

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

NEW ISSUE  
BOOK-ENTRY ONLYRATINGS: Moody's: "\_\_\_"  
S&P: "\_\_\_"  
See "RATINGS"

*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.*

\$ \_\_\_\_\_ \*

## City of Greeley, Colorado

acting by and through its

Water Enterprise

Water Revenue Refunding and Improvement Bonds  
Series 2022

Dated: Date of Issue

Due: August 1, as shown below

The Series 2022 Bonds (the "Series 2022 Bonds") are issued by the City of Greeley, Colorado (the "City"), acting by and through its Water Enterprise (the "Enterprise"), as fully registered bonds in Book-Entry-Only form only 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 will be made in book-entry form in authorized denominations. Purchasers, as Beneficial Owners, will not receive certificates evidencing their interest in the Series 2022 Bonds. Interest on the Series 2022 Bonds is payable August 1, 2022 and semiannually thereafter each February 1 and August 1 until maturity.

Year	Principal Amount	Rate	Yield	CUSIP <sup>1, ©</sup>	Year	Principal Amount	Rate	Yield	CUSIP <sup>1, ©</sup>
2022	\$	%		392546	2033	\$	%		392546
2023				392546	2034				392546
2024				392546	2035				392546
2025				392546	2036				392546
2026				392546	2037				392546
2027				392546	2038				392546
2028				392546	2039				392546
2029				392546	2040				392546
2030				392546	2041				392546
2031				392546	2042				392546
2032				392546					

The Series 2022 Bonds are issued for the purposes of (i) refunding the City's outstanding Water Revenue Bonds, Series 2012 (the "Series 2012 Bonds") and (ii) defraying, in whole or in part, the cost of additions and improvements to the water system (the "System") operated by the City's Water Enterprise (the "Enterprise"). The Series 2022 Bonds are special and limited obligations, payable solely from 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 from the operation of the System after payment of all necessary and proper costs of efficient operation and maintenance thereof. See "SECURITY FOR THE SERIES 2022 BONDS—Pledge and Application of Net Revenues of the System." 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 prior to maturity 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 by the City and accepted by the Underwriter named below, subject to prior sale, the 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 the facilities of DTC in New York, New York, is expected on or about February \_\_, 2022.

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

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

<sup>\*</sup> 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.

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No dealer, salesman or other person has been authorized to give any information or to make any representation with respect to the Series 2022 Bonds which is not contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Underwriter. The information in this Official Statement is subject to change and neither the delivery of this Official Statement nor any sale made after any such delivery shall, under any circumstances, create any implication that there has been no change since the date of this Official Statement. This Official Statement shall not constitute an offer to sell or the solicitation of any offer to buy, and there shall be no sale of any of the Series 2022 Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the City and obtained from other sources which are believed to be reliable.

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THE PRICES AT WHICH THE SERIES 2022 BONDS ARE OFFERED MAY VARY FROM THOSE SHOWN ON THE COVER PAGE HEREOF AND THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE ORIGINAL OFFERING PRICES TO DEALERS AND OTHERS.

## 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 a 2021 projected population of 111,146 persons and covers approximately [47.3] 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, acting by and through its Water Enterprise, Water Revenue Refunding and Improvement Bonds, Series 2022, in the aggregate principal amount of \$_____ * (the “Series 2022 Bonds”), are issued by the City, acting by and through its Water 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 water 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 are subject to redemption prior to maturity as described under the caption “THE SERIES 2022 BONDS—Redemption.”
<b>The 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 (the “Council”) of the City and the Greeley Water and Sewer Board (the “Board”) manage the Enterprise. See “THE ENTERPRISE.”
<b>The System.....</b>	The System was constructed for the purpose of providing water facilities and services to persons and property both inside and outside the City. It includes water rights, raw water diversion, non-potable distribution and pump stations, transmission and storage facilities, water treatment facilities, treated water storage facilities and distribution lines. Owners of all improved properties in the City and certain properties outside the City are served by the System and pay service charges to the Enterprise which are based upon their water consumption. See “THE SYSTEM.”

The operations and revenue-generating capacity of the System are

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\* Preliminary; subject to change.

subject to many of the same risks and contingencies affecting other large Western water systems. These include, among other factors, variability in the supply of water due to weather, climate and overall watershed conditions (see “THE SYSTEM – Factors Affecting the Delivery of Water to Customers” and “THE SYSTEM – Water Supply – Climate, Drought and Wildfire Concerns”); the need to convey water over long distances and provide adequate water storage (See “THE SYSTEM – Water Supply”); the need for ongoing management of ratemaking and financial policies (See “FINANCIAL INFORMATION CONCERNING THE SYSTEM”); substantial environmental regulation (See “THE SYSTEM – Environmental Concerns”); and substantial future capital needs for water rights and System infrastructure (See “THE SYSTEM – Planned Capital Improvements”).

**The Project .....**

The Series 2022 Bonds are being issued for the purposes of (i) refunding the City’s outstanding Series 2012 Bonds and (ii) defraying, in whole or in part, the cost of additions and improvements to the System. See “USE OF PROCEEDS—The Project.”

**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, and refunding 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 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.”

**Professionals .....**

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

**Bond Counsel:**

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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. Pursuant to Securities and Exchange Commission Rule 15c2-12, the City will enter into an undertaking 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.**

[Remainder of Page Intentionally Left Blank]

## OFFICIAL STATEMENT

Relating to:

\$ \_\_\_\_\_ \*

### **City of Greeley, Colorado Water Revenue Refunding and Improvement Bonds Series 2022**

## INTRODUCTION

This Official Statement, including its Cover Page and Appendices, is furnished in connection with the issuance by the City of Greeley, Colorado (the “City”), acting by and through its Water Enterprise (the “Enterprise”), of \$ \_\_\_\_\_\* aggregate principal amount of Water Revenue Refunding and Improvement Bonds, Series 2022 (the “Series 2022 Bonds”). 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 city under the laws of the State and a home rule charter (the “Charter”).

The Series 2022 Bonds are being issued for the purpose of (i) refunding the City’s outstanding Series 2012 Bonds and (ii) defraying, in whole or in part, the cost of additions and improvements to the System, as described under the caption “USE OF PROCEEDS—The Project.” The Series 2022 Bonds are being issued on a parity with the City’s outstanding Water Revenue Refunding Bonds, Series 2014 (the “Series 2014 Bonds”), Water Revenue Refunding Bonds, Series 2016 (the “Series 2016 Bonds”), Water Revenue Bonds, Series 2018 (the “Series 2018 Bonds” and, together with the Series 2014 Bonds and the Series 2016 Bonds, the “Parity Obligations”) and certain other obligations described under the caption “SECURITY FOR THE SERIES 2022 BONDS.”

The Series 2022 Bonds are payable solely from 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 Enterprise from the operation of the System after payment of necessary and proper costs of efficient operation and maintenance of the System. See “SECURITY FOR THE SERIES 2022 BONDS.”

The references to and summaries of provisions of the Constitution and laws of the State of Colorado 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 from the Underwriter, during the period of the initial offering of the Series 2022 Bonds.

## 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.

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\* Preliminary; subject to change.

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

The Series 2022 Bonds are dated, mature and bear interest as set forth on the cover page of this Official Statement.

### Security

The Series 2022 Bonds are being issued under City Ordinance No. \_\_ (the “Ordinance”) adopted by the City Council, 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 Finance Director (the “Final Terms Certificate” and, collectively with the Ordinance, the “Bond Ordinance”). The Series 2022 Bonds are payable solely from and secured by a pledge of and an irrevocable lien on the net revenues (the “Net Revenues”) of the System and certain accounts designated in the Bond Ordinance. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE—Definitions.” **The Series 2022 Bonds do not constitute a general obligation of the City or a debt, indebtedness or multiple fiscal year financial obligation of the City, the County, the State of Colorado or any political subdivision thereof within the meaning of the Charter or any constitutional or statutory provision or limitation, and no owner of any Series 2022 Bond may look to any source of funds other than the Net Revenues and such designated accounts for payment of debt service on the Series 2022 Bonds.**

The Series 2022 Bonds constitute an irrevocable and first lien (but not an exclusively first lien) upon the Net Revenues. The City has issued, and there are currently outstanding, several series of Parity Obligations; and additional obligations payable from Net Revenues may be issued in the future on a parity with or subordinate to the Series 2022 Bonds, subject to the conditions provided in the Bond Ordinance. See “SECURITY FOR THE SERIES 2022 BONDS—Additional Obligations.” The City has covenanted in the Bond Ordinance to establish and collect rates and charges for products and services of the System which, together with other monies available therefor (exclusive of any unappropriated fund balances), are expected to produce Revenues (as defined in the Bond Ordinance) for each calendar year which would be at least sufficient for such calendar year to pay the sum of (i) estimated Operating Expenses (as defined in the Bond Ordinance) during such calendar year, (ii) 110% of the debt service coming due on the Series 2022 Bonds and all Parity Obligations for such calendar year, in each case computed as of the beginning of such calendar year, (iii) any amounts payable with respect to any debt service reserve fund or account for Parity Obligations (or other amounts due and owing or to be paid during such calendar year pursuant to any insurance policy, surety bond, letter or line of credit or similar credit facility utilized in lieu of such fund or account), (iv) debt service requirements for certain other water-related obligations (as more specifically defined herein under “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE—Definitions—*Other Water Obligations*”) and for Subordinate Obligations (as defined in the Bond Ordinance) for such calendar year computed as of the beginning of such calendar year, and (v) amounts necessary to pay and discharge all charges and liens on the System currently coming due and required to be paid out of the Revenues during such calendar year. See “SECURITY FOR THE SERIES 2022 BONDS—Rate Covenant” below. For a summary of the provisions of the Bond Ordinance governing the issuance of Parity Obligations, see “SECURITY FOR THE SERIES 2022 BONDS—Additional Obligations.” The City reserves the right (subject to the conditions in the Bond Ordinance) to issue additional obligations secured by the Net Revenues from time to time as the needs of the System require.

## **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 book-entry system described below 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.

***Redemption Procedures.*** In the case of Series 2022 Bonds of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or integral multiples thereof) may be redeemed, in which case the Registrar shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof.

Notice of any prior redemption shall be given by the Registrar in the name of the City by sending a copy of such notice, by electronic means or first-class, postage prepaid mail, not less than 30 days nor more than 60 days prior to the redemption date, to the registered owners of the Series 2022 Bonds to be redeemed (i.e., to Cede & Co. as describe below under "Book-Entry Only System"). Failure to give such notice to the owner of any Series 2022 Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bonds. Notice having been given in the manner provided in the Bond Ordinance, the Series 2022 Bonds so called for redemption shall become due and payable on the redemption date so designated and interest on such Bonds shall cease to accrue. Upon presentation thereof at the Registrar, the City shall pay the Series 2022 Bond or Series 2022 Bonds so called for redemption (accrued interest thereon to the redemption date being payable by mailed check or draft or by agreed alternative means).

The provisions of the Bond Ordinance relating to redemption notices, selection of Series 2022 Bonds or portions thereof to be redeemed, and other provisions as to redemption procedures are subject to applicable procedures of the book-entry system described below.

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

The Series 2022 Bonds will be available only in book-entry form in principal amounts of \$5,000 or integral multiples thereof. The Depository Trust Company ("DTC") will act as the initial securities depository for the Series 2022 Bonds. The ownership of one fully registered Bond for each maturity as set forth on the cover page of this Official Statement, each in the aggregate principal amount of such maturity, will initially be registered in the name of Cede & Co., as nominee for DTC. See "APPENDIX E—INFORMATION RELATING TO BOOK-ENTRY-ONLY SYSTEM." Pursuant to the Bond Ordinance, Zions Bancorporation, National Association is to act as the initial registrar and paying agent for the Series 2022 Bonds.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE SERIES 2022 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE OWNERS OR REGISTERED OWNERS OF THE SERIES 2022 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS AS FURTHER DESCRIBED IN APPENDIX E TO THIS OFFICIAL STATEMENT.



NEITHER THE CITY NOR THE REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC'S DIRECT OR INDIRECT PARTICIPANTS, OR TO THE PERSONS FOR WHOM SUCH PARTICIPANTS ACT AS NOMINEES, OR TO THE BENEFICIAL OWNERS OF THE SERIES 2022 BONDS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NEITHER THE CITY NOR THE REGISTRAR SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION WITH RESPECT TO (I) THE ACCURACY OF THE RECORDS OF DTC OR ANY DTC PARTICIPANT, (II) PAYMENTS OR THE GIVING OF NOTICE (INCLUDING ANY REDEMPTION NOTICE) TO DTC'S DIRECT OR INDIRECT PARTICIPANTS, THEIR NOMINEES, ANY BENEFICIAL OWNERS OF THE SERIES 2022 BONDS, OR ANY PERSON OTHER THAN DTC, (III) THE SELECTION BY DTC OR ANY DTC PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF PARTIAL REDEMPTION OF THE SERIES 2022 BONDS, OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER.

Provisions substantially similar to those described above would also be expected to apply with respect to any successor securities depository.

### **Special Obligations**

The Series 2022 Bonds are special, limited obligations of the City, payable solely from the Net Revenues and the Bond Account, all as defined in the Bond Ordinance. See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE—Definitions."

There is no bond trustee or similar person or entity to monitor or enforce the provisions of the Bond Ordinance; therefore the owners of the Series 2022 Bonds should be prepared to enforce such provisions for themselves if the need to do so ever arises. There is no provision for the acceleration of maturity of the principal of the Series 2022 Bonds in the event of a default. Consequently, remedies available to the owners of the Series 2022 Bonds may have to be enforced from year to year.

The Charter requires that the City's Water and Sewer Board (the "Board"), which is responsible for the operation and maintenance of the System and the City's sanitary sewer system, annually establish minimum water rates which are sufficient to provide for the operation and maintenance of the System, all System debt service requirements, and additions to a reserve to offset depreciation to the System. The Council is prohibited by the Charter from lowering the minimum water rates established by the Board. Pursuant to the Charter, all funds received from the System rates can only be used for purposes related to the System; they are not permitted to be used for general City purposes.

### **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 (the "Continuing Disclosure Undertaking") in the form set forth in APPENDIX F to provide certain information, including audited financial results, on an annual basis, and to provide notice of certain specified events contemplated by the Rule, to the information repositories designated in the Continuing Disclosure Undertaking.

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; and (c) annual operating results with respect to the items described in the final Official Statement in Tables V, VI, VII, VIII and IX [confirm tables]

The City has entered into numerous continuing disclosure undertakings in connection with other financings. In connection with the preparation of a previous Official Statement, it came to the attention of

the City that certain material event notices and financial and operating information were not provided as specified in such past undertakings. The City has filed supplemental information together with the notices required by the Rule and has modified its compliance 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. [Kutak to review 5-year compliance]

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

### **Pledge and Application of Net Revenues of the System**

The Series 2022 Bonds are secured by a first lien, but not an exclusively first lien, on the Net Revenues of the System, which are irrevocably pledged to the payment of principal and interest on the Series 2022 Bonds and Parity Obligations. Net Revenues for any period are defined in the Bond Ordinance as the Revenues of the System during such period less Operating Expenses during such period. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE—Definitions.” The Bond Ordinance requires the City to credit all Revenues to the City’s Water Fund, to apply Revenues on or before the last day of each month to pay Operating Expenses as they become due and payable, and then to credit Net Revenues in the following order of priority: (i) to the Bond Account, and concurrently to debt service accounts for Parity Obligations; (ii) to the debt service reserve funds or accounts for Parity Obligations (or for repayment pursuant to any insurance policy, surety bond, letter or line of credit, or similar credit facility utilized in lieu of such debt service reserve fund or account); (iii) to debt service and reserve funds and accounts for Subordinate Obligations; and (iv) for other lawful purposes (which may include payment of debt service on Other Water Obligations). See “APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE—Definitions” and “—Flow of Funds.”

### **Rate Covenant**

The City has covenanted to establish and collect rates and charges for the use or sale of System products and services which, together with other moneys available therefor (exclusive of any unappropriated fund balances), are expected to produce Revenues for each calendar year which would be at least sufficient for such calendar year to pay the sum of (i) all amounts estimated to be required to pay Operating Expenses during such calendar year, (ii) 110% of the debt service coming due on the Series 2022 Bonds and all Parity Obligations for such calendar year, in each case computed as of the beginning of such calendar year, (iii) any amounts payable with respect to any debt service reserve fund or account for Parity Obligations (or other amounts due and owing or to be paid during such calendar year pursuant to any insurance policy, surety bond, letter or line of credit or similar credit facility utilized in lieu of such fund or account), (iv) all debt service on Other Water Obligations and any Subordinate Obligations for such calendar year computed as of the beginning of such calendar year, and (v) amounts necessary to pay and discharge all charges and liens on the System currently coming due and required to be paid out of Revenues during such calendar year. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE—Rate Covenant.”

In the event that Revenues collected during a calendar year are not sufficient to meet the requirements of the rate covenant described above, the Bond Ordinance requires the City, within 90 days of the end of such calendar year, to cause an independent firm of accountants or consulting engineers, to prepare a rate study for the purpose of recommending a schedule of rates, fees and charges for the use of the System which in the opinion of the firm conducting the study will be sufficient to provide Revenues to

be collected in the next succeeding calendar year which would provide compliance with the rate covenant. The City is then required within six months of receipt of such study, to adopt rates, fees and charges for the use of the System, based upon the recommendations contained in such study, which provide compliance with the rate covenant.

### **Additional Obligations**

The Bond Ordinance reserves to the City the right (subject to stated conditions) to issue, from time to time, additional bonds and other types of securities and obligations or series thereof having a lien on all or any portion of the Net Revenues which is on a parity with or subordinate to the lien thereon of the Series 2022 Bonds.

The Bond Ordinance provides that Parity Obligations may be issued only if the following conditions are met:

(A) No Event of Default (as defined in the Bond Ordinance) has occurred and is continuing and the City is then in substantial compliance with the covenants of the Bond Ordinance;

(B) The City is then current in the accumulation of all amounts required by the Bond Ordinance to be credited to the Bond Account and the Rebate Account, and all amounts required to be credited to other funds and accounts for Parity Obligations, Subordinate Obligations or Other Water Obligations then Outstanding; and

(C) Net Revenues for any 12 consecutive months out of the 18 months preceding the month in which such Parity Obligations are proposed to be issued are at least equal to the sum of (a) 110% of the debt service for the Maximum Debt Service Year (as defined in the Bond Ordinance) of (i) the Outstanding Bonds and, to the extent Outstanding during such 12 month period, Parity Obligations, and (ii) the Parity Obligations proposed to be issued; and (b) 100% of the debt service for the Maximum Debt Service Year of all then Outstanding Subordinate Obligations and Other Water Obligations, plus 100% of any then outstanding obligations to re-accumulate reserve accounts for Parity Obligations and any repayment obligations and other amounts at the time outstanding with respect to reserve credit facilities, if any, for the Parity Obligations (except to the extent that inclusion of any such amounts may be waived or reduced by the respective provider). For purposes of this test, and the test for Subordinate Obligations described below, Net Revenues may be adjusted to reflect any rate increases adopted prior to the issuance of such proposed Parity Obligations.

The City also may, without compliance with the conditions described in the foregoing paragraph (C), but subject to the conditions described in paragraphs (A) and (B) above and certain other limitations set forth in the Bond Ordinance, issue obligations having a lien on all or any portion of the Net Revenues which is subordinate or junior to the lien thereon of the Series 2022 Bonds ("Subordinate Obligations"). The City may not issue additional securities having a lien on all or any portion of the Net Revenues which is superior to the lien thereon of the Series 2022 Bonds. The Bond Ordinance does not restrict or limit the issuance by the City of obligations (including Other Water Obligations) not secured by a lien on any portion of the Net Revenues.

The Bond Ordinance contains alternative requirements for the issuance of refunding obligations on a parity with any Series 2022 Bonds or Parity Obligations remaining unrefunded. Such parity lien refunding obligations may be issued without compliance with the coverage tests for Parity Obligations described in paragraph (C) above (or the requirements described in paragraphs (A) and (B) above), provided that the debt service payments on such refunding obligations do not exceed the debt service payments on the Series 2022 Bonds or Parity Obligations being refunded on any interest payment date and that the lien of the

refunding obligations on Net Revenues is not raised to a higher priority than the lien thereon of the obligations refunded (or, pursuant to certain consents as provided in the Bond Ordinance). Alternatively, parity refunding obligations may be issued by complying with the coverage tests (and the requirements described in paragraphs (A) and (B) above).

The Bond Ordinance provides that a written certificate of the City's Director of Finance that the applicable conditions described above are met (including any adjustment of Net Revenues based on a rate increase as described in paragraph C above) would be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver Parity Obligations or Subordinate Obligations.

The Bond Ordinance provides that a payment default under any Parity Obligations shall also constitute a default under the Bond Ordinance and the ordinances authorizing the Series 2014 Bonds, the Series 2016 Bonds and the Series 2018 Bonds contain corresponding cross-default provisions. See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE—Events of Default and Remedies." The Series 2014 Bonds are insured or supported by separate bond insurance policies or reserve credit facilities issued under documents which grant the insurers or credit facility providers (among other types of rights) rights to consent to, direct and control enforcement and remedial actions for the benefit of (and subject to waiver by) such entities, respectively.

The City also has outstanding Other Water Obligations which are being paid from the System's Net Revenues. However, since the Charter requires that all System debt service requirements be taken into account in establishing water rates, the City has paid, and expects to continue to pay, its Other Water Obligations from Net Revenues. See "THE SERIES 2022 BONDS—Special Obligations."

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## Debt Service Requirements

Set forth in the following table are the debt service requirements for the Series 2022 Bonds and the debt service requirements of the City's Parity Obligations and Other Water Obligations.

**TABLE I**  
**Debt Service Requirements <sup>1</sup>**

<b>Fiscal Year Ending December 31*</b>	<b>Principal *</b>	<b>Interest</b>	<b>Total</b>	<b>Parity Obligations <sup>2</sup></b>	<b>Combined Debt Service</b>
2022	\$	\$	\$	\$	\$
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
<b>TOTAL</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

\* Preliminary; subject to change.

<sup>1</sup> Figures have been rounded.

<sup>2</sup> Includes scheduled debt service on the Series 2014 Bonds, the Series 2016 Bonds and the Series 2018 Bonds. [Note: Table currently excludes Subordinate Obligations and Other Water Obligations.]

Source: The Financial Advisor

## Debt Service Coverage

For the years 2016-2020 (the City's fiscal year being the calendar year), the following table shows Net Revenues (see "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE—Definitions") and coverage ratios (i) with respect to historic actual debt service in each such year on Parity Obligations and (ii) with respect to projected debt service on the Series 2022 Bonds and Parity Obligations ("Projected Maximum Annual Debt Service"). Outstanding Parity Obligations are described below under the caption "THE CITY—Current Financial Obligations." See also "FINANCIAL INFORMATION CONCERNING THE SYSTEM—System Financial Operating History."

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

	2016	2017	2018	2019	2020
Net Revenues					
Operating Revenues	\$39,948,336	\$39,634,117	\$40,863,941	\$42,086,422	\$ 52,502,894
Operating Expenses <sup>1</sup>	(27,793,708)	(16,559,242)	(19,735,088)	(17,505,505)	(23,506,542) <sup>3</sup>
Plant Investment Fees	4,669,986	2,571,815	6,027,277	4,450,604	1,904,767
Other Nonoperating					
Revenues (Expenses) <sup>2</sup>	(5,436,786)	(23,985,898)	(24,508,070)	(37,373,750)	(22,135,991)
Net Transfers	<u>(1,774,872)</u>	<u>(1,882,492)</u>	<u>(1,991,159)</u>	<u>(1,952,840)</u>	<u>(2,177,880)</u>
Total Net Revenues					
Historic Actual Debt					
Service—Parity					
Obligations	\$	\$	\$	\$	\$
[Parity Only?] Debt Service					
Coverage	x	x	x	x	x
Maximum Annual Debt					
Service	\$	\$	\$	\$	\$
Debt Service Coverage	x	x	x	x	x

<sup>1</sup> Operating Expenses, as defined in the Bond Ordinance and for purposes of computing Net Revenues, do not include depreciation.

<sup>2</sup> Does not include unrealized gains or losses on investments or gains or losses on the sale of fixed assets.

<sup>3</sup> This figure does not include the approximately \$20,274,650 in permitting costs that the City expensed from previous years related to the Milton Seaman Reservoir Expansion. This was a one-time expense. See "THE SYSTEM—Planned Capital Improvements—Milton Seaman Reservoir Expansion."

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

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## USE OF PROCEEDS

### Sources and Uses of Funds

The City anticipates the following sources and uses of funds in connection with the sale of the Series 2022 Bonds:

#### Sources:

Principal Amount of Series 2022 Bonds .....	\$
Premium.....	
Total Sources .....	\$

#### Uses:

Project Account .....	\$
Costs of Issuance <sup>1</sup> .....	
Underwriting Discount .....	
Total Uses.....	\$

<sup>1</sup> Includes legal, printing, financial advisor and ratings.

### The Project

***The Refunding Project.*** A portion of the net proceeds of the Series 2022 Bonds is to be used for the purpose of effecting a current refunding, payment and discharge of the City's outstanding Water Revenue Bonds, Series 2012 (the "Series 2012 Bonds"), originally issued in the aggregate principal amount of \$31,275,000 and currently outstanding in the aggregate principal amount of \$16,920,000. The refunding of the Series 2012 Bonds (the "Refunding Project") is being undertaken to effect debt service savings and other economies. Upon the delivery of the Series 2022 Bonds, the Series 2022 Bond proceeds needed to complete the Refunding Project will be applied to the payment and cancellation of the Series 2012 Bonds.

***The Improvement Project.*** A portion of the net proceeds of the Series 2022 Bonds are to be used to reimburse the City for various previously paid costs and for future costs associated with the construction of various improvements and additions to the System, which generally include the following (the "Improvement Project" and, together with the Refunding Project, the "Project"): the Terry Ranch Water Project (see "THE SYSTEM—Terry Ranch Water Rights and Storage Acquisition"); the installation of advanced metering infrastructure to improve meter accuracy and customer communication; the purchase of blocks of water rights to meet the City's future water demand; the replacement and expansion of distribution and transmission lines; and investments in the non-potable system.

## THE ENTERPRISE

### The Board

The City constructed its first municipal water system in 1886, the year of its incorporation, and the provision of water service has been a core function of the City since that time. The City's home rule charter establishes the Board and provides that the Board has the power and duty to (i) annually establish minimum water rates (which may not be lowered by the Council) sufficient to pay for all operation and maintenance of the System, all debt service requirements, and additions to a reserve account to offset depreciation, and (ii) acquire, develop, convey, lease and protect the City's water assets, supplies and facilities.

The Charter provides that all funds received from water rates are to be used only for the operation, maintenance, replacement of and additions to the System (including acquisition of water rights). The Board recommends a separate annual System budget to the City Manager, and also submits long-range capital

plans for the System to the Council. The Charter expressly authorizes the operation of the System as an “enterprise” within the meaning of Article X, Section 20 of the Colorado Constitution; see “CONSTITUTIONAL LIMITATIONS ON TAXES, REVENUES, BORROWING AND SPENDING.” (The Charter contains similar provisions, and the Board has similar powers and duties with respect to the City’s sanitary sewer system, which is a separate enterprise.)

The Board has ten members, seven of whom are appointed by the Council for five-year terms. The other three members are the Mayor, the City Manager, and the Director of Finance, who are nonvoting members. The Board annually elects an appointed member as its Chairman. The present appointed Board members, their respective terms of office, length of service on the Board and principal occupations are as follows:

<b>Board Member</b>	<b>Present Term Expires (June)</b>	<b>Years on the Board</b>	<b>Principal Occupation</b>
Harold Evans, Chairman	2022	24	Builder/Developer
Mick Todd, Vice Chairman	2023	23	President—Real Estate Management Company
Fred Otis	2024	16	Attorney
Joe Murphy	2025	11	Real Estate Agent
Manuel Sisneros	2024	7	Retired Business Owner
Cheri Witt-Brown	2026	1	Non-Profit Executive
Tony Miller	2023	8	Banker

The Board is advised by City Attorney Douglas Marek, Environmental and Water Resources Assistant City Attorneys Jerree Swanson, Dan Biwer and Aaron Goldman, and is also represented in certain matters by outside legal counsel appointed by the Board.

## **The Water and Sewer Department**

***Director of the Water and Sewer Department.*** Sean Chambers is the Director of the City’s Water and Sewer Department. The Director of the Water and Sewer Department oversees the operation and maintenance of the City’s separate water and sanitary sewer systems. Mr. Chambers also coordinates and guides the Water and Sewer Department’s legislative positions, Mr. Chambers earned his Bachelors of Science in Agricultural and Natural Resource Economics from Colorado State University and has more than 20 years of professional experience developing and managing municipal water systems in the State. Mr. Chambers is a 2013 alumnus of the Colorado Foundation for Water Education’s Water Leaders, and he is an experienced leader in the municipal water utility sector. Mr. Chambers has been employed by the City since 2018. He was previously President of the Pikes Peak Regional Water Authority, managed [two?] special district water providers and worked as a water resource planning and economic consultant.

***Deputy Director of Water Resources.*** Adam Jokerst serves as Deputy Director for Water Resources for the City, where he oversees a team responsible for long range water supply planning, raw water operations, water acquisition, and water conservation for the Water and Sewer Department. Mr. Jokerst holds bachelor’s degree in Biological and Agricultural Engineering from the University of Arkansas and a master’s degree in Civil Engineering from Colorado State University. He is a registered professional engineer in Colorado and has worked on water resources projects throughout the Western U.S. for nearly 15 years in both the private and public sectors. Mr. Jokerst has worked for the Water and Sewer Department since 2018.



***Deputy Director of Water and Wastewater Operations.*** Nina Cudahy is the Deputy Director of Operations and Maintenance of the Water and Sewer Department. In her position, Ms. Cudahy oversees an operations and maintenance team with more than 100 full-time employees. Under Ms. Cudahy's leadership, the team manages the Department's asset management program, instrumentation and industrial controls, metering, treatment, pumping and collections/distribution facilities. She joined the Water and Sewer Department in 2019 after working for nearly 17 years with the City of Omaha Environmental Quality Control Division, where she managed the solid waste program, household hazardous waste program, air quality program, stormwater program, and the industrial pretreatment program. Ms. Cudahy was a key player in the development of the Papillion Creek Watershed Partnership and managed the watershed monitoring program. She earned a BS in Geology from Tufts University and a Master's degree in Business Administration from the University of Oregon.

***Chief Engineer.*** Adam Prior is the Chief Engineer and is responsible for managing a team of engineers that completes capital and rehabilitation project across the different water and wastewater systems owned and operated by the City. Mr. Prior has managed this team as the chief engineer for 6 years and has performed or managed engineering and projects for the City's six raw water reservoirs, three treatment plants, 643 miles of water mains, 365 miles of collection lines, 10 sewer lift stations, and two water pump stations. Mr. Prior has a Bachelor's degree in Physics and Civil Engineering from \_\_\_\_\_, and a Masters in Civil Engineering from \_\_\_\_\_, with a focus on water and wastewater [system design and management?] Mr. Prior has 20 years of diverse engineering experience that includes private industrial engineering and operations management, consulting engineering, public sector construction management, and facility construction.

***Utility Finance and Business Manager.*** Erik Dial is the Utility Finance and Business Manager of the Water and Sewer Department. He is responsible for water and sewer rate setting, budget development, and financial management of the water and sewer enterprise funds. Mr. Dial oversees the development review function for the Water and Sewer Department and leads the Department's efforts to align the City's water policy and development requirements. Mr. Dial earned a Bachelor of Forestry degree from Northern Arizona University and a Master of Public Administration and Policy degree from the University of Arizona and has 21 years of municipal utility and finance experience. Mr. Dial has worked for the Water and Sewer Department since 2010.

***Employees.*** The Water and Sewer Department is currently staffed with 139 full time equivalent employees, with approximately 101 of those employees allocated to the System. All water plant operators, as well as distribution [and collection?] personnel, have the appropriate levels of certification as required by the State Plant Operators Certification Board.

## **THE SYSTEM**

### **Service Area**

The System serves water customers located within the City's boundaries and in the neighboring town of Garden City, as well as some customers in unincorporated Weld and Larimer Counties. The City provides wholesale water service by intergovernmental agreement with three nearby communities; these municipal customers provide their own raw water supplies and meter and bill their retail customers. See "FINANCIAL INFORMATION CONCERNING THE SYSTEM—System Customers." The City's population is approximately 111,146, according to the City's 2021 Mid-Year Growth and Development Projection Report. In addition to these residents, the City estimates that the System serves approximately 2,000 customers in unincorporated Weld and Larimer Counties. The following is a map of the System. [City team working to produce updated map(s)]



## **Factors Affecting the Delivery of Water to Customers**

The following describes some of the factors affecting the ability of the System and other municipal water systems in Colorado to generate revenue by delivering water to their customers.

***The Prior Appropriation System of Water Rights.*** Colorado and several other western states follow the “prior appropriation” system of water rights. In this system, water rights constitute a distinct category of property rights provided for in the State constitution. While water rights are transferred and encumbered in a manner similar to real estate, the ownership of land does not automatically carry with it the ownership of water rights. Rather, water rights arise from the act of diverting water and putting it to particular beneficial uses recognized by State law.

The seniority of a water right (i.e., its priority in the event that there is not enough water physically available for all who wish to divert water from the same source) is established mainly by reference to the date on which it was adjudicated to the owner in a water court proceeding. Earlier adjudications are generally senior to later adjudications. Water court decrees typically specify the use, such as agricultural or municipal use, for which the right is decreed, and it is generally necessary, in order to maintain a decreed water right, that it be continuously applied for the decreed use. For purposes of describing water rights, quantities of water are typically expressed in acre-feet (one acre-foot = 325,850 gallons, the amount which would cover one acre one foot deep) or in cubic feet per second (“c.f.s.”) of flow. This discussion primarily concerns direct flow water rights (i.e., rights to divert water flowing in a stream or other body of water). State law also recognizes storage rights and rights to underground sources of water.

Senior water rights are often purchased by municipalities from agricultural users, then changed through a proceeding in the water court from their historically decreed agricultural use to municipal use. Court decrees of this kind generally include conditions meant to prevent injury to other users of water. Because most municipal water systems are large enough to require the assembly of an assortment of water rights, it is common for municipalities to enter into various kinds of leases, exchange agreements, and installment purchase agreements with other users or court approved augmentation plans, for the purpose of increasing or enhancing the efficient utilization of their water rights portfolios. There exists an active market in senior water rights, which are highly valued and sought after by municipal, industrial, agricultural and other users.

***Physical Availability of Water.*** State law, and the structure of the System’s portfolio of water rights, reflect the arid climate and relative scarcity of water in the region. A large part of the available surface water comes from streams carrying seasonal snowmelt from the higher elevations of the Rocky Mountains. The physical availability of water from this source is substantially affected by seasonal weather patterns which cannot be predicted. In the event of low stream flows in a particular year, a “call” may result, in which owners of junior water rights are required to cease diversions to accommodate owners of more senior water rights. In such a case, even owners of senior rights may sometimes be required to cease diversions because of contractual requirements or to comply with the conditions attached to water court decrees or augmentation plans for the protection of other users. The evidence of supply, such as historic records of stream flows and consumption and engineers’ analyses of the effects of changes in use, is therefore essential to the administration of almost all water rights.

New sources of water that are introduced into a drainage basin are not subject to any call in that drainage basin. Such foreign sources of water may be used and reused “to extinction,” i.e., without being subject to the rights of any downstream users. Typically, foreign water is diverted in priority in one basin and, by tunnel or other structure, delivered into the new basin. Another type of water owned by the City that may be used to extinction and which is not subject to any calls is nontributary groundwater.

Nontributary groundwater is a deep confined aquifer without any significant connection to the surface water. See, for example, “THE SYSTEM—Terry Ranch Water Rights and Storage Acquisition.”

***Mechanical Capacity of the System.*** Even where an adequate supply of water is legally and physically available, the mechanical characteristics of a given utility system may tend to limit its efficient use of the available supply. For example, if stream flows are heavy when the current needs of the System are relatively low, reservoir storage would be necessary to avoid available water flowing downstream undiverted. Also, limitations such as lack of pipeline capacity, lack of treatment capacity or lack of storage of treated water can result in a mismatch between the supply and the customer needs of the System.

## **Water Supply**

***Major Raw Water Sources.*** The City derives its water supply from a diversified portfolio of rights and principally from the basins of three rivers: the Cache La Poudre, the Big Thompson, and the Upper Colorado. In March 2020, the City purchased a non-tributary groundwater basin referred to as the Terry Ranch Water Project (the “Terry Ranch Water Project” or “Terry Ranch”). This groundwater source comes with native groundwater supplies that can be used as a drought supply and eventually as an aquifer storage and recovery basin. See “THE SYSTEM—Terry Ranch Water Rights and Storage Acquisition.”

***Cache La Poudre (“Poudre”).*** The cornerstone of the City’s water supply is the City’s senior direct flow rights on the Poudre River, which provide consistent yield to the City’s principal water treatment facility (the Bellvue Water Treatment Plant) even in drought conditions. See “THE SYSTEM—Water Treatment, Storage and Distribution” below. The City also obtains water from its rights in six high mountain reservoirs which capture water from tributaries to the Poudre; rights to this water are generally more junior. Only one of these reservoirs, the Milton Seaman Reservoir, is used for multi-year carryover storage. The City also owns shares in irrigation companies in the Poudre basin. Some of these irrigation company water supplies are inaccessible to the City’s treatment facilities and therefore are used for non-potable water supply (e.g. irrigation of City parks), and some are not yet adjudicated for municipal use. Altogether the Poudre water sources contribute about a quarter of the City’s water supply during drought conditions.

***Big Thompson.*** The City’s Big Thompson water supply consists of water rights derived from the City’s interest as a major stockholder in the Greeley-Loveland Irrigation System. This water can be delivered to the City’s secondary water treatment facility (the Boyd Lake Water Treatment Plant), or can be used as non-potable irrigation water delivered via canals. See “THE SYSTEM—Water Treatment, Storage and Distribution” below. The Greeley-Loveland Irrigation System also includes significant water storage facilities which allow carryover from wet to dry years. Some of the City’s water shares in the Greeley-Loveland Irrigation System remain in agricultural use through annual leases with area farmers. The City expects to use these shares for the municipal water supply in the future as demand warrants. Big Thompson sources also contribute about a quarter of the City’s water supply during drought conditions.

***Upper Colorado.*** The System receives and stores water from the Upper Colorado River basin, west of the Continental Divide, through two interrelated trans-mountain diversion projects: the Colorado-Big Thompson Project and the Windy Gap Project. These projects are administered by the Northern Colorado Water Conservancy District and its Municipal Subdistrict as the local agencies contracting with the United States Bureau of Reclamation. Water from these projects can be delivered to either the Bellvue or the Boyd Lake Water Treatment Plant.

The Colorado-Big Thompson Project, which includes storage facilities and relatively senior water rights, was designed to provide water supplies supplemental to native (in-basin) water rights in northeastern Colorado; historically Colorado-Big Thompson yields have been high when native yields (such as yields

from the Poudre) are low. The Colorado-Big Thompson Project is the City's single largest source of raw water for its treated water supply and contributes approximately half of the City's water supply during drought conditions.

***The Windy Gap Project and the Windy Gap FIRMING Project.*** As described above under “-Upper Colorado,” the System currently received Windy Gap water under an Allotment contract with the Northern Colorado Water Conservancy District and its Municipal Subdistrict (the “Subdistrict” and collectively, the “Northern”), as the local agencies contracting with the United States Bureau of Reclamation. The System is also anticipated to receive the benefits of additional storage capacity for Windy Gap water under an Allotment Contract with the Windy Gap FIRMING Project Water Activity Enterprise of the Northern. Water from the projects related to such Allotment Contracts can be delivered to either the Bellvue or the Boyd Lake treatment plants.

***The Windy Gap Project.*** The Windy Gap Project was developed to provide supplemental water supplies to the City and other municipalities east of the Continental Divide. Allottees of the Windy Gap Project own units entitling them to shares of the water available from the Project. The City's Windy Gap units confer valuable flexibility for the System because they include the right to use associated wastewater effluent to meet return flow and augmentation obligations. The Windy Gap Project delivers water to the municipal users through Colorado-Big Thompson facilities when unused capacity is available. See “THE SYSTEM – Planned Capital Improvements.”

***Windy Gap FIRMING Project.*** As described under “THE SYSTEM – Factors Affecting the Delivery of Water to Customers” lack of storage capacity in any water supply system is a mechanical limitation that can result in an inability to fully utilize the yields of water rights during average or wet years. Because the carryover storage of wet-year yields from the Windy Gap Project has been adversely affected by limits on available reservoir capacity in the Colorado-Big Thompson facilities, the Windy Gap Project produces substantial amounts of water but presently does not contribute any firm yield to the City's water supply. For this reason, the City is participating in the Windy Gap FIRMING Project, a large east-slope storage project involving the City (along with other public and private water users owning Windy Gap water units) participating in the costs of construction and operation of a new reservoir (the “Chimney Hollow Reservoir”) to be constructed by the Northern for the purpose of holding and carrying over Windy Gap Project water from average years to drought years. The City anticipates that the completion of the Windy Gap FIRMING Project would result in a net increase in the firm yield of the City's water rights portfolio by 3,700 acre-feet, which would become part of the Future Water Account Phase 1. See “THE SYSTEM – Planned Capital Improvements.” The Windy Gap FIRMING Project affords the City and the other Allottees the economies associated with a large regional reservoir project which has already received permitting, without having to incur the costs or delays that would be associated with a standalone project of its own.

The Windy Gap FIRMING Project had its groundbreaking on August 6, 2021. The groundbreaking was the culmination of many years of permitting activities. Key milestones for the permitting effort included: the Draft Environmental Impact Statement, published August 29, 2008; the Final Environmental Impact Statement, issued November 30, 2011; the U.S. Bureau of Reclamation issued the Record of Decision and signing the Carriage Contract on December 19, 2014; the Federal Court ruled in favor of the Bureau of Reclamation and the Corps of Engineers after environmental interest groups sued on December 10, 2020; and finally, the ultimate settlement with the environmental interest groups after they appealed on April 21, 2021.

In October, 2020, the City entered into an Allotment Contract with the Subdistrict, acting by and through the Windy Gap FIRMING Enterprise, under which it became a member and Allottee of the Windy Gap FIRMING Project. The Windy Gap FIRMING Enterprise obtained financing for the Chimney Hollow Reservoir in 2021 through a combination of bond financing and funds contributed by certain Allottees. The

City and the other Allottees have agreed to pay rates and charges to the Subdistrict sufficient to pay each Allottee's respective share of annual operating costs, debt service (unless a direct contribution is made to construction costs of Chimney Hollow Reservoir), reserve requirements and shortfalls, if any, due to defaults by other Allottees, and represented that they will treat the payment of such rates and charges as operating expenses of the System. These amounts are estimated to be approximately \$3,500,000 annually. A failure by an Allottee to pay the annual rates when due would initiate a procedure in which other Allottees would be requested to make up the defaulting Allottee's missed payments, and upon the expiration of a grace period, to the possibility of forfeiture of the defaulting Allottee's Allotment without terminating its obligation to pay applicable rates and charges for its share of debt service.

***Climate, Drought and Wildfire Concerns.*** The System faces various environmental hazards and risks, which are similar to those facing other western water providers. In recent years, hydraulic and climate variability have amplified drought impacts and led to increasing concerns with the potential adverse effects of wildfires on high mountain watersheds.

***Climate Change.*** Climate change is believed to be affecting historic weather cycles to an extent which is not fully understood, with varying impacts upon the volume of water available for diversion by some water utilities, including the System. While certain studies project a long-term trend toward rising temperatures and reduced precipitation in the Colorado River Basin, the actual experience of the System in recent years has been that water has generally been available to it within historic norms from the portion of the Colorado River Basin providing Windy Gap water. In 2021, flows from that source are forecast to be approximately 70% of the 1955-2020 average.

The Water and Sewer Department acknowledges and incorporates climate change resiliency measures and scenario planning in its long-range water supply planning, demand analysis, and environmental risk analysis. The City has made extensive investments in redundant infrastructure, excess capacity, municipal interconnects with other utilities, source water protection, flood and fire recovery programs, and diversification of its water resource and storage portfolio. The City is committed to building strong, safe and resilient systems and resource portfolios that maintain service level goals through prolonged drought, increased temperature, flooding, wildfire, and other shocks or system stressors.

***Drought.*** The Western United States is experiencing severe drought conditions which have affected the availability of water, particularly from the Colorado River Basin, although such impacts have been less severe in Colorado and in the portion of the Colorado River Basin providing Windy Gap water. The City has one of the most robust, diverse, and resilient municipal water resources collection and storage systems in the West. While the City owns large blocks of Colorado River water from the Colorado-Big Thompson ("C-BT") project and the Windy Gap project, those resources make up only a portion of the City's water rights portfolio. The City's 22,000 units of C-BT water and 62 units of Windy Gap water make up approximately 40% of the City's water resource portfolio. The portfolio also includes senior water rights native to the Cache la Poudre, Big Thompson and Laramie Rivers. The City has pursued water acquisition from these sources aggressively since the 1990's and continues to build an extensive portfolio that offers resiliency through excess resources and capacity. At this time, the City's water rights portfolio yields nearly twice its annual average demand.

In addition to the robust and diverse portfolio of surface water and surface storage reservoirs, the City's recent acquisition of 1.2 million acre feet of confined aquifer high quality groundwater from Northern Weld County adds extensive storage groundwater intended to protect the City's ability to maximize its water storage in the wet years and navigate the dry years, in light of future uncertainty on the



Colorado River. The overall condition of the Colorado River Basin has been described by the Department of the Interior as “one of the most severe in the past 1200 years.” There can be no assurance that such conditions will not continue or worsen in the future, or that they will not ultimately affect supplies available to the System.

*Wildfires.* Large parts of the surface water supply in the State of Colorado come from mountain snowmelt running through forested areas. As a result, forest fires, which have occurred throughout the western United States in recent years, can affect the quality of water available, the degree of silting in streams and reservoirs and the treatment requirements of municipal water systems. In the last 10 years, three fires have burned more than 300,000 acres, primarily in the Cache La Poudre watershed with limited acres in the Big Thompson watershed.

In 2012, the Hewlett Gulch and High Park Fires burned approximately 95,000 acres and in 2020 the Cameron Peak Fire burned 208,000 acres. After the Hewlett Gulch and High Park Fires, the City took the lead in rehabilitating land that had burned by managing the aerial mulching and construction mitigation projects. The City managed all aspects of the fire mitigation activities, including management of the contractors and securing and administering federal funding to limit Greeley’s financial exposure. Additionally, Greeley became one of the founding members of the Coalition for the Poudre River Watershed, a Colorado nonprofit corporation (“CPRW”), a non-profit organization created after the High Park Fire whose mission is to improve and maintain the ecological health of the Poudre River watershed. Since the High Park Fire, CPRW has developed partnerships with Poudre watershed stakeholders, participated in research, and planned watershed rehabilitation and resiliency projects.

During the months of August through December, 2020, the Cameron Peak Fire, which grew in size to become the largest wildfire in Colorado history, destroyed large amounts of mountain forest and private property at elevations above and adjacent to the Poudre River Watershed (the “Watershed”), leaving large parts of approximately 208,663 acres (326 square miles) of previously heavily forested or improved land covered with ash and lacking live vegetation. Even as the fire was still burning, Greeley led a team with CPRW, the City of Fort Collins, and Larimer County to plan fire mitigation activities and secure federal and state funding to pay for most of the mitigation cost. Greeley procured water environmental engineering, construction, and aerial mulching services and utilized the federal and state funding the stakeholder team was able to secure to perform over \$15 million of mitigation activities, primarily in the Poudre River Watershed. The stakeholder team, led by Greeley, is continuing to pursue federal and state funds to mulch additional severely burned acres in future years.

Although deliveries of water from the System to customers have not been affected by the Cameron Peak fire damage, the Enterprise has periodically experienced additional treatment costs in the aftermath of the Cameron Peak Fire.

The City and the City of Fort Collins have agreed to assist in the Cameron Peak Fire remediation process as managing entities, and the City has been designated a lead agency for selection of contractors and application of the available funds. This will entail supervising implementation including coordination with federal and State authorities, the selection of contractors, the supervision of their work and administering payments for their services. It is not anticipated that the Enterprise will incur material net costs for this effort, as funding for the payment of contractors is being provided from a variety of other federal, State, local and nonprofit sources. Most, or all, of the mitigation work would occur outside of the System’s service area and would not directly affect physical facilities of the System or involve capital or operational subsidies or financial support to the System itself.

## **Assessments Associated with Water Supply**

A number of the City's water supply sources (ditch companies, irrigation companies, and intergovernmental water supply projects) impose assessments or other charges allocated among the City and other participants to defray various kinds of ongoing costs. The largest assessments in 2020 were for Colorado-Big Thompson water (\$874,930), Greeley-Loveland Irrigation Company water (\$302,716), and for Windy Gap water (\$617,695). Other assessments paid to irrigation and ditch companies ranged from a few hundred dollars up to \$75,000. All of these assessments and charges are treated as Operating Expenses payable from revenues of the System.

## **Non-potable Water Supply; Agricultural Use**

Some City water supplies (for example, some diversions from the lower Cache La Poudre River) are generally inaccessible to the City's potable water treatment facilities due to downstream logistics and limited river exchange capacities. Therefore, such sources from the lower Poudre are utilized as non-potable water, predominantly used for irrigation and river augmentation. The City has historically operated a non-potable irrigation system; its modern non-potable system commenced in 1996. Raw water from irrigation ditches traversing the City supplies water for turf irrigation for City parks, local school districts and other large turf irrigators who can utilize non-potable supplies; and thereby shifting such demands off the potable system and onto the non-potable system. The development of a non-potable system for large irrigation demands reduces peak summer demands on the City's water treatment plants by 5 to 6 million gallons per day ("MGD", a unit of measure generally referring to treated water production), and is expected to reduce the need for additional treatment plant capacity in future years. Since 2005, approximately \$6.7 million has been expended on the non-potable water master plan and program implementation. The City continues to invest in gravel pit storage for storing and retiming non-potable supplies for summer irrigation uses, and is working to update plans for pump-back facilities that would allow more of the City to receive non-potable water for greater numbers of days per year. These efforts are expected to serve to further shift irrigation demands to non-potable supply, extending the application of existing water rights and treatment capacities dedicated for potable supply. To distribute non-potable water supplies, the City has acquired running rights and conveyance agreements in several ditches and their lateral ditch systems. In addition to demand shifting, non-potable system efficiency projects have been implemented and others are planned to manage demand and waste from large irrigation customers to extend the application of existing non-potable supplies to cover greater areas and customers.

Some of these non-potable supplies also benefit the City by meeting return flow and augmentation obligations. The variable annual water supply surplus, i.e., those supplies beyond demand and current storage capacities, are routinely provided by lease to various agricultural entities for irrigation and other purposes, pursuant to annual rental agreements. Certain water rights owned by the City (including a fractional portion of the City's rights in the Greeley-Loveland Irrigation System, Water Supply & Storage Company, Larimer & Weld Irrigation Company and the New Cache irrigation system) are presently decreed for agricultural uses and therefore remain in long term agricultural leases pending water court change of water rights use adjudications.

## **Terry Ranch Water Rights and Storage Acquisition**

In 2020, the City entered into a Master Purchase, Sale and Water Credit Administration Agreement dated as of June 17, 2020, as amended and restated February 22, 2021 (the "Master Agreement") with Wingfoot Water Resources, a Colorado limited liability company ("Wingfoot"), whereby Wingfoot agreed to sell and the City agreed to buy, property consisting of rights to nontributary groundwater, certain existing wells, associated interests in real estate and aquifer-recharge storage capacity in the Upper Laramie formation and Terry Ranch located in Northern Colorado, near the Wyoming border.



The Master Agreement provided for an acquisition transaction in which the rights and certain associated interests in real estate, wells and other property (the “Property”) would be conveyed by Wingfoot to the City in exchange for the issuance of transferable credits (the “Credits”) entitling the owner of a Credit to tender it to the City at any time through December 31, 2099 in satisfaction of the raw water dedication requirements (the “Raw Water Dedication Requirements”) applicable to new development in the City. The Raw Water Dedication Requirements provide that land developers seeking to annex property or construct new projects in the City must either provide water rights or make a cash payment sufficient to provide adequate water to serve the proposed development. A developer’s option of providing cash instead of water rights is referred to as the “cash in lieu” option. Under the Master Agreement, one Credit may be tendered by a developer in lieu of contributing rights to one acre-foot of water or its cash in lieu equivalent to the City. A total of 12,121 Credits were issuable under the Master Agreement.

The Credits were valued at the time of execution of the Master Agreement at \$30,000 per Credit, with their agreed value for certain purposes of the Master Agreement accruing at 3% compounded annually. Under the Master Agreement the City agreed not to modify its Raw Water Dedication Requirements in such a manner (for example by not honoring the Credits or reducing the required amount of cash in lieu) as to disadvantage the Credits, and agreed to substantial liquidated damages if it does so. The Master Agreement also required that Wingfoot would provide \$125,000,000 in cash derived in part from, but not conditioned upon, its sale of Credits, in several payments toward the cost of constructing infrastructure necessary to incorporate the Terry Ranch rights and aquifer storage capacity into the System, with the remaining cost to be contributed by the City. The total cost and phasing of such construction will depend upon the actual growth in water demand over an extended period of time and cannot be predicted with certainty. To the extent that water from the aquifer is delivered either outside the System’s service area or used to generate electricity, the City and Wingfoot have agreed to share the resulting revenues.

The City is currently in the process of right of way acquisition in anticipation of construction of an approximately 30-mile bi-directional pipeline and treatment facility connecting the Terry Ranch wells to the System. The bi-directional pipeline would allow water from the aquifer to be delivered to the System and water from other sources in the City’s water rights portfolio to be stored by using it to recharge the aquifer. Some of the initial portions of that project are being funded with proceeds of the Series 2022 Bonds. See “USE OF PROCEEDS–The Project–*The Improvement Project*”.

Although the issuance of the Credits will result in the City foregoing future cash-in-lieu revenue, the Terry Ranch transaction has numerous and substantial long-term benefits for the Enterprise. The use of the Credits in the City’s initial acquisition of the Property made the acquisition transaction largely cashless for the City. The construction of infrastructure and use of the water rights need not occur immediately, or all at once, and can be done incrementally as water demand and financial resources require or permit. This will allow the City to respond incrementally to rising water demand. Although the aquifer is not considered to be naturally recharged, an estimated 1,200,000 acre-feet of water is legally and physically available for withdrawal from the aquifer and can be used as a supplemental supply in the System as and when the pipeline and treatment facility are constructed. Supplemental water supplies are expected to be withdrawn from the aquifer for a period of years before the City would begin using the aquifer for water storage. The City contemplates that the Credits can be honored, and service provided to tendering developers, with water available in its current water rights portfolio, i.e., the Terry Ranch water itself was not required to honor the Credits. The use of the bi-directional pipeline and aquifer recharge technology for future storage obviates the need for construction of more expensive surface dam and reservoir facilities which would have required large capital outlay and a lengthy and unpredictable permitting process.

The Master Agreement includes a put/call feature under which, for a 25-year period, the City will have the right to call, and Wingfoot will have the right to put to the City, 167 Credits at the then prevailing adjusted price (the “Option Price”) of \$30,000 per Credit, escalating at 3% compounded annually. Using

a budgetary assumption that the put or call option will be fully exercised in each year it is in effect, the City authorized its future put/call payments as Subordinate Obligations, payable from the Net Revenues, under its existing revenue bond ordinances. These payments are anticipated to gradually increase from approximately \$5,000,000 to approximately \$11,000,000 annually in the years 2021 through 2047. Any payments due from the City on account of puts or calls of Credits or liquidated damages events remaining unpaid at the end of the year they are incurred are required to be converted into subordinate revenue notes of the Enterprise.

## **Water Acquisition Planning**

***Future Water Account Phase 1.*** The City's 2003 Water Master Plan called for the creation of a 6,000 acre-foot Future Water Account (now designated as "Future Water Account Phase 1") so that the City can accept cash in lieu of raw water when development occurs on lands which have not been historically irrigated. The cash-in-lieu revenues would then be used either to buy additional water or to acquire other supply-enhancing System improvements. The City completed the acquisition of Future Water Account Phase 1. These sources include shares in the Windsor Reservoir and Canal Company which entitle the City to a portion of the yield from the Tunnel Water Company's Laramie-Poudre Tunnel, a trans-mountain diversion project transporting water from the Laramie basin to the Poudre basin. Other sources acquired for the Future Water Account Phase 1 include shares in the Water Supply and Storage Company and shares in the New Mercer Ditch Company. The City spent approximately \$35 million on Future Water Account Phase 1 acquisitions. These estimates of Future Water Account Phase 1 costs did not include the construction cost of the Windy Gap Firming Project, which was \$60.55 million. The City does not expect to make any other water supply acquisitions for the Future Water Account Phase 1.

***Future Water Account Phase 2.*** In 2008, recognizing the increasing competition for water supplies in northern Colorado, the Council and the Board planned for a Future Water Account Phase 2, with the goal of acquiring an additional 10,000 acre-feet over a fifteen-year period (2010-2025). Like the Future Water Account Phase 1, these water supply acquisitions and water rights firming projects are intended to enable the City to accept cash in lieu of raw water when new development occurs. The City has since spent \$60.6 million to purchase 4,905 acre-feet. Some of the water purchased is still decreed for agricultural use and must go through a water court change case to be used for municipal purposes. The City's plan is to continue these Phase 2 water purchases, budgeting approximately \$9 to \$10 million per year.

***Water Yields and Drought Planning.*** The City's water supply and drought planning analysis is based upon its own water rights that are available to System treatment facilities. Water rights owned by the City but not yet decreed for municipal use are excluded. Under the intergovernmental agreements with several nearby municipalities, those municipalities provide their own raw water supplies and the City provides treatment and transmission service only; accordingly, supply and demand associated with service to those municipalities are also excluded. See "FINANCIAL INFORMATION CONCERNING THE SYSTEM—System Customers."

The City's various water rights available to its treated water system total approximately 40,000 acre-feet firm yield. The City uses the "firm yield" of water supplies to assess the current water supply and to compare new resources on an equivalent basis. The firm yield of the System is the demand that can be met without shortage during all six years of a "50-year critical drought"; such a drought has a severity equal to the average of the worst droughts in each 50-year period of a peer-reviewed 50,000-year synthetic hydrologic data set. Firm yield includes water previously placed in storage reservoirs. The 50-year critical drought standard is similar to standards used by other regional water suppliers (such as the Fort Collins and Denver water systems), and the City believes it is an appropriate planning standard for the System.

In water year 2020 (November 2019 to October 2020) the yield of all the City's water rights totaled approximately 67,000 acre-feet; this does not include another approximately 20,000 acre-feet in carryover storage from water year 2019. Potable System demands for the 2020 water year (excluding consumption associated with municipal customers providing their own raw water supplies as described above) totaled approximately 25,000 acre-feet. Non-potable water demand for in city irrigation totaled approximately 1,200 acre-feet. Some of the annual excess water was leased for agricultural purposes because it was not needed for municipal use. In water years when supply exceeds demand (such as 2019), excess water is stored in City storage facilities or rented for agricultural use. If the City's storage capacity is exceeded and there is no agricultural rental demand, water is released to downstream users without compensation to the City.

The City believes that its water rights portfolio, combining senior direct flow rights, supplemental Colorado-Big Thompson water supplies, irrigation ditch supplies, and junior native water rights with storage, has resulted in a sufficient water yield for the City to accommodate a wide variety of hydrologic conditions.

In February 2017, the City instituted a new rate structure based on inclining block tiered rates that have individualized water budgets based on lot and household size (the "Water Budget Rate Structure"). This rate structure encourages efficient water use with increasing penalty rates for inefficient, excessive, or unsustainable water use. The water budget structure can also be used to effectuate a drought response by automatically decreasing the water budget based on supply shortages in times of need. Absent rate adjustments or System growth, reduced per capita water use decreases water volume sold and reduces revenue. Recognizing these effects, staff has assumed less per capita water use when setting rates. See "FINANCIAL INFORMATION CONCERNING THE SYSTEM—System Rates and Charges" and "FINANCIAL INFORMATION CONCERNING THE SYSTEM—System Financial Operating History."

Colorado law requires large municipal water utilities serving more than 2,000 acre feet/year to adopt drought emergency plans. The outdoor watering restrictions are a permanent part of the City's demand management conservation program to manage peak demand. The City revised its drought emergency plan in early 2020, taking into account the Water Budget Rate Structure.

## **Water Treatment, Storage and Distribution**

Raw water is treated at the City's two treatment facilities, the Bellvue and Boyd Lake Water Treatment Plants. The plants' combined treatment capacity is approximately 70 MGD. During 2020 the average daily water consumption was 24.7 MGD, with a maximum summer day consumption of 49.5 MGD. Both average and peak day demands include outside-City service pursuant to intergovernmental agreements with nearby municipalities. All water treatment is required to be performed in compliance with applicable state and federal rules and regulations.

The Bellvue Water Treatment Plant ("Bellview WTP") is located near Fort Collins, approximately 30 miles northwest of the City. It is the City's main plant for meeting treated water demand and is operated year-round. Originally constructed in 1907, the Bellvue WTP has been enlarged and upgraded numerous times. A 20 MGD replacement treatment train was completed in 2020 that replaced older filters constructed between 1946 and 1953. Following completion of this new train the Bellvue WTP is expected have a sustained capacity of approximately 32 MGD. The new 20 MGD treatment train includes new rapid mix, flocculation and sedimentation basins and dual media filtration, all housed within a single building.

The Boyd Lake WTP ("Boyd Lake WTP") is located east of Loveland, approximately 18 miles west of the City and was originally constructed in 1964. This plant has a capacity of approximately 38 MGD and is operated from April through October as a peaking plant to meet summer irrigation demands.

Recent improvements to the plant include new plate settlers, a sludge collection and pumping improvements, upgraded supervisory control and data acquisition (“SCADA”) system, chemical and disinfection system improvements, clearwell repair, and aeration improvements to the raw water source for the treatment plant. The purpose of these improvements is to produce better water quality and increase operational reliability.

Treated water is delivered to three storage sites (reservoirs and tanks) in the City; these storage sites have a combined capacity of 75 million gallons (“MG”, a unit of measure for treated water storage). Treated water from the Bellvue WTP is conveyed to the City by gravity while treated water is pumped from Boyd Lake WTP. A new 5 MG storage tank was added to the Gold Hill Storage tanks in 2017.

From storage sites, water is distributed to the City by gravity flow. The System includes 7.6 miles of raw water supply mains, 152.82 miles of transmission lines, and 488.35 miles of distribution mains. The System’s distribution system has four pressure zones, interconnected by pressure-reducing valves and pump stations.

### Planned Operating Expenditures

Operating expenses to run the System are financed through water rate revenue and through miscellaneous revenue paid to the water fund, such as royalties, land leases and water rentals.

Planned operating expenses for the System for the next five years are shown in the following table. Actual results will be affected by future events and circumstances and may differ materially from the estimates included in current plans.

**TABLE III**  
**Five Year Operating Financing Plan**  
**(as of January 1, 2022)**

	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
Costs:						
General	\$2,756,657	\$2,853,140	\$2,953,000	\$3,056,355	\$3,163,328	\$14,782,480
Administration						
Transmission and Distribution	5,170,893	5,351,873	5,539,189	5,733,062	5,933,718	27,728,735
Treatment and Supply	14,558,247	15,156,267	15,064,624	15,531,931	17,578,441	77,889,510
Debt Service	14,871,243	18,096,476	19,503,927	20,481,937	20,593,838	93,547,421
Interfund	2,756,617	2,839,316	2,924,495	3,012,230	3,102,597	14,635,255
Transfers						
Total	\$40,113,657	\$44,297,072	\$45,985,235	\$47,815,515	\$50,371,922	\$228,583,401
Funding:						
Cash [Required]	\$40,113,657	\$44,297,072	\$45,985,235	\$47,815,515	\$50,371,922	\$228,583,401
Total	\$40,113,657	\$44,297,072	\$45,985,235	\$47,815,515	\$50,371,922	\$228,583,401

Source: Five-Year Operating Financing Plan

## Planned Capital Improvements

Capital improvements to the System have been financed by System revenues (including System revenues accumulated in reserves), supplemented as necessary by the issuance of bonds and from moneys borrowed from the Colorado Water Resources and Power Development Authority and Colorado Water Conservation Board.

Projected capital expenditures for the System for the next five years are shown in the following table. The timing and amounts of such expenditures are subject to change in the future as circumstances warrants.

**TABLE IV**  
**Five Year Capital Improvement Financing Plan (as of January 1, 2022)**

	2022	2023	2024	2025	2026	Total
Costs:						
System Expansion	\$27,621,488	\$32,890,105	\$17,729,600	\$49,393,860	\$23,572,330	\$151,207,383
System Replacement	25,574,197	20,140,482	17,071,929	19,890,182	17,592,201	100,268,990
Water Acquisition	8,618,000	8,470,500	9,713,035	10,662,815	8,885,058	46,349,409
Total	\$61,813,685	\$61,501,087	\$44,514,564	\$79,946,857	\$50,049,589	\$297,825,782

<sup>1</sup> Includes principal amount of the Series 2022 Bonds plus premium.

Source: Five-Year Capital Improvement Financing Plan

The capital improvement plan is expected to be financed over the next five years from operating revenues, from working capital reserves and from borrowings secured by the pledge of Net Revenues. The City expects to issue one or more additional series of water revenue bonds starting in 2024 and at future times to be determined. The projected 2024 water revenue bond issuance is intended for water acquisition, System expansion and the replacement of water treatment facilities and pipes. The System capital improvement plan is subject to annual review and change as deemed appropriate by the Board and the City. See “FINANCIAL INFORMATION CONCERNING THE SYSTEM—System Financial Operating History,” “THE SERIES 2022 BONDS—Special Obligations” and “SECURITY FOR THE SERIES 2022 BONDS—Additional Obligations.”

**Water Treatment Plants.** Significant improvements to the Bellvue WTP have been completed and ongoing improvements are occurring at the Boyd Lake WTP. The improvements to the Bellvue WTP replaced 20 MGD filters from the 1950’s with a new 20 MGD treatment train consisting of rapid mix, flocculation and sedimentation, and dual media filtration. Construction was completed on the new 20 MGD treatment train in 2020. Ongoing capital improvements to Boyd Lake WTP are expected to eventually allow the plant to operate year-round when desired as well as improve water taste. Recently completed improvements consist of: new plate settlers; a sludge collection and system; upgraded SCADA system; chemical and disinfection system improvements; clearwell repair; and aeration improvements to the raw water source for the treatment plant. The purpose of these improvements is to address concerns regarding aging infrastructure and to enhance water quality.

**Transmission System.** Construction activity on the northern section of the Bellvue pipeline was completed in 2017. The only section remaining to be constructed is the Gold Hill segment which would extend the 60-inch diameter pipeline south of the Poudre River to the Gold Hill storage facilities. This reach of the pipeline is being split into two phases. The Town of Windsor is rapidly growing near the

pipeline alignment and in order to minimize construction costs, the City plans to construct the segment nearest Windsor first and complete the remaining segment at a later date. Easement acquisition has been completed for the “Windsor phase” and a design consultant has been selected. Construction of this segment is planned to occur in 2024 and 2025 and to result in the extension of the line past the southern border of Windsor. This would allow future expansion of Colorado State Highway 257 to occur unimpeded after installation of the pipeline. The remainder of the 60-inch diameter pipeline would then be constructed to the Gold Hill storage facilities at a future date.

The City is investigating rehabilitation methods to help reduce the number of water line breaks that occur within the water transmission and distribution system. Some of the more significant transmission lines are expected to be rehabilitated using trenchless repair methods over the next several years. Funding is also allocated annually for the systematic replacement of valve and fire hydrant and water meters that are either aging or not functioning properly.

***Milton Seaman Reservoir Expansion.*** The City was in the planning and permitting processes for a project involving the expansion of the City’s Milton Seaman Reservoir, a reservoir in the Poudre basin. The City spent nearly \$19 million in the federal environmental permitting process since 2004. The permitting process required Greeley to consider less environmentally damaging alternatives to meet the need for expanding Milton Seaman Reservoir. The Terry Ranch Water Project was identified as an alternative that proved to have less environmental impacts and would be less expensive to construct for the City’s rate payers. See “THE SYSTEM—Terry Ranch Water Rights and Storage Acquisition” above. Because the Terry Ranch Water Project met the City’s storage needs, was less environmentally damaging, and less expensive for Greeley, the City decided to end its permitting effort to expand Milton Seaman Reservoir, and recorded substantial amounts invested up to that point as expenses of the System.

***Non-Potable System.*** The City has not made significant investments in the non-potable system since the late 2000’s, but future capital investments will be made to expand the non-potable infrastructure into newly developing areas of the City. Non-potable water supplies are more available than water resources that can be delivered to the treatment plants and are significantly less expensive. The City’s long range water planning anticipates non-potable water use to increase to approximately 10,000 acre-feet annually from the current usage of 2,500 acre-feet. To accomplish this, the City is changing its development policy to require non-potable installation in most cases and the City will contribute to the overall cost to install non-potable infrastructure by paying for oversizing when needed. Additionally, the City has programmed approximately \$35 million in backbone improvements to the non-potable system over the next 10 years.

***Windy Gap Firing Project.*** Another significant capital improvement project is the Windy Gap Firing Project, which is the creation of storage (“firing”) for Windy Gap water. For a description of the Windy Gap Firing Project, see “THE SYSTEM—The Windy Gap Project and the Windy Gap Firing Project” above.

***Capital Improvement Planning Factors.*** Between 2004 and 2010, the City supplemented its 2003 Water Master Plan, which has an approximately 50-year time horizon, by adding the Future Water Account Phase 2. The planning and permitting process for the expansion of Milton Seaman Reservoir started during this timeframe which has since been replaced with the Terry Ranch Water Project. While the City believes that its existing water supplies can accommodate growth until approximately 2065, climate data indicates temperatures are warming, causing landscapes to require more water. The growth and development outlook for Greeley and Northern Colorado has placed the City in competition with numerous governmental and private users for limited regional water supplies. Protection against these long-term risks of competition and price pressure, are the principal reasons for the City’s continued water supply acquisition planning. The

City is currently undertaking an Integrated Water Resource Plan (IWRP) to create a holistic water resource plan for Greeley that will determine the strategy for future water acquisition and supply management.

Greeley has grown from a population of 77,815 in 2000 to an estimated 2020 population of 108,861. The City and the surrounding region have seen significant growth despite the 2008/2009 recession and the recent downturn due to the COVID-19 pandemic. The City's 2021 Annual Growth and Development Report estimated the City's current population as 111,146 and the pace of new building permits has accelerated as the pandemic's impacts have eased. See "APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION." See also "FINANCIAL INFORMATION CONCERNING THE SYSTEM—System Customers" as to potential changes in non-residential water demand.

## **Environmental Concerns**

The operation of the System is subject to substantial environmental regulation under both state and federal law. Although System management believes it is in compliance with all material regulations affecting the System, there can be no assurance that future compliance with such requirements would not frustrate otherwise feasible projects or result in increased capital and operating expenses for the System. The City's water supply and treatment operations are affected by numerous regulatory requirements, primarily those imposed by federal laws such as the Safe Drinking Water Act and the Clean Water Act. The City is in compliance with all current drinking water and water quality standards, but the Water and Sewer Department anticipates that new regulations (as well as capacity concerns) would continue to require ongoing rehabilitation and improvement of its treatment facilities. See "THE SYSTEM—Water Treatment, Storage and Distribution" and "THE SYSTEM—Planned Capital Improvements" above. Compliance with changing federal and State regulations may affect the cost of water treatment and distribution. The City recently completed master plans for the transmission and distribution system, the wastewater collection system, and the non-potable system intended to provide the roadmap for building future capital plans.

## **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.

## **FINANCIAL INFORMATION CONCERNING THE SYSTEM**

### **Budget Process**

In the summer of each year, the Board recommends to the City Manager a separate System budget for the upcoming year; the System budget is then included as a separate component of the City's overall budget process. The City's budget provides detailed estimates of proposed expenditures for each City agency for the ensuing fiscal year, and also set forth corresponding expenditure information for the current

and last full fiscal years. The budget also includes information as to actual and anticipated revenues. A public hearing on the proposed budget must be held before its final adoption. The Council must adopt the budget by ordinance no later than December 15th; then, before the end of the current fiscal year, the Council must adopt an ordinance, based upon the budget as adopted, appropriating the moneys needed for various municipal purposes during the upcoming fiscal year. In general, all expenditures must be made in accordance with the appropriation ordinance. The City's 2021 budget and the corresponding appropriation ordinance were adopted October 20, 2020. In recent years, the System operating budget has not changed substantially. For 2021, the City took a conservative approach due to the uncertainties related to COVID-19. No full-time positions were added with only limited adjustments to operating costs like power and chemicals, however, actual expenses have been significantly higher than previous years. This is primarily due to mitigation activities related to the Cameron Peak Fire [substantially all of which are being offset from federal and State funds available for the regional mitigation effort]. Greeley was the lead agency and all the state and federal funding for mulching and erosion control projects was funneled through Greeley. Water assessment costs for the Windy Gap, Colorado-Big Thompson and other ditch company assessments reflect modest increases. For the 2022 budget, ten new positions were approved, with limited changes to other operating costs. Five of the new positions were allocated to the Bellvue WTP. These additional positions would allow the City to staff the Bellvue WTP with shift staff. Previously, the City had operators who lived on site but this method of staffing is no longer preferred because of logistical challenges.

Although the City approves its budget, including the System budget, on the annual schedule described above (consistent with applicable law), the City utilizes a biennial budget planning process, which provides for more efficient information-gathering and better continuity of information for the Council and the public.

There are procedures by which the budget and appropriations for a particular year may be modified to reflect actual revenues and expenses. The City's budgets are prepared in conformity with State law requirements which differ in some respects from generally accepted accounting principles ("GAAP"). The Board also submits its long-range capital plans for the System to the Council. Accordingly, although the Charter gives the Water Board the power to establish minimum water rates (as described below under "System Rates and Charges"), the Council retains control over the budget and capital plan for the System.

### **System Rates and Charges**

It is the responsibility of the Board to annually establish minimum water rates sufficient to pay all operation and maintenance expenses of the System, all debt service requirements, and additions to a reserve account in sufficient amounts to offset depreciation of the System. The Charter prohibits the Council from reducing rates so established by the Board; however, the Council may increase the rates by resolution.

All System rates and charges are set based upon a cost-of-service model developed by the City and its water rate consultants. The cost-of-service model is updated on an annual basis and takes into account factors such as volume of water demand, consistency of water demand, provision of raw water rights to the City and other factors. The City classifies its water customers by applicable service rate depending upon: location within or outside the City; whether the property served is residential, commercial, industrial, agricultural special contract, or another municipality or quasi-municipality; and whether the customer provides raw water rights to the City. 100% of System accounts are metered. As permitted under the Bond Ordinance and ordinances authorizing outstanding Parity Obligations, the System does not charge for water service to City-owned property open to use by the public such as City parks.

The City's monthly water bills include a consumption charge for each 1,000 gallons of water consumed and a fixed service charge based on meter size (regardless of the volume of water consumed). Effective January 1, 2021, residential and commercial treated water consumption charges per 1,000 gallons



vary from \$5.07 to \$12.02, while industrial rates vary from \$3.64 to \$3.89. Additional fixed monthly treated water service charges vary from \$14.40 for the smallest meter size (within the City) to \$189.15 for the largest meter size (outside the City). The City also provides non-potable water at a rate of \$3.75 per 1,000 gallons. The rates for treated water delivered under intergovernmental agreements with nearby municipalities are based upon the City's water rate cost-of-service model, plus ten percent, subject to annual adjustment. See "FINANCIAL INFORMATION CONCERNING THE SYSTEM—System Customers" below. The Board has also imposed "raw water surcharges" on certain non-potable customers and nonresidential treated water customers for use of water in excess of allotted amounts.

The City's 2021 water rates reflect an average increase of 6% over 2020 water rates. For the preceding four years, water rates have reflected the following average increases over the preceding year: for 2020, 8.5%; for 2019, 5%; for 2018, 2.5%; and for 2017, 3%. Water rate increases in the range of 4% to 6% are expected over the next several years, in order to fund capital improvement projects and for the acquisition of additional water rights. The Water and Sewer Department typically conducts an annual survey comparing single-family residential water bills for selected major front-range water suppliers; the most recent such survey was conducted in late 2020, assembling rate information for 28 such suppliers, and concluded the City's average water bill was slightly higher than the median bill for the surveyed suppliers.

Increasing water cost to the consumer has likely played a role in the overall trend of decreasing per capita usage that water utilities across the nation have experienced. The System has also seen decreasing usage per water account and has lowered its assumed per capita usage when forecasting water sales revenue. Year to year weather variability is consistently the largest consideration for customer water usage. City financial staff plan conservatively for wet weather (with low water sales) when creating revenue budgets. See "THE SYSTEM—Water Acquisition Planning—*Water Yields and Drought Planning*."

In evaluating the need for large water storage projects (such as the Milton Seaman Reservoir expansion), federal agencies typically seek assurance that the project proponent is efficiently using its current water supply and is implementing an effective conservation program. One conservation program element that such agencies deem particularly important is a conservation rate structure. The City implemented the Water Budget rate structure in February of 2017. The rate structure uses individualized rate tiers that vary according to lot size and number of people in a household. The Water Budget rate structure is fair rate structure that encourages water conservation yet accounts for variability in water usage needs that a simple tiered structure does not recognize.

It is possible that the Colorado Public Utilities Commission could seek to regulate rates charged by municipalities for extraterritorial service; however, the PUC has not as yet sought to exercise such regulatory authority. The effect of any such regulation on System revenues cannot be determined.

Set forth below is a breakdown by account classification of number of accounts and System service charge revenues received by the City in 2019 and 2020.

**TABLE V**  
**System Service Charge Revenues <sup>1</sup>**

Classification	2019				2020			
	No. of Accounts	% of Total	Revenues	% of Total	No. of Accounts	% of Total	Revenues	% of Total
<b>Within the City:</b>								
Residential metered	25,500	89.5%	\$20,889,757	54.7%	25,662	89.5%	\$25,671,851	57.7%
Commercial/Industrial	2,133	7.5	10,534,895	27.6	2,157	7.5	10,923,500	24.6
Non-potable	151	0.5	603,479	1.6	155	0.5	812,565	1.8
<b>Outside the City:</b>								
Residential metered	502	1.8	623,341	1.6	501	1.7	739,816	1.7
Commercial/Industrial	114	0.4	143,467	0.4	114	0.4	157,796	0.4
Municipalities <sup>1</sup>	20	0.1	4,593,079	12.0	19	0.1	5,389,082	12.1
Greeley-Loveland shareholders	58	0.2	164,775	0.4	58	0.2	184,730	0.4
Special industrial rate	1	0.0	610,775	1.6	1	0.0	610,695	1.4
Total <sup>2</sup> :	28,479		\$38,163,569		28,667		\$44,490,034	

<sup>1</sup> This reflects revenues generated from provision of water treatment service pursuant to intergovernmental agreements with other municipalities. See “FINANCIAL INFORMATION CONCERNING THE SYSTEM—System Customers” below.

<sup>2</sup> Service charge revenues in the Water Fund financial statements (see “FINANCIAL INFORMATION CONCERNING THE SYSTEM—System Financial Operating History” below) also include developer payments in lieu of water rights (described below in this heading) and raw water surcharges, as well as revenues from water rentals, meter sales and other minor items.

Source: The City

The City also charges plant investment fees (“Plant Investment Fees”) for new service, to recover the customer’s portion of the capital investment in the System. Plant Investment Fees are based upon the estimated replacement value of the System at the time of connection to the System and vary depending upon tap size. Effective March 1, 2021, Plant Investment Fees vary from \$11,200 (smallest tap size) to \$466,500 (6” tap). Plant Investment Fees for taps larger than 6” are negotiated between the property owner and the City. Plant Investment Fees do not include the costs of the meter, labor and materials required in making a tap onto the System, service line installation, or street trenching and repairing, all of which must be paid in advance by the owner, lessee, or user of the property requesting service. The System’s municipal wholesale customers do not pay Plant Investment Fees in relation to individual water taps; instead they pay certain lump-sum system development charges to secure treatment and transmission capacity. These system development charges are accounted for under the audit category “Plant Investment Fees.” See “FINANCIAL INFORMATION CONCERNING THE SYSTEM—System Customers” below. Set forth below is historical information as to water tap sales and related Plant Investment Fee collections.

**TABLE VI**  
**Water Taps Issued and Related Plant Investment Fees Collected**

	2016	2017	2018	2019	2020	2021 <sup>1</sup>
Water Taps Issued	301	136	411	241	120	221
Related Plant Investment Fees	\$4,669,986	\$2,571,815	\$6,027,277	\$4,450,604	\$1,904,767	\$3,825,290

<sup>1</sup> Figures are unaudited

Source: The City

Other than Plant Investment Fees related to water taps, substantially all of the other Plant Investment Fees as set forth in the Water Fund financial statements are derived from system development charges paid by the System’s municipal customers.

In addition to Plant Investment Fees, the City requires that developers provide raw water rights at the time of annexation or development (accounted for under the audit category “Contributions from Developers”). Single family residential requirements are set at 3 acre-feet per acre of property being developed; multi-family and non-residential requirements are based on projected water demand. The raw water requirements for multi-family and non-residential customers was revised in 2019 to be based on projected demand per the type of development, rather than the tap size. A cash-in-lieu amount instead of water rights contribution is also permitted (accounted for under the audit category “Charges for Service”). In 2020, the City’s cash-in-lieu payments totaled \$722,467. Prior to 2018, the City had a policy in place that encouraged water rights contributions over cash-in-lieu payments but has since changed its policy to allow unlimited amounts of cash-in-lieu or tenders of raw water Credits associated with the Terry Ranch aquifer acquisition. See “THE SYSTEM – Terry Ranch Water Rights and Storage Acquisition.”

Developers requesting service to a particular area are also required to provide water line improvements to meet the needs of their development. The value of improvements so provided (non-cash) are accounted for under the audit category “Contributions from Developers”.

## **Billing and Collection**

The City bills water customers monthly. For delinquent accounts, the City may disconnect water service until the bill, plus a reconnection fee, has been paid. A final notice and a shutoff notice are given before services are terminated. The Water and Sewer Department reports that an insignificant number of water service charges have been written off as bad debt in recent years. The Greeley Municipal Code provides that all water rates constitute a charge and lien upon the premises to which water is delivered.

## **System Customers**

The following table shows the largest customers of the System by treated water consumed. (The City’s Parks Department is also a large consumer of treated water but is not included in this table because the System does not charge for service provided to City-owned property open to use by the public.)

**TABLE VII**  
**Largest Customers of the System 2020 <sup>1</sup>**

<b>Customer</b>	<b>Consumption (1,000s gallons)</b>	<b>Percentage of Consumption</b>
Municipality <sup>2</sup>	891,311	10.26%
Food manufacturer	757,912	8.7
Beef processing	699,119	8.0
Municipality	200,710	2.3
Manufacturer	172,219	2.0
University	147,726	1.7
Municipality	119,899	1.4
Public schools	59,413	0.7

<sup>1</sup> Based on treated water consumption.

<sup>2</sup> These municipal customers provide their own raw water supply, with the System providing treatment service only. See narrative below.

Source: The City

In the last 10 years, the System has experienced some demand from oil and gas operators for water to be used in hydraulic fracturing; however, the City does not consider this to be a reliable source of demand or revenue over the long term. Budgeted revenue from this source is set conservatively.

The City provides water treatment service to the City of Evans (“Evans”) pursuant to an agreement extending through 2023, with ten-year renewals thereafter unless terminated according to the terms of the agreement. The agreement requires Evans to acquire sufficient water rights to satisfy its treated water requirements. In the event of a shortage of treated water, caused by the inability of a component of the System to function, Evans and the City have agreed to share proportionally in water use reductions. A system development charge (designed to recover System capital costs associated with new demand) is due to the City if the metered water delivered to Evans in any year exceeds the acre-feet delivered in the base year of the agreement. See “FINANCIAL INFORMATION CONCERNING THE SYSTEM—System Rates and Charges” above.

The City also provides water treatment service to the Town of Windsor (“Windsor”) under an agreement that is in effect until 2042, with ten-year renewals thereafter unless terminated according to the terms of the agreement. Under that agreement Windsor has contracted for the delivery of a specified amount of treated water; Windsor is responsible for maintaining water rights sufficient to make available raw water to the City for treatment. In the event Windsor’s demand in any year exceeds the specified amount, Windsor would be required to pay a system development charge for the excess, and thereafter Windsor’s annual allotment of treated water under the agreement, and its payment obligation, would be increased accordingly. See “—System Rates and Charges” above. Windsor and the City amended the water treatment service agreement in 2021 to allow Windsor to lease an interim water supply from Greeley for 10 years, with one option for a five year extension. This amendment was undertaken to enable Windsor to weather potential drought periods while they secure additional water through the Northern Integrated Supply Project.

The City has also entered into an agreement to provide water treatment service to the Town of Milliken; that agreement is patterned after the Evans Agreement and has been extended until 2037.

The City has emergency interconnect agreements with the City of Loveland, the Town of Johnstown, and the North Weld County Water District. These agreements provide that, if and when water is needed by either party due to either unforeseen emergencies (such as line breaks) or planned construction or maintenance interruptions, water rights are exchanged and the party receiving water is obligated to reimburse all costs to the party providing water. These agreements have not had material effects on the City’s water supply or operations and have not generated any material amount of revenue.

The City provides treated water to Garden City water users; those users are billed directly by the City. The City and Garden City signed an intergovernmental agreement in 2017 that formalized the relationship between the two organizations. The agreement provided an acknowledgement by Garden City that the City was the water provider within their jurisdiction as well as defined how the water system within Garden City would be maintained and expanded, if needed. The term of the agreement concludes in 2067, with automatic 10-year renewals unless terminated as provided by the agreement.

## **System Financial Operating History**

**General.** The City operates and accounts for the System as a self-supporting enterprise through the Water Fund. The Water Fund is used to account for all System administration, operations, maintenance, financing, debt service, and billings and collections. The System is not subsidized by other City revenues. Certain administrative and overhead expenses of the Water and Sewer Department are allocated between the Water Fund and the Sewer Fund. Costs of general and administrative services provided by the City in connection with the System are allocated and charged to the Water Fund. In accordance with the City

Charter, all revenues received from the imposition of water charges are used only for the operation, maintenance, replacement of and additions to the System, including the acquisition of water rights.

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Set forth below is a five-year comparative statement of System revenues, expenses, and resulting changes in net assets derived from the City's audited financial statements for fiscal years ended 2016 through 2020.

**TABLE VIII**  
**Summary of Water Fund Revenues, Expenses and Changes in Net Assets,**  
**Years Ended December 31**

	2016	2017	2018	2019	2020
<b>OPERATING REVENUES</b>					
Charges for services	\$ 39,814,030	\$ 38,893,360	\$ 40,621,086	\$ 41,746,569	\$ 48,016,922
Licenses and permits	47,928	237,765	36,007	48,558	15,087
Intergovernmental revenue <sup>1</sup>	—	446,497	147,035	142,092	3,787,102
Miscellaneous revenue	<u>86,378</u>	<u>56,495</u>	<u>59,813</u>	<u>149,203</u>	<u>683,783</u>
Total operating revenues	<u>39,948,336</u>	<u>39,634,117</u>	<u>40,863,941</u>	<u>42,086,422</u>	<u>52,502,894</u>
<b>OPERATING EXPENSES</b>					
Personal services	6,441,744	6,319,090	6,769,576	7,005,888	8,003,369
Supplies	2,047,806	2,172,316	2,013,847	1,991,725	3,810,396
Purchased services	6,685,700	4,184,845	5,280,809	3,460,840	25,214,654 <sup>2</sup>
Assessments	3,131,557	1,301,030	2,831,951	2,137,409	2,441,619
Insurance and bonds	152,708	172,090	189,234	206,808	207,301
Utilities	907,433	1,114,747	1,034,696	1,063,453	1,148,050
Repairs and maintenance	710,325	842,279	1,201,100	1,176,456	1,174,177
Rentals	121,615	133,811	149,185	181,740	158,216
Depreciation	7,530,673	8,291,078	8,756,023	9,052,815	9,419,831
Other expenses	<u>64,147</u>	<u>319,034</u>	<u>264,690</u>	<u>281,186</u>	<u>1,623,406</u>
Total operating expenses	<u>27,793,708</u>	<u>24,850,320</u>	<u>28,491,111</u>	<u>26,558,320</u>	<u>53,201,019</u>
Operating income	<u>12,154,628</u>	<u>14,783,797</u>	<u>12,372,830</u>	<u>15,528,102</u>	<u>(698,125)</u>
<b>NONOPERATING REVENUES(EXPENSES)</b>					
Plant investment fees	4,669,986	2,571,815	6,027,277	4,450,604	1,904,767
Earnings on investments	538,419	380,003	948,638	2,396,660	1,654,460
Rents	224,362	298,779	203,621	215,938	266,385
Oil and gas royalties	392,367	193,778	284,957	193,237	122,710
Damages recovered	—	20,601	19,812	16,669	6,701
Miscellaneous	5,966,359	860,250	(341,602)	(147,436)	(198,829)
Interest expense	(2,358,279)	(2,226,682)	(2,354,708)	(3,134,257)	(3,013,547)
(Loss) gain on sale of assets	<u>83,931</u>	<u>(514,382)</u>	<u>(330,480)</u>	<u>69,710</u>	<u>(146,728)</u>
Total	<u>9,517,145</u>	<u>1,584,162</u>	<u>4,457,515</u>	<u>4,061,125</u>	<u>595,919</u>
Income before capital contributions and transfers	<u>21,671,773</u>	<u>16,367,959</u>	<u>10,803,068</u>	<u>15,138,623</u>	<u>(2,006,973)</u>
Capital contributions – development fees	1,968,760	1,208,336	6,027,277	4,450,604	1,904,767
Capital contributions - other	—	--	7,681,600	1,428,335	743,530
<b>TRANSFERS</b>					
In	82,153	82,153	82,153	82,153	132,153
(Out) <sup>3</sup>	<u>(1,857,025)</u>	<u>(1,964,645)</u>	<u>(2,073,312)</u>	<u>(2,034,993)</u>	<u>(2,310,033)</u>
Change in net assets	21,865,661	15,693,803	22,520,786	19,064,722	(1,536,556)
<b>TOTAL NET ASSETS—Jan. 1</b>	<u>320,232,180</u>	<u>342,097,841</u>	<u>357,791,644</u>	<u>380,312,430</u>	<u>399,377,151</u>
<b>TOTAL NET ASSETS—Dec. 31</b>	<u>\$342,097,841</u>	<u>\$357,791,644</u>	<u>\$380,312,430</u>	<u>\$399,377,152</u>	<u>\$397,840,595</u>

<sup>1</sup> Intergovernmental revenue related to operations is shown as operating revenue and intergovernmental revenue related to capital expenditures appears as non-operating revenue.

<sup>2</sup> In 2020, the City expensed approximately \$20,274,650 in permitting costs from previous years related to the Milton Seaman Reservoir Expansion. See "THE SYSTEM—Planned Capital Improvements—Milton Seaman Reservoir Expansion."<sup>3</sup>

<sup>3</sup> Primarily consists of Water Fund transfers made to the General Fund for Water System's share of City administrative costs.  
Source: The City's audited financial statements for fiscal years ended 2016 through 2020.

**TABLE IX**  
**Water 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	\$ 39,814,030	\$ 38,893,360	\$ 40,621,086	\$ 41,746,569	\$ 48,016,922
Intergovernmental	--	446,497	36,007	142,092	3,787,102
Licenses and permits	47,928	237,765	147,035	48,558	15,087
Miscellaneous	86,378	56,495	59,813	149,203	683,783
Total Operating Revenues	<u>39,948,336</u>	<u>39,634,117</u>	<u>40,863,941</u>	<u>42,086,422</u>	<u>52,502,894</u>
<b>OPERATING EXPENSES</b>					
Personnel services	6,441,744	6,319,090	6,769,576	7,005,888	8,003,369
Supplies	2,047,806	2,172,316	2,013,847	1,991,725	3,810,396
Purchased services	6,685,700	4,184,845	5,280,809	3,460,840	25,214,654 <sup>2</sup>
Assessments	3,131,557	1,301,030	2,831,951	2,137,409	2,441,619
Insurance and bonds	152,708	172,090	189,234	206,808	207,301
Utilities	907,433	1,114,747	1,034,696	1,063,453	1,148,050
Repairs and maintenance	710,325	842,279	1,201,100	1,176,456	1,174,177
Rentals	121,615	133,811	149,185	181,740	158,216
Depreciation <sup>1</sup>	7,530,673	--	--	--	--
Other expenses	64,147	319,034	264,690	281,186	1,623,406
Total Operating Expenses	<u>27,793,708</u>	<u>16,559,242</u>	<u>19,735,088</u>	<u>17,505,505</u>	<u>43,781,188</u>
Operating Income (loss)	<u>12,154,628</u>	<u>23,074,875</u>	<u>21,128,853</u>	<u>24,580,917</u>	<u>8,721,706</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Plant investment fees	4,669,986	2,571,815	6,027,277	4,450,604	1,904,767
Interest and Investment Earnings	538,419	380,003	948,638	2,396,660	1,654,460
Issuance of debt	39,867,635	--	--	--	--
Rents	224,362	298,779	203,621	215,938	266,385
Oil and gas royalties	392,367	193,778	284,957	193,237	122,710
Damages recovered	--	20,601	19,812	16,669	6,701
Miscellaneous	5,966,359	860,250	(341,602)	(147,436)	(198,829)
Interest Expense	(2,358,279)	(2,226,682)	(2,354,708)	(3,134,257)	(3,013,547)
Gain (loss) Disposal Capital Assets	83,931	(514,382)	(330,480)	69,710	(146,728)
Principal Repayment	92,000	80,000	16,273	91,727	--
Principal Retirement	(5,971,978)	(5,944,950)	(6,161,211)	(8,436,894)	(6,915,000)
Capital Outlay	<u>(33,314,099)</u>	<u>(21,762,543)</u>	<u>(28,517,444)</u>	<u>(28,569,394)</u>	<u>(14,058,871)</u>
Total Non-Operating Revenues (Expenses)	<u>10,190,703</u>	<u>(26,043,331)</u>	<u>(30,204,867)</u>	<u>(32,853,436)</u>	<u>(20,377,952)</u>
Income (loss) before transfers and capital contributions	<u>22,345,331</u>	<u>(2,968,456)</u>	<u>(9,076,014)</u>	<u>(8,272,519)</u>	<u>(11,656,246)</u>
Capital contributions	1,968,760	1,208,336	7,681,600	1,428,335	743,530
<b>TRANSFERS IN</b>					
General Fund	--	--	--	--	50,000
Sewer Fund	82,153	82,153	82,153	82,153	82,153
<b>TRANSFERS OUT</b>					
General fund	(1,827,605)	(1,773,845)	(2,011,912)	(2,033,593)	(2,219,733)
Public Art fund	(20,620)	(24,000)	(1,400)	(1,400)	(30,300)
Information Technology fund	(8,800)	(8,800)	--	--	--
Liability Fund	--	(158,000)	(60,000)	--	(60,000)
Total Transfers Out	<u>(1,857,025)</u>	<u>(1,964,645)</u>	<u>(2,073,312)</u>	<u>(2,034,993)</u>	<u>(2,310,033)</u>
Net income (loss) on a budgetary basis	<u>22,539,219</u>	<u>(3,642,612)</u>	<u>(3,385,573)</u>	<u>(8,797,024)</u>	<u>(13,090,596)</u>
Reconciliation to a GAAP Basis:					
Issuance of debt	(39,867,635)	--	--	--	--
Principal repayment	(92,000)	(80,000)	(16,273)	(91,727)	--
Principal retirement	5,971,978	5,944,950	6,161,211	8,436,894	6,915,000
Depreciation	--	(8,291,078)	(8,756,023)	(9,052,815)	(9,419,831)
Capital outlay	<u>33,314,099</u>	<u>21,762,543</u>	<u>28,517,444</u>	<u>28,569,394</u>	<u>14,058,871</u>
Change in net position	21,865,661	15,693,803	22,520,786	19,064,722	(1,536,556)
Net position - January 1	<u>320,232,180</u>	<u>342,097,841</u>	<u>357,791,644</u>	<u>380,312,430</u>	<u>399,377,151</u>
Net position - December 31	<u>\$342,097,841</u>	<u>\$357,791,644</u>	<u>\$380,312,430</u>	<u>\$399,377,152</u>	<u>\$397,840,595</u>

<sup>1</sup> Due to a change in accounting practices, subsequent to 2016, depreciation is no longer included in expenses.

<sup>2</sup> In 2020, the City expensed approximately \$20,274,650 in permitting costs from previous years related to the Milton Seaman Reservoir Expansion. See "THE SYSTEM—Planned Capital Improvements—Milton Seaman Reservoir Expansion."

Source: The City's audited financial statements for fiscal years ended 2016 through 2020, and the City

## **Management's Discussion and Analysis of Trends in Operations of the Water Fund.**

Operating revenues of the System increased 31% from 2016 to 2020 and System operating expenses (other than depreciation) increased 16% over the same period. System management added seven positions between 2016 and 2021 (two of those positions were in the Sanitary Sewer System and shifted to the Water System), with 10 additional positions planned for 2022. Securing and retaining quality employees has proven to be challenging in the competitive job market for water and sewer professionals.

Development in the City has varied with the economic conditions. The number of new housing units has varied from a low of 42 in 2011 to a high of 948 in 2019. The mix of new housing units has been approximately 40% single family and 60% multi-family from 2012 to 2020, which reflects a common shift towards multi-family in the bigger metropolitan areas in Colorado. The City has approved multiple metropolitan districts to fund public improvements in developing regions that is expected to increase the pace of development in upcoming years.

The City has historically budgeted the accumulation of working capital reserves within the Water Fund. Reserves are accumulated from a variety of sources including: Plant Investment Fee revenues; that portion of the City's rates and charges which are imposed to offset depreciation; and payments from property owners and developers in lieu of their provision of water rights in connection with the annexation and development of property. The City reported working capital reserves within the Water Fund of \$71,162,495 as of December 31, 2019 and \$58,041,181 as of December 31, 2020 (based on audited financial statements).

## **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 [47.3] 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
Dale Hall, Ward IV, Mayor Pro Tem	2023	Owner Property Management Company
Tommy Butler, Ward I	2023	[REDACTED]
Deb Deboutez, Ward II	2025	Retired
Johnny Olson, Ward III	2025	Engineer
Brett Payton, At Large	2025	Attorney
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 Acting 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 is currently engaged in a national search for its next City Manager after the retirement of former City Manager, Roy Otto. The Council has appointed Raymond C. Lee III to Acting City Manager. Mr. Lee joined the City in January of 2021 as Deputy City Manager prior to his appointment as Acting 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 Water and Sewer 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.

### **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 State 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 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."

## **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.**

## **RATINGS**

The Series 2022 Bonds are rated “\_\_\_” by Moody’s Investors Service (“Moody’s”) and “\_\_\_” by S&P Global Ratings (“S&P”). The ratings reflect only the view of the rating agencies, and do not constitute a recommendation to buy, sell or hold securities. Any explanations of the significance of such ratings should be obtained from Moody’s or S&P. The ratings are subject to revision or withdrawal at any time by the rating agencies, and there is no assurance that the ratings will continue for any period of time or that they will not be revised or withdrawn by the rating agencies if, in their judgment, circumstances so warrant. Any revision or withdrawal of such ratings 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 the issuance or sale thereof. [confirm]

## **UNDERWRITING**

[ ] (the “Underwriter”) has agreed to purchase the Series 2022 Bonds from the City at competitive sale, for an aggregate purchase price of \$\_\_\_\_\_ (consisting of the aggregate principal amount of the Series 2022 Bonds plus premium in the amount of \$\_\_\_\_\_ less an underwriting discount in the amount of \$\_\_\_\_\_). The Underwriter is committed to take and pay for all of the Series 2022 Bonds if any are taken.

## **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 been retained to advise the City concerning the preparation of this Official Statement. Certain legal matters will be passed upon for the City by Douglas Marek, Esq., City Attorney.

## **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.

## **FINANCIAL STATEMENTS**

The basic financial statements of the City for the fiscal year ended December 31, 2020, which are included here 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 so expressly 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 preparation of this Official Statement and its distribution have been authorized by the City Council.

CITY OF GREELEY, COLORADO

By /s/  
Mayor

## APPENDIX A

### FORM OF OPINION OF BOND COUNSEL

February \_\_, 2022

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

[Underwriter]

\$ \_\_\_\_\_  
**City of Greeley, Colorado,  
acting by and through its Water Enterprise,  
Water Revenue Refunding and Improvement 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 Water Enterprise (the “Enterprise”), pursuant to Ordinance No. \_\_\_\_ (the “Bond Ordinance”), as supplemented by a Final Terms Certificate dated February \_\_, 2022 (the “Final Terms Certificate”). The Bond Ordinance, as supplemented by the Final Terms Certificate, is referred to herein as the “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 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 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) assume the accuracy of the City's representations and compliance by the City of the covenants designed to satisfy the requirements of the Code that must be satisfied subsequent to the issuance of the Series 2022 Bonds. 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 and state 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 BOND ORDINANCE**

[Kutak to insert]

**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

	2015	2016	2017	2018	2019
Weld County	\$43,925	\$43,745	\$44,479	\$48,035	\$50,198
State of Colorado	52,254	52,475	55,604	58,896	61,157
United States	49,019	50,015	52,118	54,606	56,490

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]*

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>	1,694	222,916,093

<sup>1</sup> Permits issued through September 31, 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
2016	411	--
2017	362	(11.92)%
2018	375	3.59
2019	334	(10.93)
2020 <sup>1</sup>	116	(65.27)
2021 <sup>1, 2</sup>	45	--

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

<sup>2</sup> Foreclosures filed through November 3, 2021. *[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	--	\$4,112,431
2017	4,099,125	(0.32)%	11,113,079	12.53%	4,099,125
2018	4,100,665	0.04	12,167,650	9.49	4,100,665
2019	5,067,548	23.58	13,251,205	8.91	5,067,548
2020	4,757,700	(6.11)	13,198,755	(0.40)	4,757,700
2021 <sup>1</sup>	3,151,372	--	9,027,249	--	167,119,299

<sup>1</sup> Retail sales through August 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>	1 <sup>st</sup> Quarter 2020		1 <sup>st</sup> Quarter 2021		Quarterly Change	
	Units	Average Employment	Units	Average Employment	Units	Average Employment
Agriculture, Forestry, Fishing and Hunting	231	4,070	228	3,969	(3)	(101)
Mining	275	7,995	266	4,649	(9)	(3,346)
Utilities	31	431	33	461	2	30
Construction	1,117	12,132	1,174	10,242	57	(1,890)
Manufacturing	354	14,318	363	13,461	9	(857)
Wholesale Trade	524	4,440	519	4,225	(5)	(215)
Retail Trade	669	10,637	661	10,691	(8)	54
Transportation and Warehousing	410	3,897	427	3,416	17	(481)
Information	102	627	109	501	7	(126)
Finance and Insurance	363	2,841	389	2,836	26	(5)
Real Estate, Rental and Leasing	379	1,460	407	1,299	28	(161)
Professional and Technical Services	945	3,426	1,018	3,418	73	(8)
Management of Companies and Enterprises	103	1,979	109	1,858	6	(121)
Administrative and Waste Services	492	5,676	510	5,427	18	(249)
Educational Services	86	814	94	781	8	(33)
Health Care and Social Assistance	694	9,808	781	9,907	87	99
Arts, Entertainment and Recreation	96	729	103	747	7	18
Accommodation and Food Services	488	8,656	483	7,637	(5)	(1,019)
Other Services	606	2,793	595	2,630	(11)	(163)
Non-classifiable <sup>2</sup>	--	--	--	--	--	--
Government	153	16,604	154	15,785	1	(819)
Total	<u>8,120</u>	<u>113,335</u>	<u>8,425</u>	<u>103,946</u>	<u>305</u>	<u>(9,389)</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>	168,148	6.5	3,181,227	6.2

<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 August 31, 2018. *[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 Greeley School District 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 Greeley School District No. 6 was 21,883, and the Greeley School District employed approximately [1,609]. 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 Greeley School District No. 6, the primary school district serving the City.

<b>History of School Enrollment Greeley School District No. 6</b>		
<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2017/2018	22,325	1.71%
2018/2019	22,503	0.80
2019/2020	22,467	(0.16)
2020/2021	21,883	(2.60)
2021/2022		

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. **[Please confirm]**

## 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 \$\_\_\_\_\_ \* 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. 10, 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 February \_\_, 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: February \_\_, 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.