series 2022 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), securities depository for the Series 2022 Bonds. Individual purchases are to be made in book-entry form in authorized denominations. Purchasers, as Beneficial Owners, will not receive certificates evidencing their ownership interest in the Series 2022 Bonds. Interest is payable August 1, 2022 and semiannually thereafter each February 1 and August 1 to and including the maturity dates shown below, unless the Series 2022 Bonds are redeemed earlier.

Year	Amount	Rate	Price or Yield	CUSIP <sup>®</sup> , <sup>1</sup>	Year	Amount	Rate	Price or Yield	CUSIP <sup>®</sup> , <sup>1</sup>
2022	\$730,000	%	%	392515	2033	\$735,000	%	%	392515
2023	495,000			392515	2034	755,000			392515
2024	515,000			392515	2035	780,000			392515
2025	535,000			392515	2036	805,000			392515
2026	560,000			392515	2037	830,000			392515
2027	580,000			392515	2038	850,000			392515
2028	605,000			392515	2039	880,000			392515
2029	630,000			392515	2040	905,000			392515
2030	655,000			392515	2041	930,000			392515
2031	680,000			392515	2042	960,000			392515
2032	705,000			392515					

The Series 2022 Bonds are issued for the purpose of financing the acquisition and construction of additions and improvements to the stormwater system (the “System”) operated by the Stormwater Enterprise of the City (the “Enterprise”). The Series 2022 Bonds are special, limited obligations of the City, acting by and through the Enterprise, and are payable solely from certain net pledged revenues, consisting of the net revenues of the System remaining after the payment of operation and maintenance expenses. THE SERIES 2022 BONDS ARE NOT A DEBT, INDEBTEDNESS OR MULTIPLE FISCAL YEAR FINANCIAL OBLIGATION OF THE CITY AND ARE NOT PAYABLE IN WHOLE OR IN PART FROM THE PROCEEDS OF GENERAL PROPERTY TAXES OR ANY OTHER FORM OF TAXATION.

**The Series 2022 Bonds are subject to redemption as described under the caption “THE SERIES 2022 BONDS—Redemption.”**

*This cover page is not a summary of the issue. Investors should read the Official Statement in its entirety to make an informed investment decision.*

The Series 2022 Bonds are offered when, as and if issued, subject to approval of validity by Kutak Rock LLP, Denver, Colorado, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by Douglas Marek, Esq., City Attorney. Hilltop Securities Inc. has acted as financial advisor to the City in connection with the Series 2022 Bonds. Delivery of the Series 2022 Bonds through DTC in New York, New York, is expected on or about March \_\_, 2022.

**SELLING:** March \_\_, 2022  
**MANNER OF SALE:** Parity  
**FINANCIAL ADVISOR:** Hilltop Securities, Inc.

**The date of this Official Statement is March \_\_, 2022.**

\* Preliminary; subject to change.

<sup>1</sup> The City assumes no responsibility for the accuracy of the CUSIP number, which is included solely for the convenience of owners of the Series 2022 Bonds. © Copyright 2022 CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Global Market Intelligence.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2022 Bonds, in any jurisdiction in which such an offer or solicitation is not authorized or in which it is unlawful to make such an offer or solicitation. The information and expressions of opinion set forth herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the affairs of the City or in any other matter since the date hereof.

## TABLE OF CONTENTS

SUMMARY OF THE OFFICIAL STATEMENT.....	I	CONSTITUTIONAL LIMITATIONS ON TAXES, REVENUES, BORROWING AND SPENDING .....	24
INTRODUCTION .....	1	RATING.....	25
Generally .....	1	LITIGATION.....	25
Plan and Purpose of Financing.....	1	TAX MATTERS .....	25
FORWARD-LOOKING STATEMENTS .....	2	General .....	25
THE SERIES 2022 BONDS.....	2	Original Issue Premium.....	26
Description of the Series 2022 Bonds .....	2	Backup Withholding.....	26
Authority for Issuance.....	2	Changes in Federal and State Tax Law .....	26
Registration and Payment .....	2	FINANCIAL ADVISOR.....	27
Book-Entry-Only System.....	3	UNDERWRITING.....	27
Redemption.....	3	LEGAL MATTERS .....	27
Continuing Disclosure Undertaking.....	3	FINANCIAL STATEMENTS.....	27
SECURITY FOR THE SERIES 2022 BONDS.....	4	MISCELLANEOUS.....	27
Security and Flow of Funds .....	4		
Debt Service Requirements.....	7	Appendix A—Form of Opinion of Bond Counsel	
Debt Service Coverage .....	8	Appendix B—Summary of Certain Provisions of the General Ordinance and the Series Ordinance	
USE OF PROCEEDS .....	9	Appendix C—Audited Financial Statements of the City As of December 31, 2020	
Sources and Uses of Funds .....	9	Appendix D—Economic and Demographic Information	
The Series 2022 Capital Project.....	9	Appendix E—Proposed Form of Continuing Disclosure Undertaking	
THE CITY .....	12	Appendix F—Information Related to Book-Entry-Only System	
General.....	12		
Governing Body.....	12		
Administration and Management.....	13		
City Employees.....	14		
COVID-19 .....	14		
Pension Plans and Other Post-Employment Benefits .....	14		
City Insurance Coverage.....	15		
Current Financial Obligations.....	15		
City Services.....	15		
THE ENTERPRISE.....	15		
Origins and Purpose.....	16		
Management .....	16		
Designation and Character of the Enterprise for Purposes of TABOR.....	16		
THE SYSTEM.....	16		
Generally .....	16		
Capital Improvement Program.....	17		
Environmental Concerns.....	18		
Rate Structure .....	18		
FINANCIAL INFORMATION CONCERNING THE SYSTEM.....	22		
Operating History .....	22		
Management’s Comments on Material Trends in Operations of the Stormwater Fund .....	23		

<b>INDEX OF TABLES</b>		
I	Debt Service Requirements .....	7
II	Net Revenues and Debt Service Coverage .....	8
III	Five-Year Projected Capital Projects.....	17
IV	Drainage Development Fees.....	19
V	Drainage Development Fees Received 2017-2021 ..	19
VI	Stormwater Fee .....	20
VII	Stormwater Fees Revenue by Customer Type—2020 and 2021 .....	20
VIII	Ten Largest System Customers—2020 .....	21
IX	Stormwater Fund Schedule of Revenues, Expenditures and Changes in Funds Available Actual, Non-GAAP Budgetary Basis, Years Ended December 31 .....	22
X	Stormwater Fund Comparative Statement of Revenues, Expenses and Changes in Net Assets Years Ended December 31 .....	23

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE HAS APPROVED OR DISAPPROVED THE SERIES 2022 BONDS OR THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

## SUMMARY OF THE OFFICIAL STATEMENT

<b>The City .....</b>	The City of Greeley, Colorado (the “City”) is located in central Weld County approximately 52 miles north of the Denver, Colorado metropolitan area. It currently has an estimated population of 111,146 persons and covers approximately 50 square miles. The City was incorporated in 1886. It is a home rule city and operates under a Charter which provides for a council-manager form of government. See “THE CITY.”
<b>The Series 2022 Bonds .....</b>	The City of Greeley, Colorado, First-Lien Stormwater System Improvement Revenue Bonds, Series 2022, in the aggregate principal amount of \$_____ * (the “Series 2022 Bonds”) are issued by the City, acting by and through its Stormwater Enterprise (the “Enterprise”), and will be delivered in Book-Entry-Only form through the facilities of The Depository Trust Company, New York, New York.
<b>Security .....</b>	The Series 2022 Bonds are special and limited obligations of the City, acting by and through the Enterprise, payable solely out of and secured by an irrevocable pledge of and first lien (but not necessarily an exclusive first lien) upon the net income and revenue to be derived by the City from the operation of its municipal stormwater system (the “System”) after payment of all necessary and proper costs of efficient operation and maintenance of the System. See “THE SERIES 2022 BONDS—Security.” The Series 2022 Bonds are not general obligations of the City and are not payable in whole or in part from the proceeds of general property taxes or any other form of taxation.
<b>Redemption.....</b>	The Series 2022 Bonds will be subject to redemption prior to maturity as described under the caption “THE SERIES 2022 BONDS—Redemption.”
<b>The Stormwater Enterprise .....</b>	The Enterprise was organized to facilitate the operation of the System on a fully self-supporting basis and operates as a City owned business. The City Council and Public Works Department manage the Enterprise. See “THE ENTERPRISE.”
<b>The System.....</b>	The System was constructed for the purpose of providing stormwater facilities to serve persons and property in the City. It includes a network of drainageways, culverts, pipelines and detention structures throughout the City. Owners of all properties in the City served by the System pay service charges to the Enterprise. See “THE SYSTEM.”
<b>The Project .....</b>	The Series 2022 Bonds are being issued for the purpose of acquiring and constructing additions and improvements to the System as described herein (the “Series 2022 Capital Project”) and for paying the costs of issuance of the Series 2022 Bonds.

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\* Preliminary; subject to change.

**Constitutional Limitations  
on Taxes, Revenues,  
Borrowing and Spending.....**

In 1992, the Colorado Constitution was amended to impose substantial limitations, including voter approval requirements, upon the taxes, revenues, borrowing and spending of the State and local governments. The Series 2022 Bonds are permitted to be issued without voter approval under the provisions of such amendment which exclude “enterprises” and their bonds from such limitations. See “CONSTITUTIONAL LIMITATIONS ON TAXES, REVENUES, BORROWING AND SPENDING.”

**Tax Treatment of Interest  
on the Series 2022 Bonds .....**

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2022 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing State of Colorado statutes, to the extent interest on the Series 2022 Bonds is excludable from gross income for federal income tax purposes, such interest is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. Such conclusions assume continuing compliance by the City with its covenants and may be subject to substantial limitations and exceptions in the case of particular taxpayers as described under the caption “TAX MATTERS.”

**Professionals .....**

The following professionals are participating in the initial offering of the Series 2022 Bonds:

**Bond Counsel:**

Kutak Rock LLP  
1801 California Street  
Suite 3000  
Denver, CO 80202  
Telephone: (303) 297-2400

**Financial Advisor:**

Hilltop Securities Inc.  
8055 E. Tufts Avenue  
Suite 500  
Denver, CO 80237  
Telephone: (303) 771-0217

**Underwriter:**

Telephone:

**Additional Information;  
Continuing Disclosure**

**Undertaking.....** Additional information concerning the City, the Enterprise and the Series 2022 Bonds may be obtained from the Finance Director of the City at 1000 10<sup>th</sup> Street, Greeley, Colorado 80631, Telephone: (970) 350-9732, or from the Underwriter, at the address and telephone number shown above. The City will enter into an undertaking with the Underwriter pursuant to Securities and Exchange Commission Rule 15c2-12 to provide certain information concerning the Series 2022 Bonds on a continuing basis. See “THE SERIES 2022 BONDS—Continuing Disclosure Undertaking.”

**THE FOREGOING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE DETAILED INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT. EACH PROSPECTIVE INVESTOR SHOULD READ THE OFFICIAL STATEMENT IN ITS ENTIRETY TO MAKE AN INFORMED INVESTMENT DECISION.**

## **OFFICIAL STATEMENT**

**Relating to:**

**\$15,120,000\***

**City of Greeley, Colorado  
acting by and through its  
Stormwater Enterprise**

**First-Lien Stormwater System Improvement Revenue Bonds,  
Series 2022**

### **INTRODUCTION**

#### **Generally**

This Official Statement, including its cover page and appendices, is provided in connection with the issuance by the City of Greeley, Colorado (the “City”) acting by and through its Stormwater Enterprise (the “Enterprise”) of \$15,120,000\* aggregate principal amount of First-Lien Stormwater System Improvement Revenue Bonds, Series 2022 (the “Series 2022 Bonds”). The Series 2022 Bonds will be issued under a Stormwater System General Revenue Bond Ordinance (the “General Ordinance”) adopted by the City Council (the “Council”) and a Series 2022 First-Lien Stormwater System Revenue Bond Ordinance (the “Series Ordinance”) adopted by the Council, in each case acting as such and as the governing body of the Enterprise, supplemented, as to certain final terms of the Series 2022 Bonds, by a Final Terms Certificate executed by the City’s Director of Finance (the “Final Terms Certificate” and, collectively with the General Ordinance and the Series Ordinance, the “Bond Ordinance”). The term “City” as used in this Official Statement refers to the City and, where appropriate, to the City acting by and through the Enterprise. The City is a political subdivision of the State of Colorado (the “State”) organized and existing as a home rule municipality under the laws of the State and a home rule charter (the “Charter”).

The Series 2022 Bonds will be payable solely from and secured by an irrevocable pledge of and first lien upon the Net Pledged Revenues (as defined herein). For a definition of the term “Net Pledged Revenues,” see “THE SERIES 2022 BONDS—Security and Flow of Funds.” The Series 2022 Bonds will be secured on a parity-lien basis with the City’s First-Lien Stormwater System Improvement Revenue Bonds, Series 2015 (the “Series 2015 Bonds”).

THE SERIES 2022 BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE CITY, AND ARE NOT PAYABLE IN WHOLE OR IN PART FROM THE PROCEEDS OF GENERAL PROPERTY TAXES OR ANY OTHER FORM OF TAXATION.

#### **Plan and Purpose of Financing**

The Series 2022 Bonds are being issued for the purpose of financing a portion (as described herein, the “Series 2022 Capital Project”) of a larger program of capital additions to the stormwater system (the “System”) operated by the Enterprise, being undertaken with a combination of bond proceeds and other funds, for the purpose of increasing the System’s capacity to safely dispose of storm and flood waters, replacing older components of the System and improving the reliability of the System. See “USE OF PROCEEDS—Sources and Uses of Funds.”

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\* Preliminary; subject to change.

The references to and summaries of provisions of the Constitution and laws of the State and the descriptions of documents included herein do not purport to be complete and are qualified in their entirety by reference to the complete provisions thereof, copies of which are available from the City, or through the Underwriter during the period of the initial offering of the Series 2022 Bonds.

Capitalized terms used and not defined herein shall have the respective meanings specified in Appendix B hereto.

## **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,” “PROJECTED” AND SIMILAR EXPRESSIONS IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. ANY PROJECTION IS SUBJECT TO SUCH UNCERTAINTIES. INEVITABLY, SOME ASSUMPTIONS USED TO DEVELOP THE PROJECTIONS WILL NOT BE REALIZED AND UNANTICIPATED EVENTS AND CIRCUMSTANCES WILL OCCUR. THEREFORE, IT CAN BE EXPECTED THAT THERE WILL BE DIFFERENCES BETWEEN PROJECTIONS AND ACTUAL RESULTS, AND THOSE DIFFERENCES MAY BE MATERIAL.

## **THE SERIES 2022 BONDS**

### **Description of the Series 2022 Bonds**

The Series 2022 Bonds are special and limited obligations of the City, acting by and through the Enterprise, and are issued for the purpose of financing a portion of the Series 2022 Capital Project. The Series 2022 Bonds are in the denominations, bear interest, mature, and are subject to the other terms and conditions stated on the cover page hereof.

### **Authority for Issuance**

The Series 2022 Bonds are issued under authority of Section 5-18d of the Charter, the General Ordinance, the Series Ordinance and the Greeley Municipal Code (the “City Code”). Under the General Ordinance, the City has designated its stormwater activities as an “enterprise” for purposes of Article X, Section 20 of the Colorado Constitution. See “THE ENTERPRISE.” As bonds of an enterprise, the Series 2022 Bonds are authorized to be issued without approval by the electors of the City. See “CONSTITUTIONAL LIMITATIONS ON TAXES, REVENUES, BORROWING AND SPENDING.”

### **Registration and Payment**

The Series 2022 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), as securities depository for the Series 2022 Bonds. For so long as the Series 2022 Bonds are in book-entry form, the principal of and interest on the Series 2022 Bonds will be payable at the office of Zions Bancorporation, National Association is to act as the initial registrar and paying agent for the Series 2022 Bonds (the “Paying Agent”). Interest on the Series 2022 Bonds is payable by wire transfer to Cede & Co. upon written instruction or by check or draft mailed by the Paying Agent to the registered owners of the Series 2022 Bonds whose names and addresses appear in the registration books of the City on the Regular Record Date, i.e., the fifteenth day, whether or not a business day, of the calendar

month preceding the interest payment date. Under certain circumstances a Special Record Date may be fixed by the Paying Agent to determine ownership of the Series 2022 Bonds for the purpose of paying interest not paid when due or interest accruing after maturity.

### **Book-Entry-Only System**

DTC will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2022 Bond will be issued for each maturity of the Series 2022 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. For information regarding DTC see "APPENDIX F—Information Related to Book-Entry-Only System" herein.

### **Redemption**

The Series 2022 Bonds are subject to redemption prior to maturity as follows:

***Optional Redemption.*** The City's home rule charter requires that all bond issues contain a provision for redemption prior to maturity. The Series 2022 Bonds maturing on August 1, 20\_\_ and thereafter are subject to redemption prior to their maturity at the option of the City, in whole or in part, on August 1, 20\_\_ or at any time thereafter (if in part, in integral multiples of \$5,000 by lot in accordance with applicable procedures of the below-described book-entry system or otherwise in such manner as the Registrar shall determine), at a redemption price equal to the principal amount of each Series 2022 Bond or portion thereof so redeemed plus accrued interest thereon to the redemption date, without redemption premium.

***Notice of Redemption.*** Notice of redemption of any Series 2022 Bonds is to be given by the Paying Agent by sending a copy of such notice by first-class mail, postage prepaid, at least 30 days prior to the redemption date, to the Underwriter and to the registered owner of each Series 2022 Bond all or a portion of which is called for prior redemption, at his or her address as it last appears on the registration records kept by the Paying Agent. For so long as the Series 2022 Bonds are in book-entry form, any such redemption notice may be given, in lieu of such mailing, by sending a copy thereof by Federal Express or other nationally recognized overnight delivery service, or by electronic means, to DTC or its designee. Failure, as to any Series 2022 Bond, to mail or send such notice as provided above, or any defect therein, does not affect the validity of the proceedings for the redemption of any other Series 2022 Bonds. Any failure of DTC to advise any Participant, or of any Participant or in direct participant to notify the Beneficial Owner, of any such notice and its content or effect does not affect the validity of the redemption of the Series 2022 Bonds called for redemption or any other action premised on that notice.

In the event of a call for redemption, the Paying Agent's notification to DTC initiates DTC's standard call procedure. In the event of a partial call, DTC's practice is to determine by lot the amount of the interest of each Participant in the Series 2022 Bonds to be redeemed, and each such Participant then selects by lot the ownership interest in such Series 2022 Bonds to be redeemed. When DTC and Participants allocate the call, the Beneficial Owners of the book-entry interests called are to be notified by the broker or other organization responsible for maintaining the records of those interests and subsequently credited by that organization with the proceeds once the Series 2022 Bonds are redeemed.

### **Continuing Disclosure Undertaking**

In order to facilitate compliance by the Underwriter with Securities and Exchange Commission Rule 15c2-12 (the "Rule"), the City will enter into an undertaking (in substantially the form set forth in



APPENDIX E hereto) (the “Continuing Disclosure Undertaking”) to provide certain information, including audited financial results, on an annual basis, and to provide notice of certain specified events contemplated by the Rule. Such information is to be uploaded to the Electronic Municipal Market Access system (“EMMA”) of the Municipal Securities Rulemaking Board. The specific information required to be provided by the City under the Continuing Disclosure Undertaking includes: (a) notice of the occurrence of any of the events enumerated in the Rule; (b) annual audited financial statements (each an “Audit”); and (c) annual operating results with respect to the items provided in Tables IV, V, VI and VII.

The City has entered into numerous continuing disclosure undertakings (the “Previous Undertakings”) in connection with other financings. During the past five years, the City has been subject to the requirements of such Previous Undertakings. In connection with the preparation of a previous Official Statement, it came to the attention of the City that certain operating data required to be filed under the City’s Previous Undertaking for its outstanding Water Revenue Bonds, Series 2018 had been inadvertently omitted. The omitted information, as well as the required failure to file notice related thereto, was filed on November 22, 2019. Additionally, while the City’s Audits have been uploaded and are currently available on EMMA, the Audit for fiscal year ended December 31, 2020 and the 2020 operating data were not timely filed in accordance with the terms of the Previous Undertakings, and the City did not timely file a notice of failure to file related thereto, as required by the Previous Undertakings. Finally, certain operating data required by the Previous Undertakings in connection with certain of the City’s outstanding bonds and certificates of participation were omitted from the City’s previous filings. The omitted data was filed on EMMA on [\_\_\_\_\_, 2022], along with the required failure to file notices related to such data and the 2020 Audit. The City has modified its procedures to ensure compliance with the requirements of its continuing disclosure undertakings.

Failure to perform the Continuing Disclosure Undertaking does not constitute an Event of Default under the Bond Ordinance, but any such failure may materially and adversely affect secondary market trading in the Series 2022 Bonds.

## **SECURITY FOR THE SERIES 2022 BONDS**

### **Security and Flow of Funds**

***The Bond Ordinance.*** The Bond Ordinance provides for the security and sources of payment of the Series 2022 Bonds and directs the application of the proceeds of the Series 2022 Bonds as follows: (a) a portion of the Series 2022 Bond proceeds is to be deposited in the Series 2022 Capital Project Account (the “Series 2022 Capital Project Account”) for the purpose of financing the Series 2022 Capital Project described under the caption “USE OF PROCEEDS—The Series 2022 Capital Project”; and (b) a portion of the Series 2022 Bond proceeds is to be applied to the payment of the costs of issuance of the Series 2022 Bonds. The Bond Ordinance provides that it is irrevocable until the Series 2022 Bonds and the interest thereon are fully paid. There follow brief summaries of certain material provisions of the Bond Ordinance.

***Pledged System Revenues and Flow of Funds.*** The General Ordinance defines the System to include the storm drainage system presently owned and operated by the City, acting by and through the Enterprise, together with all Equipment and Improvements to the System (but excluding Special Facilities) and any other property or facilities specifically added to the System by ordinance of the City Council. The Income of the System is defined in the General Ordinance to include all rates, fees, or charges for services furnished by, or the direct or indirect use of the System, together with any interest income of the System attributable to the investment of moneys in the accounts created in the General Ordinance and not specifically excluded from the lien of the General Ordinance, and subject to certain exclusions enumerated in the full text of the definition of “Income” in Appendix B hereto. See “THE SYSTEM—Sources of Revenue.”

The General Ordinance establishes a special account (the “Income Account”) into which is to be deposited all Income. The Income Account may be maintained as a subfund, account or subaccount of the Stormwater Enterprise Fund.

The Income on deposit in the Income Account is to be deposited and applied in the following order of priority:

FIRST, to the payment of necessary and proper costs of operating and maintaining the System (“Operation and Maintenance Expenses”) as they become due (the Income less such Operation and Maintenance Expenses being referred to as the “Net Pledged Revenues”);

SECOND, to the Debt Service Account in monthly installments sufficient to pay any interest accrued and due on the next interest payment date and a ratable portion of the next installment of principal, if any, on the Series 2022 Bonds, the City’s (acting by and through the Enterprise) outstanding First-Lien Stormwater System Improvement Revenue Bonds, Series 2015 (the “Series 2015 Bonds”) and similar installments with respect to any additional parity securities;

THIRD, to the payment of the Debt Service Requirements of obligations having a lien on the Net Pledged Revenues subordinate to the lien of the Series 2022 Bonds and other outstanding First Lien Revenue Obligations; and

FOURTH, to any other lawful purpose determined by the City Council, acting as the governing body of the Enterprise.

Moneys in any or all of the foregoing accounts may, to the extent provided by Final Terms Certificate, be made subject to transfer to an Excess Investment Earnings Account. In order to give effect to the requirements of both the City Code and the General Ordinance, the City may, to the extent necessary, advance, subject to reimbursement, moneys required for the payment of Operation and Maintenance Expenses from funds earmarked for Improvements or Capital Projects, and may also, to the extent necessary, advance, subject to reimbursement, Net Pledged Revenues required for the payment of Debt Service Requirements of Obligations from funds earmarked for Operation and Maintenance Expenses. Nothing in the General Ordinance prevents the City from creating subfunds or subaccounts for the purpose of recording payments and accumulations in a manner consistent with the accounting principles which may be employed by the City from time to time.

***Rate Maintenance.*** In the General Ordinance, the City covenants, among other things, to prescribe, revise and collect fair and reasonable rates, fees and charges for use of the System which shall produce Income sufficient, together with any other moneys legally available therefor and credited to the Income Account, to make the payments and accumulations required by the Ordinances; and which shall produce Net Pledged Revenues in each ensuing Fiscal Year at least equal to the sum of 125% of the Combined Annual Debt Service Requirements of all Outstanding First-Lien Revenue Obligations and 105% of the Combined Annual Debt Service Requirements of all Outstanding Subordinate Revenue Obligations, plus any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Net Pledged Revenues or any securities payable therefrom. For purposes of compliance with the Bond Ordinance, including the Rate Maintenance Covenant, there may be counted as Income any funds contributed to the System by the City.

***First-Lien Bonds.*** Pursuant to the General Ordinance, the Series 2022 Bonds and any Additional First-Lien Revenue Obligations constitute a first and prior (but not necessarily exclusive) lien on the Net Pledged Revenues.

***Additional Obligations.*** Additional Obligations may be issued, subject to certain provisions of the Bond Ordinance.

The General Ordinance prohibits the issuance of Obligations having a claim to the Income prior or superior to that of the Series 2022 Bonds. Subordinate securities may be issued at any time.

Additional First-Lien Revenue Obligations may be issued provided that, at the time of their issuance: (a) the City is not in default under the provisions of the Bond Ordinance; and (b) the Net Pledged Revenues for the last complete Fiscal Year or any 12 consecutive whole months out of the last 18 prior to the issuance of the proposed Additional First-Lien Revenue Obligations, as certified by the City Manager or a Consulting Engineer or Independent Accountant, must have been equal to at least 125% of the Maximum Annual Debt Service Requirements of the Series 2022 Bonds and Additional First-Lien Revenue Obligations then Outstanding and the Additional First-Lien Revenue Obligations proposed to be issued. If any adjustment in System rates or fees is to be effective during or prior to any Fiscal Year in which the Maximum Annual Debt Service Requirements occur, the Net Pledged Revenues may be adjusted to reflect the Net Pledged Revenues which would have been produced had the modified rates been in effect throughout such Fiscal Year.

For a more detailed description of the Bond Ordinance, see Appendix B hereto.

## Debt Service Requirements

The following table shows the debt service requirements of the Series 2022 Bonds and the Series 2015 Bonds. There are currently no Subordinate Obligations payable from the Net Pledged Revenues.

**TABLE I**  
**Debt Service Requirements**

<b>August 1</b>	<b>Principal</b>	<b>Interest</b>	<b>Parity Securities <sup>1</sup></b>	<b>Total</b>
2022	\$ 730,000	\$	\$547,050	\$
2023	495,000		545,800	
2024	515,000		548,800	
2025	535,000		545,800	
2026	560,000		547,050	
2027	580,000		546,250	
2028	605,000		548,950	
2029	630,000		546,200	
2030	655,000		548,150	
2031	680,000		544,088	
2032	705,000		544,138	
2033	735,000		548,106	
2034	755,000		546,400	
2035	780,000		548,550	
2036	805,000		--	
2037	830,000		--	
2038	850,000		--	
2039	880,000		--	
2040	905,000		--	
2041	930,000		--	
2042	<u>960,000</u>		<u>--</u>	
Total	<u>\$15,120,000</u>	\$	<u>\$7,655,332</u>	\$

<sup>1</sup> Includes debt service requirements on the outstanding Series 2015 Bonds.

## Debt Service Coverage

The following table shows revenues, net of operation and maintenance expenses, comprising the Net Pledged Revenues for the years 2016 through 2020, and the relationship between such historic Net Pledged Revenues and projected maximum annual debt service requirements for the Series 2015 Bonds and assuming issuance of the Series 2022 Bonds.

**Table II**  
**Net Revenues and Debt Service Coverage**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Net Pledged Revenues					
Operating Revenue	\$4,923,398	\$5,397,986	\$6,197,943	\$6,392,624	\$6,872,569
(Less) Operations and Maintenance <sup>1</sup>	(2,164,883)	(1,939,908)	(2,663,742)	(2,231,253)	(2,552,300)
Plant Investment Fees	280,949	165,734	548,265	345,198	173,162
Other Non-Operating Revenues (Expenses) <sup>2</sup>	(180,273)	(168,835)	(9,907)	(162,611)	(150,653)
Net Transfers	<u>(386,759)</u>	<u>(431,408)</u>	<u>(419,752)</u>	<u>(485,090)</u>	<u>(507,553)</u>
Total Net Revenues	\$2,472,432	\$3,023,568	\$3,652,807	\$3,858,868	\$3,835,225
Historical Actual Debt Service-Parity Obligations <sup>3</sup>	\$546,615	\$544,750	\$544,150	\$548,150	\$548,650
Parity Debt Service Coverage	4.52x	5.55x	6.71x	7.04x	6.99x
Maximum Annual Debt Service *	\$1,537,550	\$1,537,550	\$1,537,550	\$1,537,550	\$1,537,550
Debt Service Coverage *	1.60x	1.96x	2.37x	2.50x	2.49x

<sup>1</sup> Does not include depreciation.

<sup>2</sup> Includes investment income and other non-operating revenue (expenses). Because debt service is paid before capital outlay, other non-operating revenue does not include capital outlay income (expenses) for this purpose. See "Table IX—Stormwater Fund Schedule of Revenues, Expenditures and Changes in Funds Available Actual, Non-GAAP Budgetary Basis, Years Ended December 31."

<sup>3</sup> Includes historical debt service on the outstanding Series 2015 Bonds actually paid in each fiscal year.

\* Preliminary; subject to change.

Source: City audited financial statements, the City and the Financial Advisor

## USE OF PROCEEDS

### Sources and Uses of Funds

The City estimates the following sources and uses of funds (exclusive of accrued interest) in connection with the sale of the Series 2022 Bonds:

Sources	Total
Principal Amount of Series 2022 Bonds	\$
Net Premium	
<b>Total Sources</b>	\$
<b>Uses</b>	
Deposit to Series 2022 Capital Project Account	\$
Costs of Issuance <sup>1</sup>	
Underwriter's Discount	
Additional Proceeds	
<b>Total Uses</b>	\$

<sup>1</sup> Includes legal, printing, accounting and financial advisory fees.

### The Series 2022 Capital Project

**General.** The net proceeds of the Series 2022 Bonds are to be used to pay costs of issuance of the Series 2022 Bonds and to finance the Series 2022 Capital Project (as defined below).

The Series 2022 Capital Project is part of a comprehensive program of additions and improvements to the System (being carried out and financed with a combination of Series 2022 Bond proceeds and other funds) for the purpose of increasing the System's reliability, replacing older components of the System and adding capacity to safely dispose of storm and flood waters. Since 1992, the City has completed a number of studies and developed numerous master plans for various components of the System, to be used by the City as guidelines in connection with storm drainage improvements. One such master plan is the City's 2017 North Greeley and Downtown Basin Storm Drainage Master Plan (the "Downtown Master Plan"). The Series 2022 Capital Project generally includes a portion of the design and construction of the larger 12<sup>th</sup> Street Outfall project, in accordance with the Downtown Master Plan, as well as additional improvements outlined in the City's master plans. The City reserves the right to revise its plans for the Series 2022 Capital Project and may prioritize other projects as needed.

The 12<sup>th</sup> Street Outfall project has been designed to ameliorate potential flooding conditions along the identified route and will provide a new outfall to move stormwater from downtown City locations to a discharge point into the Cache La Poudre River (the "Poudre River") (see map below). The project is to be designed and constructed in seven phases (marked one through seven along the green line in the center of the map below). The City expects to finance all or any portion of phases one through three with the net proceeds of the Series 2022 Bonds (i.e., the "Series 2022 Capital Project"). The first phase generally includes the removal and relocation of key water and sewer lines along the path of the new outfall, as well as the construction of a water quality pond through which stormwater is to travel and collect prior to being discharged into the Poudre River. The second phase includes the design and construction of various storm infrastructure improvements to 12th Street, 2nd Avenue and 6th Avenue in the downtown area, pursuant to

the Downtown Master Plan, as well as the design and construction of the western extension of the new outfall. The third phase is planned to continue the western extension of the line. This extension will include the replacement and relocation of the existing stormwater infrastructure currently located at the 13<sup>th</sup> Street railroad crossing to a single railroad crossing that is to be located at 12<sup>th</sup> Street. The 12<sup>th</sup> Street Outfall project is expected to provide additional protection against flooding hazards, enhance stormwater quality and improve System infrastructure.

Phases four through seven of the 12<sup>th</sup> Street Outfall project are currently planned to complete the western extension of the new outfall, in addition to the design and construction of additional projects identified in the Downtown Master Plan. The City currently anticipates financing the remaining phases with an additional bond financing in the next three to five years. The following map depicts the seven phases of the 12<sup>th</sup> Street Outfall project (shown as the green line in the center of the map), as currently planned, as well as additional improvements pursuant to the City's master plans.

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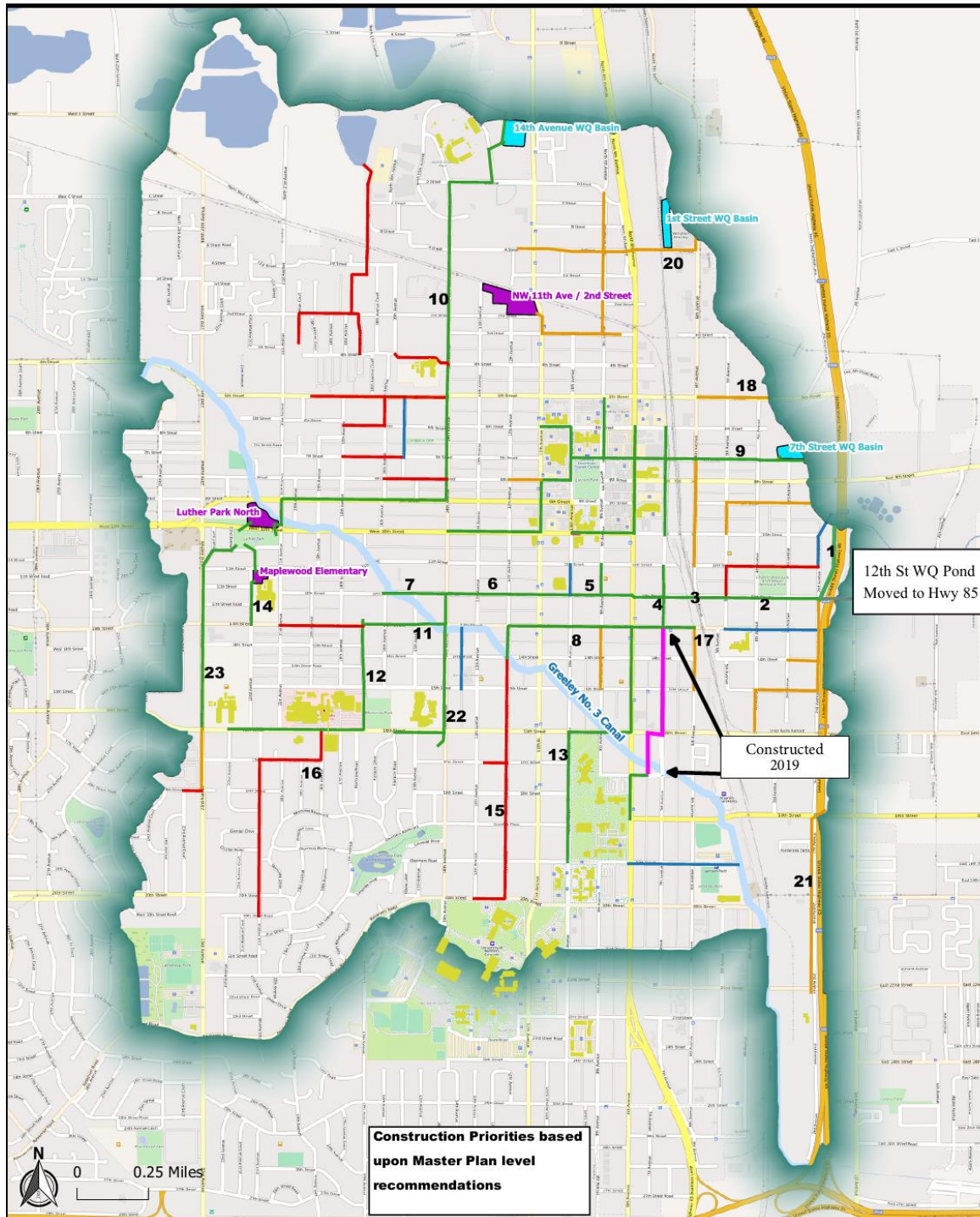
# Proposed Detention / Water Quality Basins

Location	Max Storage (Ac-ft)
14 <sup>th</sup> Ave Outfall	4.0
Maplewood Elementary	2.2
NW of 11 <sup>th</sup> Ave/2 <sup>nd</sup> St	12.6
14 <sup>th</sup> Ave WQ Basin	8.1
1 <sup>st</sup> Street WQ Basin	5.0
7 <sup>th</sup> Street WQ Basin	5.8
12 <sup>th</sup> Street WQ Basin	6.6

- Important Structure
- Basin Boundary
- Detention Basin
- Water Quality

## Improvement Level

- 02-yr
- 05-yr
- 10-yr
- Existing





## THE CITY

### General

The City was incorporated as a municipal corporation in 1886 and adopted its home rule charter in 1958. The City is located in central Weld County approximately 52 miles north of the Denver metropolitan area. The City encompasses approximately 50 square miles, has a 2021 year-end projected population of 111,146 according to the City's 2021 Mid-Year Growth and Development Projection Report, and is the county seat of Weld County. See "APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION."

### Governing Body

Under its Charter, the City has a Council-Manager form of government. Pursuant to the Charter, and the Colorado Constitution, the City has all powers of local self-government. The governing body of the City is the six-member City Council (the "Council") and the Mayor. The Council has all legislative powers and all other powers of the City not otherwise conferred by the Charter. Four Council members are elected by ward and two are elected at large. The Council members serve four-year overlapping terms of office and are limited to a maximum of two consecutive terms. The Mayor serves a two-year term and is limited to a maximum of four consecutive two-year terms.

The Council meets on the first and third Tuesdays of the month, with the Mayor participating as a voting member and as the presiding officer. A Mayor Pro Tem is appointed from the Council membership to serve in the event of absence or disability of the Mayor. As compensation for their services, the Council members receive salaries of \$1,050 per month, and the Mayor receives \$1,500 per month. The present Council and their principal occupations and terms of office are as follows:

<b>City Council Member</b>	<b>Present Term Expires (November) <sup>1</sup></b>	<b>Principal Occupation</b>
John Gates, Mayor	2021	Weld County School District 6 Security Director
Brett Payton, At Large, Mayor Pro Tem	2025	Attorney
Dale Hall, Ward IV	2023	Owner Property Management Company
Tommy Butler, Ward I	2023	City Council Member
Deb Deboutez, Ward II	2025	Retired
Johnny Olson, Ward III	2025	Engineer
Ed Clark, At Large	2023	University Schools Security Director

The Council effects its decisions through the passage of ordinances, resolutions and motions. All legislative acts of a permanent nature must be in the form of ordinances. Certain acts of the Council also are required by the Charter to be in the form of ordinances, including, among others, those acts making appropriations, authorizing the borrowing of money, levying taxes or establishing a rule or regulation for the violation of which a penalty is imposed. All other actions, except as provided in the Charter, may be in the form of resolutions or motions.

Except as otherwise provided in the Charter, all ordinances must pass two readings by the affirmative vote of the majority of the Council members in office at that time. Adoption of emergency ordinances requires approval by the affirmative vote of two-thirds of the entire Council. An emergency

ordinance may be in effect for no more than 90 days after its passage. The Council also may submit any proposed ordinance to a vote of the people. Unless otherwise prescribed in the ordinance, all ordinances shall take effect five days after final publication.

The Charter reserves to the City's electors the right to propose ordinances to the Council by means of an initiative procedure and to subject certain ordinances to reconsideration by the Council and a referendum vote; appropriations and tax levy authorizations are excluded from both the initiative and the referendum.

## **Administration and Management**

The council-manager form of government vests responsibility for day-to-day City operations in the City Manager and the City's staff. The City Manager is appointed by the Council and serves for an indefinite term at the pleasure of the Council. The staff functions through the City's various departments which are under the direction of the City Manager.

The administrative and management personnel of the City most directly involved in the issuance of the Series 2022 Bonds are the City Manager, the Finance Director and the City Attorney. These individuals' duties in City government and their relevant experience are summarized below.

***City Manager.*** The City Manager is the chief administrative officer of the City. He is responsible to the Council for proper administration of all City affairs placed in his charge by the Charter or by law, including the direction and supervision of all administrative departments of the City (with the exception of those under the direction of the City Attorney and the municipal court). The City Manager is also required to annually prepare and administer the City budget and to perform such other duties as requested by the Council.

The City's former City Manager, Roy Otto, retired in August 2021. The Council appointed Raymond C. Lee III as the City's new City Manager on January 4, 2022. Mr. Lee joined the City in January of 2021 as Deputy City Manager prior to his appointment as City Manager. Mr. Lee has expansive experience in municipal government, having previously worked in leadership roles in the Public Works department for the City of Amarillo and the Street Services department for the City of Dallas. Mr. Lee has also previously worked in other departments for the City of Dallas, including library services, city secretary's office, human resources and risk management. Mr. Lee received his Bachelor's and Master's degrees in Public Administration from Henderson State University and the University of Kansas, respectively.

***Finance Director.*** This position acts under the direction of the City Manager in the administration and management of the financial affairs of the City. The responsibilities include, among others, oversight of the day-to-day financial activity, the preparation of annual financial statements and the annual budget.

Mr. Karner is Finance Director for the City, where he oversees the fiscal management and financial operations for the City. Mr. Karner holds a Bachelor of Arts degree in Economics and Political Science from Lake Forest College and a Master of Public Policy from the University of Chicago's Harris School of Public Policy. Mr. Karner has broad experience across government and the private sector. As a consultant, Mr. Karner led the strategy and execution planning for the National Western campus's operations post construction. Mr. Karner served as Director of Strategic Initiatives at Denver International Airport ("DIA") where he led the execution of a newly created public-private innovation partnership between DIA and a global private airport operator. Mr. Karner also worked for the City and County of Denver's Department of Finance focusing on public financing and economic development projects that supported smart, sustainable economic growth across Denver. Before his relocation to Colorado, Mr. Karner served as senior

advisor to the Chief Financial Officers' Council in Washington D.C where he worked with the Executive Office of the President, Office of Budget and Management to help manage execution of the President's Management Agenda and support the development of sound financial management policy for the U.S. government.

**City Attorney.** The City Attorney is the chief legal officer of the City. The City Attorney is responsible for all the legal affairs of the City, except some limited legal matters for the Public Works Department for which that department retains special legal counsel.

Douglas Marek was appointed City Attorney in December of 2012. He served as City Attorney for Ames, Iowa from 2006 until his appointment as City Attorney of the City. Mr. Marek earned his Bachelor of Arts degree from Colorado College in Colorado Springs, Colorado. He then went on to earn his Juris Doctorate from Drake University Law School in Des Moines, Iowa. Prior professional positions include Deputy Iowa Attorney General and First Assistant Story County Iowa Attorney.

## **City Employees**

For 2022, the City has budgeted a total of 1,011.75 full-time regular equivalents who are eligible for benefits. City employees are granted vacation and sick leave, or paid time off in varying amounts. The Charter expressly grants collective bargaining rights to the City's police officers and firefighters; none of the City's other employees have collective bargaining rights. The City believes its relationship with its employees is satisfactory.

## **COVID-19**

The spread of the coronavirus disease 2019 ("COVID-19") is currently altering the behavior of individuals and businesses in a manner that is having significant negative effects on global, national, and local economies and could result in some municipal operations and revenues being vulnerable to the potential economic effects of the pandemic. The City, along with federal, state and local governments, has taken significant steps to address the impacts of COVID-19. Such steps include various announced orders, recommendations and other measures intended to slow the spread of COVID-19, including the closing of businesses (or, in connection with social distancing, requiring the implementation of restrictive measures with respect to the provision of goods and services) as well as "shelter in place" orders. With respect to its operations in general, the City is following national, State and local guidance and recommendations for protecting public health including, but not limited to separating employees and working from home when possible.

## **Pension Plans and Other Post-Employment Benefits**

The City provides five pension plans for eligible employees, including the City of Greeley Money Purchase Plan (a defined contribution plan), the Greeley Police Department Personal Defined Contribution Pension Plan, the Fire New-Hire Plan (a cost-sharing multiple-employer statewide defined benefit plan administered by the Colorado Fire and Police Pension Association (FPPA)), the Police Old-Hire Pension Plan (an affiliated local plan of the Public Employee Retirement System, an agent multiple-employer defined benefit pension plan administered by the FPPA), and the Fire Old-Hire Pension Plan (an affiliated local plan of the Public Employee Retirement System, an agent multiple-employer defined benefit pension plan administered by the FPPA). A description of the City's pension plan obligations is included in Note 15 to the City's 2020 audited financial statements in APPENDIX C hereto.

## **City Insurance Coverage**

The City's insurance program includes a combination of self-insurance and commercial insurance coverage. The City presently has a \$451,983,914 blanket insurance policy with Liberty Mutual Insurance Company covering all of its structures and their contents, with a \$50,000 deductible per occurrence. The City is partially self-insuring general liability and automobile liability and public officials' liability insurance programs. In addition, the City has a \$5,000,000 excess policy underwritten by Genesis Insurance with a \$500,000 SIR (self-insured retention). The City also carries certain stop loss policies for its employee self-insured health plan and excess workers compensation coverage.

The City budgeted \$16,852,170 for health premiums, \$667,840 for dental premiums, and \$165,500 for a total deposit to its Health Fund of \$17,685,510 for 2022. The Health Fund accounts for allowable medical claims of City employees and their covered dependents. Self-insurance is in effect for claims up to \$225,000 per employee per year. Claims greater than \$225,000 per employee per year, and those in excess of \$14,836,316 (for 2022) aggregate stop loss coverage, are insured by private insurance companies. The fund balance in the Health Fund as of December 31, 2020 was \$5,994,586.

The City budgeted \$2,431,956 for deposit to its Liability Fund for 2022, which fund accounts for the costs associated with providing a self-insurance fund for liability claims against the City. The Liability Fund had a balance of \$1,648,661 as of December 31, 2020.

The City has budgeted \$1,064,804 for deposit in its Workers Compensation Fund in 2022, which fund accounts for the financing of costs associated with self-insuring the City's workers compensation expenses. The Workers Compensation Fund had a fund balance of \$5,698,416 as of December 31, 2020.

For additional information concerning the City's risk management and self-insurance programs, see Note 10 to the City's financial statements in APPENDIX C hereto.

## **Current Financial Obligations**

The City's financial obligations are summarized in detail in Notes 8 and 9 to the audited financial statements attached as APPENDIX C to this Official Statement. With the exception of lease-purchase obligations subject to annual appropriation, enterprise revenue bonds and refunding obligations issued at a lower interest rate, the issuance of multi-year financial obligations by the City generally requires voter approval as described under the caption "CONSTITUTIONAL LIMITATIONS ON TAXES, REVENUES, BORROWING AND SPENDING."

## **City Services**

The City is a full-service city, providing water and sewer service, storm drainage, police protection, fire protection, a municipal court system, street and road maintenance, cultural facilities and parks and recreation facilities throughout the City. Other facilities and services such as public transit, public schools, hospital, telephone, and power utilities are available to City residents through third-party providers.

## **THE ENTERPRISE**

The Enterprise has historically been operated by the Public Works Department of the City and its operations are accounted for in a separate enterprise fund identified in the City's audited financial statements as the Stormwater Fund.

The following paragraphs provide a general description of the Enterprise.

## **Origins and Purpose**

Through the System, the Enterprise provides storm drainage facilities which protect persons and property within the City by channeling storm water flows to prevent flooding.

The Enterprise operates the System on a fee-for-service basis under a uniform system of rates designed to charge property owners for their relative shares of the cost of controlling storm runoff, based upon the respective amounts of impervious surface on their properties. The Enterprise is generally self-sufficient and does not receive a material amount of financial support from other City funds.

## **Management**

The Stormwater Division of the City Public Works Department manages the System and is responsible for the day-to-day operations and capital construction program of the Enterprise. The Manager of the System is Ms. Karen Reynolds. Ms. Reynolds has over 20 years of experience in the Stormwater, Water and Wastewater industries in both municipal and special district environments. Specializing in planning and finance of Capital Improvement and Infrastructure Rehabilitation programs, Ms. Reynolds has been instrumental in the successful completion of numerous Northern Colorado projects. She is a Certified Water Professional and Colorado native.

## **Designation and Character of the Enterprise for Purposes of TABOR**

Following the requirements of Article X, Section 20 of the Colorado Constitution (“TABOR”) described under the caption “CONSTITUTIONAL LIMITATIONS ON TAXES, REVENUES, SPENDING AND BORROWING,” the City Council has confirmed the existence of the Enterprise as an “enterprise” for purposes of TABOR. TABOR defines an “enterprise” as a government owned business authorized to issue its own revenue bonds and receiving under 10% of its annual revenue in grants from all Colorado State and local governments combined. In the 12-month periods ended December 31, 2020 and December 31, 2021, the Enterprise did not receive, and in the year 2022 it does not expect to receive, any material portion of its total revenues in grants from the State or its political subdivisions, including the City.

The City has made no covenant that it will continue to maintain the Enterprise as an “enterprise” under TABOR. A future failure of the Enterprise to qualify as an “enterprise” for purposes of TABOR would not affect the validity of the Series 2022 Bonds or the right and obligation of the City to increase fees and charges when required by the Bond Ordinance, but (in the absence of continuing spending exceptions such as those described under the caption “CONSTITUTIONAL LIMITATIONS ON TAXES, REVENUES, SPENDING AND BORROWING”) would result in the inclusion of the Enterprise in the City’s overall spending and revenue base and limitations while the Enterprise continued to be disqualified.

## **THE SYSTEM**

The following describes the properties, service area, rate structure, sources of revenue and capital, and operating expenditure requirements of the System.

### **Generally**

The downtown area of the City is located near the confluence of the Poudre River and South Platte River and has existed as an urbanized area with substantial amounts of commercial development, paved streets and other impervious structures and surfaces since the late 19th Century. Storm drainage facilities were constructed incrementally in the downtown area as it developed, and generally consist of an urbanized collection system draining into channels which empty into the Poudre River.

Since its founding, the City has developed and expanded predominately to the west of the downtown area, with some expansion to the south abutting the neighboring municipality of Evans and, more recently, development to the west and to the north of U.S. Highway 34. There are currently twenty-three major drainage basins that drain out of or in to the incorporated boundaries of the City. Ten of these basins, including the original downtown area, are included in the City Storm Drainage Master Plans. Because storm water is ultimately discharged into either the Poudre River or the South Platte River, it has been necessary to widen certain existing channels, install larger storm sewer mains and culverts and make other improvements to keep up with increased stormwater runoff caused by development in outlying areas and the resulting increase in impervious surface area.

The System contains very few moving parts or machinery, so that the operation and maintenance of the System consists primarily of routine, documented inspections and follow-up work for the purpose of keeping the mains and channels free of debris and repairing broken or eroded parts of the System.

The mechanical components of the System consist predominantly of manually operated valves at locations where the System discharges into either the Poudre River or the South Platte River. There are two automatic gates that release water from the Greeley Number 3 Irrigation Canal (the “No. 3 Canal”) to spillway structures at the west and east ends of the Downtown area in order to maintain storm drainage capacity within the No. 3 Canal. There is also one storm water pumping station located on 9th Avenue south of the Poudre River.

The non-mechanical components of the System consist of approximately 13.5 miles of open channels and 185 miles of storm sewer pipe, of which 38.6 miles can be characterized as major storm water infrastructure. There are also approximately 492 storm water detention basins within the incorporated area of the City and 135 of these are maintained by the Enterprise. Finally, there are approximately 4000 storm water inlets and approximately 2000 manholes that are the responsibility of the Enterprise.

### Capital Improvement Program

The System operates under a five-year Capital Improvement Plan (the “Capital Improvement Plan”) which is updated and revised annually. The Capital Improvement Plan includes a list of construction and replacement projects designed to meet the needs of current customers and provide for future development. The proposed 2022-2026 Capital Improvement Plan includes a total of \$57,953,345 for various System projects. Approximately \$17,000,000 of such amount is expected to be funded from proceeds of the Series 2022 Bonds. Of the remaining portion of the total Capital Improvement Plan, it is currently anticipated that approximately \$21,000,000 would be funded from future borrowing and the remainder would be funded from System revenues.

**TABLE III**  
**Five-Year Projected Capital Projects**

	<b>2020 Proposed</b>	<b>2021 Planned</b>	<b>2022 <sup>1</sup> Planned</b>	<b>2023 Planned</b>	<b>2024 Planned</b>	<b>Total Cost 2020-2024</b>
Construction	\$1,700,012	\$1,252,031	\$16,919,573	\$2,612,608	\$ 826,621	\$23,310,845
Replacement	<u>2,248,659</u>	<u>1,791,246</u>	<u>2,658,809</u>	<u>2,007,818</u>	<u>2,072,439</u>	<u>10,778,971</u>
Total:	<u>\$3,948,671</u>	<u>\$3,043,277</u>	<u>\$19,578,382</u>	<u>\$4,620,426</u>	<u>\$2,899,060</u>	<u>\$34,089,816</u>

<sup>1</sup> Approximately \$17,000,000.00 of the proposed amount is expected to be funded from proceeds of the Series 2022 Bonds.

## **Environmental Concerns**

Operating policies of the Enterprise seek to maximize the quality of stormwater discharged by the System into the Poudre River, and the provisions of the City Code pertaining to the System provide penalties for the discharge of hazardous materials into the storm drains and other collection facilities of the System. Although management of the System believes it is presently in compliance with all material environmental regulations affecting the System, there can be no assurance that future compliance with such requirements will not prevent the development of otherwise feasible projects or result in substantially increased capital and operating expenses for the System.

## **COVID-19**

The larger City government has implemented various measures described under the caption “THE CITY—COVID-19” in response to the pandemic conditions experienced in 2020 and 2021. As of the date of this Official Statement, the System has experienced no significant COVID-19 related financial or operational hardships. There have been no significant account delinquencies or instances of non-payment attributable to COVID-19. No loans or grants have been necessary for the continued operation of the System. The City continues to closely monitor the impact of COVID-19 (including, but not limited to, the underlying financial impact on its revenues) on the operation of its municipal services, including those of the System. It is unknown how extensive the spread of COVID-19 will be in the City or the State, or how long the current restrictions will remain in place, and these things may change rapidly. Due to the essential nature of the System’s utility services, the Enterprise does not currently anticipate a significant, material impact on its annual revenues. However, it is not possible to predict whether current economic conditions will continue or worsen, the duration of such changing conditions, or how future short term and long-term economic conditions related to the pandemic will affect the System’s finances in general.

## **Rate Structure**

The City Code creates a Stormwater Management Program which includes the various activities currently being performed by the System. In establishing the Stormwater Management Program, the Council determined that dedicated funding for stormwater management is needed and that the appropriate way to establish and administer the program is as an enterprise fund operation of the City.

The City Code creates a Stormwater Board (the “Board”) consisting of five members appointed by the Council. The Board is responsible, among other duties, to make recommendations to the Council concerning stormwater management, priorities, policies, fees and procedures. The Board annually recommends stormwater rates, including both drainage development impact fees and stormwater management program fees (i.e., service charges).

***Drainage Development Fees.*** Drainage development fees, which represent the payments made when properties are improved in a manner contributing to stormwater runoff, such as by paving or erecting structures, are currently imposed at the following rates:

**TABLE IV**  
**Drainage Development Fees**

<b>Customer Class</b>	<b>Fee</b>
Single-family residential, per dwelling unit	\$401.90
Multifamily residential, per dwelling unit	\$289.20
Retail, per site square foot of impervious surface <sup>1</sup>	0.11
Commercial, per site square foot of impervious surface <sup>1</sup>	0.11
Industrial, per site square foot of impervious surface <sup>1</sup>	0.11
Oil and gas	\$221.50

<sup>1</sup> Current System design criteria do not allow for impervious surface areas resulting from development to exceed 70% of total areas for these properties. Should a developer wish exceed the 70% limit, a variance would need to be approved by the City and the drainage development fees would be calculated accordingly.

Drainage development fees are assessed for the purpose of distributing the capital cost of the System among its customers but are not identified with particular capital improvements. Stormwater System development fees are treated for financial accounting purposes as additions to capital; but are included in the Income of the System for purposes of the Bond Ordinance.

During the years 2017-2021, drainage development fee receipts, which are due when a building permit is issued, were as follows:

**TABLE V**  
**Drainage Development Fees**  
**Received 2017-2021**

<b>Year</b>	<b>Receipts</b>
2017	\$165,734
2018	548,265
2019	345,198
2020	141,123
2021	357,094 <sup>1</sup>

<sup>1</sup> Unaudited

**Stormwater Program Fees.** Stormwater program fees, which constitute the monthly service charges payable by all customers of the System, are currently imposed at the following average rates:



**TABLE VI**  
**Stormwater Fee**

<b>Customer Class</b>	<b>Average Monthly Rate <sup>1</sup></b>
Residential	\$ 11.84
Church	279.37
Commercial	1,342.88
Industrial	1,237.03

<sup>1</sup> Average bill for each customer class.

Pursuant to the Stormwater Utility Fee Resolution adopted by the City Council on October 19, 2021, stormwater program fees in 2022 are imposed at a base rate of \$0.003286 per square foot of property area. The fee applicable to any particular property is calculated by multiplying the base rate by the area of the property and applying a runoff factor which reflects the type of surface and land use of the property.

Stormwater program fees are billed and collected with water and sewer bills. Unpaid fees, together with costs of collection, are a lien upon the property to which they apply, with priority over all other liens except general taxes and prior special assessments and may be enforced as provided in the City Code by the same procedure as special assessments.

In 2020 and 2021, stormwater fee revenue was derived from the following categories of customers:

**TABLE VII**  
**Stormwater Fee Revenue by Customer Type—2020 and 2021**

<b>Type of Customer</b>	<b>2020 Number of Accounts</b>	<b>Total Fees</b>	<b>2021 Number of Accounts <sup>1</sup></b>	<b>Total Fees <sup>1</sup></b>
Church	186	\$ 127,838	186	\$ 116,070
Commercial	1,724	1,304,591	1,724	1,184,489
Residential	24,957	3,618,244	24,957	3,286,523
School	63	498,895	63	454,255
Special	6	19,239	6	17,442
Urban Area	4	724	4	2,184
Govt/Hospital/Medical	2,176	739,691	2,176	788,647
Industrial	295	481,569	295	434,034
Grand Total	<u>29,411</u>	<u>\$6,790,791</u>	<u>29,411</u>	<u>\$6,283,644</u>

<sup>1</sup> Unaudited.

The following table shows the 10 largest customers of the System and the percentage of total fee revenues provided by them in 2020.

**TABLE VIII**  
**Ten Largest System Customers—2020**

<b>Customer Type</b>	<b>Total User Charge Revenue Collected</b>	<b>Percent of Total Service Charges Collected <sup>1</sup></b>
University	\$160,434.00	2.36%
Commercial	70,608.36	1.04
School	68,364.24	1.01
School	60,767.40	0.89
Commercial	54,619.56	0.80
Commercial	36,322.16	0.53
School	35,349.44	0.52
Real Estate	31,582.32	0.47
Other	30,680.40	0.45
Commercial	<u>28,102.56</u>	<u>0.41</u>
Total:	<u>\$576,830.44</u>	<u>8.48%</u>

<sup>1</sup> Based on total stormwater billings of \$6,790,790.84 in 2020.

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## FINANCIAL INFORMATION CONCERNING THE SYSTEM

### Operating History

The following tables set forth the operating history of the Stormwater Fund for the years indicated.

**TABLE IX**  
**Stormwater Fund Schedule of Revenues, Expenditures and Changes in Funds Available**  
**Actual, Non-GAAP Budgetary Basis, Years Ended December 31,**

	2016	2017	2018	2019	2020
<b>OPERATING REVENUES</b>					
Charges for services	\$ 4,921,940	\$ 5,396,135	\$ 5,828,611	\$ 6,314,778	\$ 6,849,518
Intergovernmental revenue	300	300	311,688	300	18,326
Licenses and permits	1,158	1,550	1,456	1,568	4,725
Miscellaneous Expense reimbursement	--	--	56,188	75,978	--
Total Operating Revenues	<u>4,923,398</u>	<u>5,397,985</u>	<u>6,197,943</u>	<u>6,392,624</u>	<u>6,872,569</u>
<b>OPERATING EXPENSES</b>					
Personnel services	1,468,268	1,494,543	1,699,577	1,661,160	1,891,444
Supplies	75,876	55,501	79,588	63,289	62,852
Purchased services	409,608	154,131	641,518	328,017	450,020
Utilities	6,008	8,191	10,289	9,513	11,132
Repairs and maintenance	197,340	221,595	230,100	167,000	136,127
Rentals	6,264	5,702	2,346	2,274	725
Depreciation	1,051,760	--	--	--	--
Other expenses	1,519	245	324	--	--
Total Operating Expenses	<u>3,216,643</u>	<u>1,939,908</u>	<u>2,663,742</u>	<u>2,231,253</u>	<u>2,552,300</u>
Operating income (loss)	<u>1,706,755</u>	<u>3,458,077</u>	<u>3,534,201</u>	<u>4,161,371</u>	<u>4,320,269</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Development fees	280,949	165,734	548,265	345,198	173,162
Interest and investment earnings	102,261	69,890	159,651	155,516	158,055
Cash in lieu/warranty bond	2,848	--	--	--	--
Oil/gas royalties	--	4,361	--	--	--
Grants	21,039	--	--	--	--
Capital outlay	(4,148,542)	(3,946,992)	(4,973,004)	(7,420,676)	(2,028,659)
Interest expense	(266,843)	(252,852)	(241,384)	(229,670)	(218,639)
Principal retirement	(250,000)	(265,000)	(275,000)	(290,000)	(305,000)
Miscellaneous	(35,922)	(30,241)	110,019	(39,751)	(19,218)
Gain (loss) on sales of capital assets	(23,193)	(8,880)	68,635	(78,742)	(69,570)
Total Non-Operating Revenues (Expenses)	<u>(4,317,403)</u>	<u>(4,263,980)</u>	<u>(4,602,818)</u>	<u>(7,558,125)</u>	<u>(2,309,869)</u>
Net gain (loss)	(2,610,648)	(805,903)	(1,068,617)	(3,396,754)	2,010,400
Capital contributions	642,165	380,086	2,595,039	--	--
<b>TRANSFERS OUT</b>					
General fund	(317,524)	(375,543)	(408,168)	(465,288)	(505,153)
Information technology fund	--	--	--	--	(2,400)
Public art fund	<u>69,235</u>	<u>(55,865)</u>	<u>(11,584)</u>	<u>(19,802)</u>	<u>--</u>
Total transfers out	<u>(386,759)</u>	<u>(431,408)</u>	<u>(419,752)</u>	<u>(485,090)</u>	<u>(507,553)</u>
Net gain (loss) on a budgetary basis	(2,355,242)	(857,225)	1,106,670	(3,881,844)	1,502,847
<b>Reconciliation to a GAAP Basis:</b>					
Capital outlay	4,148,542	3,946,992	4,973,004	7,420,676	2,028,659
Depreciation	--	(1,228,718)	(1,335,921)	(1,577,327)	(1,177,403)
Principal retirement	<u>250,000</u>	<u>265,000</u>	<u>275,000</u>	<u>290,000</u>	<u>305,000</u>
Net income	2,043,300	2,126,049	5,018,753	2,251,505	2,659,103
NET ASSETS—January 1	<u>26,461,381</u>	<u>28,504,681</u>	<u>30,630,730</u>	<u>35,649,483</u>	<u>37,900,988</u>
NET ASSETS—December 31	<u>\$28,504,681</u>	<u>\$30,630,730</u>	<u>\$35,649,483</u>	<u>\$37,900,988</u>	<u>\$40,560,091</u>

<sup>1</sup> Due to a change in accounting practices, subsequent to 2016, depreciation is no longer included in expenses.  
Source: The City's 2016-2020 audited financial statements

**TABLE X**  
**Stormwater Fund Comparative Statement of Revenues, Expenses and Changes in Net Assets**  
**Years Ended December 31,**

	2016	2017	2018	2019	2020
<b>OPERATING REVENUES</b>					
Charges for services	\$ 4,921,940	\$ 5,396,135	\$ 5,828,611	\$ 6,314,778	\$ 6,849,518
Intergovernmental revenue	300	300	311,688	300	18,326
Licenses and permits	1,158	1,550	1,456	1,568	4,725
Miscellaneous	--	--	56,188	75,978	--
Total Operating Revenues	<u>4,923,398</u>	<u>5,397,985</u>	<u>6,197,943</u>	<u>6,392,624</u>	<u>6,872,569</u>
<b>OPERATING EXPENSES</b>					
Personnel services	1,468,268	1,494,543	1,699,577	1,661,160	1,891,444
Supplies	75,876	55,501	79,588	63,289	62,852
Purchased services	409,608	154,131	641,518	328,017	450,020
Utilities	6,008	8,191	10,289	9,513	11,132
Repairs and maintenance	197,340	221,595	230,100	167,000	136,127
Rentals	6,264	5,702	2,346	2,274	725
Depreciation	1,051,760	1,228,718	1,335,921	1,577,327	1,177,403
Other expenses	1,519	245	324	--	--
Total Operating Expenses	<u>3,216,643</u>	<u>3,168,626</u>	<u>3,999,663</u>	<u>3,808,580</u>	<u>3,729,703</u>
Operating income (loss)	<u>1,706,755</u>	<u>2,229,359</u>	<u>2,198,280</u>	<u>2,584,044</u>	<u>3,142,866</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Development fees	280,949	165,734	548,265	345,198	173,162
Interest and investment earnings	102,261	69,890	159,651	155,516	158,055
Oil/gas royalties	--	4,361	--	--	--
Miscellaneous	(35,922)	(30,241)	110,019	(39,751)	(19,218)
Cash in lieu/warranty bond	2,848	--	--	--	--
Grants	21,039	--	--	--	--
Interest Expense	(266,843)	(252,852)	(241,384)	(229,670)	(218,639)
Gain (loss) on sale of capital assets	<u>(23,193)</u>	<u>(8,880)</u>	<u>68,635</u>	<u>(78,742)</u>	<u>(69,570)</u>
Total Non-Operating Revenues (Expenses)	<u>81,139</u>	<u>(51,988)</u>	<u>645,186</u>	<u>152,551</u>	<u>23,790</u>
Income (loss) before capital contributions and transfers	<u>1,787,894</u>	<u>2,177,371</u>	<u>2,295,201</u>	<u>2,391,397</u>	<u>2,993,494</u>
Capital contributions – development fees	642,165	380,086	548,265	345,198	173,162
Capital contributions – other	--	--	2,595,0399	--	--
Transfers out	<u>(386,759)</u>	<u>(431,408)</u>	<u>(419,752)</u>	<u>(485,090)</u>	<u>(507,553)</u>
Change in net positions	2,043,300	2,126,049	5,018,753	2,251,505	2,659,103
Total net position—January 1	<u>26,461,381</u>	<u>28,504,681</u>	<u>30,630,730</u>	<u>35,649,483</u>	37,900,988
Total net position—December 31	<u>\$28,504,681</u>	<u>\$30,630,730</u>	<u>\$35,649,483</u>	<u>\$37,900,988</u>	<u>\$40,560,091</u>

<sup>1</sup> Unaudited figures through \_\_\_\_\_, 2021.

Source: The City's 2016-2020 audited financial statements

### Management's Comments on Material Trends in Operations of the Stormwater Fund

During the years 2016-2021, the Stormwater Fund operated exclusively on a pay-as-you-go basis, with customer rates increasing by 39.5% from 2016 to 2021, with another 15% increase taking effect in 2022. While rates over that period have produced adequate revenues to fund operations and operating maintenance, the City's plan is to now accelerate capital maintenance projects. A portion of the System's Capital Improvement Plan is expected to be funded by borrowing. Current plans do not anticipate that more

than approximately half of the System's 2020-2024 capital requirements will be funded by the borrowing, with the balance to be funded from customer rates.

Development in the City slowed through the recession resulting in fewer building permits being issued and a related reduction in drainage development fees. The economic recovery has spurred development again resulting in an increase in fees.

The City has historically budgeted the accumulation of working capital reserves within the Stormwater Fund. Reserves are accumulated from a variety of sources including development fees and that portion of the Stormwater fees set aside for operating maintenance. The City reported working capital reserves within the Stormwater Fund of approximately \$6,156,321 as of December 31, 2020.

[To be inserted – additional information re 2021 results]

### **CONSTITUTIONAL LIMITATIONS ON TAXES, REVENUES, BORROWING AND SPENDING**

At the general election held November 3, 1992, the voters of the State approved an amendment to the Colorado Constitution, constituting Section 20 of Article X of the Colorado Constitution ("TABOR") limiting the ability of the State and local governments such as the City to increase revenues, debt and spending and restricting property, income and other taxes. Generally, TABOR limits the percentage increases in spending and tax revenues to the prior year's amounts, adjusted for inflation, local growth and voter approved changes, requires the maintenance of certain reserves, and prohibits the imposition of new real estate transfer taxes. In addition, TABOR requires that the State and local governments obtain voter approval for certain tax or tax rate increases or to keep or spend revenues received in excess of TABOR limits, and to create any "multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years," except for refinancing debt at a lower interest rate or adding new employees to existing pension plans.

In 1999, the City's electorate voted to exempt the City from the TABOR revenue and spending limits. However, the City remains subject to TABOR's restrictions on new and increased taxes, mill levy increases and creation of financial obligations.

Many of the provisions of TABOR are ambiguous and TABOR is expected to require continued judicial interpretation. The application of TABOR, particularly during periods of reduced or negative growth, may adversely affect the financial condition and operations of the City and other Colorado local governments to an extent which cannot be predicted.

TABOR excepts from its restrictions the borrowings and fiscal operations of "enterprises," which term is defined to include government owned businesses authorized to issue their own revenue bonds and receiving under 10% of their revenues in grants from all Colorado State and local governments combined. In a 1995 decision the Colorado Supreme Court held that a governmental entity with taxing power was not itself an "enterprise." The Enterprise has no taxing power and receives no material portion of its revenues from governmental sources, and the Series 2022 Bonds are not payable in whole or in part from the proceeds of general property taxes or any other form of taxation. The City therefore treats the Enterprise as an "enterprise" within the meaning of TABOR. See "THE ENTERPRISE."

## **RATING**

S&P Global Ratings (“S&P”) has assigned a rating of “\_\_\_” to the Series 2022 Bonds. Such rating reflects only the view of the rating agency, and does not constitute a recommendation to buy, sell or hold securities. An explanation of the significance of such rating may be obtained from the rating agency.

The rating is subject to revision or withdrawal at any time by the rating agency and there is no assurance that the rating will continue for any period of time or that it will not be revised or withdrawn. The Underwriter has undertaken no responsibility either to bring to the attention of the holders of the Series 2022 Bonds any proposed revision or withdrawal of the rating of the Series 2022 Bonds or to oppose any such proposed revision or withdrawal. Any downward revision or withdrawal of such rating could have an adverse effect on the market price of the Series 2022 Bonds.

## **LITIGATION**

There is no litigation now pending or, to the knowledge of the City officials responsible for the issuance of the Series 2022 Bonds, threatened which questions the validity of the Series 2022 Bonds or of any proceedings of the City taken with respect to issuance or sale thereof.

## **TAX MATTERS**

### **General**

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2022 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described in the preceding sentence assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be met subsequent to the issuance of the Series 2022 Bonds. Failure to comply with such requirements could cause interest on the Series 2022 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2022 Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2022 Bonds.

The accrual or receipt of interest on the Series 2022 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2022 Bonds. The extent of these other tax consequences would depend on such owners’ particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2022 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2022 Bonds.

Bond Counsel is also of the opinion that, under existing State of Colorado statutes, to the extent interest on the Series 2022 Bonds is excludable from gross income for federal income tax purposes, such interest is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. Bond Counsel has expressed no opinion regarding other

tax consequences arising with respect to the Series 2022 Bonds under the laws of Colorado or any other state or jurisdiction.

### **Original Issue Premium**

The Series 2022 Bonds that have an original yield below their respective interest rates, as shown on the cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond 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 disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

### **Backup Withholding**

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2022 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on any Owner of the Series 2022 Bonds who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2022 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Series 2022 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2022 Bonds. It cannot be predicted whether any such regulatory action would be implemented, how any particular litigation or judicial action would be resolved, or whether the Series 2022 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2022 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2022 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

**PROSPECTIVE PURCHASERS OF THE SERIES 2022 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2022 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2022 BONDS**

**FINANCIAL ADVISOR**

Hilltop Securities Inc. (the “Financial Advisor”) is employed as financial advisor to the City to render certain professional services including advising the City concerning the structuring and competitive sale of the Series 2022 Bonds and assisting in the preparation of this Official Statement. In its role as financial advisor to the City, the Financial 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 this Official Statement and the appendices hereto and is not permitted to underwrite the Series 2022 Bonds.

**UNDERWRITING**

The Series 2022 Bonds were purchased at competitive sale on March \_\_, 2022, by the Underwriter named on the cover page hereof (the “Underwriter”), for a price equal to \$\_\_\_\_\_, representing the principal amount of the Series 2022 Bonds, plus [net] premium in the amount of \$\_\_\_\_\_, minus an underwriting discount of \$\_\_\_\_\_.

**LEGAL MATTERS**

Legal matters incident to the authorization and issuance of the Series 2022 Bonds are subject to approval by Kutak Rock LLP, Bond Counsel, whose opinion is expected to be delivered in substantially the form set forth in Appendix A hereto. In addition to acting as Bond Counsel, Kutak Rock LLP has also been retained to advise the City concerning, and has assisted in, the preparation of this Official Statement. Certain legal matters will be passed upon for the City by Douglas Marek, Esq., City Attorney.

**FINANCIAL STATEMENTS**

The basic financial statements of the City for the fiscal year ended December 31, 2020, which are attached hereto as APPENDIX C, have been audited by independent auditors, BDO USA, LLP, Certified Public Accountants, Greeley, Colorado, as stated in their report appearing therein. BDO USA, LLP has not been engaged to perform, and has not performed, since the date of their report included therein, any procedures on the financial statements addressed in that report. BDO USA, LLP has also not performed any procedures relating to this Official Statement.

**MISCELLANEOUS**

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any such estimates will be realized. This Official Statement shall not be construed as a contract between the City and any person.

The execution and delivery of this Official Statement have been duly authorized by the City.

By /s/  
Mayor, City of Greeley, Colorado



## APPENDIX A

### FORM OF OPINION OF BOND COUNSEL

March \_\_, 2022

City of Greeley  
1000 10<sup>th</sup> Street  
Greeley, CO 80631

[Underwriter]

**\$15,120,000\***  
**City of Greeley, Colorado**  
**acting by and through its**  
**Stormwater Enterprise**  
**First-Lien Stormwater System Improvement**  
**Revenue Bonds**  
**Series 2022**

We have been engaged by the City of Greeley, Colorado (the “City”) to act as bond counsel in connection with the issuance of the above bonds (the “Series 2022 Bonds”). The Series 2022 Bonds are being issued by the City, acting by and through its Stormwater Enterprise (the “Enterprise”), pursuant to Ordinance No. 15, 2015 (the “General Ordinance”) and Ordinance No. \_\_\_\_\_ (the “Series Ordinance”), as supplemented by a Final Terms Certificate dated March \_\_, 2022 (the “Final Terms Certificate”). The General Ordinance and the Series Ordinance, as supplemented by the Final Terms Certificate, are referred to herein as the “Bond Ordinance.” Capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Ordinance.

In our capacity as bond counsel, we have examined the Constitution and the laws of the State of Colorado (the “State”), the home rule charter (the “Charter”) of the City, and the regulations, rulings and judicial decisions relevant to the opinions set forth in paragraph 2 below; the transcript of the proceedings relating to the issuance of the Series 2022 Bonds; the Bond Ordinance, and such other certificates, documents, opinions and papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certifications in the transcript of proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon and in reliance on the foregoing, we are of the opinion, under existing law and as of the date hereof, that:

1. The Series 2022 Bonds have been duly authorized, executed and delivered by the City under the laws of the State of Colorado now in force and are valid and binding special and limited obligations of the City, acting by and through the Enterprise, payable on the terms, and subject to the conditions, stated in the Ordinance, and enforceable according to their terms except to the extent such enforcement is limited by the bankruptcy laws of the United States of America, by the reasonable exercise

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\* Preliminary; subject to change.

of the sovereign police power of the State of Colorado, and by the exercise of the powers delegated to the United States of America by the federal constitution.

2. Under existing laws, regulations, rulings and judicial decisions, interest on the Series 2022 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax.

3. Under Colorado statutes existing on the date hereof, to the extent interest on the Series 2022 Bonds is excludable from gross income for federal income tax purposes, interest on the Series 2022 Bonds is excludable from gross income for State of Colorado income tax purposes and from the calculation of Colorado alternative minimum tax.

The opinions expressed in numbered paragraphs (2) and (3) are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Series 2022 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted in the Bond Ordinance and the tax compliance certificate issued in connection with the issuance of the Series 2022 Bonds to comply with all such requirements. The failure to comply with certain of such requirements may cause interest on the Series 2022 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2022 Bonds. We express no opinion regarding other federal or state tax consequences arising with respect to the Series 2022 Bonds.

We express no opinion herein with respect to the accuracy, completeness or sufficiency of any documents prepared or used or statements made in connection with the offering or sale of the Series 2022 Bonds.

This opinion is delivered based and in reliance upon our examination of the laws, documents and other items specifically described in the second paragraph hereof on the date hereof and we have no obligation to supplement or update this opinion based on or with respect to changes in such laws, documents or other items or with respect to any other event that occurs after the date hereof. The opinions expressed in this letter are given as of the date hereof, and we assume no obligation to update, revise or supplement this letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

## **APPENDIX B**

### **SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL ORDINANCE AND THE SERIES ORDINANCE**

The following is a summary of certain provisions of the General Ordinance and the Series Ordinance adopted with respect to the Series 2022 Bonds, which summary does not purport to be complete and is qualified in its entirety by reference to the complete provisions thereof, copies of which are available from the City or the Underwriter named on the Cover Page hereof during the period of the initial offering of the Series 2022 Bonds.

### **DEFINITIONS**

The following are definitions of certain words and terms used in this Official Statement.

*“Acquire” or “Acquisition”* means the design, construction, reconstruction, purchase, lease, gift, transfer, assignment, option to purchase, grant from the federal government or any public body or other person, endowment, bequest, devise, installation, condemnation, contract, or other acquirement or other provision, or any combination thereof, of facilities, other property, any project, or an interest therein.

*“Additional First-Lien Revenue Obligations”* means any First-Lien Revenue Obligations issued after the issuance of the first Series of First-Lien Revenue Obligations authorized by the General Ordinance.

*“Average Annual Debt Service Requirements”* means with respect to any one or more Series of Obligations with respect to which the calculation is being made, the aggregate Debt Service Requirements thereof divided by the number of whole or fractional years from the date as of which the calculation is made to and including the final maturity thereof.

*“Bond Anticipation Note”* means an Obligation issued in anticipation of the receipt of proceeds of Bonds or other Obligations and maturing within five years.

*“Bonds”* means all securities issued in the form of bonds pursuant to the provisions of the General Ordinance which are payable from and secured by a lien upon the Net Pledged Revenues or revenues or property pledged in connection with Special Facilities.

*“Business Day”* means a day other than (i) Saturday or Sunday or (ii) a day on which banks and trust companies in New York, New York (or any other Person or Persons identified by Series Ordinance with respect to a particular Series or Class of Obligations) are authorized or required to remain closed.

*“Capital Lease”* means a lease which is required or permitted to be capitalized for financial reporting purposes under Generally Accepted Accounting Principles for governmental units or enterprises.

*“Capital Project”* means any additions or Improvements to the System determined by the Council, which additions and Improvements may be more specifically identified by Series Ordinance, Supplemental Resolution or Final Terms Certificate.

*“Charter”* means the Home Rule Charter of the City.

*“City”* means the City of Greeley, Colorado, acting as such or, as the context requires, acting by and through and as the owner of the Enterprise.

“*City Manager*” means the City Manager of the City or any successor in function.

“*Class*” means, when used in reference to Obligations, one or more Series of Obligations having the same security, whether or not issued on the same date.

“*Code*” means the Greeley Municipal Code.

“*Combined Annual Debt Service Requirements*” means the sum of the annual Debt Service Requirements for all Series of Obligations for which the computation is being made.

“*Commercial Bank*” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and of the Federal Reserve System, and which is located within the United States of America.

“*Commercial Paper*” means Obligations arising out of current transactions, or the proceeds of which have been or are to be used for current transactions, or issued to provide short-term financing of Capital Projects, and maturing or being subject to tender within 270 days exclusive of days of grace or any renewal thereof the maturity of which is likewise limited.

“*Consulting Engineer*” means an independent consulting engineer or engineering firm or corporation having skill, knowledge and experience in analyzing the operations of municipal storm or storm drainage systems in Colorado, or both, as applicable.

“*Continuing Disclosure Undertaking*” means the Continuing Disclosure Undertaking relating to the Series 2022 Bonds, in substantially the form filed with the City Clerk at the time of introduction of the Series Ordinance.

“*Cost*” means when used in reference to a Capital Project, all or any part of the cost of Acquisition, Improvement and Equipment of all or any part of the Capital Project, including, without limitation, all or any property, rights, easements, privileges, agreements, and franchises deemed by the City to be necessary or useful and convenient therefor or in connection therewith, interest or discount on Obligations, costs of issuance of Obligations, engineering and inspection costs and legal expenses, costs of financial, professional, and other estimates and advice, contingencies, any administrative, operating, and other expenses of the City (including without limitation costs of departments or agencies of the City other than the System reasonably allocable to such Capital Project or to the financing thereof) prior to and during such Acquisition, Improvement and Equipment and also during a period of not exceeding one year after the completion thereof, as may be estimated and determined by the City, and all such other expenses as may be necessary or incident to the financing, Acquisition, Improvement, Equipment and completion of the Capital Project or any part thereof, and the placing of the same in operation, provision of reserves for working capital, operation, maintenance or replacement expenses, or for payment or security of principal of or interest on Obligations during or after such Acquisition, Improvement or Equipment as the City may determine, and also reimbursements to the City or to any Person of any moneys theretofore expended for the purposes of the City or other public body, or to the federal government, of any moneys theretofore expended for or in connection with the Capital Project.

“*Costs of Issuance*” means, with respect to any particular Series of Obligations, all reasonable costs incurred in the issuance, sale or delivery thereof, including, without limitation, legal, printing, accounting and other fees and expenses.

“*Costs of Issuance Account*” means an account established in connection with a Series of Obligations to account for Costs of Issuance for such Series.

“*Council*” means the governing body of the City, acting as such or, as the context requires, as the governing body of the Enterprise.

“*Credit Facility*” means any letter or line of credit, policy of bond insurance, surety bond or guarantee or similar instrument issued by a financial, insurance or other institution which specifically provides security with respect to any Obligations.

“*Credit Facility Provider*” means the institution providing a Credit Facility.

“*Debt Service Account*” means the special account created and referred to in the General Ordinance.

“*Debt Service Requirements*” means the principal of and interest on, and any premium due in connection with the redemption of, any Obligations, including the initial and periodic fees payable to any Credit Facility Provider or Liquidity Facility Provider with respect to such Obligations, but excluding any amounts provided for with capitalized interest or other funds actually on hand and irrevocably committed to the payment of Debt Service Requirements. If there is in effect with respect to an Obligation any interest rate swap, cap, collar or similar arrangement limiting or offsetting interest rate costs or risks, the Debt Service Requirements shall include the net increase in or reduction of the Debt Service Requirements resulting or expected to result from such arrangement.

“*Debt Service Reserve Account*” means, with respect to a particular Series of Obligations, regardless of priority, a special account of the kind described in the General Ordinance, which may be created by Series Ordinance.

“*Enterprise*” means the Stormwater Enterprise referred to in the General Ordinance.

“*Equip*” or “*Equipment*” means the furnishing of all necessary or desirable, related or appurtenant machinery and other facilities, or any combination thereof, appertaining to any property, project or interest therein.

“*Event of Default*” means any one of the events described in the General Ordinance.

“*Excess Investment Earnings Account*” means, with respect to a particular Series of Obligations, a special account which may be established by Series Ordinance for the purpose of accounting for arbitrage rebate payments to the federal government.

“*Federal Securities*” means bills, certificates of indebtedness, notes, or bonds which are direct obligations of, or the principal and interest of which obligations are unconditionally guaranteed by, the United States of America.

“*Final Terms Certificate*” means a certificate of the Director of Finance of the City, specifying the final terms of a Series of Obligations.

“*Finance Director*” means the Director of Finance of the City.

“*First-Lien Revenue Bonds*” means First-Lien Revenue Obligations issued in the form of Revenue Bonds and designated substantially as follows: “First-Lien Stormwater System [Improvement] [Refunding] Revenue Bonds, Series \_\_\_\_\_.”

*“First-Lien Revenue Obligations”* means Obligations secured by a first lien upon the Net Pledged Revenues.

*“Fiscal Year”* means the 12 months commencing on January 1 of any calendar year and ending on December 31 of such calendar year or such other 12-month period as may from time to time be designated by the Council or by State statute as the fiscal year of the City or the Enterprise.

*“Fixed Rate Obligation”* means an Obligation bearing interest at a rate or rates which are fixed for the term of the Obligation. Any instrument, including a stepped-coupon security, as to which all future interest rates can be determined as of its date of issuance is a Fixed Rate Obligation. A zero-coupon Obligation is a fixed rate Obligation.

*“General Ordinance”* means Ordinance No. 15, 2015 of the City, as it may be amended from time to time.

*“Generally Accepted Accounting Principles”* means accounting principles, methods and terminology followed and construed for utilities and enterprises of governmental units, established by the Governmental Accounting Standards Board or any successor organization, as amended from time to time.

*“Improve”* or *“Improvement”* means the addition, extension, enlargement, betterment, replacement or improvement or any combination thereof, of facilities, other property, any project, or any interest therein.

*“Income”* means all income from Stormwater System Development Fees, Stormwater Service Charges or any other rates, fees or charges for the services furnished by, or the direct or indirect use of, the System, together with any interest income of the System attributable to the investment of moneys in the accounts created in the General Ordinance and not specifically excluded from the lien of the General Ordinance, but excluding borrowed moneys, grant moneys or other funds earmarked or designated by the grantor or other source for Improvements, moneys, securities, and investment income therefrom, in any escrow or similar account pledged to the payment of any refunded bonds or other legally defeased Obligations, unrealized gains or losses on investments, or income, charges or revenues from Special Facilities or funds drawn under a Credit Facility or Liquidity Facility and not specifically included in Income under a Series Ordinance, Supplemental Resolution or Final Terms Certificate. To the extent provided by General Ordinance, Series Ordinance, Supplemental Resolution or Final Terms Certificate, the Income may include or exclude particular funds, accounts or revenues and may also include, for the purpose of determining compliance with the payment, accumulation and coverage requirements of the General Ordinance, any other moneys contributed to the System for use in paying Debt Service Requirements or Operation and Maintenance Expenses.

*“Income Account”* means the special account created and required to be maintained by the General Ordinance.

*“Independent Accountant”* means any certified public accountant, or any firm of such accountants, duly licensed to practice and practicing as such under the laws of the State, appointed and paid by the City, who (a) is, in fact, independent and not under the domination of the City or the Council, (b) does not have any substantial interest, direct or indirect, in any of the affairs of the City, and (c) is not connected with the City as a member, officer or employee of the Council, but who may be regularly retained to make annual or similar audits of any books or records of the City.

*“Installment Purchase Agreement”* means any financing arrangement in which title to the financed property is retained by the seller or lessor and conveyed to the City in increments or in whole upon payment in part or in whole of the Obligation evidenced thereby.

*“Interest Payment Date”* means a date designated by Supplemental Resolution or Final Terms Certificate for the payment of interest on any Series of Obligations.

*“Lease”* means a Capital Lease or an Operating Lease.

*“Liquidity Facility”* means any letter or line of credit, policy of insurance, surety bond or similar instrument issued by a financial, insurance or other institution which provides funds to facilitate the purchase or remarketing of any Tender Obligation.

*“Liquidity Facility Provider”* means the institution providing a Liquidity Facility.

*“Liquidity Requirement”* means the amount of unrestricted cash balances required to be maintained in the Wastewater Fund under the provisions of the Series Ordinance.

*“Maximum Annual Debt Service Requirements”* means with respect to all Series of Obligations, in the aggregate, for which the computation is being made, the greatest amount of Debt Service Requirements coming due in any single Fiscal Year when any such Series of Obligations is Outstanding, provided that there shall be excluded from such computation the principal of or interest on any Revenue Anticipation Notes, Bond Anticipation Notes, Commercial Paper or similar Obligations reasonably expected to be paid from proceeds of other Obligations or any other sources other than the Net Pledged Revenues.

*“Net Pledged Revenues”* means all Income remaining after the deduction of Operation and Maintenance Expenses.

*“Obligation”* means any bond, warrant, note, loan, security, Capital Lease, installment purchase arrangement or similar instrument evidencing the advancement of money or the deferral of payments of money which is payable in whole or in part from proceeds of other Obligations or from the Income or the Net Pledged Revenues, regardless of priority, or issued with respect to Special Facilities and payable from Project Revenues. The term Obligation includes repayment, reimbursement or similar obligations to Credit Facility Providers or Liquidity Facility Providers to the extent currently due and payable or as provided by Series Ordinance.

*“Official Statement”* means this Official Statement of the City relating to the Series 2022 Bonds.

*“Operating Lease”* means a Lease which is not, or, under Generally Accepted Accounting Principles, is not permitted to be, capitalized for financial reporting purposes.

*“Operation and Maintenance Expenses”* means for any particular period, all reasonable and necessary current expenses, paid or accrued, of operating, maintaining and repairing the System, but only if such charges are made in conformity with Generally Accepted Accounting Principles. Operation and Maintenance Expenses include, without limiting the generality of the foregoing, legal and overhead expenses of the various City departments directly related and reasonably allocable to the administration of the System, billing, payments under Operating Leases, insurance premiums, the reasonable charges of depository banks and paying agents, contractual services, professional services required by the General Ordinance or any other applicable requirement, salaries and administrative expenses, labor and the cost of materials and supplies used for current operations, but shall not include any allowance for depreciation, capital replacement or obsolescence charges or reserves, Debt Service Requirements, liabilities incurred by the City or the Enterprise as the result of its negligence (as determined by a court of law) in the operation of the System or Improvements, extensions, enlargements or betterments.

“*Outstanding*” means, as of any particular date, all Obligations which have been authorized, executed and delivered, except the following:

- (a) any Obligation cancelled by the Paying Agent or otherwise on behalf of the City on or before such date;
- (b) any Obligation held by or on behalf of the City;
- (c) any Obligation for the payment or the redemption of which moneys or Federal Securities sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to pay all of the Debt Service Requirements of such Obligation to the maturity date or specified Redemption Date thereof shall have theretofore been deposited in escrow or in trust with a Trust Bank for that purpose; and
- (d) any lost, destroyed, or wrongfully taken Obligation in lieu of or in substitution for which another Obligation shall have been executed and delivered.

“*Owner*” means the holder of any bearer instrument or registered owner of any registered instrument evidencing an Obligation, together with any other Person identified by Series Ordinance with respect to a particular Series or Class of Obligations.

“*Parity Obligations*” means the Series 2015 Bonds, the Series 2022 Bonds and any Additional First-Lien Revenue Obligations hereafter issued by the City having a lien on all or any portion of the Net Pledged Revenues which is on a parity with the lien of the Series 2022 Bonds. The Parity Obligations are First-Lien Revenue Obligations under the General Ordinance.

“*Paying Agent*” means, with respect to the Series 2022 Bonds, initially Zions Bancorporation, National Association, or, with respect to any other Obligations, a suitable institution or City official designated by Supplemental Resolution or Final Terms Certificate to perform the duties of Paying Agent in connection with any Series Ordinance.

“*Permitted Investments*” means any investment which, as of the time made, is permitted by the laws of the State, the ordinances of the City pertaining to City investments or the applicable Series Ordinance, Supplemental Resolution or Final Terms Certificate to be made with City funds.

“*Person*” means any individual, firm, partnership, corporation (public or private), company, association, joint stock association, limited liability company, body politic public agency or instrumentality or any trustee, receiver, assignee or similar representative thereof.

“*Principal*” means the principal of an Obligation, including mandatory sinking fund payments whether or not such mandatory sinking fund payments result in a redemption of Obligations.

“*Project Revenues*” means revenues attributable to a Special Facility.

“*Purchaser*” means the original purchaser of any Obligation, and, under the Series Ordinance, the original purchaser of the Series 2022 Bonds identified by Final Terms Certificate.

“*Qualified Surety*” means, with respect to a particular Series of Obligations, a financial institution having a long-term debt rating or ratings not lower than the rating or ratings of such Series of Obligations.



*“Redemption Date”* means the date fixed for the redemption or prepayment prior to maturity of any Obligations payable from the Net Pledged Revenues in any notice of prior redemption or prepayment given by or on behalf of the City.

*“Registrar”* means, with respect to the Series 2022 Bonds, Zions Bancorporation, National Association, or, with respect to any other Obligations, a suitable institution or City official designated by Supplemental Resolution or Final Terms Certificate to perform the duties of Registrar in connection with any Series Ordinance.

*“Regular Record Date”* means the date designated by Series Ordinance, Supplemental Resolution or Final Terms Certificate as the regular record date applicable to a particular Series of Obligations for purposes of identifying or making payments to the Owner or Owners thereof.

*“Revenue Anticipation Note”* means an Obligation issued in the manner contemplated by the General Ordinance for the purpose of funding temporary cash flow deficiencies related to the System.

*“Security”* or *“Securities”* means any Obligation issued by the City either directly or acting by and through the Enterprise, issued in a form commonly purchased and sold in established securities markets.

*“Series”* means an identifiable grouping designated by Supplemental Ordinance, Supplemental Resolution or Final Terms Certificate and consisting of Obligations issued on the same date and having the same security. More than one Series may be issued on the same date having either the same or different security.

*“Series Ordinance”* means an ordinance supplementing the General Ordinance and authorizing the issuance of a particular Series of Obligations pursuant to the provisions thereof, and, with respect to the Series 2022 Bonds, Series Ordinance No. \_\_\_, 2022, supplementing the General Ordinance and authorizing the issuance of the Series 2022 Bonds.

*“Series 2015 Bonds”* means the First-Lien Stormwater System Improvement Revenue Bonds, Series 2015.

*“Series 2022 Bonds”* means the First-Lien Stormwater System Improvement Revenue Bonds, Series 2022.

*“Series 2022 Capital Project”* means the capital additions to the System constituting a portion of the System Capital Program, financed in whole or in part with proceeds of the Series 2022 Bonds, as described in this Official Statement.

*“Series 2022 Capital Project Account”* means the special account created and required to be maintained pursuant to the Series Ordinance.

*“Series 2022 Costs of Issuance Subaccount”* means the subaccount created within the Series 2022 Capital Project Account and required to be maintained pursuant to the Series Ordinance.

*“Series 2022 Excess Investment Earnings Account”* means the special account created and required to be maintained pursuant to the arbitrage rebate provisions of the Series Ordinance.

*“Special Facility”* means any property financed or refinanced for stormwater purposes upon the express condition that it shall be financed or refinanced with Special Facilities Obligations and excluded from the System during the time such Special Facilities Obligations are Outstanding.

“*Special Facilities Obligations*” means Obligations issued to finance or refinance Special Facilities. Special Facilities Obligations shall not be secured by a lien on the Net Pledged Revenues.

“*Special Record Date*” means the date fixed by the Paying Agent to determine ownership of any Series of Obligations for the purpose of paying interest not paid when due or interest accruing after maturity.

“*State*” means the State of Colorado.

“*Stormwater Development Fee*” means the development fee provided for in City Code.

“*Stormwater Enterprise Fund*” means the funds and accounts of the City used to account for the financial operations of the System as a whole.

“*Stormwater Service Charge*” means the monthly charge provided for in City Code.

“*Subordinate Revenue Obligations*” means Obligations payable from the Net Pledged Revenues having a lien thereon subordinate or junior to the lien thereon of the First-Lien Revenue Obligations.

“*Superior Obligations*” means Obligations payable from the Net Pledged Revenues having a lien thereon superior or senior to the lien thereon of the First-Lien Revenue Obligations.

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

“*Supplemental Resolution or Supplemental Resolutions*” means a resolution or resolutions of the Council approving the final terms of any particular issue of Obligations and their award to the Purchaser or Purchasers thereof and determining any details reasonably necessary or appropriate in connection therewith in order to effectuate or to clarify the applicable provisions of the General Ordinance or the applicable Series Ordinance and to direct the consummation of the transactions contemplated hereby.

“*System Capital Program*” means a series of capital projects to be financed from a combination of proceeds of the Series 2022 Bonds and other funds, which may include, without limitation, the acquisition, equipping, improvement or construction of portions of the System. The scope and specific details of the System Capital Program are subject to change by action of the Council.

“*Tax Code*” means the Internal Revenue Code of 1986, as amended.

“*Tender Obligation*” means any Obligation which by its terms may be required to be tendered for purchase, or which may be tendered by or at the option of the Owner thereof for purchase, prior to the stated maturity thereof.

“*Transfer Agent*” means, with respect to the Series 2022 Bonds, initially Zions Bancorporation, National Association, or, with respect to any other Obligations, a suitable institution or City official designated by Supplemental Resolution or Final Terms Certificate to perform the duties of Transfer Agent in connection with any Series Ordinance.

“*Trust Bank*” means a Commercial Bank which is authorized to exercise and is exercising trust powers.

“*Variable Rate Obligation*” means any Obligation, including, without limitation, an auction rate Obligation, issued with a variable, adjustable, convertible or other similar interest rate which is not fixed for the entire term of such Obligation. The interest rate payable with respect to a Variable Rate Obligation

may be determined under a remarketing arrangement, with or without reference to an index, through an auction procedure, or by any other procedure determined by Series Ordinance, provided that the Series Ordinance shall in any event establish the maximum rate which may be payable with respect to such Variable Rate Obligation.

## **THE GENERAL ORDINANCE**

The General Ordinance contains various covenants, security provisions, terms and conditions, certain of which are summarized below. Reference is made to the General Ordinance for a full and complete statement of its terms.

### **Classes of Obligations Issuable Under the General Ordinance**

The following types of Obligations are authorized to be issued or contracted under the General Ordinance for any lawful purpose relating to the System:

- (a) First-Lien Revenue Bonds and other types of First-Lien Revenue Obligations;
- (b) Subordinate Revenue Bonds and other types of Subordinate Revenue Obligations;
- (c) Special Facilities Revenue Bonds and other Special Facilities Obligations;
- (d) Capital Leases and Installment Purchase Agreements;
- (e) Revenue Anticipation Notes and similar Obligations;
- (f) Bond Anticipation Notes and similar Obligations; and
- (g) Commercial Paper.

Any Obligation may be issued as either a Fixed Rate Obligation or a Variable Rate Obligation. Any Obligation may be issued as a Tender Obligation. Any Obligation may be issued with a Credit Facility and/or Liquidity Facility. There may be obtained, in connection with any Obligation, any interest rate swap, cap, collar or similar arrangement limiting or offsetting interest rates or interest rate costs or risks as may be provided by Series Ordinance, Supplemental Resolution or Final Terms Certificate.

Nothing in the General Ordinance prevents the City from issuing general obligation bonds or other obligations secured in whole or in part by the full faith, credit or taxing power of the City, or by a pledge of any source of revenue other than the Income, for the purpose of financing or refinancing improvements to the System. Any such Obligation may also be secured by a pledge of the Net Pledged Revenues, but only to the extent that it is issued in compliance with the provisions of this Ordinance.

### **Terms of First-Lien Revenue Obligations**

First-Lien Revenue Obligations are required to be issued pursuant to one or more Series Ordinances, incorporating the provisions of the General Ordinance by reference. Series Ordinances for First-Lien Revenue Obligations may provide for the maximum principal amounts, interest rates, redemption provisions, execution and authentication provisions, registration, transfer and exchange provisions, book-entry form provisions, if any, provisions for Credit Facilities or Liquidity Facilities, if any, tender provisions, if any, and such other matters, not inconsistent with the General Ordinance, as Council shall reasonably determine. The final terms of any Series of First-Lien Revenue Obligations may be established

by Supplemental Resolution or, if provided in the applicable Series Ordinance, by a Final Terms Certificate. First-Lien Revenue Bonds of a particular Series, or notes or other instruments evidencing other types of First-Lien Revenue Obligations, are required to be substantially in the form provided in the applicable Series Ordinance, which form may contain such additional or different provisions, not inconsistent with the General Ordinance, as are appropriate or necessary, or as may be required by law at the time such First-Lien Revenue Bonds are issued. The Series Ordinance authorizing a Series of First-Lien Revenue Obligations may or may not provide for the establishment of a Debt Service Reserve Account or an Excess Investment Earnings Account in connection with such Series.

### **Terms of Subordinate Revenue Obligations**

Subordinate Revenue Obligations are required to be issued pursuant to one or more Series Ordinances, incorporating the provisions of the General Ordinance by reference. Series Ordinances for Subordinate Revenue Obligations may provide any reasonably required details with respect to such Subordinate Revenue Obligations and to expressly provide that such Subordinate Revenue Obligations are payable from and secured by a lien upon the Net Pledged Revenues expressly junior and inferior to the lien securing First-Lien Revenue Obligations and to clearly and conspicuously state any other limitations on the security therefor. Subordinate Revenue Obligations may be issued on a parity-lien basis with each other, or with claims to the Net Pledged Revenues having different relative priorities. The Series Ordinance authorizing a Series of Subordinate Revenue Obligations may or may not provide for the establishment of a Debt Service Reserve Account or an Excess Investment Earnings Account in connection with such Series.

### **Special Facilities Obligations**

Special Facilities Obligations are required to be entered into by ordinance, which ordinance is required to include findings as to the need for separate financing of the Capital Project or Improvements being financed as a Special Facility and the necessity of the related Project Revenues being used exclusively for the financing of the Special Facility. Special Facilities Obligations are required to be payable exclusively from Project Revenues and are not permitted to be secured by a lien on the Net Pledged Revenues. Nothing in the General Ordinance prevents a Special Facility from being incorporated into the System upon the payment or provision for payment of all Special Facilities Obligations associated with such Special Facility.

### **Capital Leases and Installment Purchase Agreements**

Capital Leases and Installment Purchase Agreements may be entered into pursuant to one or more Series Ordinances. The leasehold or other interest of the City in the property being acquired under a Capital Lease or Installment Purchase Agreement is to be included in the System (for all purposes except certain prohibitions and limits on the disposition of System property in the General Ordinance) for so long as the Capital Lease or Installment Purchase Agreement is in effect and is to be included in the System for all purposes of the General Ordinance after the City acquires title thereto. Subject to compliance with the provisions of the General Ordinance, the payment obligations of the City under any such Capital Lease or Installment Purchase Agreement may be entered into as First-Lien Revenue Obligations or Subordinate Revenue Obligations as provided in the applicable Series Ordinance.

### **Revenue Anticipation Notes**

Revenue Anticipation Notes may be issued pursuant to one or more Series Ordinances for the purpose of funding temporary cash flow deficiencies related to the System, provided that (a) any such Obligations mature not later than 30 days after the close of the Fiscal Year in which they are issued; (b) such

Obligations are not secured by a first lien upon the Net Pledged Revenues and (c) such Obligations are made payable from the Net Pledged Revenues on a subordinate lien basis.

### **Bond Anticipation Notes**

For the purpose of obtaining short-term financing of Capital Projects, Bond Anticipation Notes may be issued pursuant to one or more Series Ordinances. Bond Anticipation Notes may be made payable from sources which may include (i) their own proceeds, (ii) the proceeds of Obligations (including other Bond Anticipation Notes) which the Finance Director has certified are reasonably expected to be issued within five years of the date of issuance of such Bond Anticipation Notes or (iii) the Net Pledged Revenues on any priority permitted under the General Ordinance.

### **Commercial Paper**

Commercial Paper may be issued from time to time on terms and for purposes, specified by Series Ordinance, not inconsistent with the General Ordinance and may be sold on either a discounted basis or accruing and paying interest, or both. Commercial Paper may be made payable from any legally available funds, including, without limitation, proceeds of Commercial Paper or other Obligations, funds available under Liquidity Facilities or Credit Facilities, or Net Pledged Revenues of the System available for such purposes, on any priority permitted by the provisions of the General Ordinance governing priorities, liens and the issuance of additional obligations. Commercial Paper may be issued as First-Lien Obligations, Subordinate Revenue Obligations or on an unsecured basis.

### **Income Account**

Except as otherwise provided in the General Ordinance, the entire Income, upon receipt thereof from time to time by the City, is to be set aside and credited immediately to a special account to be known as the Income Account, which may be maintained as a subfund, account or subaccount of the Storm Drainage Enterprise Fund. In addition, the City may at its option credit to the Income Account any other moneys of the City legally available for expenditure for the purposes of the Income Account as provided in the General Ordinance. The Income Account is to be administered and the moneys on deposit therein deposited and applied in the following order of priority:

FIRST, to the payment of Operation and Maintenance Expenses;

SECOND, to the Debt Service Account to pay the Debt Service Requirements of any First-Lien Obligations then Outstanding;

THIRD, to the Debt Service Reserve Account or Accounts, if any;

FOURTH, to the payment of the Debt Service Requirements of Subordinate Revenue Obligations; and

FIFTH, to be used monthly, for any lawful purpose of the City.

Moneys in any or all of the foregoing accounts may, to the extent provided by Supplemental Resolution, be made subject to transfer to an Excess Investment Earnings Account. In order to give effect to the requirements of both the Code and the General Ordinance the City may, to the extent necessary, advance, subject to reimbursement, moneys required for the payment of Operation and Maintenance Expenses from funds earmarked for Improvements or Capital Projects, and may also, to the extent necessary, advance, subject to reimbursement, Net Pledged Revenues required for the payment of the Debt Service

Requirements of Obligations from funds earmarked for Operation and Maintenance Expenses, including the Operation and Maintenance Account. Nothing in the General Ordinance prevents the City from creating subfunds or subaccounts for the purpose of recording the payments and accumulations made hereunder in a manner consistent with the accounting principles which may be employed by the City from time to time. Nothing in the General Ordinance prevents the establishment, in connection with any Class or Series of Obligations, of a rate stabilization fund or account or similar accounting entity.

### **Operation and Maintenance Expenses**

As a first charge on the Income Account, there are to be promptly paid the Operation and Maintenance Expenses of the System as they become due and payable.

### **Debt Service Account**

The General Ordinance establishes, for the benefit of all Owners of First-Lien Revenue Obligations, a special account to be known as the Debt Service Account. Subject to the payments, if any, required to be made to Debt Service Reserve Accounts, for so long as any First-Lien Revenue Obligations are Outstanding, the City agrees to deposit in the Debt Service Account from the Net Pledged Revenues, on or before the last day of each month beginning with the month of issuance of any First-Lien Revenue Obligations, the amount of interest accruing on such First-Lien Revenue Obligations during said month (with a credit for the amount of any accrued or capitalized interest deposited in the Debt Service Account and not theretofore credited) and (except in the case of Revenue Anticipation Notes, Bond Anticipation Notes, Commercial Paper or similar obligations) a ratable portion of the next installment of principal coming due on such First-Lien Revenue Obligations within the succeeding 12 calendar months, together with funds sufficient to make up any deficiency in such payments in any past month.

Such interest and principal are required to be promptly paid when due.

The moneys credited to the Debt Service Account, excluding any investment earnings which may be required to be rebated to the federal government, are to be used to pay the Debt Service Requirements of all First-Lien Revenue Obligations then Outstanding, as such Debt Service Requirements become due, except as otherwise provided in the General Ordinance. The Debt Service Account is also to be maintained as a sinking fund for the mandatory redemption of any First-Lien Revenue Obligations which are subject to mandatory sinking fund redemption.

Nothing in the General Ordinance prevents the City from creating separate principal and interest subaccounts within the Debt Service Account for separate Series of First-Lien Revenue Obligations and accounting separately for any deposits made thereto on account of separate Series of First-Lien Revenue Obligations, if such action is deemed by the City to be necessary or desirable in order to comply with any statute or regulation governing the excludability from gross income for federal income tax purposes of interest on such First-Lien Revenue Obligations or for any other reason, provided that any such separate subaccounts have claims to the Net Pledged Revenues equal to and on a parity with those of the other such subaccounts.

### **Debt Service Reserve Accounts**

In connection with any Series of Obligations, the City may provide by Series Ordinance for the establishment of a Debt Service Reserve Account for such Series, in such amount, if any, and on such specific terms as determined by such Series Ordinance or a Supplemental Resolution or Final Terms Certificate.

If, as to any Series of First-Lien Obligations for which a Debt Service Reserve Account has been established, the City shall at any time or for any reason fail to pay into the Debt Service Account the full amount stipulated by Supplemental Resolution or Final Terms Certificate, then at such time an amount is to be paid into the Debt Service Account, or a subaccount thereof associated with such Series of First-Lien Obligations, from the Debt Service Reserve Account established for such Series, equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. The money so used is to be replaced to the Debt Service Reserve Account from the first moneys credited to the Income Account thereafter received and not required by the General Ordinance to be otherwise applied to Operation and Maintenance Expenses or to the Debt Service Account. If First-Lien Revenue Obligations are Outstanding and the Series Ordinances authorizing the issuance of those Obligations require the replacement of moneys in separate Debt Service Reserve Accounts therefor, then the moneys replaced in the Debt Service Reserve Accounts are to be replaced on a pro rata basis based upon the relative principal amounts of the then Outstanding Series of First-Lien Revenue Obligations, as moneys become available therefor. If at any time the City fails to pay into the Debt Service Reserve Account, if any, the full amount stipulated in the applicable Series Ordinances from the Net Pledged Revenues, the difference between the amount paid and the amount so stipulated is to be paid therein from the first moneys credited to the Income Account thereafter received and not required to be applied otherwise by the provisions of the General Ordinance relating to payment of Operation and Maintenance Expenses and amounts required to be deposited to the Debt Service Account.

Nothing in the General Ordinance limits the right of the City to substitute, as to all or a portion of any Debt Service Reserve Account, for the cash deposit required to be maintained in such Debt Service Reserve Account, an instrument such as a letter of credit, surety bond, insurance policy, agreement guaranteeing payment, or other undertaking of a Credit Facility Provider to ensure that cash in the amount otherwise required to be maintained under the General Ordinance will be available to the City as needed, provided that any such substitution does not cause the then-current rating or ratings of the Outstanding Obligations to be adversely affected. In connection with any such instrument, the City may enter into an Obligation with the Credit Facility Provider to reimburse the Credit Facility Provider for any amounts drawn thereunder, with interest. Nothing in the General Ordinance limits the right of the City to substitute cash for any such instrument.

### **Termination of Deposits**

No payment need be made into the Debt Service Account or the Debt Service Reserve Account with respect to any Series of Obligations if the amounts in the Debt Service Account and the amount in the Debt Service Reserve Account with respect to such Series of Obligations total a sum at least equal to the entire amount of the Outstanding Obligations of such Series, as to all Debt Service Requirements, to their respective maturities or to any Redemption Date or Redemption Dates as of which the City shall have exercised or shall have obligated itself to exercise its option to redeem, prior to their respective maturity dates, any Obligations of such Series then outstanding and thereafter maturing. Solely for this purpose, there is deemed to be a credit to the Debt Service Reserve Account of moneys, Federal Securities and bank deposits, or any combination thereof, accounted for in any other fund or account of the City, or held in escrow or in trust as provided in the defeasance provisions of the General Ordinance, and restricted solely for the purpose of paying the Debt Service Requirements of such Series of Obligations. In any such case, moneys in the Debt Service Account and the Debt Service Reserve Account established for such Series or in any other fund or account pledged or restricted to payment of such Series in an amount, except for any known interest or other gain to accrue from any investment or deposit of moneys pursuant to the General Ordinance from the time of any such investment or deposit to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment, at least equal to such Debt Service Requirements, are to be used together with any such gain from such investments and deposits first to pay such Debt Service Requirements as the same become due. Any moneys in excess thereof in the Debt

Service Account and the Debt Service Reserve Account or in any other fund or account pledged or restricted to payment of such Series and any other moneys derived from the Income or otherwise pertaining to the System may be used in any lawful manner determined by the City.

### **Payment of Subordinate Revenue Obligations**

After there has been deposited or provided for an amount sufficient to make the payments and accumulations described above, any moneys remaining in the Income Account for such month may be used by the City for the payment of Debt Service Requirements of Subordinate Revenue Obligations payable from the Net Pledged Revenues and authorized to be issued in accordance with the General Ordinance, including reasonable requirements for payments to reserves for such Subordinate Revenue Obligations; but the lien of such Subordinate Revenue Obligations upon the Net Pledged Revenues and the pledge thereof for the payment of such Subordinate Revenue Obligations are subordinate and junior to the lien and pledge securing First-Lien Revenue Obligations.

### **Use of Remaining Revenues**

Monthly, after the payments described above required during said month have been made or provided for, or whenever in any month there shall have been credited all amounts required to be deposited in all of the special accounts established in connection with all Series of Obligations during said month, any remaining moneys credited to the Income Account are available to the City and may be used, free of the lien of the General Ordinance, for the Acquisition of Improvements or other properties or facilities for the System or for any one or any combination of other lawful purposes of the City or the Enterprise as the City may from time to time determine.

### **Budget and Appropriation of Sums**

Except insofar as the decision to appropriate funds is reserved to the City Council with respect to any particular Obligation or Series of Obligations, the General Ordinance provides that the sums provided to make the payments described above are appropriated for said purposes, and said amounts for each year are to be included in the annual budget and the appropriation ordinance or measures to be adopted or passed by the Council in each year respectively while any of the Obligations, either as to principal or interest, are Outstanding and unpaid. No provisions of any constitution, charter, statute, ordinance, resolution, order or other measure enacted after the issuance of any Obligations in any manner limit or impair the obligation of the City to keep and perform the covenants contained in the General Ordinance so long as any of the Obligations remain Outstanding and unpaid. Nothing in the General Ordinance prohibits the Council from appropriating other funds of the City legally available for this purpose to the Income Account for the purposes thereof, in which case such amounts shall be deemed to be Income.

### **General Administration of Funds**

Each of the special accounts created or referred to in the General Ordinance is to be maintained as a book account of the City (which may be commingled for deposit or investment with other City moneys so long as it is separately identified and accounted for) and all moneys accounted for in such special accounts are required at all times to be either deposited in a Commercial Bank or invested in Permitted Investments. Nothing in the General Ordinance prevents the commingling for purposes of deposit or investment of moneys accounted for in any two or more City funds or accounts pertaining to the Income. Such funds or accounts are to be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds and are to be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes of such funds or accounts. Each periodic payment is to be credited to the proper fund or account not later than the date therefor designated in the



General Ordinance, except that when any such date shall be a day which is not a Business Day then such payment shall be made on or before the next Business Day.

Any moneys in any fund or account may be invested, reinvested or deposited only in Permitted Investments.

### **Lien on Net Pledged Revenues; Equality of First-Lien Obligations**

The Net Pledged Revenues are irrevocably pledged and set aside to pay the Debt Service Requirements of the Obligations issued and outstanding under the General Ordinance. All Outstanding First-Lien Revenue Obligations collectively constitute an irrevocable and first lien (but not necessarily an exclusive first lien) upon the Net Pledged Revenues, having priority over any and all other obligations of the City with respect to the Net Pledged Revenues. Revenues pledged under the General Ordinance as received by or otherwise credited to the City, are immediately subject to the lien of such pledge without any physical delivery, filing, or further act. The Supplemental Public Securities Act provides that the lien of this pledge is valid, binding and enforceable against all persons having claims of any kind in tort, contract or otherwise irrespective of whether such persons have notice of such lien.

The First-Lien Revenue Obligations authorized to be issued and from time to time Outstanding are equitably and ratably secured by a first and prior lien on the Net Pledged Revenues and not entitled to any priority one over the other in the application of the Net Pledged Revenues regardless of the time or times of the issuance thereof, it being the intention of the Council that there shall be no priority among First-Lien Revenue Obligations, regardless of the fact that they may be actually issued and delivered at different times.

### **Issuance of Additional First-Lien Revenue Obligations**

Nothing in the General Ordinance, except the limitations summarized below, prevents the issuance by the City of Additional First-Lien Revenue Obligations payable from the Net Pledged Revenues and constituting a lien on the Net Pledged Revenues on a parity with, but not prior or superior to, the lien thereon of the Outstanding First-Lien Revenue Obligations. Before any such Additional First-Lien Revenue Obligations are authorized or actually issued the City is required to satisfy the following conditions:

(a) ***Absence of Default.*** At the time of the adoption of the Series Ordinance authorizing the issuance of the Additional First-Lien Revenue Obligations, the City shall not be in default in making any payments required by the General Ordinance;

(b) ***Historic Net Pledged Revenues Tests.***

(i) Except as described below in the case of Additional First-Lien Revenue Obligations issued for the purpose of refunding less than all of the First-Lien Revenue Obligations then Outstanding, the Net Pledged Revenues for the last complete Fiscal Year or any consecutive twelve whole months of the last eighteen whole months prior to the issuance of the proposed Additional First-Lien Revenue Obligations, as certified by the City Manager or a Consulting Engineer or Independent Accountant, must have been equal to at least 125% of the Maximum Annual Debt Service Requirements of the First-Lien Revenue Obligations then Outstanding and the Additional First-Lien Revenue Obligations proposed to be issued, in the aggregate.

(ii) If any adjustment in rates, fees or charges adopted by the City is to be effective during or prior to any Fiscal Year in which the Maximum Annual Debt Service Requirements occur, the City Manager, Consulting Engineer or Independent Accountant

are to adjust the calculation of the Net Pledged Revenues to reflect the amount thereof that would have been received if such adjustment had been in effect throughout such Fiscal Year.

(iii) For purposes of the historic Net Pledged Revenues test, when computing the Debt Service Requirements for any Series of Variable Rate Obligations, it is to be assumed that any Series of Variable Rate Obligations Outstanding at the time of the computation will have Debt Service Requirements during any period, if the actual interest rate for such period shall not have been determined, equal to the Debt Service Requirements obtained by applying the highest interest rate borne by such Series of Variable Rate Obligations during the two years immediately preceding the date of the computation. If such Series of Variable Rate Obligations has not been outstanding for two years immediately preceding the date of the computation, then it is to be assumed that such Series of Variable Rate Obligations will have Debt Service Requirements during any period, if the actual interest rate for such period shall not have been determined, equal to the Debt Service Requirements obtained by applying a fixed interest rate equal to 120% of the highest rate applicable within the two years immediately preceding the date of the computation under an index generally accepted in the securities industry for securities having comparable ratings and maturity or tender dates. It is further to be assumed that any Variable Rate Obligations which are Tender Obligations will mature on their stated maturity or mandatory redemption dates. In applying this paragraph (iii), the references to the "highest interest rate" shall mean the highest interest rate applicable for any consecutive five-week period in such two-year period. If no single rate was applicable for five consecutive weeks, then the "highest interest rate" shall refer to the highest average rate applicable to any five consecutive weeks in such two-year period.

(iv) In the case of Additional First-Lien Revenue Obligations issued for the purpose of refunding less than all of the First-Lien Revenue Obligations then Outstanding, compliance with the historic Net Pledged Revenues test is not required so long as the aggregate Debt Service Requirements payable as to all First-Lien Revenue Obligations Outstanding after the issuance of such Additional First-Lien Revenue Obligations do not exceed the aggregate Debt Service Requirements payable on all First-Lien Revenue Obligations Outstanding prior to the issuance of such Additional First-Lien Revenue Obligations.

### **Effect of Certification of Revenues**

Where certifications of revenues are required by the General Ordinance, the specified and required written certifications of the City Manager, Consulting Engineer or Independent Accountant to the effect that revenues are sufficient to pay the required amounts are conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver Additional First-Lien Revenue Obligations.

### **Subordinate Revenue Obligations Permitted**

Nothing in the General Ordinance, except the limitations stated below or in a Series Ordinance, Supplemental Resolution or Final Terms Certificate, prevents the City from issuing Subordinate Revenue Obligations for any lawful purpose.

## **Superior Obligations Prohibited**

Nothing in the General Ordinance permits the City to issue Superior Obligations.

## **Series Ordinances; Payment Dates of Obligations**

Additional First-Lien Revenue Obligations or Subordinate Revenue Obligations are to be issued only after authorization thereof by Series Ordinance. All Additional First-Lien Revenue Obligations are to bear such date, and be subject to redemption prior to maturity, on such terms and conditions as may be provided, and shall bear interest at such rate or rates as may be determined, by Series Ordinance, Supplemental Resolution or Final Terms Certificate. Nothing in the General Ordinance prohibits the issuance of Additional First-Lien Revenue Obligations and Subordinate Revenue Obligations payable from the Net Pledged Revenues, the principal of which is payable more frequently than annually or the interest on which is payable more frequently than semiannually.

## **Covenants**

The City particularly covenants and agrees with the Owners of the Obligations Outstanding from time to time, and makes the following covenants and provisions which shall be a part of its contract with such Owners, and shall be kept by the City continuously until all Obligations issued under the General Ordinance have been fully paid and discharged.

***Rate Maintenance Covenant.*** The City agrees to prescribe, revise, and collect fair and reasonable rates, fees and charges for use of the System which shall produce Income sufficient, together with any other moneys legally available therefor and credited to the Income Account, to make the payments and accumulations required by the General Ordinance and any Series Ordinance, Supplemental Resolution or Final Terms Certificate; and which shall produce Net Pledged Revenues in each ensuing Fiscal Year at least equal to the sum of 125% of the Combined Annual Debt Service Requirements of all Outstanding First-Lien Revenue Obligations and 105% of the Combined Annual Debt Service Requirements of all Outstanding Subordinate Revenue Obligations, plus any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Net Pledged Revenues or any securities payable therefrom.

The Council is to increase rates, fees and charges in such manner and to such extent as to reasonably ensure the payments and accumulations required by the provisions of the General Ordinance.

For purposes of determining compliance with the rate maintenance covenant, it is to be assumed that any Series of Variable Rate Obligations Outstanding at the time of the computation will have Debt Service Requirements during any period, if the actual interest rate for such period shall not have been determined, equal to the Debt Service Requirements obtained by applying the highest interest rate borne by such Series of Variable Rate Obligations during the two years immediately preceding the date of the computation. If such Series of Variable Rate Obligations has not been Outstanding for two years immediately preceding the date of the computation, then it is to be assumed that such Series of Variable Rate Obligations will have Debt Service Requirements during any period, if the actual interest rate for such period shall not have been determined, equal to the Debt Service Requirements obtained by applying a fixed interest rate equal to 120% of the highest rate applicable within the two years immediately preceding the date of the computation under an index generally accepted in the securities industry for securities having comparable ratings and maturity or tender dates. It is further to be assumed that any such Variable Rate Obligations which are Tender Obligations will mature on their stated maturity or mandatory redemption dates. In applying the foregoing covenant with respect to rate maintenance, the references to the "highest interest rate" means the highest interest rate applicable for any consecutive five-week period in such two-

year period. If no single rate was applicable for five consecutive weeks, then the “highest interest rate” shall refer to the highest average rate applicable to any five consecutive weeks in such two-year period.

***User Charges.*** The City agrees to establish and maintain a system of user charges to assure that each customer’s equitable share of the Costs of Operation and Maintenance Expenses, Debt Service Requirements, Improvements and replacements of the System shall be paid.

Nothing in the General Ordinance limits the ability of the City to adopt a separate rate schedule for out-of-City customers. The City agrees to cause all rates, fees and charges to be billed promptly and collected as soon as reasonable, and to prescribe and enforce rules and regulations or impose contractual obligations for the payment thereof, to the end that the Net Pledged Revenues are adequate to meet the requirements of the General Ordinance and any other ordinance or instrument supplemental thereto. The rates, fees and charges are required to be collected in any lawful manner.

***No Free Service.*** The City agrees not to furnish or supply, or cause to be furnished or supplied, any use, output, capacity or service of the System free of charge to any Person.

***Performance of Duties.*** The City, acting by and through its officers, or otherwise, agrees to faithfully and punctually perform, or cause to be performed, all duties with respect to the Income and the System required by the Constitution and laws of the State and the ordinances, resolutions and contracts of the City, including without limitation the proper segregation of the proceeds of Outstanding Obligations and the Income and their application from time to time to the respective funds provided therefor.

***Costs of Issuance and of Performance of Obligations.*** Except as otherwise provided in the General Ordinance, all costs and expenses incurred in connection with the issuance of Obligations, the payment of the Debt Service Requirements, or the performance of or compliance with any covenant or agreement contained in the General Ordinance or any Series Ordinance, Supplemental Resolution or Final Terms Certificate are to be paid exclusively (but only from the appropriate special fund or account in the manner authorized in the General Ordinance) from the proceeds of the Obligations, the Net Pledged Revenues (in the manner and to the extent provided in the General Ordinance) or other legally available moneys, and in no event are any of such costs or expenses required to be paid out of or charged to the general fund of the City.

***Contractual Obligations.*** The City agrees that it will perform all contractual obligations undertaken by it under its contract with the Purchaser of any Series of Obligations and any other agreements relating to the Obligations, the Income or the System.

***Further Assurances.*** At any and all times the City agrees, so far as it may be authorized by law, to pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming the rights, the Net Pledged Revenues and other funds pledged or assigned, or intended so to be, or which the City may become bound to pledge or assign, or as may be reasonable and required to carry out the purposes of the General Ordinance. The City, acting by and through its officers, or otherwise, agrees at all times, to the extent permitted by law, to defend, preserve and protect the pledge of the Net Pledged Revenues and other funds and accounts pledged under the General Ordinance and all the rights of every owner of any of the Obligations issued under the General Ordinance against all claims and demands of all Persons.

***Conditions Precedent.*** Upon the date of issuance of any Obligations, all conditions, acts and things required by the Constitution or laws of the United States of America, the Constitution or laws of the State, the Charter, the Code and the General Ordinance to exist, to have happened, and to have been performed

precedent to or in the issuance of the Obligations are to exist, have happened and have been performed, and the Obligations being issued, together with all other Obligations, are not to contravene any debt or other limitation prescribed by the Constitution or laws of the United States of America, the Constitution or laws of the State, the Charter or the Code.

***Efficient Operation and Maintenance.*** The City agrees that it shall at all times operate the System properly and in a sound and economical manner. The City agrees to maintain, preserve and keep the System properly or cause the same so to be maintained, preserved, and kept, with the appurtenances and every part and parcel thereof in good repair, working order and condition, and from time to time to make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the maintenance of the System may be properly and advantageously conducted. All salaries, fees, wages and other compensation paid by the City in connection with the repair, maintenance and operation of the System are to be fair and reasonable.

***Records and Accounts.*** The City agrees that it shall keep proper books of record and account, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the funds referred to in the General Ordinance.

***Rules, Regulations and Other Details.*** The City, acting by and through its officers, agrees to establish and enforce reasonable rules and regulations governing the construction, operation, care, repair, maintenance, management, control, and use of the System. The City agrees to observe and perform all of the terms and conditions of the General Ordinance and any Series Ordinance, Supplemental Resolution or Final Terms Certificate.

***Payment of Governmental Charges.*** The City agrees in the General Ordinance to pay or cause to be paid all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the System, or upon any part thereof, or upon any portion of the Income, when the same shall become due, and to duly observe and comply with all valid requirements of any municipal or governmental authority relative to the System, or any part thereof, except for any period during which the same are being contested in good faith by proper legal proceedings. The City agrees not to create or suffer to be created any lien or charge upon the System, or any part thereof, or upon the Income, except the pledge and lien created by the General Ordinance, the Series Ordinances, Supplemental Resolutions and Final Terms Certificates for the payment of the Debt Service Requirements due in connection with the Obligations, and except as otherwise permitted under the General Ordinance. The City agrees to pay or cause to be discharged or make adequate provision to satisfy and to discharge, within 90 days after the same becomes payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System, or any part thereof, or the Income, but nothing in the General Ordinance requires the City to pay or to cause to be discharged or to make provision for any such tax, assessment, lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

***Protection of Security.*** The City agrees that neither the City, its officers, agents or employees, shall take any action in such manner or to such extent as might prejudice the security for the payment of the Obligations payable from the Net Pledged Revenues according to the terms thereof. No contract is to be entered into nor any other action taken by which the rights of any owner of any other Obligation payable from Net Pledged Revenues might be prejudicially and materially impaired or diminished.

***Accumulation of Interest Claims.*** In order to prevent any accumulation of claims for interest after maturity, the City agrees not to directly or indirectly extend or assent to the extension of the time for the payment of any claim for interest on any Obligations payable from the Net Pledged Revenues; and the City agrees not to directly or indirectly be a party to or approve any arrangements for any such extension or for

the purpose of keeping alive any of such claims for interest. If the time for the payment of any such installment of interest is extended in contravention of the foregoing provisions, such installment or installments of interest after such extension or arrangement are not entitled in case of default under the General Ordinance to the benefit or the security of the General Ordinance, except upon the prior payment in full of the principal of all of the First-Lien Revenue Obligations and any such Securities the payment of which has not been extended.

***Use of Debt Service Account and Debt Service Reserve Account.*** Except as otherwise provided in the General Ordinance, the Debt Service Account and any Debt Service Reserve Account established in connection with any Series of First-Lien Obligations are to be used solely and only for the purpose of paying the Debt Service Requirements of Outstanding First-Lien Revenue Obligations to their respective maturities or any Redemption Date or Redemption Dates on which the City is obligated to redeem such First-Lien Revenue Obligations.

***Additional Securities.*** The City agrees not to issue any First-Lien Revenue Obligations or Subordinate Revenue Obligations relating to the System and payable from the Net Pledged Revenues, without compliance with the applicable requirements with respect to the issuance of Additional First-Lien Revenue Obligations or Subordinate Revenue Obligations set forth herein or in any Series Ordinance, Supplemental Resolution or Final Terms Certificate.

***Other Liens.*** At the time of issuance of any Obligations payable from the Net Pledged Revenues, there are to be no liens or encumbrances of any nature whatsoever on or against the System or any part thereof or on or against the Net Pledged Revenues, except as expressly provided by the General Ordinance or a Series Ordinance, Supplemental Resolution or Final Terms Certificate.

***Federal and State Income Tax Covenants.*** The City agrees that it will, upon the issuance of any Obligations which are sold with the expectation that the interest on such obligations is excluded from gross income for federal income tax purposes or exempt from income taxation by the State, enter into appropriate covenants as to federal and State income tax matters for the benefit of all Owners of such Obligations. Nothing in the General Ordinance prevents the issuance, at the option of the City, of Obligations the interest on which is includable in gross income for federal income tax purposes or subject to State income taxation, or both.

***Disposition of Property.*** Except for the use of the System and services pertaining thereto in the ordinary course of business, no part of the System is permitted under the General Ordinance to be sold, leased, mortgaged, pledged, encumbered or otherwise disposed of or otherwise alienated, except in compliance with the express provisions of the General Ordinance. For so long as any Obligations are Outstanding, the City may sell, exchange, lease or otherwise dispose of any part of the System not necessary to the generation of sufficient Net Pledged Revenues to satisfy the express requirements of the General Ordinance, provided that any proceeds of any such disposition or exchange received and not used to replace the assets so sold or exchanged are to be deposited in the Income Account, and any revenues derived from any such lease are to be deposited by the City as Income of the System. The expiration or termination of a Capital Lease or Installment Purchase Agreement prior to the acquisition of title to the financed property by the City shall not constitute a disposition of System property.

***Loss from Condemnation.*** If any part of the System is taken by the exercise of a power of eminent domain, the amount of any award received by the City as a result of such taking is to be expended upon the Improvement of the System or to be applied to the redemption of the outstanding First-Lien Revenue Obligations, in accordance with the provisions of the General Ordinance and any Series Ordinance, Supplemental Resolution or Final Terms Certificate pertaining to the issuance of any such First-Lien Revenue Obligation, at maturity or prior thereto if such instruments authorize the prior redemption of such

securities, or to be deposited in the Income Account or held as a reserve for expenditure subsequently upon such Improvements, or any combination thereof, as the Council may determine.

***Inspection of Records.*** Any Owner of any Obligations payable from the Net Pledged Revenues, any duly authorized agent or agents of such Owner, or the Purchaser thereof, has the right at all reasonable times to inspect all records, accounts and data relating thereto, concerning the System or the Income, to make copies of such records, accounts and data at the Owner's or Purchaser's expense, and to inspect the System and properties comprising the System.

***Audits Required.*** The City, annually following the close of each Fiscal Year, agrees to order an audit for the Fiscal Year of the books and accounts pertaining to the System to be made forthwith by an Independent Accountant, and order an audit report showing the receipts and disbursements for each fund or account pertaining to the System or the Income. All expenses incurred in the making of such audits and reports may be regarded and paid as an Operation and Maintenance Expense.

***Insurance and Reconstruction.*** Except to the extent that the City elects to insure itself, the City agrees at all times to maintain with responsible insurers all such insurance reasonably required and obtainable within limits and at costs deemed reasonable by the City as is customarily maintained with respect to storm drainage facilities of like character in the State against loss of or damage to the System and against public and other liability to the extent at least reasonably necessary to protect the interest of the City and of each Owner of Obligations payable from the Net Pledged Revenues, except as otherwise provided in the General Ordinance. If any part of the System is damaged or destroyed, the City agrees, as expeditiously as possible, to commence and diligently proceed with the repair or replacement of the damaged or destroyed property so as to restore the same to use, provided that no such repair or replacement is required if the City determines in good faith that the damaged or destroyed property was not, prior to such damage or destruction, materially contributing to the Net Pledged Revenues. The proceeds of any insurance or self-insurance appertaining to the System are to be payable to the City and (except for proceeds of use and occupancy insurance) to be applied to the necessary costs involved in such repair and replacement, and to the extent not so applied are (together with the proceeds of any such use and occupancy insurance) to be deposited in the Income Account as Income. If the costs of such repair and replacement of the damaged or destroyed property exceed the proceeds of such property insurance available for payment of the same, moneys in the Income Account are to be used to the extent necessary for such purpose, to the extent permitted by the General Ordinance.

## **Defeasance**

When all Debt Service Requirements of all or any portion of any Obligations issued under the General Ordinance have been duly paid, the pledge and lien and all obligations under the General Ordinance are discharged as to such Obligations and such Obligations are no longer deemed to be Outstanding within the meaning of the General Ordinance. There is deemed to be such due payment when the City has placed in escrow or in trust with a Trust Bank, located within or without the State, cash or Federal Securities in an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to pay all Debt Service Requirements of such Obligations, as the same become due at their maturity date or upon any Redemption Date as of which the City shall have exercised or shall have obligated itself to exercise its option to call such Obligations for prior redemption. The Federal Securities shall become due prior to the respective times at which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the City and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the owner thereof to assure such availability as so needed to meet such schedule. Nothing prohibits a partial defeasance of the outstanding Obligations. In connection with a Credit Facility, the City may provide by Series Ordinance, Supplemental Resolution or Final Terms

Certificate for Obligations to remain Outstanding, notwithstanding the defeasance provisions of the General Ordinance, until the Credit Facility Provider has been reimbursed for amounts advanced by it and interest thereon in accordance with the terms of a Credit Facility.

### **Events of Default**

Each of the following events is declared in the General Ordinance to be and to constitute an Event of Default:

(a) ***Nonpayment of Principal.*** Payment of the principal of any Obligation is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption, or otherwise;

(b) ***Nonpayment of Interest.*** Payment of any installment of interest on any Obligation is not made when the same becomes due and payable;

(c) ***Incapacity to Perform.*** The City for any reason becomes incapable of fulfilling its obligations under the General Ordinance or any Series Ordinance, Supplemental Resolution or Final Terms Certificate;

(d) ***Nonperformance of Duties.*** The City shall have failed to carry out and to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Income or to the System or otherwise, including, without limitation, the General Ordinance, a Series Ordinance, Supplemental Resolution or Final Terms Certificate, and such failure shall continue for 60 days after receipt of notice from the Owners of 25% in aggregate principal amount of the affected Class or Series of Obligations then Outstanding; provided that if such failure cannot be cured within such 60 days and if during that period corrective action has commenced to remedy such failure and subsequently is diligently pursued by the City to the completion of such performance, an Event of Default shall not be deemed to have occurred;

(e) ***Failure to Reconstruct.*** Except as permitted by the provisions of the General Ordinance concerning dispositions of System property, the City discontinues or unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any essential part of the System which is condemned, destroyed or damaged and is not promptly repaired or replaced (whether such failure to repair or replace the same is due to impracticality of such repair or replacement, or is due to a lack of moneys therefor, or any other reason);

(f) ***Appointment of Receiver.*** An order or decree is entered by a court of competent jurisdiction, with the consent or acquiescence of the City, appointing a receiver or receivers for the System or for the Income and any other moneys subject to the lien to secure the payment of the affected Class or Series of Obligations, or both the System and such moneys, or if any order or decree, having been entered without the consent or acquiescence of the City, is not vacated or discharged or stayed on appeal within 60 days after entry; or

(g) ***Default of Any Provision.*** The City defaults in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Series Ordinances, Supplemental Resolutions or Final Terms Certificates pertaining to the affected Class or Series of Obligations or in this Ordinance on its part to be performed, and if such default continues for 60 days after written notice, specifying such default and requiring the same to be remedied, is given to the City by the Owners of 25% in aggregate



principal amount of the affected Class or Series of Obligations then Outstanding; provided that if such failure cannot be cured within such 60 days and if during that period corrective action has commenced to remedy such default and subsequently is diligently pursued to the completion of such performance, an Event of Default shall not be deemed to have occurred.

An Event of Default may occur, be existing or be waived or terminated with respect to any one or more Classes or Series of Obligations.

### **Remedies for Defaults**

Upon the happening and continuance of any of the Event of Default, the Owner or Owners of not less than 25% in aggregate principal amount of the affected Class or Series of Obligations then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the City and its agents, officers and employees to protect and to enforce the rights of any Owner of any of the affected Class or Series of Obligations under the General Ordinance by mandatory injunction or by other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or an operating trustee with respect to any affected Class or Series of Obligations or for the specific performance of any covenant or agreement contained herein or for any proper legal or equitable remedy as such Owner or Owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any Owner of any Obligation, or to require the City to act as if it were the trustee of an express trust, or any combination of such remedies or as otherwise may be authorized by any statute or other provision of law. All such proceedings at law or in equity are to be instituted, had and maintained for the equal benefit of all Owners of the affected Class or Series of Obligations then Outstanding. Any receiver or operating trustee appointed in any proceedings to protect the rights of such Owners under the General Ordinance may collect, receive and apply all Income arising after the appointment of such receiver or operating trustee in the same manner as the City itself might do. The consent to any such appointment is expressly granted by the City in the General Ordinance.

### **Rights and Privileges Cumulative**

The failure of any Owner of any Outstanding Obligation to proceed in any manner provided in the General Ordinance does not relieve the City or any of its officers, agents or employees of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such Owner or trustee therefor is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any Owner is not to be deemed a waiver of any other right or privilege. Each Owner of any Obligation is entitled to all of the privileges, rights and remedies provided or permitted in the General Ordinance and as otherwise provided or permitted by law or in equity or by statute, except as provided in the General Ordinance with respect to certain express limitations on the creation of liabilities on the City's general credit, pledging of City property and the statute of limitations on claims based on Obligations, and subject to the applicable provisions concerning the Income and the proceeds of the affected Class or Series of Obligations. Nothing in the General Ordinance affects or impairs the right of any Owner of any Obligation to enforce the payment of the Debt Service Requirements due in connection with such Obligation or the obligation of the City to pay the Debt Service Requirements of such Obligation to the Owner thereof at the time and the place expressed in such Obligation.

### **Duties Upon Default**

Upon the happening of any Event of Default with respect to any one or more Classes or Series of Obligations, the City, in addition, agrees to do and perform all proper acts on behalf of and for the Owners of the affected Class or Series of Outstanding Obligations to protect and to preserve the security created for

the payment of the affected Class or Series of Obligations and to insure the payment of the Debt Service Requirements thereof promptly as the same become due. During any period of default, so long as any of the affected Class or Series of Obligations, as to any Debt Service Requirements, are Outstanding, except to the extent it may be unlawful to do so, all Net Pledged Revenues are to be paid into the applicable Debt Service Account, or other account designated for payment of the Debt Service Requirements of each affected Class or Series of Obligations, on an equitable and prorated basis, and used for the purposes therein provided. If the City fails or refuses to proceed as so provided, the owner or Owners of not less than 25% in aggregate principal amount of the affected Class or Series of Obligations then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the Owners of the affected Class or Series of Obligations; and to that end any such Owners of Outstanding Obligations are to be subrogated to all rights of the City under any agreement or contract involving the Net Pledged Revenues entered into prior to the effective date of the General Ordinance or thereafter while any of the affected Class or Series of Obligations are Outstanding. Nothing in the General Ordinance requires the City to proceed if it determines in good faith and without any abuse of its discretion that if it so proceeds it is more likely than not to incur a net loss rather than a net gain or that such action is likely to affect materially and prejudicially the Owners of the affected Class or Series of Obligations.

#### **Amendments of Ordinances Not Requiring Consent of Owners**

The City may, without the consent of, or notice to, the Owners of any Class or Series of Obligations, adopt such ordinances supplementing or amending the General Ordinance or any Series Ordinance, Supplemental Resolution or Final Terms Certificate (which amendments shall thereafter form a part thereof) for any one or more or all of the following purposes:

- (a) to cure or correct any formal defect, ambiguity or inconsistent provision contained in the General Ordinance or any Series Ordinance, Supplemental Resolution or Final Terms Certificate;
- (b) to appoint successors to the Paying Agent, Registrar or Transfer Agent;
- (c) to designate a trustee for the Owners of the affected Class or Series of Obligations, to transfer custody and control of the Income to such trustee, and to provide for the rights and obligations of such trustee;
- (d) to add to the covenants and agreements of the City or the limitations and restrictions on the City set forth in the General Ordinance;
- (e) to pledge additional revenues, properties or collateral to the payment of the affected Class or Series of Obligations;
- (f) to cause the General Ordinance or any Series Ordinance, Supplemental Resolution or Final Terms Certificate to comply with the Trust Indenture Act of 1939, as amended from time to time; or
- (g) to effect any other changes to the General Ordinance which do not materially adversely affect the interests of the Owners of any Class or Series of Obligations or any other changes to any Series Ordinance, Supplemental Resolution or Final Terms Certificate which do not adversely affect the interests of the Owners of the applicable Class or Series of Obligations.

## **Amendments of Ordinances Requiring Consent of Owners**

Exclusive of the amendatory ordinances referred to above which may be adopted without the consent of the Owners, the General Ordinance or any Series Ordinance, Supplemental Resolution or Final Terms Certificate may be amended or modified by ordinances or other instruments duly adopted by the City Council, without receipt by it or any additional consideration, but with the written consent of the Owners of 66% in aggregate principal amount of the affected Class or Series of Obligations then Outstanding at the time of the adoption of such amendatory ordinance, provided that no such amendatory action shall permit:

- (a) ***Changing Payment.*** A change in the maturity or in the terms of redemption of the principal of any Outstanding Obligation or any installment of interest thereon;
- (b) ***Reducing Return.*** A reduction in the principal amount of any Obligation or the rate of interest thereon without the consent of the Owner of the Obligation;
- (c) ***Prior Lien.*** The creation of a lien upon or a pledge of revenues ranking prior to the lien or the pledge created by the General Ordinance;
- (d) ***Modifying Amendment Terms.*** A reduction of the principal amount or percentages of Obligations, or any modification otherwise affecting the description of Obligations, or otherwise changing the consent of the Owners of Obligations, which may be required for any amendment to the General Ordinance or to any Series Ordinance, Supplemental Resolution or Final Terms Certificate;
- (e) ***Priorities Between Obligations.*** The establishment of priorities as between Obligations of the same Class issued and Outstanding under the provisions of the General Ordinance; or
- (f) ***Partial Modification.*** Any modifications otherwise materially and prejudicially affecting the rights or privileges of the Owners of less than all of the affected Class or Series of Obligations then Outstanding.

Whenever the Council proposes to amend or modify the General Ordinance or any Series Ordinance, Supplemental Resolution or Final Terms Certificate under the 66% consent provisions of the General Ordinance it is required to give notice of the proposed amendment by mailing such notice to the Purchaser of each affected Class or Series of Obligations, or to any successors thereof known to the Registrar, and to all Owners of the affected Class or Series of Obligations at the addresses appearing on the registration books of the City. Such notice is to briefly set forth the nature of the proposed amendment and state that a copy of the proposed amendatory ordinance or other instrument is on file in the office of the City Clerk for public inspection.

## **Time for and Consent to Amendment**

Whenever at any time within one year from the date of the completion of the notice required to be given under the 66% consent provisions of the General Ordinance there is filed in the office of the City Clerk an instrument or instruments executed by the Owners of at least 66% in aggregate principal amount of the affected Class or Series of Obligations then Outstanding, which instrument or instruments refers to the proposed amendatory ordinance or other instrument described in such notice and specifically consents to and approves the adoption of such ordinance or other instrument, thereupon, but not otherwise, the Council may adopt such amendatory ordinance or instrument and such ordinance or instrument shall

become effective. If the Owners of at least 66% in aggregate principal amount of the affected Class or Series of Obligations then Outstanding, at the time of the adoption of such amendatory ordinance or instrument, or the predecessors in title of such Owners, have consented to and approved the adoption thereof, no Owner of any Obligation of such Class or Series, whether or not such Owner has consented to or revoked any consent, has any right or interest to object to the adoption of such amendatory ordinance or other instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions thereof. Any consent given by the Owner of an Obligation pursuant to the provisions thereof is irrevocable for a period of six months from the date of the completion of the notice above provided for and conclusive and binding upon all future Owners of the same Obligation during such period. Such consent may be revoked at any time after six months from the completion of such notice, by the Owner who gave such consent or by a successor in title, by filing notice of such revocation with the City Clerk, but such revocation is not effective if the Owners of 66% in aggregate principal amount of the same affected Class or Series of Obligations Outstanding, prior to the attempted revocation, have consented to and approved the amendatory instrument referred to in such revocation.

### **Unanimous Consent**

Notwithstanding the foregoing, the terms and the provisions of the General Ordinance or any Series Ordinance, Supplemental Resolution or Final Terms Certificate, or of any amendatory ordinance or instrument, and the rights and the obligations of the City and of the Owners of any Class or Series of Obligations may be modified or amended in any respect as to the affected Class or Series of Obligations upon the adoption by the City and upon the filing with the City Clerk of an instrument to that effect and with the consent of the Owners of all the then Outstanding Obligations of the affected Class or Series. No notice to Owners of Obligations shall be required if there is unanimous consent and under such circumstances the time of consent is not limited except as provided in the consent.

### **Exclusion of Obligations**

At the time of any consent or other action taken under the General Ordinance, the Registrar is to furnish to the City Clerk a certificate, upon which the City Clerk may rely, describing all Obligations to be excluded, either because such Obligations are not Outstanding for purposes of this Ordinance or because they are not part of the Class or Series affected by such consent or other action, for the purpose of consent or other action or any calculation of Outstanding Obligations, and, with respect to such excluded Obligations, the City is not entitled or required with respect to such Obligations to give or obtain any consent or to take any other action provided for hereunder.

### **Miscellaneous**

The General Ordinance also contains miscellaneous other provisions which include the following:

None of the covenants, agreements, representations, or warranties contained in the General Ordinance or in the Obligations are ever to impose or be construed as imposing any liability, obligation, or charge against the City (except for the special funds pledged therefor) or against the general credit of the City payable out of general funds or out of any funds derived from general property taxes.

The payment of the Obligations is not secured by an encumbrance, mortgage or other pledge of property of the City except for the Net Pledged Revenues and the other property, funds and accounts pledged pursuant to the General Ordinance or any Series Ordinance, Supplemental Resolution, Final Terms Certificate or other instrument adopted in connection with particular Obligations. No property of the City,

subject to such exception with respect to the Net Pledged Revenues pledged for the payment of the Obligations, is liable to be forfeited or taken in payment of the Obligations.

No recourse shall be had for the payment of the Debt Service Requirements of the Obligations or for any claim based thereon or otherwise upon this Ordinance authorizing their issuance or any other ordinance or instrument pertaining thereto, against any individual member of the Council, or any officer or other agent of the City, past, present or future, either directly or indirectly through the City, or otherwise, whether by virtue of any constitution, statute or rule of law or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the Obligations and as a part of the consideration of their issuance specially waived and released.

The General Ordinance, except to the extent expressly provided therein, is irrevocable until the Obligations, as to all Debt Service Requirements, shall be fully paid, cancelled and discharged.

### **THE SERIES ORDINANCE**

The Series Ordinance is adopted pursuant to the provisions of the General Ordinance summarized above, and includes the provisions summarized below specifically relating to the Series 2022 Bonds. Reference is made to the Series Ordinance for a full and complete statement of its terms.

#### **System Capital Program and Series 2022 Capital Project**

The City Council authorizes and directs that the Series 2022 Capital Project (which may consist of any portion of the System Capital Program) be carried out with the net proceeds of the Series 2022 Bonds and any other legally available moneys of the City necessary for such purpose. The Series 2022 Bonds are Fixed Rate Obligations for purposes of the General Ordinance.

#### **Sale of Series 2022 Bonds; Application of Series 2022 Bond Proceeds**

The Series Ordinance directs the sale of the Series 2022 Bonds and the application of the proceeds of the Series 2022 Bonds, after deduction of Costs of Issuance and underwriting discount, as follows: (a) accrued interest on the Series 2022 Bonds, if any, is to be deposited to the Series 2022 Debt Service Reserve Account; (b) Series 2022 Bond proceeds sufficient to meet the Series 2022 Reserve Requirement, if any, are to be deposited to the Series 2022 Debt Service Reserve Account; and (c) the remaining Series 2022 Bond proceeds are to be deposited, to the extent necessary to accomplish the Series 2022 Capital Project, into the Series 2022 Capital Project Account. Any excess funds remaining upon completion of the Series 2022 Capital Project may be used for any lawful purpose of the City or the Enterprise.

#### **Series 2022 Debt Service Subaccounts**

The Series Ordinance establishes the Series 2022 Debt Service Subaccounts within the Debt Service Account, consisting of a Series 2022 Interest Subaccount and a Series 2022 Principal Subaccount, to be used to account for funds of the Debt Service Account allocable to interest on or principal of the Series 2022 Bonds, respectively.

#### **Series 2022 Capital Project Account**

The proceeds of the Series 2022 Bonds, including capitalized interest but excepting the sums, if any, required to be deposited in the Debt Service Account or the Series 2022 Debt Service Reserve Account, are to be deposited in the Series 2022 Capital Project Account and maintained, used and withdrawn only as provided in the Series Ordinance solely for the purpose of paying or reimbursing the

City for payments of the Cost of the Series 2022 Capital Project for which the Series 2022 Bonds are issued, and are pledged therefor. Any such proceeds remaining in the Series 2022 Capital Project Account after completion of such Series 2022 Capital Project, excluding investment earnings which may be required to be rebated to the federal government, are to be deposited in the Debt Service Account and used for the purposes of the Debt Service Account or shall be used to the extent feasible to call and redeem First-Lien Revenue Obligations in advance of maturity. The City may use any proceeds of the Series 2022 Bonds credited to the Series 2022 Capital Project Account, without further order, to pay the Debt Service Requirements of the Series 2022 Bonds as the same become due whenever and to the extent moneys in the Debt Service Account and the Debt Service Reserve Account or moneys otherwise available therefor are insufficient for that purpose, unless such proceeds are needed to defray obligations accrued and to accrue under any contracts then existing and pertaining to the Series 2022 Capital Project for which the Series 2022 Bonds are issued. Any moneys so used are to be restored to the Series 2022 Capital Project Account from the first Net Pledged Revenues thereafter received and not needed to meet the requirements with respect to deposits of the Net Pledged Revenues to the particular funds and accounts provided in the General Ordinance.

#### **Series 2022 Costs of Issuance Subaccount**

The portion of the proceeds of the Series 2022 Bonds reasonably required to pay costs of issuance thereof is to be deposited in the Series 2022 Costs of Issuance Subaccount, and used, to the extent required, for the payment of Costs of Issuance of the Series 2022 Bonds, and to the extent of any excess, for any other Costs of the Series 2022 Capital Project.

#### **Series 2022 Excess Investment Earnings Account**

The Director of Finance is to transfer into and pay from the Series 2022 Excess Investment Earnings Account created within the Stormwater Enterprise Fund the amount of required arbitrage rebate, if any, due to the federal government pursuant to Section 148(f)(2) of the Tax Code, and the applicable Treasury regulations (the "Regulations") promulgated thereunder. The Director of Finance is to determine such amounts in the manner required by said sections and related regulations and the Series Ordinance. Transfer of the required arbitrage rebate amounts is to be made from the Series 2022 Capital Project Account, the Debt Service Account and the Series 2022 Debt Service Reserve Account; provided, however, that required arbitrage rebate payments are to be made to the federal government from legally available funds regardless of whether any remaining proceeds or other funds attributable to the Series 2022 Bonds are available for the purpose.

All amounts in the Series 2022 Excess Investment Earnings Account, including income earned from investment thereof, are to be held by the Director of Finance free and clear of any lien created by the Series Ordinance, and the Director of Finance is to remit the same to the federal government from time to time as provided in the Series Ordinance; provided that any amounts remaining in the Series 2022 Excess Investment Earnings Account after payment of, or in excess of, all arbitrage rebate payments reasonably expected to be due in connection with the Series 2022 Bonds are available for any lawful purpose of the Enterprise or the City.

#### **Federal Income Tax Covenants**

In addition to the various covenants made by it in the General Ordinance, the City covenants to and for the benefit of the Owners of the Series 2022 Bonds as follows:

- (a) **General.** The City intends that the interest on the Series 2022 Bonds shall be excludable from gross income for federal income tax purposes pursuant to Sections 103 and 141

through 150 of the Tax Code, and Regulations. The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Series 2022 Bonds to be includable in gross income, as defined in Section 61 of the Tax Code, for federal income tax purposes. In particular, the City covenants and agrees to comply with each requirement of this Section; provided, however, that the City shall not be required to comply with any particular requirement of this Section if the City has received an opinion of nationally recognized bond counsel (“Counsel’s Opinion”) that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2022 Bonds or if the City has received a Counsel’s Opinion to the effect that compliance with some other requirement set forth in this Section will satisfy the applicable requirements of the Tax Code and the Regulations, in which case compliance with such other requirement specified in such Counsel’s Opinion shall constitute compliance with the corresponding requirement specified in this Section.

(b) ***No Private Use or Payment and No Private Loan Financing.*** The City covenants and agrees that it will make such use of the proceeds of the Series 2022 Bonds including interest or other investment income derived from Series 2022 Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Series 2022 Bonds will not be “private activity bonds” or be deemed to finance any “private loan” within the meaning of the Tax Code and the Regulations promulgated thereunder. Moreover, the City shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Series 2022 Bonds are delivered, that the proceeds of the Series 2022 Bonds will not be used in a manner that would cause the Series 2022 Bonds to be “private activity bonds” within the meaning of Section 141 of the Tax Code and the Regulations promulgated thereunder.

(c) ***No Federal Guarantee.*** The City covenants and agrees that it has not taken and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Series 2022 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code and the applicable Regulations thereunder, except as permitted by Section 149(b)(3) of the Tax Code and such Regulations.

(d) ***No Hedge Bonds.*** The City covenants and agrees that it has not taken and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Series 2022 Bonds to be “hedge bonds” within the meaning of Section 149(g) of the Tax Code and the applicable Regulations thereunder.

(e) ***No Arbitrage.*** The City covenants and agrees that it will make such use of the proceeds of the Series 2022 Bonds including interest or other investment income derived from Series 2022 Bond proceeds, regulate investments of proceeds of the Series 2022 Bonds, and take such other and further action as may be required so that the Series 2022 Bonds will not be “arbitrage bonds” within the meaning of Section 148(a) of the Tax Code and the applicable Regulations promulgated thereunder. Moreover, the City shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Series 2022 Bonds are delivered, the City will reasonably expect that the proceeds of the Series 2022 Bonds will not be used in a manner that would cause the Series 2022 Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Tax Code and the applicable Regulations promulgated thereunder.

(f) **Arbitrage Rebate.** If the City does not qualify for an exception to the requirements of Section 148(f) of the Tax Code relating to the required rebate to the United States, the City agrees to take all necessary steps to comply with the requirement that certain amounts earned by the City on the investment of the “gross proceeds” of the Series 2022 Bonds (within the meaning of Section 148(f)(6)(B) of the Tax Code), be rebated to the federal government. Specifically, the City agrees to (i) maintain records regarding the investment of the gross proceeds of the Series 2022 Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Series 2022 Bonds separately from records of amounts on deposit in the funds and accounts of the City allocable to other bond issues of the City or moneys which do not represent gross proceeds of any bonds of the City; (ii) calculate at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Series 2022 Bonds which is required to be rebated to the federal government; and (iii) pay, not less often than every fifth anniversary date of the delivery of the Series 2022 Bonds or on such other dates as may be permitted under applicable Regulations, all amounts required to be rebated to the federal government. Further, the City will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Series 2022 Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s length and had the yield on the issue not been relevant to either party.

(g) **Information Reporting.** The City covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the fifteenth day of the second calendar month after the close of the calendar quarter in which the Series 2022 Bonds are issued, an information statement concerning the Series 2022 Bonds, all under and in accordance with Section 149(e) of the Tax Code and the applicable Regulations promulgated thereunder.

(h) **Continuing Obligation.** Notwithstanding any other provision of this Series Ordinance, the City’s obligations under the covenants and provisions of the federal income tax covenants summarized above survive the defeasance and discharge of the Series 2022 Bonds.

## **Rights and Immunities**

Except as otherwise expressly provided in the Series Ordinance, nothing is intended or shall be construed to confer upon or to give to any Person, other than the City, and the Owners from time to time of the Series 2022 Bonds, any right, remedy or claim under the Series Ordinance. All the covenants, stipulations, promises and agreements contained in the Series Ordinance by and on behalf of the City are for the sole and exclusive benefit of the City, and any Owner of any of the Series 2022 Bonds.

The Series Ordinance provides that no recourse shall be had for the payment of the Debt Service Requirements of the Series 2022 Bonds or for any claim based thereon or otherwise upon the Series Ordinance authorizing their issuance or any other ordinance or instrument pertaining thereto, against any individual member of the Council, or any officer or other agent of the City, past, present or future, either directly or indirectly through the City, or otherwise, whether by virtue of any constitution, statute or rule of law or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the Series 2022 Bonds and as a part of the consideration of their issuance specially waived and released.



**Ordinance Irrepealable**

The Series Ordinance provides that it is a legislative measure of the City and that after any of the Series 2022 Bonds are issued, the Series Ordinance shall constitute an irrevocable contract between the City and the Owner or Owners of the Series 2022 Bonds; and the Series Ordinance, if any Series 2022 Bonds are in fact issued, shall be and shall remain irrepealable until the Series 2022 Bonds, as to all Debt Service Requirements, shall be fully paid, cancelled and discharged.

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**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS OF THE CITY  
AS OF DECEMBER 31, 2020**

## APPENDIX D

### ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in the City of Greeley (the “City”) and surrounding Weld County (the “County”). It is intended only to provide prospective investors with general information regarding the City’s community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The City makes no representation as to the accuracy or completeness of data obtained from parties other than the City.

#### Population

The following table sets forth population statistics for the City, the County and the State of Colorado (the “State”).

Population						
Year	City of Greeley	Percent Change	Weld County	Percent Change	Colorado	Percent Change
1980	53,006	--	123,438	--	2,889,964	--
1990	60,536	14.21%	131,821	6.79%	3,294,394	13.99%
2000	76,930	27.08	180,936	37.26	4,301,261	30.56
2010	92,889	20.74	252,825	39.73	5,029,196	16.92
2020	108,795	17.12	328,981	30.12	5,773,714	14.80

Sources: U.S. Department of Commerce, Bureau of the Census, Population and Housing Unit Counts, 2020 Census; and Colorado Department of Local Affairs, State Demography Office

#### Housing Stock

The following table sets forth a comparison of housing units within the City and the County.

Housing Units			
	2000	2010	2020
City of Greeley	28,972	36,323	40,556
Weld County	66,194	96,281	119,962

Source: U.S. Department of Commerce, Bureau of the Census, Population and Housing Unit Counts, 2020 Census; and Colorado Department of Local Affairs, State Demography Office

## Income

The following tables set forth historical median household effective buying income (“EBI”), the percentage of households by classification of EBI and per capita personal income for the County, the State and the United States.

### Median Household Effective Buying Income <sup>1</sup>

	2016	2017	2018	2019	2020
Weld County	\$52,579	\$56,125	\$62,329	\$57,819	\$60,064
State of Colorado	52,345	54,718	57,732	59,227	62,340
United States	46,738	48,043	50,620	52,468	54,686

<sup>1</sup> Calculated as of January 1.

Source: The Nielsen Company, *Site Reports*, 2016-2017; Environics Analytics, *Spotlight Claritas Reports*, 2018-2020

### Percent of Households by Effective Buying Income Groups—2020 <sup>1</sup>

	Less Than \$25,000	\$25,000 \$49,999	\$50,000 \$99,999	\$100,000- \$149,999	\$150,000 or more
Weld County	16.17%	24.49%	40.61%	12.52%	6.20%
State of Colorado	15.57	24.20	36.17	14.08	9.98
United States	20.24	25.61	34.10	11.57	8.47

<sup>1</sup> May not total 100% due to rounding. Calculated as of January 1, 2020.

Source: Environics Analytics, *Spotlight Claritas Reports*, 2020

### Per Capita Personal Income

	2016	2017	2018	2019	2020
Weld County	\$43,869	\$44,550	\$47,884	\$48,923	\$52,054
State of Colorado	52,251	55,125	58,267	60,848	63,776
United States	49,812	51,811	54,098	56,047	59,510

Source: United States Department of Commerce, Bureau of Economic Analysis

## Building Permit Activity

Set forth hereafter is a five-year history of building permit activity in the City and the County.

### Building Permit Activity in the City <sup>1</sup>

Year	Single Family		Multi Family		Commercial/Industrial	
	Permits	Value	Permits	Value	Permits	Value
2016	244	\$45,308,198	139	\$43,402,782	23	\$ 46,620,945
2017	111	27,142,816	72	42,009,358	26	136,394,237
2018	338	79,816,404	73	33,169,389	25	50,891,824
2019	170	42,927,644	47	90,911,971	52	49,477,556
2020	66	16,953,102	47	22,901,751	17	10,467,742
2021 <sup>2</sup>	21	6,777,213	57	23,066,451	3	1,215,478

<sup>1</sup> Includes all permits for additions, remodels, and miscellaneous as well as new construction.

<sup>2</sup> Permits filed through August 30, 2021. *[Update closer to posting—August is the most recent available as of 1/25/22]*

Source: City of Greeley, Building Inspection Division

### History of Building Activity in Unincorporated Weld County

Year	Total Permits	Total Valuation
2016	1,074	\$ 83,664,888
2017	1,135	118,065,225
2018	1,257	126,123,744
2019	1,226	225,096,382
2020	2,265	232,718,981
2021 <sup>1</sup>	2,085	296,747,053

<sup>1</sup> Permits issued through November 30, 2021. *[Update closer to posting]*

Source: Weld County Building Department

## Foreclosure Activity

Foreclosure actions are commenced when a default on a deed of trust has occurred, usually when buyers fail to make timely payments in accordance with a promissory note. Set forth below is a history of the number of foreclosure actions filed by the County Public Trustee's Office over the past five years.

### History of Foreclosures

Year	Number of Foreclosures Filed	Percent Change
2017	362	--
2018	375	3.59%
2019	334	(10.93)
2020 <sup>1</sup>	116	(65.27)
2021 <sup>1</sup>	60	(48.28)
2022 <sup>2</sup>	7	--

<sup>1</sup> The decrease in the number of foreclosures filed in 2020 and 2021 was the result of the State imposed restrictions in place regarding foreclosures. See "THE CITY—COVID-19."

<sup>2</sup> Foreclosures filed through January 25, 2022. *[Update closer to posting]*  
Sources: Weld County Public Trustee's Office

## Retail Sales

The retail trade sector employs a large portion of the County's work force and is important to the area's economy. The following table sets forth retail sales figures for the City, the County and the State as reported by the State.

### Retail Sales (in thousands)

Year	Greeley	Percent Change	Weld County	City as a Percent of County	State of Colorado
2016	\$4,112,431	--	\$ 9,875,734	--	\$184,703,410
2017	4,099,125	(0.32)%	11,113,079	12.53%	194,641,958
2018	4,100,665	0.04	12,167,650	9.49	206,121,045
2019	5,067,548	23.58	13,251,205	8.91	224,618,935
2020	4,757,700	(6.11)	13,198,755	(0.40)	233,586,882
2021 <sup>1</sup>	4,086,416	--	11,688,108	--	213,914,177

<sup>1</sup> Retail sales through October 31, 2021. *[Update closer to posting]*

Source: State of Colorado, Department of Revenue, Sales Tax Statistics, 2016-2021

## Employment

The following tables set forth employment statistics by industry for the County and the most recent historical labor force estimates for the County and the State.

### Total Business Establishments and Employment—Weld County

Industry <sup>1</sup>	Second Quarter 2020		Second Quarter 2021		Quarterly Change	
	Units	Average Employment	Units	Average Employment	Units	Average Employment
Agriculture, Forestry, Fishing and Hunting	227	4,406	228	4,369	1	(37)
Mining	273	5,811	250	4,682	(23)	(1,129)
Utilities	32	443	33	449	1	6
Construction	1,124	11,351	1,192	10,858	68	(493)
Manufacturing	352	13,614	360	13,067	8	(547)
Wholesale Trade	527	4,191	529	4,265	2	74
Retail Trade	659	10,131	679	10,785	20	654
Transportation and Warehousing	416	3,548	428	3,543	12	(5)
Information	105	517	112	526	7	9
Finance and Insurance	378	2,942	399	2,818	21	(124)
Real Estate, Rental and Leasing	386	1,326	412	1,338	26	12
Professional and Technical Services	943	3,238	1,057	3,521	114	283
Management of Companies and Enterprises	111	1,906	106	1,836	(5)	(70)
Administrative and Waste Services	497	5,687	516	5,757	19	70
Educational Services	91	673	94	784	3	111
Health Care and Social Assistance	698	9,013	793	9,867	95	854
Arts, Entertainment and Recreation	95	621	106	932	11	311
Accommodation and Food Services	484	6,664	490	8,470	6	1,806
Other Services	625	2,402	608	2,737	(17)	335
Non-classifiable <sup>2</sup>	--	--	4	8	4	8
Government	153	15,525	155	16,227	2	702
Total	<u>8,177</u>	<u>104,012</u>	<u>8,551</u>	<u>106,841</u>	<u>374</u>	<u>2,829</u>

<sup>1</sup> Information provided herein reflects only those employers who are subject to State unemployment insurance law.

<sup>2</sup> Information suppressed due to confidentiality as set forth in State Law.

Source: Colorado Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW)

### Labor Force Estimates

Year	Weld County		Colorado	
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed
2016	149,828	3.4%	2,891,677	3.3%
2017	157,550	2.7	2,986,522	2.8
2018	165,053	2.9	3,080,661	3.2
2019	170,001	2.5	3,148,766	2.8
2020 <sup>1</sup>	166,666	7.0	3,122,237	7.3
2021 <sup>1, 2</sup>	154,938	5.5	2,925,393	5.3

<sup>1</sup> As a result of the COVID-19 pandemic and the federal government induced quarantine, unemployment numbers increased exponentially since reported in April 2020. See “THE CITY—COVID-19.”

<sup>2</sup> Labor force averages estimated through November 30, 2021. *[Update closer to posting]*

Source: State of Colorado, Division of Employment and Training

The following table sets forth selected major employers in the County. No independent investigation has been made of and no representation is made herein as to the stability or financial condition of the listed entities, or the likelihood that they will maintain their status as major employers in the area.

### Selected Major Employers in Weld County <sup>1</sup>

<b>Firm</b>	<b>Product or Service</b>	<b>Estimated Number of Employees</b>
JBS Swift Beef Company	Meat Processing and Transportation	6,000
Banner Health (NCMC)	Regional Hospital	3,710
Vestas	Wind Turbine & Blade Manufacturer	2,890
Weld County School District RE-6	Education	2,860
Weld County	County Government	1,783
University of Northern Colorado	Higher Education	1,530
State Farm Insurance Companies	Insurance Operations	1,200
UC Health	Healthcare	1,030
Greeley (City of)	Municipal Government	905
Halliburton Energy Services Inc.	Oil and Gas Exploration	700

<sup>1</sup> Most recent information available.

Source: Weld County 2020 audited financial statements

### Education

Educational facilities are provided for students in the City primarily by Weld County School District RE-6, which operates 11 traditional elementary schools (K-5), five K-8 schools, four middle schools, one alternative middle school, three traditional high schools, two alternative high schools, one high school of innovation and five charter schools. For fiscal year 2020-2021, student enrollment for Weld County School District RE-6 was 21,883, and the District employed approximately 2,860. Weld County School District No. Re-2 (Eaton), No. Re-4 (Windsor), and No. Re-5J (Johnstown) are also partially located within the City's boundaries. In addition, several private schools have educational facilities in the City. Higher education facilities in the City include the University of Northern Colorado and Aims Community College. The following table sets forth enrollment information for Weld County School District RE-6, the primary school district serving the City.

### History of School Enrollment Weld County School District RE-6

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2017/2018	22,325	--
2018/2019	22,503	0.80%
2019/2020	22,467	(0.16)
2020/2021	21,883	(2.60)
2021/2022	22,170	1.31

Source: Colorado Department of Education



## Transportation

Major roadways serving Weld County and the Greeley area include U.S. (Bypass) Highways 85 and 34. Roads 257, 60, 52 and 14 provide access to outlying areas of Greeley. Burlington Northern Railroad and Union Pacific Railroad provide freight rail service through Weld County. General aviation airports include the Greeley/Weld County Airport, the Erie Airport and the Fort Collins/Loveland Airport. Denver International Airport is located in unincorporated Adams County, approximately 58 miles from Greeley. Greeley-Evans transit provides fixed-route service in Greeley, Evans and Garden City, as well as origin-to-destination paratransit and after-hours service.

## Agriculture

Weld County is largely an agricultural county. This focus is reflected in the agricultural nature of many of the County's manufacturing and retail trade businesses. According to the Weld County Department of Planning Services, Weld County is Colorado's leading producer of beef cattle, grain, sugar beets and dairy, and is the top Colorado county for value of agricultural products sold.

## Oil and Gas

According to the [2021 Economic Forecast], Larimer and Weld counties comprise the diverse economies of the northern region. Larimer County's economy continues to perform above most regions in the state, supported by population growth, while Weld County's economic activity is driven largely by the oil and gas and agricultural industries. Colorado's energy industry faced significant headwinds in 2020 resulting from low oil prices and reduced global demand for oil and gas, which threatened both the private sector through industry income and the public sector through property, severance, and sales taxes. The price of oil and gas has been on the rise in recent months, as positive economic news has increased economic growth expectations in the medium term. After declining for most of 2020 and into 2021, oil and gas production in the region increased by 10% in March 2021 compared to the previous month but remained significantly below [pre-recession] levels. The region's labor market has historically been one of the tightest in the State but will likely remain subdued until oil and gas production recovers more fully.

Oil production in the northern region, particularly in Weld County, has dominated statewide production for over a decade. Oil and gas production has largely been in decline since the end of 2019, as a result of the collapse in demand for oil and gas and significant declines in prices. Year-to-date through March, oil production remains 28.9% below 2020 levels, and natural gas production remains 12.2% below 2020 levels. However, monthly production of both oil and gas in the northern region jumped by about 10% in March 2021, the most recent data available. After remaining around \$40 per barrel for much of the latter half of 2020, oil prices began rising in December and have been hovering around \$70 per barrel during June and July 2021. Prices are expected to remain around \$66 per barrel for the remainder of 2021, based on estimates from the U.S. Energy Information Administration. Increased demand for oil and gas in the near- and midterm, alongside rising prices, is expected to spur additional production.

Only a small portion of the oil and gas exploration and production activity in Weld County occurs within the City limits of the City. Because the City is the largest city in Weld County, rail and highway infrastructure in the City is used in the marketing and distribution of a significant part of the resources produced in the County and the economy of the City is impacted by oil and gas exploration and production activity in the County. However, because of its relatively diverse local economy, the City has historically experienced mostly secondary effects from fluctuations in oil and gas prices, with its economy and employment typically reflecting general economic conditions more than those occurring in any single industry.

No assurance is given that the present oil and gas prices and production levels of oil and gas properties in the region will continue.

**Utilities**

Xcel Energy provides electricity to customers in the City and parts of Weld County; United Power, Inc. provides electricity to southern Weld County, and western and northern Weld County customers are provided electricity by Poudre Rural Electric Association, Inc. Natural gas is provided to Weld County customers and City customers by both Atmos Energy and Xcel Energy. Qwest Communications International Inc. is the major provider of local telephone service to County and City customers.

## APPENDIX E

### PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Undertaking (the “Continuing Disclosure Undertaking” or the “Undertaking”) is executed and delivered by the City of Greeley, Colorado, acting by and through its Stormwater Enterprise (the “City”), in connection with the issuance by the City of \$15,120,000\* aggregate principal amount of First-Lien Stormwater System Improvement Revenue Bonds, Series 2022 (the “Series 2022 Bonds”). The Series 2022 Bonds are being issued under City Ordinances No. 15, 2015 and No. \_\_\_\_\_ (collectively, the “Ordinance”) adopted by the City Council (the “Council”), supplemented, as to certain details of the Series 2022 Bonds, by a Final Terms Certificate executed by the City’s Director of Finance (the “Final Terms Certificate” and, collectively with the Ordinances, the “Bond Ordinance”). The City covenants and agrees as follows:

**Section 1. Purpose of this Undertaking.** This Undertaking is being executed and delivered by the City for the benefit of the owners, both registered and beneficial, of the Series 2022 Bonds, in consideration of the purchase of the Series 2022 Bonds by the original purchasers thereof.

**Section 2. Definitions.** Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Bond Ordinance. The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

“*Annual Financial Information*” means the financial information and operating data described in Exhibit I.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4 hereof.

“*Audited Financial Statements*” means the audited consolidated financial statements of the City, prepared pursuant to the standards and as described in Exhibit I.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means, initially the City, or any successor agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Material Event*” means the occurrence of any of the events with respect to the Series 2022 Bonds set forth in Exhibit II.

“*Material Events Disclosure*” means dissemination of a notice of a Material Event as set forth in Section 6.

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\* Preliminary; subject to change.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series 2022 Bonds.

“*Prescribed Form*” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Material Events with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org) (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of Colorado.

**Section 3. Final Official Statement.** The final Official Statement (the “Final Official Statement”) relating to the Series 2022 Bonds is dated March \_\_, 2022.

**Section 4. Annual Financial Information Disclosure.** Subject to Section 9 of this Undertaking, the City hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I) by the City’s delivery of such Annual Financial Information and Audited Financial Statements to the MSRB within 270 days of the completion date of the City’s fiscal year.

The City is required to deliver such information in Prescribed Form and by such time so that the MSRB receives the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

**Section 5. Material Events Disclosure.** Subject to Section 9 of this Undertaking, the City hereby covenants that it will disseminate in a timely manner, not in excess of 10 Business Days after the occurrence of the event, Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series 2022 Bonds or defeasance of any Series 2022 Bonds need not be given under this Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Series 2022 Bonds pursuant to the Bond Ordinance.

**Section 6. Duty to Update EMMA/MSRB.** The City shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB’s e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

**Section 7. Consequences of Failure of the City to Provide Information.** The City shall give notice in a timely manner, not in excess of 10 Business Days after the occurrence of the event, to the MSRB

in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Undertaking, the owner of any Series 2022 Bond may seek specific performance by court order to cause the City to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an Event of Default under the Bond Ordinance or any other agreement, and the sole remedy under this Undertaking in the event of any failure of the City to comply with this Undertaking shall be an action to compel performance.

**Section 8. Amendments; Waiver.** Notwithstanding any other provision of this Undertaking, the City may amend this Undertaking, and any provision of this Undertaking may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City or type of business conducted;

(ii) This Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the owners of the Series 2022 Bonds, as determined either by parties unaffiliated with the City (such as the Paying Agent) or by an approving vote of the owners of the Series 2022 Bonds holding a majority of the aggregate principal amount of the Series 2022 Bonds (excluding Series 2022 Bonds held by or on behalf of the City or its affiliates) at the time of the amendment, pursuant to the terms of the Bond Ordinance; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

**Section 9. Termination of Undertaking.** The Undertaking of the City shall be terminated hereunder when the City shall no longer have any legal liability under the terms of the Bond Ordinance pursuant to the terms of the Bond Ordinance for any obligation on or relating to the repayment of the Series 2022 Bonds. The City shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

**Section 10. Dissemination Agent.** The Dissemination Agent shall transmit all information delivered to it by the City hereunder to the MSRB as provided in this Undertaking. The City may, from time to time, appoint or engage a substitute Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

**Section 11. Additional Information.** Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Undertaking. If the City chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Undertaking, the City shall not have any obligation under this Undertaking to update such information or include it in any future disclosure or notice of the occurrence of a Material Event.

**Section 12. Beneficiaries.** This Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the owners of the Series 2022 Bonds, and shall create no rights in any other person or entity.

**Section 13. Recordkeeping.** The City shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

**Section 14. Assignment.** The City shall not transfer its obligations under the Bond Ordinance unless the transferee agrees to assume all obligations of the City under this Undertaking or to execute a continuing disclosure agreement under the Rule.

**Section 15. Governing Law.** This Undertaking shall be governed by the laws of the State.

Date: March \_\_, 2022

CITY OF GREELEY, COLORADO

By \_\_\_\_\_  
Finance Director

## **EXHIBIT I**

### **ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS**

*“Annual Financial Information”* means statistical and tabular material of the type contained in the Final Official Statement pertaining to the Series 2022 Bonds provided in Tables IV, V, VI and VII.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission, and such information need not be provided in the exact format as shown in the Final Official Statement. The City shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 270 days after the last day of the City’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 Business Days after availability to the City.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Undertaking, including for this purpose a change made to the fiscal year end of the City, the City will disseminate a notice to the MSRB of such change in Prescribed Form as required by such Section 4.

## **EXHIBIT II**

### **EVENTS WITH RESPECT TO THE SERIES 2022 BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED**

1. Principal and interest payment delinquencies
2. Nonpayment-related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the City<sup>\*</sup>
13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent, if material
15. Incurrence of a Financial Obligation<sup>1</sup> of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the City, any of which reflect financial difficulties

<sup>\*</sup> This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

<sup>1</sup> “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into, in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.



## APPENDIX F

### INFORMATION RELATED TO BOOK-ENTRY-ONLY SYSTEM

*The information in this Appendix concerning The Depository Trust Company (“DTC”) and DTC’s book entry-only system has been obtained from DTC, and the City and the Underwriter take no responsibility for the accuracy thereof.*

DTC will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for the Series 2022 Bonds, as set forth on the cover page hereof, in the aggregate principal amount of each maturity of the Series 2022 Bonds and deposited with DTC.

DTC, the world’s largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others both as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: “AAA.” The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Series 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2022 Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2022 Bonds, except in the event that use of the book entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Series 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2022 Certificate documents. For example, Beneficial Owners of the Series 2022 Bonds may wish to ascertain that the nominee holding the Series 2022 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2022 Bonds within the issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2022 Bonds unless authorized by a Direct Participant on accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2022 Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners are governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2022 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.