

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 by the District and the Trustee with certain covenants, the portion of the Base Rentals allocable to the 2020A Certificates paid by the District which is designated and paid as interest as provided in the Lease and received by the Owners of the 2020A Certificates (the "2020A Interest Portion"), including any original issue discount properly allocable to certain of the 2020A Certificates, 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. In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rentals allocable to the Taxable 2020B Certificates paid by the District which is designated and paid as interest as provided in the Lease and received by the Owners of the Taxable 2020B Certificates (the "2020B Interest Portion"), is included in gross income for federal income tax purposes. Bond Counsel is also of the opinion that, under existing State of Colorado statutes, to the extent the 2020A Interest Portion is excludable from gross income for federal income tax purposes, the 2020A Interest Portion 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 state law tax opinion with respect to the treatment of the 2020B Interest Portion. In addition, Bond Counsel has expressed no opinion as to the effect of any termination of the District's obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for income tax purposes of any moneys received by the Owners of the Certificates subsequent to such termination. The District has designated the 2020A Certificates as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. For a more detailed description of such opinions of Bond Counsel, see "TAX MATTERS" herein.

\$6,825,000
TAX-EXEMPT CERTIFICATES OF PARTICIPATION
SERIES 2020A
evidencing undivided interests in
the right to receive certain revenues payable by
PUEBLO CITY-COUNTY LIBRARY DISTRICT,
PUEBLO COUNTY, COLORADO
under a Lease Purchase Agreement
between the District and UMB Bank, n.a., as Trustee

\$8,215,000
TAXABLE CERTIFICATES OF PARTICIPATION
SERIES 2020B
evidencing undivided interests in
the right to receive certain revenues payable by
PUEBLO CITY-COUNTY LIBRARY DISTRICT,
PUEBLO COUNTY, COLORADO
under a Lease Purchase Agreement
between the District and UMB Bank, n.a., as Trustee

Dated: Date of Delivery

Due: December 1, as shown on the inside cover

The above-described series of Certificates of Participation, evidencing undivided interests in the right to receive certain revenues payable by Pueblo City-County Library District, Pueblo County, Colorado under a Lease Purchase Agreement, dated as of November 1, 2020, are being executed and delivered pursuant to an Indenture of Trust, dated as of November 1, 2020, made by UMB Bank, n.a., solely in its capacity as trustee thereunder, in fully registered form in denominations of \$5,000 or any integral multiple thereof. Interest on the Certificates, at the rates set forth below, is payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2021. The Depository Trust Company, New York, New York will act as securities depository for the Certificates, and the Certificates will be registered in the name of Cede & Co., as nominee of DTC. Purchasers of the Certificates will not receive certificates evidencing their ownership interests in the Certificates. So long as DTC or its nominee is the registered owner of the Certificates, payments of principal of, premium, if any, and interest on the Certificates will be made by the Trustee directly to DTC, which will remit such payments to the DTC Participants for subsequent distribution to the Beneficial Owners (as defined herein). Capitalized terms used but not defined on this cover page are defined in "INTRODUCTION" herein.

The Certificates are subject to optional redemption prior to maturity as described herein. The Certificates are subject to extraordinary redemption upon the occurrence of an Event of Nonappropriation or an Event of Default as described herein.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES
AND CUSIPS ARE SHOWN ON THE INSIDE COVER**

The Certificates and any Additional Certificates issued pursuant to the Indenture are payable solely from (a) annually appropriated Base Rentals and any Purchase Option Price paid by the District under the Lease; (b) moneys held by the Trustee under the Indenture; and (c) following an Event of Nonappropriation or an Event of Default under the Lease, any moneys received by the Trustee from the exercise of the remedies under the Lease and the Indenture. The District may pay any Base Rentals from any legally available amounts annually appropriated by the Board for such payment.

All financial obligations of the District under the Lease, including the District's obligation to pay Base Rentals, are subject to annual appropriation by the Board of the District. The Lease is subject to annual termination by the District and will be terminated upon the occurrence of an Event of Nonappropriation or an Event of Default under the Lease. Upon the occurrence of an Event of Nonappropriation or an Event of Default under the Lease, the only sources available for payment of the Certificates will be moneys, if any, held in the Certificate Fund created under the Indenture and moneys received by the Trustee from the sale or lease of the Leased Property and the exercise of other remedies available under the Lease and the Indenture. There is no assurance that the Trustee will receive any moneys from the sale or lease of the Leased Property or the exercise of other remedies under the Lease and the Indenture following the occurrence of an Event of Nonappropriation or an Event of Default under the Lease.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision and should give particular attention to the section entitled "INVESTMENT CONSIDERATIONS."

The Certificates are offered when, as and if executed and delivered, and accepted by the Underwriter named below, subject to prior sale, approval of legality and certain other matters by Kutak Rock LLP, as Bond Counsel, and other conditions. Kutak Rock LLP has acted as Bond Counsel to the District for purposes of assisting the District with the preparation of this Official Statement. Hilltop Securities Inc., Denver, Colorado is serving as financial advisor to the District and Garfield & Hecht, P.C. has acted as counsel to the Underwriter. It is expected that the Certificates will be available for delivery through the facilities of DTC on or about November 3, 2020.

STIFEL

The date of this Official Statement is October 26, 2020.

MATURITY SCHEDULE

\$6,825,000 Tax-Exempt Certificates of Participation Series 2020A

CUSIP[®] 744712¹

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	CUSIP [®] ¹
2021	\$ 330,000	2.00%	0.42%	BS8
2022	360,000	2.00	0.48	BT6
2030	485,000	4.00	1.57	BU3
2031	1,050,000	4.00	1.81 ²	BV1
2032	1,095,000	4.00	2.00 ²	BW9
2033	1,140,000	2.25	2.40	BX7
2034	1,165,000	3.00	2.41 ²	BY5
2035	1,200,000	4.00	2.21 ²	BZ2

\$8,215,000 Taxable Certificates of Participation Series 2020B

CUSIP[®] 744712¹

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	CUSIP [®] ¹
2021	\$510,000	2.00%	0.90%	CA6
2022	525,000	2.00	1.00	CB4
2023	905,000	2.00	1.05	CC2

\$1,855,000 1.250% Term Certificate Due December 1, 2025 Price 99.510% CUSIP[®] ¹ 744712 CE8
\$1,905,000 1.750% Term Certificate Due December 1, 2027 Price 99.010% CUSIP[®] ¹ 744712 CF5
\$2,515,000 2.250% Term Certificate Due December 1, 2030 Price 99.106% CUSIP[®] ¹ 744712 CG3

¹ The District takes no responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of owners of the Certificates.

² Priced to yield to the earliest call date on which the Bonds may be optionally redeemed at par on December 1, 2030.

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**PUEBLO CITY-COUNTY LIBRARY DISTRICT,
PUEBLO COUNTY, COLORADO**

Board of Trustees

Doreen Martinez, President
Stephanie Garcia, Vice President
Marlene Bregar, Trustee
Lyndell Gairaud, Trustee
Dustin Hodge, Trustee
Dr. Philip Mancha, Trustee
Fredrick Quintana, Trustee

Administrative Officials

Jon Walker, Executive Director
Sherri Baca, Chief Financial Officer/Associate Executive Director

Underwriter

Stifel, Nicolaus & Company, Incorporated
Denver, Colorado

Trustee

UMB Bank, n.a.
Denver, Colorado

District Counsel

Collins Cockrel & Cole, P.C.
Denver, Colorado

Financial Advisor

Hilltop Securities Inc.
Denver, Colorado

Underwriter's Counsel

Garfield & Hecht, P.C.
Avon, Colorado

Bond Counsel

Kutak Rock LLP
Denver, Colorado

No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information contained in this Official Statement, in connection with the offering of the Certificates, and, if given or made, such information or representation must not be relied upon as having been authorized by the District or the Underwriter. The information contained in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been furnished by the District and obtained from other sources which are believed to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information, and this Official Statement is not to be construed as the promise or guarantee of the Underwriter.

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Neither the Securities and Exchange Commission nor any securities regulatory authority of any state has approved or disapproved the Certificates or this Official Statement. Any representation to the contrary is unlawful.

DISTRICT MAP



DISTRICT

INTRODUCTION

This Official Statement is furnished to prospective purchasers of \$6,825,000 Tax Exempt Certificates of Participation, Series 2020A (the “2020A Certificates”), and \$8,215,000 Taxable Certificates of Participation, Series 2020B (the “Taxable 2020B Certificates” and together with the 2020A Certificates, the “Certificates”), dated the date of their delivery, evidencing undivided interests in the right to receive certain revenues under an annually terminable Lease Purchase Agreement dated as of November 1, 2020 (the “Lease”), by and between the Pueblo City-County Library District, in Pueblo County, Colorado (the “District”), as lessee, and UMB Bank, n.a., Denver, Colorado, as lessor, in its capacity as Trustee (the “Trustee”) under an Indenture of Trust by the Trustee dated as of November 1, 2020 (the “Indenture”). The offering of the Certificates is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Certificates. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Certain of the capitalized terms used herein are defined in APPENDIX A hereto.

The following introductory material is only a brief description of, and is qualified by, the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein.

The District..... The District is a political subdivision of the State of Colorado and was established on January 27, 1969, by an agreement between the City of Pueblo (the “City”) and the Pueblo City-County Library District, a library district governed by its Board of Trustees (the “Board”), which was formed on July 15, 1968, by joint resolution of the City Council of the City (“City Council”) and the Pueblo County Board of County Commissioners (the “County Board of Commissioners”). Prior to that time, the City was maintaining and operating its own public library. Upon the formation of the District, the City transferred the use of its facilities to the District for use as a library so long as the District maintains and provides library services which in the opinion of the City Council are adequate to serve the residents of the City which allows the District to be funded through its own mill levy and to develop, maintain and continuously evaluate policies, plans and systems to improve public library services in compliance with Title 24, Article 90, Colorado Revised Statutes, as amended (the “Colorado Library Law”). The agreement transferred use of the McClelland Library, now the Robert Hoag Rawlings Library, building and certain other equipment, facilities, books, periodicals and other library materials to the District (the “Rawlings Library”). See “APPENDIX B—THE DISTRICT—Intergovernmental Cooperation” herein for a description of the current agreement between the City and the District.

The District’s boundaries are coterminous with the County encompassing approximately 2,414 square miles in the south central portion of the State. The District’s current estimated population is approximately 168,424. The District has an annual circulation of approximately 2.1 million library materials and in 2019, library visits totaled approximately 1.2 million on a District-wide basis. See “APPENDIX B—THE DISTRICT” and the preceding “DISTRICT MAP.”

District's Assessed

Valuation..... The District's 2019 certified assessed valuation was \$1,906,776,371, which included \$57,148,824 of incremental assessed valuation in excess of "base" valuation in tax increment areas from which the District does not receive property tax revenues. The District's 2020 preliminary certified assessed valuation is \$1,953,362,469 which includes \$53,728,174 of incremental assessed valuation in excess of "base" valuation in tax increment areas from which the District does not receive property tax revenues. Such preliminary certified assessed valuation was certified by the Pueblo County Assessor on October 13, 2020, the "official" preliminary 2020 certification date, which was changed by Colorado Governor Polis at the request of Colorado assessors to accommodate delays caused by COVID-19. Such October preliminary values are subject to change prior to the December 10, 2020 final certification date. See "APPENDIX C—DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes," "—Tax Increment Areas" and "INVESTMENT CONSIDERATIONS—COVID-19."

Purpose Proceeds of the 2020A Certificates are being issued for the purpose of financing improvements to the Rawlings Library and, within the District's discretion, other District-owned facilities (the "Improvement Project"), and to pay the costs of issuance of the 2020A Certificates. Proceeds of the Taxable 2020B Certificates are being issued to advance refund the District's outstanding Certificates of Participation, Series 2012 (Pueblo West and Rawlings Addition Library Facilities) (the "Refunded Certificates") (the "Refunding Project"), and to pay the costs of issuance of the Taxable 2020B Certificates. See "THE CERTIFICATES—Application of the Certificate Proceeds—*The Improvement Project*" and "*—The Refunding Project.*"

The Leased Property..... The Rawlings Library, located at 100 E. Abriendo Avenue, in the City (the "Leased Property") consists of the Trustee's leasehold interest under the Site Lease in the site, together with improvements constructed as part of the Refunding Project. See "APPENDIX A—DEFINITIONS AND SUMMARIES OF CERTAIN TERMS OF THE LEASE AND THE SITE LEASE AND THE INDENTURE—The Site Lease." The Leased Property is leased by the District to the Trustee pursuant to the terms of the Site Lease dated as of November 1, 2020 (the "Site Lease") between the District, as lessor, and the Trustee, as lessee.

The Leased Property for the Certificates consists of the Rawlings Library. The Leased Property will be leased to the Trustee pursuant to a Site Lease for a term of approximately 25 years. The Lease provides for the use of the Leased Property by the District, subject to the annual appropriation of base rental payments. Base rental payments will be scheduled over a Lease term of 15 years. Assuming no Events of Nonappropriation or Event of Default has occurred and is continuing, the Trustee's interest in the Leased Property is scheduled to terminate December 1, 2045, releasing the Leased Property from the Site Lease and the Lease. When the Lease is paid in full, both the Lease and the Site Lease will be automatically terminated. See "THE LEASED PROPERTY."

Trustee UMB Bank, n.a., Denver, Colorado, a national banking association that is duly organized, validly existing and in good standing under the laws of the United States of America, is acting as Trustee under the Indenture, pursuant to which the Certificates are being delivered, and all references herein to the “Trustee” refer to the Trustee acting solely in such capacity.

Security The Certificates evidence assignments of proportionate undivided interests in the right to receive Revenues under the Lease. “Revenues” means (a) all amounts payable by or on behalf of the District with respect to the Leased Property pursuant to the Lease including, but not limited to, all Base Rentals, Purchase Option Prices, if any, and Net Proceeds, if any, but not including Additional Rentals payable thereunder; (b) any portion of the proceeds of the Certificates deposited with the Trustee in the Certificate Fund; (c) any earnings on moneys on deposit in the Certificate Fund; (d) all other revenues derived from the Lease, excluding Additional Rentals; and (e) any other moneys to which the Trustee may be entitled for the benefit of the owners of the Certificates (the “Owners” or the “Owners of the Certificates”). As more fully set forth under the caption “DEFINITIONS” in APPENDIX A, the term “Base Rentals” generally means the amounts payable by the District under the Lease during the Lease Term for the right to use the Leased Property (the schedule of payments of Base Rentals is designed to produce moneys sufficient to pay the Certificates), and the term “Additional Rentals” generally means: the reasonable fees and expenses of the Trustee and certain other costs and charges payable by the District under the Lease; the cost of taxes (if any), insurance premiums, maintenance, upkeep, repair, improvement, replacement and utility charges with respect to the Leased Property; and all other charges and costs which the District assumes or agrees to pay under the Lease, in the event that the District fails to pay the same. See “APPENDIX A.”

No provision of the Certificates, the Indenture or the Lease shall be construed or interpreted (i) to directly or indirectly obligate the District to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (ii) as creating a debt or multiple Fiscal Year direct or indirect debt or other financial obligation whatsoever of the District within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; or (iii) as a delegation of governmental powers by the District.

Neither the Certificates nor the Lease constitute a mandatory payment obligation in any Fiscal Year beyond a Fiscal Year for which the District has appropriated amounts to make payments under the Lease. The District may terminate its obligations under the Lease on an annual basis. The exercise by the District of its option to terminate its obligations under the Lease (which exercise is defined as an “Event of Nonappropriation”) is determined by the failure of the District Board of Trustees (the “Board”) to specifically appropriate moneys sufficient to pay all Base Rentals and reasonably estimated Additional Rentals as provided in the Lease. Upon the occurrence of an Event of Nonappropriation or Event

of Default (as defined herein), the Trustee is entitled to possession of the Leased Property, is to give notice to the District to vacate the Leased Property, may sell the Leased Property, or otherwise dispose of the Leased Property in such manner as may be determined by the Trustee to be in the best interests of the Owners, or exercise any other remedies available to the Trustee. See “THE CERTIFICATES—Security for the Certificates.”

The District has the option to purchase the Leased Property in accordance with the Lease by paying the Purchase Option Price (as more particularly defined herein), generally equal to an amount sufficient to effect a defeasance of the Certificates and any Additional Certificates then Outstanding. See “APPENDIX A—DEFINITION AND SUMMARIES OF CERTAIN TERMS OF THE LEASE AND THE SITE LEASE AND THE INDENTURE—The Lease.” The Trustee is required to use the Purchase Option Price to pay the principal of, premium (if any) and interest on such certificates.

Additional Certificates..... The Indenture permits the issuance of additional certificates which would be secured under the Indenture. See “THE CERTIFICATES—Security for the Certificates—*Additional Certificates*.”

Payment Provisions..... The Certificates mature and bear interest at the rates (computed on the basis of a 360-day year, consisting of twelve 30-day months) as set forth on the inside cover page hereof. Interest on the Certificates is payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2021. Payments to Beneficial Owners (as defined below) will be made as described in “APPENDIX H—BOOK-ENTRY-ONLY SYSTEM.”

Record Date The record date, with respect to each Interest Payment Date, means the 15th day of the preceding month (whether or not such day is a Business Day) in which such Interest Payment Date occurs.

Book-Entry-Only

Registration The Certificates will be issued in fully registered form and will be registered initially in the name of “Cede & Co.” as nominee for The Depository Trust Company, New York, New York (“DTC”), a securities depository. Beneficial ownership interests in the Certificates may be acquired in principal denominations of \$5,000 or integral multiples thereof through brokers and dealers who are, or who act through, participants in the DTC system (the “Participants”). Such beneficial ownership interests will be recorded on the records of the Participants. Persons for which Participants acquire interests in the Certificates (the “Beneficial Owners”) will not receive certificates evidencing their interests in the Certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Certificates. See “APPENDIX H—BOOK-ENTRY-ONLY SYSTEM” for a discussion of the operating procedures of the DTC system with respect to payments, registration, transfers, notices, and other matters. Except as otherwise provided in this Official Statement, the term

“Owner” shall refer to the registered owner of any Certificate, as shown by the registration books maintained by the Certificate Registrar.

Prior Redemption..... The Certificates are subject to extraordinary redemption and optional redemption prior to maturity. The Certificates are also subject to mandatory sinking fund redemption prior to maturity. The terms and provisions regarding such prior redemption are set forth in “THE CERTIFICATES—Redemption Provisions.”

Denominations..... The Certificates will be delivered in denominations of \$5,000 or any integral multiple thereof.

Tax Status 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 by the District and the Trustee with certain covenants, the portion of the Base Rentals allocable to the 2020A Certificates paid by the District which is designated and paid as interest as provided in the Lease and received by the Owners of the 2020A Certificates (the “2020A Interest Portion”), including any original issue discount properly allocable to certain of the 2020A Certificates, 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. In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rentals allocable to the Taxable 2020B Certificates paid by the District which is designated and paid as interest as provided in the Lease and received by the Owners of the Taxable 2020B Certificates (the “2020B Interest Portion”), is included in gross income for federal income tax purposes. Bond Counsel is also of the opinion that, under existing State of Colorado statutes, to the extent the 2020A Interest Portion is excludable from gross income for federal income tax purposes, the 2020A Interest Portion 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 state law tax opinion with respect to the treatment of the 2020B Interest Portion. In addition, Bond Counsel has expressed no opinion as to the effect of any termination of the District’s obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for income tax purposes of any moneys received by the Owners of the Certificates subsequent to such termination. The District has designated the 2020A Certificates as “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. For a more detailed description of such opinions of Special Counsel, see “TAX MATTERS” herein.

Authority for Issuance..... The Site Lease, the Lease and the Indenture have been authorized, executed, and delivered in full conformity with the constitution and laws of the State. The Certificates are executed and delivered pursuant to the Indenture.

- Investment Considerations.....** The purchase of the Certificates is subject to certain investment risks. See “INVESTMENT CONSIDERATIONS.”
- Delivery Information** The Certificates are offered when, as, and if executed and delivered, and accepted by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), subject to prior sale and approval of legality and certain other matters by Bond Counsel. It is expected that the Certificates will be available for delivery on or about November 3, 2020, against payment therefor.
- Exchange and Transfer** While the Certificates remain in book-entry-only form, transfer of ownership by Beneficial Owners (as defined by the rules of DTC, defined below) may be made as described in “APPENDIX H—BOOK-ENTRY-ONLY SYSTEM.” In the event that DTC ceases to act as securities depository for the Certificates, the Indenture provides for the transfer of Certificates by the Registrar pursuant to specified terms and provisions.
- Financial Statements.....** Appended hereto is the comprehensive annual financial report of the District for the year ended December 31, 2019, being the most recent audited financial statements available for the District.
- Additional Information** ALL OF THE SUMMARIES OF THE STATUTES, RESOLUTIONS, OPINIONS, CONTRACTS, AND AGREEMENTS DESCRIBED IN THIS OFFICIAL STATEMENT ARE SUBJECT TO THE ACTUAL PROVISIONS OF SUCH DOCUMENTS. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from: Pueblo City-County Library District, 100 E. Abriendo Avenue, Pueblo, Colorado 81004, Telephone: (719) 562-5600 or Stifel, Nicolaus & Company, Incorporated, 1401 Lawrence Street, Suite 900, Denver, Colorado 80202, Telephone: (303) 296-2300.

THE CERTIFICATES

The maturities, principal amounts and interest rates for the Certificates are set forth on the inside cover page hereof. Provisions regarding payment of principal and interest, prior redemption, anticipated delivery and certain other matters are described in the “INTRODUCTION.” The Certificates are being delivered pursuant to the Indenture. For a complete statement of the details and provisions of the Certificates, reference is made to the Lease and the Indenture, copies of which are available from the Underwriter prior to delivery of the Certificates. See “INTRODUCTION—Additional Information” and “APPENDIX A.”

Redemption Provisions

Optional Redemption – 2020A Certificates. The 2020A Certificates maturing on and before December 1, 2030 are not subject to redemption prior to their respective maturity dates. The 2020A Certificates maturing on and after December 1, 2031 are subject to redemption prior to maturity at the option of the District, in whole or in part in integral multiples of \$5,000, and if in part in such order of maturities as the District shall determine, and by lot within a maturity, on December 1, 2030 and on any

date thereafter, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption – Taxable 2020B Certificates. The Taxable 2020B Certificates maturing on December 1, 2025, are subject to mandatory sinking fund redemption by lot on December 1 of the years and in the principal amounts specified below, at a redemption price equal to the principal amount thereof (without redemption premium), plus accrued interest to the redemption date:

Year of Redemption	Redemption Amount
2024	\$920,000
2025 ¹	935,000

¹ Final maturity; not a sinking fund redemption.

The Taxable 2020B Certificates maturing on December 1, 2027, are subject to mandatory sinking fund redemption by lot on December 1 of the years and in the principal amounts specified below, at a redemption price equal to the principal amount thereof (without redemption premium), plus accrued interest to the redemption date:

Year of Redemption	Redemption Amount
2026	\$945,000
2027 ¹	960,000

¹ Final maturity; not a sinking fund redemption.

The Taxable 2020B Certificates maturing on December 1, 2030, are subject to mandatory sinking fund redemption by lot on December 1 of the years and in the principal amounts specified below, at a redemption price equal to the principal amount thereof (without redemption premium), plus accrued interest to the redemption date:

Year of Redemption	Redemption Amount
2028	\$ 980,000
2029	1,000,000
2030 ¹	535,000

¹ Final maturity; not a sinking fund redemption.

The principal amount of Certificates to be redeemed on any date pursuant to the schedule above shall be reduced by the principal amount of any Certificates of the same maturity that (a) have, on or before the forty-fifth day next preceding the sinking fund redemption date, been delivered to the Trustee for cancellation and have not previously been applied as a credit against any sinking fund obligation and (b) have, on or before the sinking fund redemption date, been redeemed and have not previously applied as a credit against any sinking fund redemption obligation.

Redemption of Certificates in Whole Upon an Event of Nonappropriation or Event of Default. The Certificates are to be called, for redemption in whole, on any date, in the event of the occurrence of an

Event of Nonappropriation or the occurrence and continuation of an Event of Default under the Lease. The redemption price will be the lesser of (a) the principal amount of the Certificates, plus accrued interest to the redemption date (without any premium); or (b) the sum of (i) the amount, if any, received by the Trustee from the exercise of remedies under the Lease with respect to the Event of Nonappropriation or the occurrence and continuation of the Event of Default that gave rise to such redemption; and (ii) the other amounts available in the Trust Estate for payment of the redemption price of the Certificates, which amounts will be allocated among the Certificates in proportion to the principal amount of each Certificate. Under the Indenture, the payment of the redemption price of any Certificate is deemed to be the payment in full of such Certificate and no Owner of any Certificate redeemed will have any right to any payment from the Trustee or the District in excess of such redemption price.

In addition to any other notice required to be given under the Indenture, the Trustee is to, as soon as reasonably practicable upon the occurrence of an Event of Nonappropriation or an Event of Default, notify the Owners (a) that such event has occurred; and (b) whether or not the funds then available to it for such purpose are sufficient to pay the redemption price set forth in clause (a) of the immediately preceding paragraph. If the funds then available to the Trustee are sufficient to pay the redemption price set forth in clause (a) of the immediately preceding paragraph, such redemption price will be paid as soon as reasonably practicable. If the funds then available to the Trustee are not sufficient to pay the redemption price set forth in clause (a) of the immediately preceding paragraph, the Trustee is to pay the portion of the redemption price that can be paid from the funds available, net of any funds which, in the judgment of the Trustee, should be set aside to pursue remedies under the Lease and subject to the provisions of the Indenture, as soon as reasonably practicable, begin to exercise and will diligently pursue all remedies available to them under the Lease in connection of such Event of Nonappropriation or Event of Default. The remainder of the redemption price, if any, will be paid to the Owners if and when funds become available to the Trustee following the exercise of such remedies.

Notice of Redemption. Notice of the call for any redemption, identifying the Certificates or portions thereof to be redeemed and specifying the terms of such redemption, will be given by the Trustee by mailing a copy of the redemption notice by United States first-class mail, or by electronic means if to DTC or its successors, at least 30 days prior to the date fixed for redemption, and to the Owner of each Certificate to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, will not affect the validity of any proceedings of any Certificates as to which no such failure has occurred.

Any notice mailed as described under this caption will be conclusively presumed to have been duly given, whether or not the Owner receives the notice.

If at the time of mailing of notice of redemption there has not been deposited with the Trustee moneys sufficient to redeem all the Certificates called for redemption, which moneys are or will be available for redemption of such Certificates, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice will be of no effect unless such moneys are so deposited.

Redemption Payments. On or prior to the date fixed for redemption, the Trustee will apply funds to the payment of the Certificates called for redemption, together with accrued interest thereon to the redemption date, and any required premium. Upon the giving of notice and the deposit of such funds as may be available for redemption pursuant to the Indenture, interest on the Certificates or portions thereof thus called for redemption will no longer accrue after the date fixed for redemption.

The Trustee will pay to the Owners of Certificates so redeemed, the amounts due on their respective Certificates, at the Principal corporate trust office of the Trustee upon presentation and surrender of the Certificates.

Application of Certificate Proceeds

The Certificates are being issued for the purpose of financing the acquisition, construction, installation, and equipping, remodeling and updating of the Rawlings Library, refunding the Refunded Certificates and paying the costs of issuance of the Certificates.

The Refunding Project. The net proceeds from the sale of the Taxable 2020B Certificates will be used to advance refund the outstanding Certificates of Participation, Series 2012 (Pueblo West and Rawlings Library Addition Library Facilities) (the “2012 Certificates”), dated September 14, 2012, issued in the original aggregate principal amount of \$11,410,000 and currently outstanding in the aggregate principal amount of \$8,215,000.

The Improvement Project. The Rawlings Library, which opened in 2003, is a five-story structure of approximately 110,000 square feet and houses the District’s principal library services. As outlined in the Library Facilities Master Vision Plan, June 2019 (the “Master Plan”) and as more fully described below, the renovation of the Rawlings Library is currently contemplated to involve significant interior refurbishing to the existing facility. Design and construction will be planned and coordinated to minimize disruption to services during the Improvement Project allowing the Rawlings Library to remain open for the duration. The following provides a general description of the anticipated components of the Improvement Project, as currently contemplated. In addition to the following proposed Rawlings Library projects, the District shall have the right, in its sole and absolute discretion, to apply any 2020A Certificate proceeds that are so available in the Construction Fund established by the Indenture to the construction, improvement and equipping of other District-owned facilities without the inclusion of such facilities, improvements or equipment in the Trust Estate. Such application of proceeds would be as needed and solely within the District’s discretion, in accordance with the terms and limitations of the Indenture.

Lower Level. This level remains primarily for staff including technical services and other support activities and there are minimal changes proposed to the lower level.

Level 1. The proposal is to transform Bates Lane currently extending under the building from use by vehicular traffic to an outdoor event and learning space that could be used as an amphitheater. The drive-up book drops will be relocated and a loading dock will be created at the existing maintenance area. The wall defining the entry courtyard will be removed to create a more inviting entrance and be open to greater visibility to library patrons from E. Abriendo Avenue. The children’s library will be relocated to level 2 and the InfoZone will be moved from level 4 to level 1 to allow for greater visibility. A large maker-space potentially shared with a partnership is located in the former children’s library and a new 100 person meeting room will also be located on this level. The rotating exhibit area will located in the open atrium to facilitate the exhibition of tall displays and the café will be recreated and expanded. The circulation area will be reconfigured to provide a stronger visual connection to the existing meeting rooms.

Level 2. As previously noted, the children’s library will be moved to Level 2 to allow greater flexibility, security/safety and separation. The staff work areas adjacent to the restrooms will be expanded to provide a more efficient work flow. The fiction and non-fiction collections will be relocated into the east wing anchored by a quiet reading room at the eastern prow of the building. The teen library will be moved into the original library building along with a variety of study rooms to accommodate different sizes of groups. The Hispanic resource center and collections will also be relocated to the third floor along with other special collections.

Level 3. The archives and genealogy library will expand into the common area of this level and the vault will be nearly doubled in size to accommodate the growing collection. Study rooms and private reading areas will also be provided. The existing administrative area will remain largely in its current configuration in the east wing with minor modifications. A technology core will also be anchored on this level near the elevator core to reinforce the significance of technology in the library's collection.

Level 4. As previously noted, the InfoZone and the exhibit space are moved from level 4 down to level 1 allowing the existing large Ryals meeting room to expand into a grand event space that could accommodate approximately 220 individuals sitting at tables of eight. A glass folding partition allows for the space to be subdivided as required to accommodate simultaneous events on this level. The existing program room will be enhanced with the use of folding tiered theater seating and a large pre-function space near the stair/elevators enhancing the user experience.

Anderson Mason Dale Architects LLC, Denver, Colorado ("Anderson") is the architect for the Improvement Project. Program and concept design was completed in August, 2020; schematic design commenced in September, 2020; design development is scheduled for January, 2021; and construction documents are scheduled for April, 2021, with construction to begin in June 2021 and expected to be completed within 12-24 months. H.W. Houston Construction, Pueblo, Colorado ("H.W. Houston") is the Construction Manager/General Contractor for the Improvement Project.

The estimated Improvement Project costs are set forth in the following table:

Improvement Project Budget Summary ¹	
	Estimated Cost
Site Construction	\$ 750,000
Building Construction	4,450,000
Furniture, Fixtures and Equipment ²	<u>2,500,000</u>
Sub Total Hard Costs	<u>7,700,000</u>
Professional Fees ³	795,000
CM/GC Preconstruction Services ⁴	20,000
Supplemental Services ⁵	23,000
Site Survey ⁶	20,000
Relocation Expenses ⁷	177,093
Remaining Soft Cost Allowances ⁸	<u>264,908</u>
Sub Total Soft Costs	<u>1,300,000</u>
Owner's Contingency	<u>1,000,000</u>
Total Improvement Project Budget	<u>\$10,000,000</u>

¹ Not included or anticipated – fundraising expenses, collection development, owner's representative or new computers.

² Furniture, shelving and specialty millwork. Such furniture and equipment is not included as part of the Leased Property.

³ Per contract.

⁴ Estimate.

⁵ Security.

⁶ Allowance.

⁷ Estimated based on comparables.

⁸ Remainder after known soft costs.

Estimated Application of Certificate Proceeds. The estimated sources and uses of the proceeds of the Certificates are as follows:

SOURCES

Proceeds of the 2020A Certificates	\$ 6,825,000.00
Proceeds of the Taxable 2020B Certificates	8,215,000.00
Net Original Issue Premium on 2020A Certificates	771,377.80
Net Original Issue Discount on 2020B Certificates.....	(7,708.55)
Other District Funds ¹	<u>813,325.20</u>
Total.....	<u>\$16,616,994.45</u>

USES

Deposit to Project Account (2020A Proceeds)	\$7,500,000.00
Deposit to Escrow Account (2020B Proceeds).....	8,903,059.95
Costs of issuance, including underwriting discount ² , rating agency fees, professional fees, legal counsel fees, printing costs and contingency	<u>213,934.50</u>
Total	<u>\$16,616,994.45</u>

¹ Consists of funds from the Reserve Fund established in connection with the Refunded Certificates.

² See “MISCELLANEOUS—Underwriting.”

Security for the Certificates

The Certificates are payable solely from (a) annually appropriated Base Rentals and any Purchase Option Prices paid by the District under the Lease; (b) moneys held by the Trustee in the Certificate Fund created under the Indenture; (c) any earnings on moneys deposited in the Certificate Fund; (d) all other revenues derived from the Lease; and (e) all other moneys to which the Trustee may be entitled to for the benefit of the Owners. See “APPENDIX A—DEFINITIONS AND SUMMARIES OF CERTAIN TERMS OF THE LEASE THE SITE LEASE AND THE INDENTURE—The Lease.”

No provision of the Certificates, the Indenture, the Lease, or the Site Lease is to be construed or interpreted (i) to directly or indirectly obligate the District to make any payment in any fiscal year in excess of amounts appropriated for such fiscal year; (ii) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the District within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; (iii) as a delegation of governmental powers by the District; (iv) as a loan or pledge of the credit or faith of the District or as creating any responsibility by the District for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the Colorado Constitution; or (v) as a donation or grant by the District to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the Colorado Constitution.

Base Rentals and Purchase Option Price. The Trustee will hold in trust, for the benefit of the Owners, Base Rentals payable by the District under the Lease. The amount and timing of Base Rental payments are designed to provide sufficient moneys to the Trustee to pay the principal of and interest on the Certificates when due. Pursuant to the Lease, the District is entitled to a credit against the Base Rentals payable on any payment date for amounts on deposit in the Certificate Fund representing (a) accrued interest from the sale of Certificates; (b) earnings from the investment of moneys in the Certificate Fund during the six-month period prior to the date on which Base Rentals are required to be paid to the Trustee; (c) moneys deposited into the Certificate Fund deposited as provided in the Indenture; and (d) any moneys delivered to the Trustee by the District or any other Person that are accompanied by instructions to apply

the same to the payment of Base Rentals or to deposit the same in the Certificate Fund. See “—*Certificate Fund*” below under this caption.

The Purchase Option Price, which is payable only if and when the District exercises its option to purchase the Leased Property pursuant to the Lease, is designed to provide sufficient moneys to the Trustee to defease the Certificates through maturity. See “APPENDIX A—DEFINITIONS AND SUMMARIES OF CERTAIN TERMS OF THE LEASE THE SITE LEASE AND THE INDENTURE—The Lease.”

Except for tax revenues collected for the repayment of outstanding bonds or tax anticipation notes, there is no legal limitation on the source of funds the District can use to make payments under the Lease.

Certificate Fund. The Indenture creates the Certificate Fund and requires that the Trustee deposit into the Interest Account of the Certificate Fund (i) all accrued interest and capitalized interest, if any, received at the time of the initial delivery of the Certificates; (ii) that portion of each payment of Base Rentals made by the District which is designated and paid as the interest component thereof under the Lease; and (iii) all other moneys received by the Trustee under the Indenture accompanied by directions that such moneys are to be deposited into the Interest Account of the Certificate Fund.

The Trustee is required by the Indenture to deposit into the Principal Account of the Certificate Fund (i) that portion of each payment of Base Rentals made by the District which is designated and paid as the principal component thereof under the Lease; and (ii) all other moneys received by the Trustee under the Indenture accompanied by directions that such moneys are to be deposited into the Principal Account of the Certificate Fund.

Moneys in the Interest Account of the Certificate Fund are to be used solely for the payment of interest on the Certificates and moneys in the Principal Account of the Certificate Fund are to be used solely for the payment of the principal of and premium, if any, due on the Certificates. In the event the Certificates are to be redeemed in whole, any moneys remaining in the Certificate Fund are to be applied to such redemption along with other moneys held by the Trustee for such purpose. Amounts deposited into the Certificate Fund are to be depleted at least annually except for an amount not to exceed the greater of one year’s earnings on the Certificate Fund or 1/12th of the annual debt service on the Certificates

Additional Certificates. So long as the Lease Term is in effect and no Event of Nonappropriation or Event of Default has occurred thereunder, one or more series of Additional Certificates may be sold and delivered upon the terms and conditions provided in the Indenture. The maturity dates, Interest Payment Dates and the times and amounts of payments on such Additional Certificates shall be as provided in a Supplemental Indenture and an amendment to the Lease relating to such Additional Certificates. Additional Certificates may be sold and delivered to provide funding for the following purposes: (i) refunding all of the Outstanding Certificates and Additional Certificates; (ii) completing the construction and equipping of the Improvement Project, or improvements to or equipping of any other District-owned facilities (without the inclusion of such facilities, improvements or equipment in the Trust Estate), in excess of the amount available therefor in the Construction Fund pursuant to the Indenture, (iii) at any time or from time to time, making such modifications and improvements in, on or to the Leased Property or any other District-owned facilities as the District may deem necessary or desirable, subject to the terms of the Indenture; and (iv) paying costs incurred in connection with the execution and delivery of the Additional Certificates, any deposit to a reserve fund, if any, established in connection with such Additional Certificates as necessary for the amount therein to equal the maximum amount allowed under the Code and other costs reasonably related to the purpose for which the Additional Certificates are being executed and delivered.

Exercise of Remedies under Lease and Indenture. Upon the occurrence of an Event of Nonappropriation or an Event of Default under the Lease, the Trustee is permitted to sell or lease the Leased

Property or exercise its other remedies under the Lease and the Indenture. See “APPENDIX A.” See also “INVESTMENT CONSIDERATIONS—Results of a Termination of the Lease Term” for descriptions of the limited sources of payment of the Certificates after a termination of the Lease.

Base Rental Payments and Payments of Principal and Interest on the Certificates

Set forth in the following is a schedule of the Base Rental payments due by the District under the Lease and the payments of principal of and interest due on the Certificates. See the inside cover page of this Official Statement for the actual interest rates for each maturity of the Certificates.

TABLE I
Schedule of Base Rental Payments ¹

Year²	2020A Certificates		Taxable 2020B Certificates		Annual Total
	Principal	Interest	Principal	Interest	
2021	\$ 330,000	\$ 245,302	\$ 510,000	\$163,728	\$ 1,249,030
2022	360,000	221,000	525,000	141,712	1,247,712
2023	--	213,800	905,000	131,213	1,250,013
2024	--	213,800	920,000	113,112	1,246,912
2025	--	213,800	935,000	101,613	1,250,413
2026	--	213,800	945,000	89,925	1,248,725
2027	--	213,800	960,000	73,387	1,247,187
2028	--	213,800	980,000	56,588	1,250,388
2029	--	213,800	1,000,000	34,537	1,248,337
2030	485,000	213,800	535,000	12,038	1,245,838
2031	1,050,000	194,400	--	--	1,244,400
2032	1,095,000	152,400	--	--	1,247,400
2033	1,140,000	108,600	--	--	1,248,600
2034	1,165,000	82,950	--	--	1,247,950
2035	<u>1,200,000</u>	<u>48,000</u>	<u>--</u>	<u>--</u>	<u>1,248,000</u>
Total	<u>\$ 6,825,000</u>	<u>\$2,763,052</u>	<u>\$8,215,000</u>	<u>\$917,853</u>	<u>\$18,720,905</u>

¹ Rounded to the nearest dollar.

² Applicable Base Rental Payment Dates occur each May 15th and November 15th, with one-half of the indicated interest component amount to be paid on each May 15th and November 15th, and the indicated principal component amount to be paid on each November 15th.

Source: The Underwriter

INVESTMENT CONSIDERATIONS

THE PURCHASE OF THE CERTIFICATES IS SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. EACH PROSPECTIVE INVESTOR IN THE CERTIFICATES SHOULD READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY GIVING PARTICULAR ATTENTION TO THE FACTORS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF THE CERTIFICATES AND COULD ALSO AFFECT THE MARKET PRICE OF THE CERTIFICATES TO AN EXTENT THAT CANNOT BE DETERMINED.

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 municipal operations and revenues being vulnerable to the potential

economic effects of the pandemic. Federal, state and local governments have 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. (Orders issued by the State may be viewed at <https://covid19.colorado.gov/stay-home-except-essential-needs>.) These COVID-19 measures are changing rapidly, often daily and in some cases, multiple times in a single day. Unemployment claims are accelerating in many areas due to these developments concerning COVID-19.

From an operational perspective, due to COVID-19 precautions District buildings were fully closed from March 14, 2020 through May 3, 2020, partially opened for curbside service on May 4, 2020, and resumed regular service hours with a full staff in June of 2020, with the implementation and enforcement of COVID-19 sanitation and social distancing guidelines. COVID-19 sanitizing guidelines mandate procedures which delay the return of books to the shelf by approximately 3 days. The District opened its facilities during the pandemic to allow for study spaces and access to materials for students and, more recently, public meeting and cultural spaces have opened. The District has been observing mandated restrictions and social distancing guidelines since reopening its public spaces.

From a financial perspective, property taxes, which represent approximately 95% of the District’s revenue, are 98.2% collected as of August, 2020, which is comparable to 98.6% for the same period in 2019. Specific ownership tax, which comprised approximately \$1 million of the District’s revenues in 2019, are trailing collections through August of 2020 by approximately 1.5% compared to the same period in 2019. The District has applied for and has been awarded \$500,000 of COVID-relief from the DOLA Cares Act Grant and is currently submitting for reimbursement of equipment purchased during the pandemic in order to remain operational. Finally, the District received \$150,000 in grant funds to pay for mobile hot spots and laptops provided to students within the District for internet access and equipment for homeschooling purposes.

The District is continuing to closely monitor the impact of COVID-19 on its operations and the ultimate underlying financial impact on its revenues. It is unknown how extensive the spread of COVID-19 will be in the District 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 District’s services, the District currently has not seen, nor does it anticipate a significant, material impact on its annual revenues; however, it is not possible to ultimately 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 will affect the District’s finances in general. See “APPENDIX C—DISTRICT FINANCIAL INFORMATION.”

Special and Limited Obligations

The Certificates evidence assignments of proportionate undivided interests in rights to receive Revenues under the Lease. The Certificates are payable solely from the Revenues (which consist primarily of Base Rentals) received by the Trustee. All payment obligations of the District under the Lease, including but not limited to payment of Base Rentals, are from year to year only and do not constitute a mandatory charge or requirement in any year beyond the District’s then current fiscal year. Any legally available moneys may be applied to the District’s payment obligations pursuant to the Lease. However, neither the District, nor the Trustee on its behalf, has pledged the faith or credit of the District to the payment of the District’s obligations under the Lease. No directors, officers, employees, attorneys or agents of the District shall be subject to any pecuniary liability by virtue of the Certificates, the Indenture or the Lease. See “THE CERTIFICATES” and “APPENDIX C—DISTRICT FINANCIAL INFORMATION.”

Right of the District to Renew the Lease Annually

The obligation of the District to make payments under the Lease does not constitute an obligation of the District for which it is obligated to pledge any form of taxation or for which it is obligated to levy taxes. Except to the extent payable from the proceeds of the Certificates and income from the investment thereof, from the Net Proceeds of certain insurance policies and condemnation awards, from the Net Proceeds of leasing or a liquidation of the Leased Property or from other amounts made available under the Indenture, the Certificates and the interest thereon are payable solely from Revenues, consisting principally of the Base Rentals and the Purchase Option Price, if paid. The requirement of the District to pay Base Rentals and Additional Rentals under the Lease constitutes a currently-budgeted expenditure of the District, payable only if funds are appropriated by the Board each year.

The obligation of the District to pay Base Rentals and Additional Rentals is limited to those District funds which are specifically budgeted and appropriated annually by the Board for such purpose. Accordingly, a failure to renew the Lease would mean the loss of occupancy or use of the Leased Property by the District. In addition, the Lease directs the officer of the District at the time charged with the responsibility of formulating budget proposals to include in the budget proposals submitted to the Board, in any year in which the Lease shall be in effect, items for all payments required for the ensuing Renewal Term under the Lease, so that the decision to renew or not to renew the Lease is to be made solely by the Board and not by any other officer of the District.

The obligations of the District under the Lease may be terminated on an annual basis by the District without any penalty, and there is no assurance that the District will renew the Lease. Accordingly, the likelihood that the Lease will continue in effect until the Certificates are paid is dependent upon certain factors which are beyond the control of the registered owners of the Certificates, including, but not limited to (a) the continuing need of the District for the Leased Property and (b) the continued legal authority and ability of the District to generate sufficient funds from property taxes and other sources to pay obligations associated with the Lease and other obligations of the District. Payment of the principal of and interest on the Certificates in the event of an Event of Nonappropriation or an Event of Default with respect to the Lease will be dependent upon the ability of the Trustee to lease the Leased Property or the value of the Leased Property in a liquidation proceeding instituted by the Trustee. After a termination of the Lease and prior to any subsequent leasing or liquidation of the Leased Property, the Trustee must first offer to lease the Leased Property to the District on terms substantially similar to the Lease.

Results of a Termination of the Lease Term

In the event that the District shall not budget and appropriate, specifically with respect to the Lease, on or before December 31 of each year, moneys sufficient to pay all Base Rentals and the reasonably estimated Additional Rentals coming due for the ensuing Renewal Term, an "Event of Nonappropriation" will be deemed to have occurred. An Event of Nonappropriation will also be deemed to have occurred on any date on which the District provides the Trustee with specific written notice that the District is terminating the Lease. The Trustee must waive any Event of Nonappropriation which is cured by the District within ten days of the Trustee giving notice thereof. The District may cure an Event of Nonappropriation by including in a duly enacted appropriation resolution: (i) by specific line item, amounts authorized and directed to be used to pay all Base Rentals due under the Lease; and (ii) sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Fiscal Year.

Upon the occurrence of an Event of Nonappropriation or an Event of Default and prior to the Trustee's exercise of any remedies provided under the Lease, the Trustee must offer the District a reasonable opportunity to enter into a new lease purchase agreement between the Trustee, as lessor, and the

District, as lessee, with the same terms and provisions as the Lease. The Event of Nonappropriation would be considered cured upon the District's written agreement to enter into such new lease purchase agreement.

Except as provided in the Lease, if an Event of Nonappropriation occurs and is not otherwise cured pursuant to the terms of the Lease, the District's right of possession of the Leased Property under the Lease is to terminate at the end of the last day of the Fiscal Year (December 31) for which the Lease is in effect and the District will be no longer obligated to make payment of Base Rentals, Additional Rentals or any other payments provided under the Lease which accrue after the end of such Fiscal Year. In all events, the District must vacate or surrender possession of the Leased Property by the 10th business day of the Fiscal Year in respect of which the Event of Nonappropriation has occurred and has not been cured.

The District may also terminate the Lease as a result of certain events described in Appendix A under the caption "THE LEASE—Damage, Destruction and Condemnation." The Trustee, upon the occurrence of an Event of Nonappropriation, is entitled to all moneys then on hand and being held in the accounts within all funds created under the Indenture for the benefit of the Owners. After the 10th business day of the Fiscal Year in respect of which an Event of Nonappropriation has occurred, the Trustee may proceed to exercise all or any remedies provided under the Lease. The Net Proceeds from the leasing or sale of the Leased Property, along with other moneys then held by the Trustee under the Indenture (with certain exceptions as provided in the Lease and the Indenture), may be used to redeem the Certificates, to the extent of such moneys. See "THE CERTIFICATES—Redemption Provisions."

The Leased Property is to be insured by policies of casualty and property damage insurance as described in Appendix A under the caption "THE LEASE—Insurance to Be Maintained for the Leased Property." In the event of the damage to, destruction of, or the discovery of a defect in construction or manufacture with respect to, any of the Leased Property, and if the Net Proceeds from such insurance policies or certain other sources are insufficient to repair or replace such Leased Property, the District may elect to repair or replace such portions of the Leased Property with similar property of a value equal to or in excess of such Leased Property or portion thereof and pay as Additional Rentals, if such Additional Rentals have been appropriated and are available, any cost in excess of the amount of the Net Proceeds available for such purposes. The District may also elect to apply the Net Proceeds to the payment of the Purchase Option Price in accordance with the Lease, thereby acquiring the Trustee's interest in and terminating the Lease. See "THE CERTIFICATES—Redemption Provisions."

If the Net Proceeds from the leasing or sale of the Leased Property, along with other moneys then available under the Indenture are insufficient to pay in full the principal of and interest on the Certificates when due and the Certificates are redeemed for an amount less than the aggregate principal amount thereof and accrued interest thereon, no registered owner of any Certificate shall have any further claim for payment upon the Trustee or the District. See "THE CERTIFICATES—Redemption Provisions."

Enforceability of Remedies

Prior to the Trustee's exercise of any remedies provided in the Lease, the Trustee must offer the District a reasonable opportunity to enter into a new lease purchase agreement between the Trustee, as lessor, and the District, as lessee, with the same terms and provisions as this Lease. See "—Results of a Termination of the Lease Term" above. Should the District determine not to enter into a new lease purchase agreement with the Trustee, the Lease Term will terminate. The termination of the Lease Term as a result of an Event of Nonappropriation or an Event of Default will give the Trustee the right to possession of, and the right to lease or liquidate the Trustee's interest in the Leased Property, in accordance with the provisions of the Lease and the Indenture. The enforceability of the Certificates, the Lease and the Indenture is subject to applicable bankruptcy laws, principles of equity affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State and its political subdivisions and judicial

discretion. Because of the delays inherent in enforcing the remedies of the Trustee upon the Leased Property through the courts, a potential purchaser of the Certificates should not anticipate that the remedies of the Trustee are remedies which could be accomplished rapidly. Any delays in the ability of the Trustee to resolve its claim to the Leased Property in order to lease or liquidate any of its interest in the Leased Property may result in delays in the payment of the Certificates. Additionally, the Leased Property is subject to certain easements and covenants, conditions and restrictions that may affect the value of the Leased Property in the event the Trustee liquidates or leases its interest in the Leased Property pursuant to the terms of the Indenture and Lease.

Federal Securities Law Effects on the Certificates of an Event of Nonappropriation or an Event of Default

Special Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Certificate subsequent to a termination of the Lease Term by reason of an Event of Nonappropriation or an Event of Default. If the Lease Term is terminated by reason of an Event of Nonappropriation or an Event of Default, there is no assurance that the Certificates may be transferred by a registered owner thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

In addition, Special Counsel has rendered no opinion as to the treatment for federal or State income tax purposes of any moneys received by a registered owner of the Certificates subsequent to an Event of Nonappropriation or an Event of Default. There is no assurance that any moneys received by the registered owners of the Certificates subsequent to an Event of Nonappropriation or an Event of Default will be excludible from gross income for purposes of federal or State income taxation or alternative minimum tax.

Trustee's Limited Obligation

The Trustee has no assets or revenues available for payment of the Certificates other than its rights to Base Rentals and Additional Rentals under the Lease, its access to moneys in the Certificate Fund and its other rights and interests under the Indenture and the Lease.

Tax and Securities Law Exemptions Following Termination of the Lease

Special Counsel has expressed no opinion as to the effect of any termination of the Lease on the treatment for federal or Colorado income tax purposes of any moneys received by the Owners subsequent to such termination or as to the effect of any such termination of the Lease on the exemption of the Certificates from registration under federal securities laws subsequent to such termination. See "TAX MATTERS." Owners of the Certificates should not, therefore, assume that the interest received by them following a termination of the Lease will be exempt from federal or Colorado income taxation or that the Certificates will be transferable without registration under the federal securities laws following a termination of the Lease.

Casualty Risk

If all, substantially all, or any portion of the Leased Property is damaged or destroyed by any casualty, there is no assurance that casualty insurance proceeds and other available moneys of the District will be sufficient either to repair or replace the damaged or destroyed property or to pay the Certificates and any other Outstanding Certificates, if the Certificates are called for mandatory redemption as a result

of such casualty. Although the District believes its casualty insurance coverages are adequate, there is no assurance that delays in the receipt of casualty insurance proceeds pertaining to the Leased Property or delays in the repair, restoration or replacement of property damaged or destroyed would not have a material adverse effect on the ability of the District to operate the Leased Property or upon its ability to make timely rental payment under the Lease.

Final Construction Costs Not Established; Improvement Project Cost Overruns

As of the date of this Official Statement, the construction contracts associated with the Refunding Project have not been let. Although the District believes that the Refunding Project can be completed in a manner suitable to it from a combination of the net proceeds of the Certificates and other legally available funds (see “THE CERTIFICATES—Application of Certificate Proceeds”), there is currently no guaranteed maximum price contract or other form of assurance that the Improvement Project, as currently planned, can be completed within the assumed Improvement Project budget described under the caption “THE CERTIFICATES—Application of Certificate Proceeds—*The Improvement Project.*”

There is no assurance the District will receive the pending grants and additional donations for Library construction costs described under the caption “THE CERTIFICATES—Application of Certificate Proceeds—*The Improvement Project.*” The District has incorporated contingency amounts into its costs projections to address any concerns regarding cost overruns. In the event of cost overruns or grant shortages, the District is prepared to work with the General Contractor to utilize value engineering tactics to complete construction of the Library. The District is also prepared to fund Library landscaping components and certain Library equipment as a second phase of the overall project.

Future Changes in Laws

Various State laws and constitutional provisions limit revenues and spending of the State and local governments, such as the District, and govern generally the operation of the District. State laws, constitutional provisions and federal laws and regulations also apply to the obligations created by the delivery of the Certificates. There can be no assurance that there will not be changes in interpretation of or additions to the applicable laws and provisions which would have a material adverse effect, directly or indirectly, on the affairs of the District.

THE LEASED PROPERTY

The Leased Property consists of the Trustee’s leasehold interest in the Rawlings Library, excluding a portion of the third floor that is currently encumbered by a National Endowment for the Humanities grant (the “Excluded Portion”). In accordance with the terms of the grant, the Excluded Portion cannot be additionally encumbered. The Excluded Portion makes up approximately 10% of the Rawlings Library (approximately 11,100 of the 110,000 square-foot building). The Leased Property will be leased to the Trustee pursuant to the Site Lease for a term of approximately 25 years. The District will simultaneously enter into the Lease with the Trustee for the use of the Leased Property, subject to the annual appropriation of base rental payments. Base rental payments will be scheduled over a term of 15 years. When the Lease is paid in full, both the Lease and the Site Lease will be terminated.

The Rawlings Library is an approximately 110,000 square foot structural steel and masonry building, constructed in 2003 on a 2.17-acre site located at 100 East Abriendo Avenue in the City. A portion of the 2020A Certificate proceeds will be used to finance the construction of the Improvement Project generally consisting of improvements to the Rawlings Library as described herein. See “THE CERTIFICATES—Application of Certificate Proceeds—*The Improvement Project.*” According to the

Insurance Certification from Colorado Special Districts Property and Liability Pool, the Rawlings Library has an estimated value of \$27,700,037.

LEGAL MATTERS

Sovereign Immunity

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

The Governmental Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity.

In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment.

The maximum amounts that may be recovered under the Governmental Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$387,000 for claims accruing on or after January 1, 2018, and before January 1, 2022; (b) for an injury to two or more persons in any single occurrence, the sum of \$1,093,000 for claims accruing on or after January 1, 2018, and before January 1, 2022, except in such instance, no person may recover in excess of \$387,000. These amounts increase every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index, with the first such increase to occur on or before January 1, 2022. The governing board of a public entity may increase any maximum amount that may be recovered from the public entity for certain types of injuries. However, a public entity may not be held liable either directly or by indemnification for punitive or exemplary damages unless the applicable entity voluntarily pays such damages in accordance with State law.

The District has not acted to increase the damages liability limitations in the Governmental Immunity Act. Suits against both the District and a public employee do not increase such maximum amounts which may be recovered. The District may not be held liable either directly or by indemnification for punitive or exemplary damages. In the event that the District is required to levy an ad valorem property tax to discharge a settlement or judgment, such tax may not exceed a total of ten (10) mills per annum for all outstanding settlements or judgments.

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

Pending and Threatened Litigation

In connection with the issuance of the Certificates, General Counsel to the District will deliver a certificate stating that, as of the date of issuance of the Certificates, to the best of their knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the District, wherein an unfavorable decision, ruling or finding would have a materially adverse effect upon the District's ability to comply with its obligations under the Lease.

Legal Representation

Legal matters incidental to the authorization, issuance and delivery of the Certificates, and with respect to the treatment of interest thereon for purposes of federal and State income taxation, are subject to the approval of validity by Kutak Rock LLP, as Special Counsel. In addition Kutak Rock LLP has been retained to advise the District concerning, and has assisted the District in the preparation of, this Official Statement. Certain legal matters will be passed upon for the District by Collins, Cockrel & Cole, P.C, as General Counsel to the District.

The obligations of the District under the Lease are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of America of the powers delegated to it by the federal Constitution including without limitation, bankruptcy powers.

The legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

General Matters. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rentals paid by the District which is designated and paid as interest, as provided in the Lease, and received by the Owners of the 2020A Certificates (the "2020A Interest Portion"), including any original issue discount properly to the owner of a 2020A Certificate, 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 opinion described in the previous sentence assumes the accuracy of certain representations and compliance by the District and the Trustee with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the 2020A Certificates. Failure to comply with such requirements could cause the 2020A Interest Portion to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2020A Certificates. The District has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the 2020A Certificates. Additionally, Bond Counsel has expressed no opinion as to the effect of any termination of the District's obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for federal income tax purposes of any moneys received by the Owners of the 2020A Certificates subsequent to such termination.

The accrual or receipt of interest on the 2020A Certificates may otherwise affect the federal income tax liability of the owners of the 2020A Certificates. The extent of these other tax consequences will 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 2020A Certificates, 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 2020A Certificates.

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rentals allocable to the Taxable 2020B Certificates paid by the District which is designated and paid as interest as provided in the Lease and received by the Owners of the Taxable 2020B Certificates (the "2020B Interest Portion"), is included in gross income for federal income tax purposes. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Taxable 2020B Certificates. Additionally, Bond Counsel has expressed no opinion as to the effect of any termination of the District's obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for federal income tax purposes of any moneys received by the Owners of the Taxable 2020A Certificates subsequent to such termination.

Bond Counsel is also of the opinion that, under existing State of Colorado statutes, to the extent the 2020A Interest Portion is excludable from gross income for federal income tax purposes, such Interest Portion 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 Certificates under the laws of the State of Colorado or any other state or jurisdiction. In particular, Bond Counsel has expressed no state law tax opinion with respect to the treatment of the 2020B Interest Portion. Additionally, Bond Counsel has expressed no opinion as to the effect of any termination of the District's obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for State of Colorado income tax purposes of any moneys received by the Owners of the Certificates subsequent to such termination.

Original Issue Discount. Certain of the 2020A Certificates are being sold at an original issue discount (the "Discount 2020A Certificates"). The difference between the initial public offering prices of such Discount 2020A Certificates and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount 2020A Certificate is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount 2020A Certificate (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount 2020A Certificate which are attributable to accrued original issue discount will be treated as tax exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount 2020A Certificate, on days which are determined by reference to the maturity date of such Discount 2020A Certificate. The amount treated as original issue discount on such Discount 2020A Certificate for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount 2020A Certificate (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount 2020A Certificate at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount 2020A Certificate during the accrual period. The tax

basis is determined by adding to the initial public offering price on such Discount 2020A Certificate the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount 2020A Certificate is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount 2020A Certificates should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount 2020A Certificate.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the 2020A Certificates under the Code.

Original Issue Premium. The 2020A Certificates that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium 2020A Certificates”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium 2020A Certificate over its stated redemption price at maturity constitutes premium on such Premium 2020A Certificate. A purchaser of a Premium 2020A Certificate must amortize any premium over such Premium 2020A Certificate’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium 2020A Certificates 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 2020A Certificate is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium 2020A Certificate prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium 2020A Certificates 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 2020A Certificate.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the 2020A Certificates under the Code.

Original Issue Discount. The Taxable 2020B Certificates that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Discount Certificates”), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Certificates and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Certificate or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Certificate (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Certificate that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Certificate, on days that are determined by reference to the maturity date of such Discount Certificate. The amount treated as original issue discount on such Discount Certificate for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Certificate (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Certificate at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Certificate during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Certificate the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Certificate is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Certificates should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Certificate. Subsequent purchasers of Discount Certificates that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount

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 020A Certificates is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the 2020A Certificates that 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 020A Certificates from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Bank Qualified. The District has represented that it does not reasonably anticipate issuing greater than \$10,000,000 of tax-exempt obligations in calendar year 2020 (excluding certain private activity and refunding bonds) and that it has designed the 2020A Certificates as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. Accordingly, assuming the accuracy of such representations, Bond Counsel is of the opinion that in the case of certain banks, thrift institutions or other financial institutions owning the 2020A Certificates, a deduction is allowed for 80% of that portion of such institutions’ interest expense allocable to interest on such certificates. Bond Counsel has expressed no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by an owner of the 2020A Certificates or a related person to purchase or carry such certificates.

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 Certificates is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Certificates that 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 Certificates 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 Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Certificates 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 Certificates. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Certificates or the market value thereof would be impacted thereby. Purchasers of the Certificates 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 Certificates, 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 CERTIFICATES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE CERTIFICATES AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE CERTIFICATES.

MISCELLANEOUS

Rating

Moody’s Investors Service Inc. (“Moody’s”) has assigned the Certificates an underlying rating of “A1,” as shown on the cover page hereof. Such rating reflects only the view of such rating agency, and does not constitute a recommendation to buy, sell or hold securities. Any explanations of the significance of such ratings should be obtained from Moody’s at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency if in the judgment of such rating agency circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Certificates.

Registration of Certificates

Registration or qualification of the offer and sale of the Certificates (as distinguished from registration of the ownership of the Certificates) is not required under the federal Securities Act of 1933, as amended, the Colorado Securities Act, as amended, or the Colorado Municipal Bond Supervision Act, as amended, pursuant to exemptions from registration provided in such acts. THE DISTRICT ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE CERTIFICATES FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE CERTIFICATES MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED.

The “Colorado Municipal Bond Supervision Act”, Article 59 of Title 11, C.R.S., (the “Act”) generally provides for the Colorado Securities Commissioner (the “Commissioner”) to regulate and monitor the issuance of municipal securities by special districts and certain other entities. Among other things, the Act requires that all bonds, debentures, or other obligations (defined in the Act as “bonds”) issued by a special district must first be registered with the Commissioner unless exempt under the Act. Exempted from the registration requirement are, among others, an issue of bonds that is rated in one of its four highest rating categories by one or more nationally recognized organization which regularly rate such obligations. The Certificates will be exempt from registration pursuant to said exemption, among others.

Undertaking to Provide Ongoing Disclosure

Pursuant to the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the “Rule”), the District has covenanted, for the benefit of the holders of the Certificates, to provide certain financial information and other operating data and notices of certain enumerated events to the Electronic Municipal Market Access facility (“EMMA”) operated by the Municipal Securities Rulemaking Board (“MSRB”) after the Certificates are issued. The form of the District’s Continuing Disclosure Undertaking is attached as APPENDIX E to this Official Statement (the “Undertaking”).

During the past five years, the District has been subject to the requirements of the Rule under previous continuing disclosure undertakings and has substantially complied with such requirements in all material aspects. A failure by the District to comply with the requirements of the Rule will not constitute an Event of Default under the authorizing resolution (although Certificate owners will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Certificates and their market price.

Interest of Certain Persons Named in this Official Statement

The legal fees to be paid to Kutak Rock LLP are contingent upon the sale and delivery of the Certificates.

Independent Auditors

The comprehensive annual financial report of the District for the fiscal year ended December 31, 2019, which are appended hereto as Appendix D, have been audited by independent auditors, CliftonLarsonAllen LLP, Broomfield, Colorado, as stated in their report appearing therein. Such comprehensive annual financial report and auditor’s opinion have been included without the review or consent of the auditors.

Underwriting

The Certificates are being delivered by the District to the Underwriter at an underwriting discount of \$62,408 pursuant to a Certificate Purchase Agreement. See “THE CERTIFICATES—Application of Certificate Proceeds—*Estimated Application of Certificate Proceeds.*” Expenses associated with the issuance of the Certificates are being paid from proceeds of the issue. The right of the Underwriter to receive compensation in connection with this issue is contingent upon the actual sale and delivery of the Certificates. The Underwriter has initially offered the Certificates to the public at the prices or yields set forth on the inside cover page of this Official Statement, plus accrued interest from the dated date of the

Certificates. Such prices or yields, as the case may be, may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Certificates to the public.

Additional Information

Copies of constitutional provisions, statutes, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports and documents described in this Official Statement are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from the sources noted in the “INTRODUCTION.”

Official Statement Certification

The preparation of this Official Statement and its distribution have been authorized by the Board. This Official Statement is hereby duly approved by the Board as of the date on the cover page hereof. This Official Statement is not to be construed as an agreement or contract between the District and the purchasers or holders of any Certificates.

**PUEBLO CITY-COUNTY LIBRARY
DISTRICT, PUEBLO COUNTY, COLORADO**

By /s/ Doreen Martinez
President, Board of Trustees

APPENDIX A

DEFINITIONS AND SUMMARIES OF CERTAIN TERMS OF THE LEASE AND THE SITE LEASE AND THE INDENTURE

DEFINITIONS

“Additional Certificates” means the Additional Certificates executed and delivered pursuant to the Indenture.

“Additional Rentals” means the cost of all (a) reasonable expenses and fees of the Trustee related to the performance of the provisions of the Lease, or otherwise incurred at the request of the District, (b) taxes, if any, insurance premiums, utility charges, maintenance, upkeep, repair, improvement and replacement in respect of the Leased Property, (c) all other charges and costs (together with all interest and penalties that may accrue thereon) in the event that the District fails to pay the same, as specifically set forth in the Lease which the District assumes or agrees to pay under the Lease. Additional Rentals do not include Base Rentals.

“Approval of Bond Counsel” means an opinion of Bond Counsel to the effect that the matter proposed will not adversely affect the excludability from gross income, for federal income tax purposes, of interest on the Series 2020A Certificates.

“Authorized Officer” means (a) in the case of the Trustee, any person authorized to perform any act or sign any document by or pursuant to the bylaws or any resolution of the governing body of the Trustee; and (b) in the case of the District, means any person authorized by resolution of the Board or certificate of the District, to perform any act or execute any document.

“Base Rentals” means the payments payable by the District during the Lease Term pursuant to the Lease and as set forth in Exhibit B to the Lease which constitute the payments payable by the District for and in consideration of the right to use the Leased Property during the Lease Term. In the event that Exhibit B to the Lease sets forth separate schedules of Base Rentals payable with respect to one or more separate portions of the Leased Property, such payments will be combined for purposes of the Lease, but may be treated as separate schedules for other purposes of the Lease.

“Base Rental Payment Dates” means May 15 and November 15 of each Fiscal Year.

“Board” means the Board of Trustees of the District.

“Bond Counsel” means Kutak Rock LLP, or any other attorney or firm of attorneys of nationally recognized standing on the subject of municipal bonds and acceptable to the District and the Trustee.

“Business Day” means any day other than a Saturday, Sunday or legal holiday or day on which banking institutions in the city in which the Trustee has its principal corporate trust office are authorized or required by law to close.

“Certificate Fund” means the special fund created by the Indenture which is to be used for the payment of the principal of, premium, if any, and interest on the Certificates.

“Code” means the Internal Revenue Code of 1986, as amended, and regulations thereunder.

“*Costs of Issuance*” means administrative costs of issuance of any Certificates, including, but not limited to, any fees and expenses of any underwriter or financial advisor that provides services in connection with the delivery of any Certificates, legal fees and expenses, costs incurred in obtaining ratings from rating agencies, costs of immediately available funds, costs of publication, printing and engraving, accountants’ fees and recording and filing fees.

“*Costs*” or “*Costs of the Project*” means costs related to the completion of the Project, as defined in the Lease.

“*Counsel*” means an attorney at law or law firm (who may be counsel for the Trustee or the District) who is satisfactory to the Trustee.

“*Equipment*” means (a) those items of equipment, machinery and related property included in the Leased Property, if any, described on Exhibit A to the Lease, (b) any other equipment, machinery or related property included in the Improvement Project, and (c) any items of equipment, machinery and related property acquired in replacement or substitution for the Leased Property pursuant to the Lease, less equipment, machinery and related property released from the Lease pursuant to the Lease, or damaged, destroyed or condemned as provided in the Lease.

“*Event of Default*” means those defaults specified in the Indenture, which Events of Default generally include: (a) default in the payment of the principal of or premium, if any, on any Certificate when the same become due and payable, whether at the stated maturity thereof or upon redemption; (b) default in the payment of any installment of interest on any Certificate when the same become due and payable; or (c) the occurrence of an Event of Nonappropriation or an Event of Default by the District under the Lease.

“*Event of Nonappropriation*” means a termination of the Lease by the District, determined by the District’s failure for any reason, to duly enact by the last day of each Fiscal Year an appropriation resolution for the ensuing Fiscal Year which includes (a) by specific line item reference amounts authorized and directed to be used to pay all Base Rentals and (b) sufficient amounts to pay such Additional Rentals as are estimated to become due, as provided in the Lease. The term also means notice under the Lease of the District’s intention to terminate and an event described in the Lease relating to the failure by the District to appropriate amounts due as Additional Rentals in excess of the amounts estimated to become due.

“*Fiscal Year*” means the fiscal or budget year of the District.

“*Force Majeure*” means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; or any other cause or event not within the control of the District.

“*Holder*” means any Certificateholders of the Certificates.

“*Initial Purchaser*” means (a) with respect to the Certificates, Stifel, Nicolaus & Company, Incorporated, and (b) with respect to any Additional Certificates, the purchasers designated as such in any Supplemental Indenture.

“*Interest Payment Date*” means June 1 and December 1 of each calendar year, commencing June 1, 2021.

“Lease Purchase Agreement Balance” means the Outstanding principal amount of the Certificates.

“Lease Remedy” or *“Lease Remedies”* means any or all remedial steps provided in the Lease whenever an Event of Default thereunder has happened and is continuing, which may be exercised by the Trustee as provided in the Indenture.

“Lease Term” means the time during which the District is the lessee of the Leased Property under the Lease, including the Original Term and all Renewal Terms as provided in and subject to the Lease; certain provisions of the Lease survive the termination of the Lease Term, as provided in the Lease.

“Net Proceeds” when used with respect to any performance or payment of certificate proceeds, or proceeds of insurance, including self-insurance, required by the Lease, or proceeds from any condemnation award, or any proceeds resulting from default or breaches of warranty under a Project Contract or any other contract relating to the Leased Property or proceeds from any Lease Remedy, means the amount remaining after deducting from such proceeds (a) all expenses (including, without limitation, attorneys’ fees and costs) incurred in the collection of such proceeds or award; and (b) all other fees, expenses and payments due to the Trustee.

“Opinion of Counsel” means an opinion in writing of Counsel.

“Original Term” means the portion of the Lease Term that terminates on December 31, 2020.

“Outstanding” or *“Certificates Outstanding”* means all Certificates which have been executed and delivered under the Indenture, except:

- (a) Certificates canceled or which have been surrendered to the Trustee for cancellation;

- (b) Certificates in lieu of which other Certificates have been executed and delivered under the Indenture;

- (c) Certificates which have been redeemed as provided in the Indenture (including Certificates redeemed on a partial payment as provided in the Indenture); and

- (d) Certificates for the payment or redemption of which provision has been made in accordance with the Indenture.

“Owner” or *“owner”* or *“registered owner”* of a Certificate means the then current registered owner of any of the Certificates as shown in the registration records of the Trustee.

“Permitted Encumbrances” means those encumbrances included as Exhibit C attached to the Lease.

“Permitted Investments” means any lawful investment permitted for the investment of funds of the District by the laws of the State.

“Person” means natural persons, firms, associations, corporations and public bodies.

“Project” means, collectively, the Improvement Project and the Refunding Project.

“Project Contract” means any contract entered into by the District regarding the construction and improvement of any part of the Improvement Project (including, without limitation, contracts with construction contractors, vendors, architects, engineers and other consultants).

“Project Documents” means the following: (a) plans, drawings and specifications for the construction and improvement of the Improvement Project, when and as they are approved by the District, including change orders, if any, as provided in the Lease; (b) any necessary permits for a Project Contract, including any building permits and certificates of occupancy; (c) all Project Contracts; (d) policies of title, public liability, property and workmen’s compensation insurance, or certificates thereof, as required by the Lease with respect to any part of the Leased Property financed under the Lease; (e) performance and payment bonds with respect to the Leased Property or any Project Contract; and (f) all other documents executed by or furnished to the District in connection with the Leased Property or any Project Contract.

“Purchase Option Price” means the amount payable, at the option of the District, for the purpose of terminating the Lease with respect to the Leased Property and purchasing the Leased Property pursuant to the Lease, which amount is (a) an amount equal to the District’s outstanding Lease Purchase Agreement Balance, plus all Base Rentals representing interest on the Certificates which may be due on any date to the proposed date of repayment of the Certificates, or (b) an amount calculated by an independent certified public accountant, which is due in addition to the Lease Purchase Agreement Balance upon prepayment equal to an amount that together with the amount of such Lease Purchase Agreement Balance, is to be invested in noncallable obligations issued or guaranteed by the United States of America (which do not have a yield in excess of the yield permitted pursuant to the Code), the principal of and interest on which will be sufficient to pay (i) the principal or redemption price of the Outstanding Certificates and (ii) interest on the Outstanding Certificates coming due on each Interest Payment Date until the last of the Outstanding Certificates is redeemed and cancelled, as specified by the District, and plus (c) any other amount for costs or otherwise necessary to discharge the Indenture with respect to the Lease, and plus (d) any Additional Rentals then due or accrued.

“Rebate Fund” means the special fund created by the Indenture.

“Regular Record Date” means the fifteenth day of the month (whether or not a Business Day) preceding the date on which an Interest Payment Date for the Certificates occurs (other than a Special Record Date).

“Renewal Term” means any optional renewal of the Lease Term for the next Fiscal Year by the District, as provided in the Lease.

“Revenues” means (a) all amounts payable by or on behalf of the District with respect to the Leased Property pursuant to the Lease including, but not limited to, all Base Rentals, Purchase Option Prices and Net Proceeds, but not including Additional Rentals payable thereunder; (b) any portion of the proceeds of the Certificates deposited with the Trustee in the Certificate Fund; (c) any earnings on moneys on deposit in the Certificate Fund; (d) all other revenues derived from the Lease, excluding Additional Rentals; and (e) any other moneys to which the Trustee may be entitled for the benefit of the Owners of the Certificates.

“Site Lease” means the Site Lease dated of even date with the Lease, whereby the District conveys a leasehold interest in the Leased Property to the Trustee.

“Site Leased Property” means the property leased by the District to the Trustee pursuant to the Site Lease, as described in Exhibit A to the Site Lease.

“Special Record Date” means a special date fixed to determine the names and addresses of registered owners of the Certificates for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in the Indenture.

“*Supplemental Indenture*” means any indenture supplementing or amending the Indenture that is adopted pursuant to the Indenture.

“*Trust Estate*” means the property pledged and assigned to the Trustee pursuant to the granting clauses of the Indenture.

“*Trustee Default*” is any default of the Trustee under the Indenture, which Trustee Defaults generally include: (a) default in the payment of the principal of, premium, if any, and interest on any Certificate when due to the extent such failure is not directly caused by an Event of Default or an Event of Nonappropriation; (b) failure of the Trustee to enforce and diligently pursue any remedy available under the Indenture, unless the Trustee has been advised by counsel that such remedy is not legally available or would cause undue risk to the Trustee or the Holders, and after it has received assurances or indemnification satisfactory to it that it will be repaid for such action; and (c) failure by the Trustee to comply with any other provision of the Indenture within 30 days after receiving notice of noncompliance.

THE LEASE

The following provides a general summary of certain, but not all, provisions of the Lease.

Representations, Covenants and Warrants of the District Generally

Pursuant to the Lease, the District covenants and warrants as follows:

(a) The District is a library district duly organized and validly existing pursuant to the provisions of Part 1 of Article 90 of Title 24, C.R.S., established by the legislative bodies of the City of Pueblo and Pueblo County, Colorado for the purpose of providing library services within the District. The District is authorized to enter into the transactions contemplated by the Lease and to carry out its obligations under the Lease. The District has duly authorized and approved the execution and delivery of the Lease and the Site Lease.

(b) The acquisition, construction and equipping of the Improvement Project by the District, under the terms and conditions provided for in the Lease, are necessary, convenient, in furtherance of and will at all times be used in connection with the District’s governmental and proprietary purposes and functions (except to the extent that subleasing of the Leased Property by the District is permitted by the Lease) and is in the best interests of the citizens of the District, and no portion of the Leased Property will be used directly or indirectly in any trade or business carried on by any person other than a governmental unit of the State except with the prior Approval of Bond Counsel.

(c) Neither the execution and delivery of the Lease or the Site Lease, nor the fulfillment of or compliance with the terms and conditions of the Lease and the Site Lease, nor the consummation of the transactions contemplated thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the District is now a party or by which the District or its property is bound, or violates any statute, regulation, rule, order of any court having jurisdiction, judgment or administrative order applicable to the District, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien or encumbrance whatsoever upon any of the property or assets of the District, except for Permitted Encumbrances.

(d) There is no litigation or proceeding pending or threatened against the District or any other person affecting the right of the District to execute the Lease or the Site Lease or the

ability of the District to make the payments required thereunder or to otherwise comply with the obligations contained therein.

(e) To the best knowledge of the District, after due inquiry, (i) no dangerous, toxic or hazardous pollutants, contaminants, chemicals, waste, materials or substances, as defined in or governed by the provisions of any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating thereto (collectively, "Environmental Regulations"), and also including urea-formaldehyde, polychlorinated biphenyls, asbestos, asbestos containing materials, nuclear fuel or waste, radioactive materials, explosives, carcinogens and petroleum products, or any other waste, material, substance, pollutant or contaminant which would subject the owner of the Site Leased Property to any damages, penalties or liabilities under any applicable Environmental Regulation (collectively, "Hazardous Substances") are now or have been stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited or disposed of in, upon, under, over or from the Site Leased Property in violation of any Environmental Regulation; (ii) no threat exists of a discharge, release or emission of a Hazardous Substance upon or from the Site Leased Property into the environment; (iii) the Site Leased Property has not been used as or for a mine, landfill, a dump or other disposal facility, industrial or manufacturing facility, or a gasoline service station; (iv) no underground storage tank is located at the Site Leased Property or has previously been located therein but has been removed therefrom; (v) no violation of any Environmental Regulation now exists relating to the Site Leased Property, no notice of any such violation or any alleged violation thereof has been issued or given by any governmental entity or agency, and there is not now any investigation or report involving the Site Leased Property by any governmental entity or agency which in any way relates to Hazardous Substances; (vi) no person, party or private or governmental agency or entity has given any notice of or asserted any claim, cause of action, penalty, cost or demand for payment or compensation, whether or not involving any injury or threatened injury to human health, the environment or natural resources, resulting or allegedly resulting from any activity or event described in (i) above; (vii) there are not now any actions, suits, proceedings or damage settlements relating in any way to Hazardous Substances, in, upon, under, over or from the Site Leased Property; (viii) the Site Leased Property is not listed in the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites or any other list of Hazardous Substance sites maintained by any federal, state or local governmental agency; and (ix) the Site Leased Property is not subject to any lien or claim for lien or threat of a lien in favor of any governmental entity or agency as a result of any release or threatened release of any Hazardous Substance.

Representations, Covenants and Warranties of the Trustee Generally

Pursuant to the Lease, the Trustee covenants and warrants as follows:

(a) The Trustee (i) is a national banking association that is duly organized, validly existing and in good standing under the laws of the United States; (ii) is duly qualified to do business in the State; (iii) solely in its capacity as trustee under the Indenture, is the site lessee of the Leased Property pursuant to the Site Lease; and (iv) is authorized, under its articles of association and bylaws and applicable law, to act as trustee under the Indenture, to lease the Leased Property from the District, to lease the Leased Property to the District and to execute, deliver and perform its obligations under the Lease.

(b) Except as specifically provided in the Lease or the Indenture, the Trustee will not pledge or assign its right, title and interest in and to the Revenues derived under the Lease or any of its other rights under the Lease or assign, pledge, mortgage, encumber or grant a security interest

in its right, title and interest in, to and under the Lease or the Leased Property, except for Permitted Encumbrances.

(c) Neither the execution and delivery of the Lease or the Site Lease nor the fulfillment of or compliance with the terms and conditions thereof, nor the consummation of the transactions contemplated thereby, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee is bound, or constitutes a default under any of the foregoing.

(d) Except as specifically provided in the Lease, the Site Lease or the Indenture, the Trustee will not assign its duties and obligations under the Lease or the Site Lease to any other person, firm or corporation, so as to impair or violate these representations, covenants and warranties.

(e) There is no litigation or proceeding pending or threatened against the Trustee or any other person affecting the right of the Trustee to execute the Lease, the Site Lease, or the Indenture and to perform its obligations thereunder.

(f) The Trustee acknowledges that the obligations of the District under the Lease are payable solely from the Revenues and do not constitute or give rise to a general obligation or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the District within the meaning of any constitutional, charter or statutory provision or limitation nor a mandatory charge or requirement against the District in any ensuing Fiscal Year beyond any Fiscal Year during which the Lease is in effect. The Trustee further acknowledges that the District may elect not to renew the Lease by failure to budget and appropriate funds sufficient to meet its next Fiscal Year's Base Rentals and Additional Rentals, and that the acts of budgeting and appropriating funds are legislative acts and, as such, are solely within the discretion of the Board.

(g) The Trustee is to hold its interest in the Leased Property and its rights, title and interest in, to and under the Lease (other than the Trustee's rights to payment of its fees and expenses and the rights of third parties to Additional Rentals payable to them) in trust for the benefit of the Owners pursuant to the Indenture. Any successor trustee under the Indenture is automatically succeed to the previous trustee's interest in the Leased Property and the previous trustee's rights, title, interest and obligations in, to and under the Lease. The Trustee must not, except as provided in the Lease or in the Indenture, assign, convey or otherwise transfer to any person or entity any of the Trustee's interest in the Leased Property or the Trustee's rights, title or interest in, to or under the Lease.

Lease Term

The Lease Term is to commence as of the date of the Lease and continue through the last day of the current Fiscal Year of the District. The Lease Term may be renewed at the end of the Original Term and at the end of each Renewal Term thereafter for a term of twelve months coinciding with the next succeeding Fiscal Year. The District has the right to annually renew the Lease Term unless: (a) the District gives written notice to the Trustee not less than 90 days prior to the end of the Original Term or the then current Renewal Term of the District's intention not to renew the Lease at the end of the Original Term or the then current Renewal Term, or (b) an Event of Nonappropriation has occurred with respect to a Renewal Term occurring after the Original Term or any then current Renewal Term. The terms and conditions during any Renewal Term are to be the same as the terms and conditions during the Original Term, except for the amount of Base Rentals and Additional Rentals to be paid during such Renewal Term. The Lease

Term, including the Original Term and all Renewal Terms, does not exceed the weighted average useful life of the Leased Property.

Termination of Lease Term

The Lease Term will terminate upon the earliest of any of the following events:

- (a) the last day of any Fiscal Year during which there has occurred an Event of Nonappropriation pursuant to the Lease (unless such Event of Default is cured as provided in the Lease);
- (b) the conveyance of all of the Leased Property to the District upon payment of the Purchase Option Price or all Base Rentals and Additional Rentals as provided in the Lease, and discharge of the Indenture as it relates to the Lease; or
- (c) an Event of Default and termination of the Lease by the Trustee under the Lease.

An election not to renew the Lease Term will terminate all unaccrued obligations of the District under the Lease, and terminate the District's rights of possession under the Lease at the end of the last day of the Fiscal Year for which the Lease is in effect (except as provided in the Lease); but all other provisions of the Lease, including all obligations of the District accrued prior to such termination and all obligations of the Trustee with respect to the Owners and the receipt and disbursement of funds and all rights and remedies of the Trustee specifically provided in the Lease, will be continuing until the Indenture is discharged with respect to the Lease. Except for an event described in subparagraph (b) above, upon termination of the Lease, the District agrees to peaceful delivery of the Leased Property to the Trustee or its assigns at such reasonable location specified by the Trustee.

Payments by the District

The District and the Trustee acknowledge and agree that the Base Rentals and Additional Rentals under the Lease during the Original Term and all of the renewal terms, if any, will be paid from then currently budgeted expenditures of the District, using any legally available funds of the District. The District's obligations to pay Base Rentals, Additional Rentals or any other payments provided for under the Lease during the Original Term and all of the renewal terms, if any, are subject to the District's annual right to renew the Lease and do not constitute a mandatory charge, requirement or liability in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of the Lease is to be construed or interpreted as a delegation of governmental powers or as creating indebtedness or a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever of the District within the meaning of any constitutional or statutory debt limitation, including without limitation, Article XI, Sections 1, 2 and 6, and Article X, Section 20, of the Colorado Constitution. Neither the Lease nor the execution and delivery of the Certificates directly or indirectly obligate the District to make any payments of Base Rentals or Additional Rentals beyond the funds legally available to the District for its then current Fiscal Year.

The District is to pay all Base Rentals directly to the Trustee during the Original Term and all renewal terms, if any, on the Base Rental Payment Dates and in the amounts set forth in Exhibit B attached to the Lease. The Base Rentals and, if paid, Purchase Option Price, is to be paid by the District by certified funds, electronic wire or other method of payment acceptable to the Trustee in lawful money of the United States of America to the Trustee at its principal corporate trust office for deposit in accordance with the provisions of the Indenture.

Purchase Option Price

The District may, at any time during the Lease Term, pay the then applicable Purchase Option Price related to the Leased Property for the purpose of terminating the Lease and purchasing the Leased Property. If the District determines to pay the Purchase Option Price, Certificates will be redeemed on the first Interest Payment Date on which the Certificates may be redeemed following such payment. The District is to provide the Trustee notice of its intention to exercise its option not less than 60 days in advance of the date of exercise and is to deposit with the Trustee on or prior to an Interest Payment Date an amount equal to the Purchase Option Price.

Event of Nonappropriation

In the event that the Board does not specifically budget and appropriate, on or before the last day of each Fiscal Year, moneys to pay all Base Rentals and the reasonably estimated Additional Rentals coming due for the next ensuing Fiscal Year, an Event of Nonappropriation is deemed to have occurred, subject, however, to each of the following provisions:

(a) The Trustee must declare an Event of Nonappropriation on any earlier date on which the Trustee receives specific written notice from the District that the Lease will be terminated.

(b) Absent such notice from the District, the Trustee must give written notice to the District of any Event of Nonappropriation, on or before the fifth day of the next following Fiscal Year; but any failure of the Trustee to give such written notice will not prevent the Trustee from declaring an Event of Nonappropriation or from taking any remedial action which would otherwise be available to the Trustee.

(c) The Trustee may waive any Event of Nonappropriation which is cured by the District within a reasonable time if in the Trustee's judgment such waiver is in the best interest of the Owners.

(d) The Trustee must waive any Event of Nonappropriation which is cured by the District, within ten days of the giving of notice by the Trustee as provided in (b) above, by inclusion in a duly enacted appropriation resolution, (i) by specific line item, amounts authorized and directed to be used to pay all Base Rentals and (ii) sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Fiscal Year.

In the event that during any Fiscal Year, any Additional Rentals become due which were not included in a duly enacted appropriation resolution then, in the event that moneys are not specifically budgeted and appropriated to pay such Additional Rentals within 45 days subsequent to the date upon which such Additional Rentals are due, an Event of Nonappropriation is deemed to have occurred, upon notice by the Trustee to the District to such effect (subject to waiver by the Trustee as provided in the Lease).

Notwithstanding any Lease provision to the contrary, if an Event of Nonappropriation occurs, the District's rights of possession of the Leased Property under the Lease terminates at the end of the last day of the Fiscal Year for which the Lease is in effect, and the District is not be obligated to make payment of the Base Rentals, Additional Rentals or any other payments provided for in the Lease which accrue after the end of the last day of the Fiscal Year for which the Lease is in effect; provided, however, that, subject to the limitations of the Lease, the District will continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the District continues to occupy, use or retain possession of the Leased Property, beginning with the first day of the Fiscal Year in respect of which the Event of Nonappropriation

occurs. The District must in all events vacate or surrender possession of the Leased Property by the 10th Business Day of the Fiscal Year in respect of which the Event of Nonappropriation has occurred.

The Trustee is, upon the occurrence of an Event of Nonappropriation, entitled to all moneys then on hand and being held in the accounts within all funds created under the Indenture for the benefit of the Owners. After the 10th Business Day of the Fiscal Year in respect of which an Event of Nonappropriation has occurred, the Trustee may proceed to exercise all or any Lease Remedies. All property, funds and rights acquired by the Trustee upon the termination of the Lease by reason of an Event of Nonappropriation as provided therein, less any moneys due and owing to the Trustee, are to be held by the Trustee for the benefit of the Owners as set forth in the Indenture.

Construction of the Improvement Project

So long as the Lease has not been terminated by an Event of Nonappropriation or an Event of Default, the District agrees that it will make all contracts, take all other actions and do all things necessary for the construction and equipping of the Improvement Project, and, in connection therewith and in addition thereto, will comply with all applicable State and local law provisions.

Construction and equipping of the Improvement Project is to be in accordance with the Project Documents, subject to reasonable change orders or any other reasonable changes approved by the District. So long as the Lease is in full force and effect and no Event of Nonappropriation or Event of Default has occurred, the District has full power to carry out the acts and agreements provided in the Lease, and such power is granted and conferred under the Lease to the District, and is accepted by the District and cannot be terminated or restricted by act of the Trustee, except as provided in the Lease. The District agrees to construct and equip the Improvement Project with all reasonable dispatch through the application of moneys to be disbursed from the Construction Fund held by the District. If for any reason the Improvement Project is not constructed and equipped by the date scheduled for completion, there would be no resulting liability on the part of the District or Event of Default under the Lease, and there would be no diminution in or postponement of the Base Rentals and Additional Rentals required to be paid by the District during the Lease Term.

Title to the Leased Property; Limitations of Encumbrances

Except for personal property purchased by the District at its own expense pursuant to the Lease, title to the Site Leased Property is to remain in the District, subject to the Site Lease and the Lease, and title to the Leased Property and Equipment and any and all additions and modifications thereto and replacements thereof is to be held in the name of the Trustee, subject to the Site Lease and the Lease, until the Trustee has exercised Lease Remedies or until the Leased Property and the Equipment are conveyed as provided in the Lease, notwithstanding (a) a termination of the Lease by the District by reason of an Event of Nonappropriation; (b) the occurrence of one or more Events of Default; (c) the occurrence of any event of damage, destruction, condemnation, or, construction, manufacturing or design defect or title defect, as provided in the Lease; or (d) the violation by the Trustee of any provision of the Lease.

Maintenance of the Leased Property by the District; Modification of the Leased Property

The District agrees that at all times during the Lease Term the District will maintain, preserve and keep all portions of the Leased Property or cause the Leased Property to be maintained, preserved and kept, in good repair, working order and condition, and that the District will from time to time make or cause to be made all necessary and proper repairs, except as otherwise provided in the Lease. Neither the Trustee nor any of the Certificate Owners have any responsibility for such maintenance or repairs or for the making of any additions, modifications or replacements to the Leased Property.

The District has the privilege of making substitutions, additions, modifications and improvements to any portion of the Leased Property, at its own cost and expense, subject to the Lease and the Indenture, and to be included under the terms of the Lease, the Site Lease and the Indenture; provided, however, that such substitutions, additions, modifications and improvements must not in any way damage the Leased Property or cause the Leased Property to be used for purposes other than lawful governmental or proprietary functions of the District (except to the extent of subleasing permitted under the Lease); and provided that the Leased Property, as improved or altered, upon completion of such substitutions, additions, modifications and improvements, is to be of a value not less than the value of the Leased Property immediately prior to making such substitutions, additions, modifications and improvements.

Taxes, Other Governmental Charges and Utility Charges

In the event that the Leased Property or any portion thereof, for any reason, is deemed subject to taxation, assessments or charges lawfully made by any governmental body, the District is to pay the amount of all such taxes, assessments and governmental charges when due, as Additional Rentals.

Insurance to be Maintained for the Leased Property

Upon the delivery and acceptance of the Leased Property, the District must, at its own expense, cause casualty and property insurance to be carried and maintained with respect to the Leased Property in an amount equal to the principal amount of the Certificates then Outstanding or the maximum insurable value of the Leased Property, whichever is greater. Such insurance policy may have a deductible clause in an amount not to exceed \$25,000. The District may, in its discretion, insure the Leased Property under blanket insurance policies which insure not only the Leased Property, but other property as well, as long as such blanket insurance policies comply with the Lease requirements. Any property damage insurance policy required by the Lease must be so written or endorsed as to show the Trustee, as mortgagee/trustee and/or loss payee and/or additional insured, and to make losses exceeding \$25,000, if any, payable to the District and the Trustee as their respective interests may appear.

Upon the execution and delivery of the Lease, the District must, at its own expense, cause public liability insurance, including blanket contractual liability or specific contractual liability insurance for the Lease and public officials' errors and omissions coverage, to be carried and maintained with respect to the activities to be undertaken by the District and its officers, officials, agents and employees in connection with the use and possession of the Leased Property, in accordance with the Lease.

Under the Lease, District must, at its own expense, cause worker's compensation insurance to be procured and maintained covering the District's employees working in or on the Leased Property. Such insurance, if issued by a private carrier, must contain a provision that such coverage will not be cancelled without 60 days' prior written notice to the District and the Trustee. A certificate issued by the Colorado State Insurance Fund or a private carrier evidencing such coverage must be provided by the District to the Trustee. Such worker's compensation insurance may be by blanket insurance policy or policies.

If the District insures against similar risks by self-insurance, the District, at its election and in accordance with the standards of the State relating thereto, may in lieu of obtaining policies for casualty and property, public liability and workers' compensation insurance coverage as required by the Lease provide one or more such coverages by a self-insurance fund so long as the District provides an annual certification to the Trustee that the reserves therein are adequate as determined by, in the case of public liability and workers' compensation insurance, the District's risk manager, insurance consultant or actuary, and in the case of casualty and property insurance, an independent insurance consultant or actuary.

Each property and liability insurance policy provided for in the Lease must contain a provision to the effect that the insurance company will not cancel the policy or modify it materially and adversely to the interests of the Trustee without first giving written notice thereof to the District and the Trustee at least 60 days in advance of such cancellation or modification. Upon receipt of such notice, the District must immediately furnish to the Trustee a new insurance policy or certificate evidencing such policy replacing the cancelled or modified policy and effective on or before the effective date of such cancellation or modification.

The District must provide certified copies of all insurance policies required under the Lease or certificates of insurance. A certificate of insurance will be acceptable evidence of insurance at closing, with the understanding that the District will furnish the policy or endorsements within 45 days after closing. All insurance policies issued pursuant to the Lease or certificates evidencing such policies, must be deposited with the Trustee. No agent or employee of the District has the power to adjust or settle any loss with respect to the Leased Property, whether or not covered by insurance, without the prior written consent of the Trustee; except that losses not exceeding \$25,000 may be adjusted or settled by the District without the Trustee's consent.

Damage, Destruction and Condemnation

If, during the Lease Term (a) the Leased Property or any portion thereof is destroyed (in whole or in part), or damaged by fire or other casualty; or (b) title to, or the temporary or permanent use of, the Leased Property or any portion thereof or the estate of the District or the Trustee in the Leased Property or any portion thereof is taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; or (c) a breach of warranty or a material defect in the construction, manufacture or design of the Leased Property becomes apparent; or (d) title to or the use of all or any portion of the Leased Property is lost by reason of a defect in title thereto; then the District is obligated to continue to pay Base Rentals and Additional Rentals, regardless of whether the certificate of the completion of construction of the Improvement Project, if any, as required under the Lease has been delivered to the Trustee.

The District, and, to the extent such Net Proceeds are within its control, the Trustee, must cause the Net Proceeds of any insurance policies, performance bonds or condemnation awards, or from default under a Project Contract to be deposited in the Construction Fund, if received before the applicable Completion Date, or, if received thereafter, to be deposited in a separate trust fund held by the Trustee. All Net Proceeds so deposited are to be applied to the prompt repair, restoration, modification, improvement or replacement of the Leased Property by the District upon receipt of requisitions acceptable to the Trustee signed by an Authorized Officer as provided in the Lease.

If the Net Proceeds (plus any amounts withheld from such Net Proceeds by reason of any deductible clause) are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Leased Property required under the Lease, the District may elect, within 90 days of the occurrence of the event of damage, destruction or condemnation, to:

- (a) complete the work or replace such Leased Property (or portion thereof) with similar property of a value equal to or in excess of such Leased Property or portion thereof;
- (b) apply the Net Proceeds to the payment of the Purchase Option Price in accordance with the Lease. In the event of an insufficiency of the Net Proceeds for such purpose, the District must, subject to the limitations of the Lease, pay such amounts as may be necessary to equal that portion of the Purchase Option Price which is attributed to the Leased Property for which the Net Proceeds have been received (as certified to the Trustee by the District); and in the event the Net

Proceeds exceed such portion of the Purchase Option Price, such excess is be retained by the District; or

(c) if the District does not timely budget and appropriate sufficient funds to proceed under either (a) or (b) above, an Event of Nonappropriation will be deemed to have occurred and, subject to the District's right to cure, the Trustee may pursue remedies available to it following an Event of Nonappropriation.

Events of Default and Remedies under the Lease

Any one of the following is an "Event of Default" under the Lease:

(a) failure by the District to pay any Base Rentals or Additional Rentals during the Lease Term within five days after the same become due;

(b) failure by the District to vacate or surrender possession of the Leased Property by the 10th Business Day of the Fiscal Year in respect of which an Event of Nonappropriation has occurred;

(c) failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease or under any certificates executed and delivered by the District in connection with the execution and delivery of the Lease, other than as referred to in (a) or (b), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied is given to the District by the Trustee, unless the Trustee agrees in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee must not withhold its consent to an extension of such time if corrective action is instituted by the District within the applicable period and diligently pursued until the default is corrected. Such consent by the Trustee is not to be unreasonably withheld; or

(d) the District (i) files a petition or application seeking reorganization, arrangement under federal bankruptcy law, or other debtor relief under the laws of the State or (ii) is the subject of such a petition or application which is not contested by the District, or otherwise dismissed or discharged, within 30 days.

The foregoing is subject to the following limitations: (a) the District is obligated to pay the Base Rentals and Additional Rentals only during the Original Term or current renewal term, except as provided in the Lease; and (b) if, by reason of Force Majeure, the District is unable in whole or in part to carry out any agreement on its part contained in the Lease, the District is not deemed in default during the continuance of such inability. The District agrees, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the District from carrying out its agreement; provided that the settlement of strikes, lockouts and other industrial disturbances are entirely within the discretion of the District.

Lease Remedies on Default

Whenever an Event of Default has occurred, the Trustee must, without any further demand or notice, take one or any combination of the following remedial steps:

(a) The Trustee may terminate the Lease Term and give notice to the District to vacate and surrender possession of the Leased Property within 10 Business Days of such notice.

(b) The Trustee may proceed to foreclose through the courts on or otherwise sell, trade-in, repossess or liquidate the Leased Property, or any part thereof in any lawful manner and may exercise all the rights and remedies of a secured party under the Colorado Uniform Commercial Code with respect to the Equipment included in the Leased Property and in accordance with the remedies in the Indenture; provided, however, that the Trustee may not recover from the District any deficiency which may exist following the liquidation of the Leased Property in excess of Base Rentals and Additional Rentals for the then current Fiscal Year and in excess of amounts payable under subparagraph (d) below.

(c) In the event that the Trustee deems such action to be in the best interests of the Owners, the Trustee may lease or sublease the Leased Property or any portion thereof or sell any interest the Trustee has in the Leased Property for the benefit of such Owners.

(d) The Trustee may recover from the District:

(i) the portion of Base Rentals and Additional Rentals which would otherwise have been payable under the Lease, during any period in which the District continues to occupy, use or possess the Leased Property; and

(ii) Base Rentals and Additional Rentals which would otherwise have been payable by the District under the Lease during the remainder, after the District vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Default occurs.

(e) The Trustee may take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Lease and the Indenture.

The remedies provided above are subject to additional provisions of the Lease.

THE INDENTURE

The following provides a general summary of certain, but not all, provisions of the Indenture.

Trust Estate

The Trust Estate to be held by the Trustee for the benefit of the Owners is comprised of the following, subject to the terms of the Indenture:

(a) the Leased Property and the tenements, hereditaments, appurtenances, rights, privileges and immunities thereto belonging or appertaining, subject to the terms of the Lease and the Site Lease, including, but not limited to, the terms of the Lease permitting the existence of Permitted Encumbrances;

(b) all right, title and interest of the Trustee in, to and under the Lease and the Site Lease (other than the Trustee's rights to payment of its fees and expenses under the Lease and the rights of third parties to Additional Rentals payable to them under the Lease);

(c) all Base Rentals;

(d) all Additional Rentals that are payable to the Trustee for the benefit of the Owners;

- (e) the Purchase Option Price, if paid; and
- (f) all money and securities from time to time held by the Trustee under the Indenture in the Certificate Fund.

Terms of the Certificates

The Certificates are being executed and delivered to provide funds for the acquisition, construction and equipping of the Improvement Project by the District. The Certificates constitute assignments of proportionate undivided interests in the right to receive the Base Rentals and are additionally payable from certain other Revenues under the Lease.

The Certificates are to be executed and delivered solely as fully registered Certificates without coupons in denomination of \$5,000 and any integral multiple thereof. The Series 2020A Certificates are to be known as Tax-Exempt Series 2020A and be lettered “R-A-” and be numbered separately from 1 upward. The Series 2020B Certificates are to be known as Taxable Series 2020B and be lettered “R-B-” and be numbered separately from 1 upward. The Certificates are to be in substantially the form attached to the Indenture.

The Certificates are to be dated as of the date of their execution by the Trustee. The Certificates bear interest from November 3, 2020, if executed prior to December 1, 2020, or if executed on any later date, the Certificates bear interest from the June 1 or December 1 next preceding their date of execution, or if executed on a June 1 or December 1, the Certificates bear interest from such date; provided, however, that if interest on the Certificates is in default, Certificates executed and delivered in exchange for Certificates surrendered for transfer or exchange bear interest from the date to which interest has been paid in full on the Certificates so surrendered. Interest on the Certificates is payable on the first day of each June and December, commencing June 1, 2021, until such Certificates are paid pursuant to the provisions of the Indenture. Interest on the Certificates is calculated on the basis of a year of 360 days, consisting of 12 thirty day months. The Certificates mature on December 1 of the years, and in the amounts, and bear interest at the rates per annum, as set forth in the Indenture.

The principal of and premium, if any, on the Certificates is payable to the registered owners thereof, as shown on the registration books of the Trustee, upon presentation and surrender thereof at the corporate trust office of the Trustee or its successor. Payment of interest on any Certificate is to be made to the registered owner thereof by check or draft mailed by the Trustee, on or before each Interest Payment Date (or, if such Interest Payment Date is not a Business Day, on or before the next succeeding Business Day), to the registered owner thereof at his or her address as shown on the registration books of the Trustee at the close of business on the Regular Record Date for such interest payment date, unless there is an occasion for a Special Record Date, as provided in the Indenture. The Trustee may make payments of interest on any Certificate by such alternative means as may be mutually agreed to between the registered owner of such Certificate and the Trustee including payment through the Federal Reserve System by wire transfer in same day funds with any cost or expense to be paid by the registered owner. All such payments are to be made in lawful money of the United States of America without deduction for the services of the Trustee.

The Certificates are to be delivered initially only in book-entry form registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, acting as securities depository and registered owner of the Certificates, and immobilized in the custody of DTC. The principal of, premium, if any, and interest on the Certificates is to be paid by wire transfer to DTC; provided, however, that, if at any time the Trustee determines, and notifies the District of its determination, that DTC is no longer able to act as, or is no longer satisfactorily performing its duties as, securities depository for the Certificates, the Trustee may, at its discretion, either (i) designate a substitute securities depository for

DTC and re-register the Certificates as directed by such substitute securities depository or (ii) terminate the book-entry registration system with DTC and re-register the Certificates in the names of the beneficial owners thereof provided to it by DTC. Neither the District nor the Trustee have any liability to DTC, Cede & Co., any substitute securities depository, any Person in whose name the Certificates are re registered at the direction of any substitute securities depository, any beneficial owner of the Certificates or any other Person for (A) any determination made by the Trustee provided above or (B) any action taken to implement such determination and the procedures related thereto that are taken pursuant to any direction of or in reliance on any information provided by DTC, Cede & Co., any substitute securities depository or any Person in whose name the Certificates are re registered.

Certificates as Limited Obligations

The Certificates are payable solely from Revenues under the Lease as, when and if the same are received by the Trustee. Neither the Lease nor the Certificates constitute a general obligation indebtedness or a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever of the District within the meaning of any constitutional or statutory debt limitation. Neither the Lease, the Indenture, nor the Certificates have directly or indirectly obligated the District to make any payments beyond those appropriated for any Fiscal Year in which the Lease is to be in effect. All payment obligations of the District under the Lease, including, without limitation, the obligation of the District to pay Base Rentals, are from year to year only and do not constitute a mandatory payment obligation of the District in any Fiscal Year beyond a Fiscal Year in which the Lease is in effect. The Lease is subject to annual renewal at the option of the District and will be terminated upon the occurrence of an Event of Nonappropriation.

Delivery of the Certificates and Application of Net Proceeds

The Trustee is to deliver the Certificates to the Initial Purchaser upon the payment to the Trustee of \$15,803,669.25, which amount constitutes the aggregate net proceeds of the Certificates (as provided in an agreement between the District and the Initial Purchaser), less the amount withheld for payment of the Costs of Issuance.

The net proceeds of the Certificates are to be applied for the following purposes: (i) an amount sufficient to pay the accrued interest and capitalized interest on the Certificates, if any, is to be deposited into the Interest Account of the Certificate Fund; and (ii) the remaining amount is to be deposited into the Construction Fund.

Mutilated, Lost, Stolen or Destroyed Certificates

In the event that any Certificate is mutilated, lost, stolen or destroyed, a new Certificate may be executed and delivered by the Trustee, of like date, series, maturity and denomination as that mutilated, lost, stolen or destroyed, provided that the Trustee has received indemnity from the Owner of the Certificate satisfactory to it, and provided further, in case of any mutilated Certificate, that such mutilated Certificate is first to be surrendered to the Trustee. In the event that any such Certificate has matured, instead of delivering a duplicate Certificate, the Trustee may pay the same without surrender thereof. The Trustee may charge the registered owner of the Certificate with its reasonable fees and expenses for this service.

Registration of Certificates; Transfer and Exchange of Certificates; Persons Treated as Registered Owners

The Trustee is appointed registrar of the Certificates and is to maintain books for the registration and for the transfer of Certificates. Upon surrender for transfer of a Certificate at the corporate trust office of the Trustee, the Trustee is to execute and deliver in the name of the transferee or transferees a new fully

registered Certificate or Certificates of a like aggregate principal amount and of the same series and maturity. Certificates may be exchanged at the corporate trust office of the Trustee for an equal aggregate principal amount of Certificates of the same series and maturity and of other authorized denominations. All Certificates presented for transfer or exchange are to be accompanied by a written instrument or instruments of transfer or authorization for exchange to the satisfaction of the Trustee, duly executed by the registered Owner or by his or her legal representative.

New Certificates delivered upon any transfer or exchange evidence the same obligations as the Certificates surrendered, are secured by the Indenture and entitled to all of the security and benefits of the Indenture to the same extent as the Certificates surrendered. As to any Certificate, the person in whose name the same is to be registered is deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal, premium, if any, and interest on the Certificate are to be made only to or upon the written order of the registered owner thereof or his or her legal representative, but such registration may be changed as provided in the Indenture. All such payments are valid and effectual to satisfy and discharge such Certificate to the extent of the sum or sums paid. The Trustee will require the payment, by any Owner requesting transfer or exchange of Certificates, of any fees incurred with respect to such transfer or exchange.

Cancellation of Certificates

Whenever any Outstanding Certificate is delivered to the Trustee for cancellation pursuant to the Indenture, upon payment thereof or for or after replacement pursuant to the Indenture, such Certificate shall be promptly canceled in accordance with the customary procedures of the Trustee and applicable retention laws.

Additional Certificates

As long as the Lease Term is in effect and no Event of Nonappropriation or Event of Default has occurred, one or more issues of Additional Certificates may be issued upon the terms and conditions provided in the Indenture.

Additional Certificates may be executed and delivered to provide funds for any one or more of the following: (i) refunding all of the Outstanding Certificates and Additional Certificates; (ii) completing the construction and equipping of the Improvement Project, or improvements to or equipping of any other District-owned facilities (without the inclusion of such facilities, improvements or equipment in the Trust Estate), in excess of the amount available therefor in the Construction Fund pursuant to the Indenture, (iii) at any time or from time to time, making such modifications and improvements in, on or to the Leased Property as the District may deem necessary or desirable; and (iv) paying costs incurred in connection with the execution and delivery of the Additional Certificates and other costs reasonably related to the purpose for which the Additional Certificates are being executed and delivered.

Additional Certificates may be issued only upon there being filed with the Trustee:

(a) Originally executed counterparts of a Supplemental Indenture and an amendment to the Lease adopted in accordance with the requirements of the Indenture, including requirements regarding any applicable approval of the Owners, expressly providing that, for purposes of the Indenture, the Leased Property includes any property, buildings or equipment being financed by the Additional Certificates and further providing for an increase in the Base Rentals required to be paid to the Trustee under the Lease in such amount as necessary to pay (assuming that no Event of Nonappropriation or Event of Default occurs), the principal of and interest on the Certificates and

any Additional Certificates executed and delivered and Outstanding as well as the Additional Certificates proposed to be executed and delivered;

(b) A written opinion or opinions of Bond Counsel, mutually acceptable to the District and the Trustee, to the effect that the amendment to the Lease and the execution and delivery of the Additional Certificates have been duly authorized, and valid and enforceable against the District, that the excludability from federal income taxation of the interest on the Series 2020A Certificates and any Additional Certificates executed and delivered with the expectation that the interest thereon will not be included in federal income taxation, will not be adversely affected by the execution and delivery of the Additional Certificates proposed to be executed and delivered, and that the execution and delivery of the Additional Certificates will not constitute a default under the Lease or the Indenture nor cause any violation of the covenants, agreements or representations in the Lease or the Indenture.

(c) Evidence that the amount of the title insurance policy or policies required by the Lease has been increased, if necessary, to reflect the amount of the Certificates and Additional Certificates executed and delivered plus the Additional Certificates, (or such lesser amount as the maximum insurable value of the Leased Property that is to be insured by such policy or policies).

Additional Certificates must be executed and delivered in the manner and for the purposes provided in the Indenture.

Revenues and Funds

The following funds and accounts are established by the Indenture for the purposes described below:

(a) ***Certificate Fund.*** The Certificate Fund is to be used to pay the principal of, premium, if any, and interest on the Certificates. The Certificate Fund is comprised of the Interest Account and the Principal Account.

(i) Moneys in the Interest Account of the Certificate Fund are to be used solely for the payment of the interest on the Certificates and includes: (a) all accrued interest received at the time of the execution and delivery of the Certificates; (b) the amount constituting capitalized interest on the Certificates, (c) that portion of each payment of Base Rentals made by the District which is designated and paid as interest in the amounts determined in accordance with the Indenture and paid at the times specified in the Lease; and (d) all other moneys received by the Trustee under the Indenture to be used for the purpose of paying interest on the Certificates.

(ii) Moneys in the Principal Account of the Certificate Fund are to be used solely for the payment of the principal of the Certificates and includes: (a) that portion of each payment of Base Rentals made by the District which is designated and paid as principal under the Lease; and (b) all other moneys received by the Trustee under the Indenture to be used for the purpose of paying the principal of the Certificates.

(b) ***Construction Fund.*** Moneys deposited into the Construction Fund are to be expended on Costs of the Project, as provided in the Lease. Any moneys remaining in the Construction Fund on completion of the Improvement Project are to be transferred to the Interest Account of the Certificate Fund.

(c) ***Costs of Issuance Account.*** The Costs of Issuance Account is to be used to pay Costs of Issuance, as directed by the District. Any remaining amounts in the Costs of Issuance Account after such payments are made are to be transferred by the Trustee to the Principal Account of the Certificate Fund, pursuant to written direction from the District 3 months after the date the Certificates are issued.

Rebate Fund

The following deposits are to be made into the Rebate Fund (i) all amounts paid by the District pursuant to the Indenture; and (ii) all other moneys delivered to the Trustee that are accompanied by instructions to deposit the same into the Rebate Fund. Not later than 60 days after December 1, 2024 and every five years thereafter, the Trustee must, at the direction of the District, pay to the United States of America 90% of the amount required to be on deposit in the Rebate Fund as of such payment date. No later than 60 days after the final retirement of the Certificates, the Trustee must, at the direction of the District, pay to the United States of America 100% of the amount required to be on deposit in the Rebate Fund which will remain in effect for such period of time as is necessary for such final payment to be made. Each such payment required to be paid to the United States of America must be filed with the Internal Revenue Service Center, Ogden, Utah 84201. Each payment must be accompanied by a copy of the Internal Revenue Form 8038-T executed by the District and a statement prepared by the District or its agent summarizing the determination of the amount to be paid to the United States of America. The Trustee acknowledges that the District has reserved the right, in all events, to pursue such remedies and procedures as are available to it in order to assert any claim of overpayment of any rebated amounts.

The administration of the Rebate Fund is to be in accordance with the provisions of the Indenture. Pursuant to the Lease, if, for any reason, the amount on deposit in the Rebate Fund is less than the amount required to be paid to the United States of America on any date, the District will pay to the Trustee as Additional Rentals under the Lease the amount required to make such payment on such date.

Nonpresentment of Certificates

In the event any Certificate is not be presented for payment when due, if funds sufficient to pay such Certificate have been made available to the Trustee for the benefit of the registered owner thereof, the Trustee must hold such funds for a period of five years, without liability for interest thereon, for the benefit of the registered owner of such Certificate, who will be restricted exclusively to such funds for any claim of whatever nature on his or her part under the Lease or the Indenture or on or with respect to such Certificate.

So long as there has not been an Event of Nonappropriation or any Event of Default, any funds held by the Trustee pursuant to the preceding paragraph which remain unclaimed after the five year period are to be paid to the District and the registered owner of the such Certificates will be limited to a claim against the District.

Redemption of Certificates

(a) ***Redemption Upon an Event of Nonappropriation or an Event of Default under the Lease.*** Upon an Event of Nonappropriation or an Event of Default:

- (i) The Certificates are to be called for redemption, in whole, at a redemption price determined pursuant to subsection (ii) below, on any date, in the event of the occurrence of an Event of Nonappropriation under the Lease or the occurrence and continuation of an Event of Default under the Lease.

(ii) The redemption price is to be the lesser of (A) the principal amount of the Certificates, plus accrued interest to the redemption date (without any premium); or (B) the sum of (1) the amount, if any, received by the Trustee from the exercise of remedies under the Lease with respect to the Event of Nonappropriation or the occurrence and continuation of the Event of Default that gave rise to such redemption and (2) the other amounts available in the Trust Estate for payment of the redemption price of the Certificates, which amounts are to be allocated among the Certificates in proportion to the principal amount of each Certificate.

(iii) In addition to any other notice required to be given under the Indenture, the Trustee must, immediately upon the occurrence of an Event of Nonappropriation or an Event of Default under the Lease, notify the Owners (A) that such event has occurred and (B) whether or not the funds then available to it for such purpose are sufficient to pay the redemption price set forth in subsection (ii) above.

(b) ***Redemption of Certificates in Whole Upon Payment of the Purchase Option Price from Moneys Other than Moneys Derived from a Financing.*** The Certificates will be called for redemption, in whole, at a redemption price equal to the principal amount of the Certificates, plus accrued interest to the redemption date (without redemption premium), on any date in the event of, and to the extent that moneys are actually received by the Trustee from, the exercise by the District of its option to purchase the Leased Property from a source other than (i) moneys borrowed by the District or (ii) moneys made available to the District from a sale and lease-back or a lease and sublease-back of the Leased Property.

(c) ***Redemption of Certificates in Whole Upon Payment of Purchase Option Price from Moneys Derived from a Financing.*** The Series 2020A Certificates maturing in the years 2031 and thereafter are subject to redemption prior to their respective maturity dates, in whole or in part, at a redemption price equal to the principal amount of the Series 2020A Certificates, plus accrued interest to the redemption date (without redemption premium), on and after December 1, 2030, in the event of, and to the extent that moneys are actually received by the Trustee from, the exercise by the District of its option to purchase the Leased Property from either (i) moneys borrowed by the District or (ii) moneys made available to the District from a sale and lease back or a lease and sublease back of the Leased Property.

(d) ***Mandatory Sinking Fund Redemption.*** The Taxable 2020B Certificates maturing on December 1, 2025, December 1, 2027 and December 1, 2030, are also subject to mandatory sinking fund redemption by lot on December 1 of the years and in the principal amounts specified in the Indenture, at a redemption price equal to the principal amount thereof (without redemption premium), plus accrued interest to the redemption date.

(e) ***Notice of Redemption.*** The Trustee is to give notice of the call for any redemption, identifying the Certificates or portions thereof to be redeemed and specifying the terms of such redemption, by mailing a copy of the redemption notice by first-class mail, or by electronic means if to DTC or its successors, at least 30 days and not more than 60 days prior to the date fixed for redemption, to the registered owner of each Certificate to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, will not affect the validity of any proceedings for the redemption of Certificates as to which no such failure has occurred.

(f) ***Redemption Payments.*** On or prior to the date fixed for redemption, funds are to be deposited with the Trustee to pay, and the Trustee is authorized and directed to apply such funds to the payment of, the Certificates called for redemption, together with accrued interest thereon to the redemption date, and any required premium. Upon the giving of notice and the deposit of such funds as may be available for redemption pursuant to the Indenture (which may be less than the full principal amount of the

Outstanding Certificates and accrued interest thereon to the redemption date), interest on the Certificates or portions thereof thus called for redemption will no longer accrue after the date fixed for redemption.

The Trustee is to pay to the registered owners of Certificates so redeemed, the amounts due on their respective Certificates, at the corporate trust office of the Trustee upon presentation and surrender of the Certificates. Redemption payments are to be accompanied by a written designation prepared by the Trustee stating the portion of the payment representing the unpaid principal amount of the Certificate immediately prior to the payment, the portion of the payment representing interest, and the remaining portion, if any, which is to be designated and paid as a redemption premium. Upon surrender and cancellation of a Certificate for redemption in part only, a new Certificate or Certificates of the same series and maturity and of authorized denomination in an aggregate principal amount equal to the unredeemed portion thereof, is to be executed on behalf of and delivered by the Trustee. The expenses of such execution, delivery and exchange are to be paid by the District as Additional Rentals under the Lease.

Investment of Moneys

All moneys held as part of the Certificate Fund, the Construction Fund or any other Fund or Account created under the Indenture or under the Lease are to be deposited or invested and reinvested by the Trustee, at the written direction of the District, in Permitted Investments; provided, however, that the Trustee will not make deposits or investments of any Fund or Account created under the Indenture that interfere with or prevent withdrawals for payment of the Costs of the Project or for payment of the Certificates at or before maturity or of interest thereon as required under the Indenture. All investments and reinvestments of any amounts pursuant to the Indenture or the Lease are to be made in accordance with the provisions of the Indenture; and all investments and reinvestments of any amounts deemed to be, for purposes of the Code, proceeds of the Certificates, are to be in accordance with the requirements of the Tax Compliance Certificate executed by the District in connection with the execution and delivery of the Certificates, unless the Trustee receives an opinion of Bond Counsel to the effect that an alternate investment or reinvestment will not adversely affect the excludability from federal income taxation of interest on the Certificates, in which case such investment or reinvestment may be made in accordance with such opinion. Any and all such deposits or investments are to be held by or under the control of the Trustee.

Discharge of Indenture

If, when the Certificates secured by the Indenture become due and payable in accordance with their terms or otherwise as provided in the Indenture, the whole amount of the principal of, premium, if any, and interest due and payable upon all of the Certificates is paid (or, in the case of redemption of the Certificates pursuant to the Indenture, if full or partial payment of the Certificates and interest thereon is made as provided in the Indenture), or provision has been made for the payment of the same, together with all other sums payable under the Indenture, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the District to the Trustee and the Certificate Owners will thereupon cease, terminate and become void and be discharged and satisfied, pursuant to the terms of the Indenture.

Defaults and Remedies

The following events constitute Events of Default under the Indenture:

- (a) default in the payment of the principal of or premium, if any, on any Certificate when the same becomes due and payable, whether at the stated maturity thereof or upon redemption;

(b) default in the payment of any installment of interest on any Certificate when the same becomes due and payable; or

(c) the occurrence of an Event of Nonappropriation or an Event of Default by the District under the Lease.

Upon the occurrence of an Event of Default under the Indenture, the Trustee must immediately give notice of such occurrence to the registered owners of the Certificates, to the Initial Purchaser and to Moody's.

If any Event of Default occurs and is continuing, the Trustee may enforce, for the benefit of the registered owners of the Outstanding Certificates, each and every right granted to it as the assignee or grantee of the Lease. In exercising such rights and the rights given the Trustee under the Indenture, the Trustee must take such action as in the judgment of the Trustee would best serve the interests of the registered owners of the Outstanding Certificates, including calling the Outstanding Certificates for redemption prior to their maturity in the manner and subject to the provisions of the Indenture and exercising the Lease Remedies provided in the Lease.

Notwithstanding anything in the Indenture to the contrary, the registered owners of a majority in aggregate principal amount of the Certificates then Outstanding, have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver, and any other proceedings under the Indenture; provided that such direction not be otherwise than in accordance with the provisions of the Indenture. The Trustee will not be required to act on any direction given to it pursuant to the Indenture until the indemnity described in the Indenture is furnished to it by such Owners.

Trustee Default and Remedies; Rights of Certificate Owners

The following events constitute a Trustee Default under the Indenture:

(a) default in the payment of the principal of, premium, if any, and interest on any Certificate when due to the extent such failure is not directly caused by an Event of Default or an Event of Nonappropriation;

(b) failure of the Trustee to enforce and diligently pursue any remedy available under the Indenture, unless the Trustee has been advised by counsel that such remedy is not legally available or would cause undue risk to the Trustee or the Holders, and after it received assurances or indemnification satisfactory to it that it will be repaid for such action; and

(c) failure by the Trustee to comply with any other provision of the Indenture within 30 days after receiving notice of noncompliance.

Subject to the terms of the Indenture, upon the occurrence of any Trustee Default, the Owner of any Certificate may: (a) commence proceedings in any court of competent jurisdiction to enforce the provisions of the Indenture against the Trustee; (b) cause the Trustee to be removed and replaced by a successor trustee; and (c) take any other action at law or in equity that may appear necessary or desirable to enforce the rights of such Owner.

No Owner has any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust or for the appointment of a receiver or any

other remedy under the Indenture, unless (a) a default has occurred of which the Trustee has been notified, or of which it is deemed to have notice; (b) such default has become an Event of Default as defined in the Indenture; (c) the registered owners of not less than a majority in aggregate principal amount of the Certificates then Outstanding have made written request to the Trustee and have offered reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (d) such registered owners of the Certificates offered to the Trustee indemnity as provided in the Indenture; and (e) the Trustee thereafter failed or refused to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name. The foregoing conditions are declared in every case to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture, it being understood and intended that no one or more Owners have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by any action or to enforce any right thereunder except in the manner provided therein and that all proceedings at law or in equity be instituted, had and maintained in the manner therein provided and for the equal benefit of the registered owners of all Certificates then Outstanding. Nothing contained in the Indenture will, however, affect or impair the right of any Owner to enforce the payment of the principal of, premium, if any, and interest on any Certificate at and after the maturity thereof.

Upon the occurrence of an Event of Default under the Indenture, the lien on the Leased Property created and vested in the Trustee thereunder may be foreclosed either by sale at public auction or by proceedings in equity. Upon any such sale, any Owner or the Trustee may bid for and purchase the Leased Property or any portion thereof, in accordance with the provisions of the Indenture.

All rights of action and claims under the Indenture or any of the Certificates Outstanding thereunder may be enforced by the Trustee without the possession of any of the Certificates or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Trustee is to be brought in its name as the Trustee, without the necessity of joining as plaintiffs or defendants any registered owners of the Certificates, and any recovery of judgment is to be for the ratable benefit of the registered owners of the Certificates, subject to the provisions of the Indenture.

Application of Moneys in Event of Default

Unless otherwise provided in the Lease or the Indenture, any moneys received by the Trustee under the Indenture are to be applied in the following order:

- (a) To the payment of all the fees, costs, expenses, liabilities and advances incurred or made by the Trustee, including Counsel fees, costs and expenses;
- (b) To the payment of interest then owing on the Certificates, and in case such moneys are insufficient to pay the same in full, then to the payment of interest ratably without preference or priority of one Certificate over another or of any installment of interest over any other installment of interest;
- (c) To the payment of principal or redemption price (as the case may be) then owing on the Outstanding Certificates, and in case such moneys are insufficient to pay the same in full, then to the payment of principal or redemption price ratably, without preference or priority of one Outstanding Certificate over another; and
- (d) The surplus, if any, is to be paid to the District, or to the person lawfully entitled to receive the same as a court of competent jurisdiction may direct.

Duties of the Trustee

The duties of the Trustee under the Indenture include the following:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee must exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise as a reasonable and prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties by or through attorneys, agents, receivers or employees but will be answerable for the conduct of the same in accordance with the standard specified above, and will be entitled to act upon an Opinion of Counsel concerning all matters of trust and the duties under the Indenture, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the Indenture trusts. The Trustee may act upon an Opinion of Counsel and will not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such Opinion of Counsel.

(c) The Trustee will not be responsible for any recital in the Indenture or in the Certificates (except in respect to the execution of the Certificates on behalf of the Trustee), or for the recording or rerecording, filing or refiling of the Lease or the Indenture or of any supplements thereto or instruments of further assurance, or collecting any insurance moneys or for the validity of the execution by the Trustee of the Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Certificates executed and delivered under the Indenture or intended to be secured thereby, or for the value of or title to the Leased Property, and the Trustee will not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the District, except as provided in the Indenture; but the Trustee may require of the District full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee will have no obligation to perform any of the duties of the District under the Lease, and the Trustee will not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the Indenture.

(d) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof (except for funds or investments held by the Trustee) or as to the validity or sufficiency of the Indenture or the Certificates. The Trustee is not accountable for the use or application of any Certificates executed and delivered hereunder or the proceeds thereof. The Trustee may become the registered owner of the Certificates with the same rights which it would have if not the Trustee.

(e) The Trustee will be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to the Indenture upon the request or authority or consent of any person who, at the time of making such request or giving such authority or consent, is the registered owner of any Certificate is conclusive and binding upon all future registered owners of the same Certificate and upon any Certificates issued in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee is entitled to rely upon a certificate signed on behalf of the District by its Authorized Officers or such other person as may be designated for such purpose by a certified resolution, as sufficient evidence of the facts therein contained, and, prior to the occurrence of a default of which the Trustee has been notified as provided in the Indenture or of which by said subsection it is deemed to have notice, will also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but will in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in the Indenture will not be construed as a duty and the Trustee will not be answerable for other than its negligence or willful default.

(h) The Trustee will not be required to take notice or be deemed to have notice of any default under the Indenture except failure by the District to cause to be made any of the payments to the Trustee required to be made by the Indenture unless the Trustee is specifically notified in writing of such default by the District or by the registered owners of at least 25% in aggregate principal amount of Certificates then Outstanding, and all notices or other instruments required by the Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

(i) All moneys received by the Trustee will, until used or applied or invested as provided in the Indenture, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by the Indenture or law. The Trustee will not be under any liability to pay interest on any moneys received under the Indenture except such as may be agreed upon.

(j) At any and all reasonable times, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives will have the right, but will not be required, to inspect any and all of the property pledged in the Indenture, including all books, papers and records of the District pertaining to the Leased Property and the Certificates, and to take such memorandum from and in regard thereto as may be desired.

(k) The Trustee will not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) The Trustee will have no obligation to lend the Trustee's funds or credit to the District, or otherwise for the benefit or protection of the Leased Property or the Revenues.

(m) Before taking any action under the Indenture, the Trustee may require that satisfactory indemnity be furnished to it by the Owners for the reimbursement of all expenses which it may incur and to protect it against all liability, except liability which may result from its negligence or willful default, by reason of any action so taken.

(n) Notwithstanding anything in the Indenture to the contrary, the Trustee has the right, but is not required, to demand, in respect of the authentication of any Certificates, or any action whatsoever within the purview of the Indenture, any showings, certificates, opinions, appraisals, or other information or corporate action or evidence thereof, in addition to that required by the terms of the Indenture, as a condition of such action by the Trustee, as may be deemed

desirable for the purpose of establishing the right of the District to the authentication of any Certificates, or the taking of any other action by the Trustee.

(o) The Trustee will cause all supplements to the financing statements which are prepared and filed on the date of issuance of the Certificates and all other instruments as may be required at all times to be recorded, registered and filed in such manner and in such places as may be required by law in order to preserve and protect fully the security of the Owners and all rights of the Trustee hereunder.

(p) The Trustee may inform any Owner of environmental hazards that the Trustee has reason to believe exist, provided that the Trustee is not required to take further action and, in such event, no fiduciary duty exists which imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not been adequately indemnified.

Resignation or Replacement of the Trustee

The present or any future Trustee may resign by giving written notice to the District not less than 60 days before such resignation is to take effect. Such resignation will take effect only upon the appointment of a successor qualified as provided in the Indenture and such successor accepts the duties of Trustee. If an instrument of acceptance by a successor Trustee has not been delivered to the Trustee within 90 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee. After payment of all outstanding fees and expenses, the present or any future Trustee may be removed at any time by an instrument in writing, executed by the registered owners of a majority in aggregate principal amount of the Certificates then Outstanding and delivered to the Trustee for any breach of the trust set forth in the Indenture.

In case the present or any future Trustee at any time resigns or is removed or otherwise becomes incapable of acting, a successor may be appointed by the registered owners of a majority in aggregate principal amount of the Outstanding Certificates by an instrument or concurrent instruments signed by such Owners, or their attorneys-in-fact duly appointed; provided that the District may, by an instrument executed by order of the District, appoint a successor until a new successor is appointed by the Owners. The District after making such appointment will give notice thereof to each Owner, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the District will immediately and without further act be superseded by a successor appointed in the manner above provided by the registered owners of a majority in aggregate principal amount of the Certificates Outstanding.

Every successor trustee and the appointment thereof must be in compliance with the provisions of the Indenture.

Supplemental Indentures and Amendments of the Lease

The Trustee may, with the written consent of the District, but without the consent of, or notice to, the Owners, enter into Supplemental Indentures for any one or more or all of the following purposes:

- (a) To grant additional powers or rights to the Trustee;
- (b) To cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in the Indenture, or to make any provisions with respect to matters

arising under the Indenture or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners;

- (c) To subject to the Indenture additional revenues, properties or collateral;
- (d) To amend or modify the description of the real property and improvements constituting the Leased Property; provided, however, that such amendment or modification must not materially adversely affect the interests of the Owners;
- (e) To set forth the terms and conditions and other matters in connection with the execution and delivery of Additional Certificates pursuant to the Indenture; or
- (f) To preserve or protect the excludability from gross income, for federal income tax purposes, of interest on the Certificates.

Exclusive of Supplemental Indentures covered above, the written consent of the District and the consent of the registered owners of a majority in aggregate principal amount of the Certificates then Outstanding will be required for the execution by the Trustee of any Supplemental Indentures; provided, however, that without the consent of the registered owners of all the Certificates at the time Outstanding the Indenture will not permit, nor be construed as permitting:

- (a) A change in the maturity, terms of redemption or the method of calculating the interest on any Outstanding Certificate, or a reduction in the principal amount of or premium payable upon any redemption of any Outstanding Certificate without the consent of the registered owner of such Certificate;
- (b) The deprivation of the registered owner of any Certificate then Outstanding of the lien created by the Indenture (other than as originally permitted by the Indenture);
- (c) A privilege or priority of any Certificate or Certificates over any other Certificate or Certificates; or
- (d) A reduction in the aggregate principal amount of the Certificates required for consent to such Supplemental Indenture.

If at any time the District requests the Trustee to enter into such Supplemental Indenture for any of the purposes provided above, the Trustee must, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by registered or certified mail to the registered owners of the Certificates then Outstanding at the address of each such Owner shown on the registration books maintained by the Trustee. Such notice must briefly set forth the nature of the proposed Supplemental Indenture and must state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners.

If, within 60 days or such longer period as prescribed by the District following the giving of such notice, the registered owners of all or of a majority in aggregate principal amount of the Certificates then Outstanding, as the case may be, at the time of the execution of any such Supplemental Indenture, have consented to and approved the execution thereof, no Owner has any right to object to any of the terms and provisions contained therein, or in the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

The Trustee may, with the written consent of the District, but without the consent of or notice to the Owners, consent to any amendment, change or modification of the Lease as may be required (a) by the provisions of the Lease or the Indenture, (b) for the purpose of curing any ambiguity, or curing, correcting or supplementing any defect or omission or inconsistent provision contained therein, or to make any provisions with respect to matters arising under the Lease or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners, (c) in order to more precisely identify the Leased Property or to add additional improvements or properties acquired in accordance with the Lease and the Indenture; (d) in connection with the execution and delivery of Additional Certificates, (e) to add covenants of the District, (f) in order to preserve or protect the excludability from gross income, for federal income tax purposes, of interest on the Certificates, or (g) to amend or modify the description of the real property and improvements constituting the Leased Property; provided, however, that such amendment or modification must not materially adversely affect the interests of the Owners.

Except for the amendments, changes or modifications permitted above, the Trustee must not consent to any other amendment, change or modification of the Lease without giving notice to and receiving the written approval or consent of the registered owners of not less than a majority in aggregate principal amount of the Certificates at the time Outstanding given and procured as provided in the Indenture. If at any time the District requests the consent of the Trustee to any such proposed amendment, change or modification of the Lease, the Trustee must, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in the Indenture. Such notice must briefly set forth the nature of such proposed amendment, change or modification and must state that copies of the instrument embodying the same are on file at the principal corporate trust office of the Trustee for inspection by all Owners.

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APPENDIX B

THE DISTRICT

Establishment and Service Area

The District is a political subdivision of the State of Colorado and was established on January 27, 1969, by an agreement between the City of Pueblo (the “City”) and the Pueblo City-County Library District, a library district governed by its Board of Trustees (the “Board”), which was formed on July 15, 1968, by joint resolution of the City Council of the City (“City Council”) and the Pueblo County Board of County Commissioners (the “County Board of Commissioners”) and is considered to be a “Library District,” a separate legal entity created through Colorado State Statute 24-90-110 (the “Library Law”). The District is not considered to be a component unit of either the City of Pueblo or of Pueblo County, and is financially, managerially and operationally independent. Prior to that time, the City was maintaining and operating its own public library.

Prior to that time, the City was maintaining and operating its own public library. Upon the formation of the District, the City transferred the use of its facilities to the District for use as a library so long as the District maintains and provides library services which in the opinion of the City Council are adequate to serve the residents of the City which allows the District to be funded through its own mill levy and to develop, maintain and continuously evaluate policies, plans and systems to improve public library services in compliance with Title 24, Article 90, Colorado Revised Statutes, as amended (the “Colorado Library Law”). The agreement transferred use of the McClelland Library, now the Robert Hoag Rawlings Library, building and certain other equipment, facilities, books, periodicals and other library materials to the District (the “Rawlings Library”). See “—Intergovernmental Cooperation” herein for a description of the current agreement between the City and the District.

In addition the District created the Pueblo Library Foundation (the “Foundation”) a 501(c)(3) organization created to operate exclusively for charitable, scientific, literary or educational purposes for the benefit of the District, including providing resources for the development, maintenance and operation of the District to the extent not normally met by public funding. The Foundation’s fifteen-member board of directors (the “Foundation Board”) is appointed by the District’s Board and is included as a discretely presented component unit in the District’s audited financial statements.

The District’s boundaries are coterminous with the County encompassing approximately 2,414 square miles in the south central portion of the State. The District’s current estimated population is approximately 168,424. The District has an annual circulation of approximately 2.1 million library materials and in 2019, library visits totaled approximately 1.2 million a District-wide basis, approximately 283,000 program participants, and approximately 2.0 million on digital uses. The District’s 2019 certified assessed valuation was \$1,906,776,371, which included \$57,148,824 of incremental assessed valuation in excess of “base” valuation in tax increment areas from which the District does not receive property tax revenues. The District’s 2020 preliminary certified assessed valuation is \$1,953,362,469 which includes \$53,728,174 of incremental assessed valuation in excess of “base” valuation in tax increment areas from which the District does not receive property tax revenues. Such preliminary certified assessed valuation was certified by the Pueblo County Assessor on October 13, 2020, the “official” preliminary 2020 certification date, which was changed by Colorado Governor Polis at the request of Colorado assessors to accommodate delays caused by COVID-19. Such October preliminary values are subject to change prior to the December 10, 2020 final certification date. See “APPENDIX C—DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes,” “Ad Valorem Property Taxes—*Tax Increment Areas*” and “INVESTMENT CONSIDERATIONS—COVID-19.”

The District is responsible for the management and control of library services provided to residents of the District. Pursuant the District's mission statement, the purpose of the District is to provide access to quality resources and programs that serve the lifelong cultural, educational, informational and entertainment needs and interests of people of all ages and backgrounds within the District. Specific services of the District include a circulating collection (books, magazines, pamphlets, videos, compact disks, audio books, puppets and wireless information devices: laptops, iPads, e-readers); non-circulating items (state and local government documents, reference items, a western history special collection, genealogy tools, maps, and puzzles; and other services (photocopies, internet work stations, and professional reference and readers' advisory assistance, public meeting space, cultural and educational programming and literacy training).

The District operates an Adult Literacy Program which serves native English speakers and English language learners who wish to improve their reading, spelling, writing and comprehension skills. Additionally, the District operates with Rural Workforce Consortium the Virtual Workforce Center which provides resources such as posting and finding employment, resume and employment search tools, skills training and information on unemployment benefits for the District's residents.

The District utilizes a digital subscription service called Overdrive and other vendors, which allows District library card holders to download e-books, audio books and streaming music and movies from the District's website on their personal devices or those which the District owns which can be checked out as described above.

The District's mission includes encouraging reading and literacy, lifelong learning, and free and open access to information. In fulfillment of this, the District checked out 2,140,691 books and other library materials to patrons in 2019. 1,217,888 people visited local libraries in the same year. Library-sponsored cultural and educational events attracted 282,536 participants and use of digital resources was recorded at 2,057,227, which includes the number of people logging onto public-use computers in libraries as well as other related activities. In 2016, 2017, 2018 and 2019, the District was recognized as a Star Library in the results of the annual Library Journal Index of Public Services (the "LJ Index"). In 2019, the LJ Index rated 6,333 qualified US libraries, based on key result measures and is among the most prestigious recognitions nationally for public libraries, derived from data recently released by the Institute of Museum and Library Services. The District's LJ Index rating places it among the top 3.5% of all libraries nationally. In 2018, the District was awarded the National Medal for Museum and Library Service. In addition, the District beat out over 100 nominated public libraries from across the country to be selected on March 5, 2018 as "America's Best Library" by Engaging Local Governmental Leaders in a "people's choice" competition.

Intergovernmental Cooperation

Use of the land and the Rawlings Library was transferred to the District by the City under the terms of an intergovernmental agreement creating the District entered into by the City and the Pueblo City-County Library District on January 27, 1969 (the "Agreement"). The original Agreement provided that the City, while retaining title to all property, transferred the use of the facilities to the District for use by the District for so long as the District would maintain and provide services which, in the opinion of the City Council of the City, are adequate to serve the residents of the City. In 2002, the Agreement was amended and the title to all property formerly retained by the City transferred to the District. The Agreement provides that the Board shall levy sufficient mill levies each year upon the area within the District to provide the necessary revenue for the operation of the District. The Agreement, by its terms, may be canceled at the end of any budget year upon 180 days written notice given by one party to the other. The Agreement may be amended by the mutual agreement and consent of both parties. In 2020, the City transferred full title to the Rawlings Library property to the District.

Governing Body

The District is governed by a board of trustees (the “Board” or “Trustees”) consisting of a minimum of a seven (but not more than nine) members who exercise the powers granted to them by statute. The management and control of the District is vested in the Board, each of whom must be a resident within the library service area of the District, with at least one member of the Board residing outside of the City. The Trustees are appointed jointly by the Board of County Commissioners and the City Council of the City and the County to serve five-year terms, with no term limit. Vacancies on the Board are filled for the remainder of the unexpired term as soon as possible in the manner in which trustees are regularly chosen. Trustees may be removed only by a majority vote of the Board upon a showing of good cause as defined in the bylaws adopted by the Board or by the City Council of the City and the Board of County Commissioners of the County, pursuant to an agreement concerning the removal of District Trustees.

The District bylaws require that the Board hold 12 regular meetings as well as 12 regular work sessions, pursuant to a schedule determined by the Board and special meetings as necessary, with a minimum of four members constituting a quorum at any meeting. Trustees may not receive a salary or other compensation for services as a Trustee, but necessary traveling and subsistence expenses actually incurred may be paid from District funds as authorized by the Board. The current members of the Board, their offices, principal occupations, length of service and expiration of present terms of office are set forth in the following table:

Board of Trustees

Name	Office	Principal Occupation	Years of Service ¹	Term Expires (December 31)
Doreen Martinez	President	Real Estate	5	2020
Stephanie Garcia	Vice President	Non-profit Executive	2	2023
Marlene Bregar	Trustee	Educator	13	2022
Lyndell Gairaud	Trustee	Retail	7	2022
Dustin Hodge	Trustee	Media Production	3	2021
Philip Mancha	Trustee	Retired College Administrator	14	2024
Frederick Quintana	Trustee	Legal	9	2021

¹ Numbers have been rounded to closest year.
Source: The District

Powers and Duties of the Board

The Board has the following powers and duties pursuant to the Colorado Library Law (§ 24-90-109 C.R.S.): to adopt such bylaws, rules, and regulations for its own guidance and for the government of the District as it deems appropriate; to have supervision, care, and custody of all property of the District, including rooms or buildings constructed, leased, or set apart therefor; to retain a qualified Executive Director, who will have the responsibility to employ, direct, and supervise staff members and upon the Executive Director’s recommendation, employ such other employees as may be necessary, prescribe their duties, and fix their compensation; to submit annually a budget as required by law and certify to the Board of County Commissioners the sums necessary to maintain and operate the District during the ensuing year; to adopt a budget and make appropriations for the ensuing fiscal year, and have exclusive control and spending authority over the disbursement of District funds; to accept such gifts of money or property for District purposes as it deems expedient; to hold and acquire land by gift, lease, or purchase for District purposes; to lease, purchase, or erect any appropriate building for District purposes; to sell, assign, transfer, or convey any property of the District, whether real or personal, which may not be needed within the foreseeable future for any purpose authorized by law, upon such terms and conditions as it may approve,

and lease any such property, pending sale thereof, under an agreement of lease, with or without an option to purchase the same; to borrow funds for District purposes by means of a contractual short-term loan when moneys are not currently available but will be in the future, provided that such loan shall not exceed the amount of immediately anticipated revenues and shall be liquidated within six months, to authorize the bonding of persons entrusted with District funds; to conduct an annual audit of the financial statements of the District and submit the same to the Board of County Commissioners and City Council; to authorize the purchase of District materials and equipment on the recommendation of the Executive Director; to hold title to property given to or for the use of or benefit of the District, to be used according to the terms of the gift; perform all other acts necessary for the orderly and efficient management and control of the District; to enter into contracts; to submit a report to the Pueblo Board of County Commissioners and Pueblo City Council showing the condition of its trust during the year, sums of money expended, and the purposes of the expenditures and such other statistics and information as the Board deems to be of public interest and make a report to the state library in the form of a response to a survey to be designed and administered by same; to allow as it may deem necessary and upon such terms and conditions, the Board may allow non-residents of Pueblo County to use District materials and equipment and make exchanges of books and other material with any other library; and to request of the Pueblo Board of County Commissioners that an election be held to alter the maximum tax levied to support the District.

Administration and Management

The Board is responsible for the overall management and administration of the affairs of the District. Under the direction of the Board, the day to day operations of the District are conducted by an Executive Director, Associate Executive Director and Chief Financial Officer who are employed on a full time basis. Certain information regarding these officials together with job descriptions is set forth below.

Executive Director. The Executive Director administers the policies adopted by the Board, employs, directs, and supervises staff members, prepares required reports and budgets, recommends policies and procedures, and promotes effective library service. Jon Walker has served as the Executive Director of the District since February 2004. Mr. Walker has been a professional librarian for more than 20 years and has managed large libraries and hundreds of employees. Prior to his current position, he served 13 years at the Tulsa City-County Library System, in Tulsa, Oklahoma, serving as the Division Director for five years. In his 20+ years of experience as a librarian, Mr. Walker has had experience in nearly every aspect of public libraries, including informational technology, technical services, public services and administration. He holds a Bachelor of Arts degree from Oklahoma State University, and a Master of Library and Information Studies from the University of Oklahoma and Master of Arts degree with a major in History from the University of Tulsa. He belongs to the American Library Association, the Public Library Association, the Mountain Plains Library Association, and the Colorado Association of Libraries. Mr. Walker has served on a number of community and professional organization boards including, the Colorado Library Consortium, as a member of the EBSCO Public Library Advisory Board, and as a member of the Board of the Rotary Club of Pueblo No. 43 and a member of the Board of the El Pueblo Adolescent Treatment Community.

Associate Executive Director. In addition to serving in the official capacity of the Chief Financial Officer, the Associate Executive Director acts as second in command for the District and takes the lead responsibility for the strategic, tactical and financial success of the organization including budgetary functions along with insurance, risk management and the investment of public funds for the District. .

Sherri Baca has served as the Chief Financial Officer since 2016 and recently accepted the position as Associate Executive Director. Ms. Baca's career has spanned the non-profit and public sectors and she has served in executive leadership roles for the past twenty years. Ms. Baca earned the distinction as a certified public finance officer (CPFO) in 2019. Ms. Baca has continuously served on non-profit boards

since 2002 and is currently serving on the board of directors of Parkview Medical Center and the Colorado Special Districts Property and Liability Pool. Ms. Baca earned her Bachelor's Degree in Accounting and an MBA from Colorado State University-Pueblo and has been licensed in Colorado as a certified public accountant (CPA) since 2001. Additionally, Ms. Baca is a graduate of the El Pomar Non-Profit Executive Leadership Program and a graduate of Leadership Pueblo and is currently pursuing a Master of Science degree in library science from the University of Kentucky.

Employees and Benefits. In addition to the Executive Director and the Chief Financial Officer, the District employs 161 employees, including 72 full time and 61 part-time employees. Benefits provided by the District include workers compensation insurance, state unemployment compensation insurance, Public Employee Retirement Association of Colorado (“PERA”) contributions of 14.2% of all employees’ salary, health and life insurance employer contributions for full-time staff, and the Medicare Trust Fund employer contribution.

Health insurance is provided to full time employees under a partially self-funded plan approved by the Board with Cigna effective January 1, 2020. Part-time employees can participate in the telehealth program Healthiest You, voluntary benefits through AFLAC, discount dental program Alpha Dental as well as participate in the flexible spending account plan. Group life insurance coverage is furnished to all full time employees in an amount equal to annual salary with a minimum coverage of \$25,000 and a maximum of \$100,000. The group life insurance is underwritten by Lincoln National Insurance Company and is paid by the District and included in health and life insurance expense.

According to the Chief Financial Officer, management/employee relations are *excellent*.

District Facilities

There are seven library buildings in the District service area which covers approximately 2,414 square miles. Six of these buildings are branch libraries: Frank & Marie Barkman Library, Frank I. Lamb Library, Pueblo West Library, Greenhorn Valley Library, Tom and Anne Marie Giodone Library, and the Patrick A. Lucero Library. The branch library buildings total 68,600 square feet of space. The District also maintains two satellite libraries in local elementary schools, as well as the Library @ the Y, a small facility in the YMCA building and at the Colorado State University-Pueblo and at Pueblo Community College.

The main library, the Rawlings Library, is located downtown in a facility of approximately 110,000 square feet. The fourth floor of the Rawlings Library houses a news museum and the InfoZone which is operated by District staff. Administrative and support departments, including the Executive Director’s office, Human Resources, Community Relations/Development, Finance, Technical Services/Collection Development, Information Technology, Public Services and Facilities are all housed together in the Rawlings Library.

With the six branch libraries, the five satellites and the Rawlings Library, the District provides the service area with a total of 12 public library outlets serving a population of over 160,000 people. These outlets are supplemented with outreach programs, including Books in the Park, the Homebound Program, and other services offered outside library buildings and in collaboration with partnering organizations.

The District leases a 7,200-square foot building near the Rawlings Library which currently is leased to the Friends of the Library, where this group operates a used book store. All facilities owned and leased by the District are considered to be in good condition.

The following tables set forth certain information on the District facilities.

District Facilities

Library	Location	Square Footage	Number of Employees ¹
Barkman Public Library	Pueblo	7,100	5.65
Lucero Library	Pueblo	7,500	5.70
Greenhorn Valley Library	Colorado City	7,500	4.30
Lamb Public Library	Pueblo	10,500	5.90
Library @ the Y ²	Pueblo	1,183	1.10
Giodone Library	Pueblo	7,500	4.30
Pueblo West Library	Pueblo West	28,500	7.30
Rawlings Public Library ³	Pueblo	110,000	37.59

¹ Numbers of employees refers to total Full Time Equivalents (FTE), not actual number of employees.

² Leased space located at the YMCA facility.

³ Includes square footage utilized by Support Services, consisting of: Community Relations 5.50 FTE; Director's Office 2.00 FTE; Facilities Department 7.00 FTE; Finance Department 3.85 FTE; Human Resources Department 2.50 FTE; Information Technology Department 4.50 FTE; Technical Services Department 8.00 FTE.

District Services

Specific services of the District include a circulating collection (books, magazines, pamphlets, videos, compact disks, audio books, and puppets); non-circulating items (state and local government documents, reference items, a western history special collection, genealogy tools, maps, and puzzles); and other services (photocopies, internet work stations, and professional reference and readers' advisory assistance).

The following tables set forth historical and year to date information regarding certain District inventory and circulation by location and patrons.

Circulation Summary by Location

Fiscal Year	Rawlings Library	Barkman Library	Lamb Library	Pueblo West Library	Lucero Library	Greenhorn Valley Library	Giodone Library	Library @ the Y
2015	1,384,593	364,176	340,384	423,633	183,369	89,114	109,071	23,785
2016	1,184,527	326,878	340,593	379,151	135,521	74,890	95,437	22,664
2017	1,145,521	324,639	343,472	382,476	124,453	78,993	108,739	22,497
2018	1,096,595	276,374	300,016	362,920	107,616	73,351	95,567	24,073
2019	1,066,623	240,175	257,267	324,507	84,466	66,831	83,164	17,658
2020 ¹	241,975	77,124	82,663	127,209	28,505	27,647	28,396	7,716

¹ As of September 30, 2020.

Source: District's 2019 CAFR

Library Materials Purchased and Circulated

Fiscal Year	Number of Volumes Owned	Number of AV Items Owned	Total Items Owned	Number of Library Patrons ¹	Number of Items Circulated
2015	349,807	132,979	482,786	78,434	2,918,125
2016	250,143	80,298	330,441	101,999	2,559,661
2017	262,516	82,209	344,725	120,579	2,530,790
2018	267,422	80,606	348,028	133,327	2,336,512
2019	268,952	74,760	343,712	142,758	2,140,691
2020 ²	276,198	121,912	398,110	149,604	893,135

¹ Determined by number of library card holders.

² As of September 30, 2020.

Source: District's 2019 CAFR and the District

Capital Asset Replacement Plan

The District maintains a Library Replacement Plan (the "Plan"), a Board designation of funds reserved to fund, on a current basis, the replacement of long term capital assets as required. The purpose of the reserve is to provide adequate funding for the ongoing replacement of facilities and equipment in a systematic manner. The Plan was adopted in 1999 and has been fully funded since then. The Plan is the combination of three specific plans: Buildings and Improvements, Information Technology and Furniture, and Fixtures & Equipment. Components, useful lives and balances funded are evaluated on an annual basis as part of the annual budget planning. As of December 31, 2019, the cash balance on deposit dedicated to the Plan is \$1,353,984. The 2020 budget for the Plan includes the transfer of \$489,000 from the General Fund and expenditures of \$197,000 from the Plan leaving an estimated cash balance of \$1,645,985.

Master Facility Plan

On June 25, 2020, the Board committed by resolution \$32,201 to a Master Facility Plan for the purposes of refreshing public libraries and committed all current and future budgeted or designated funds for the plan as well as funds provided by the Pueblo Library Foundation for said purpose. In 2020, \$1,000,000 is budgeted to transfer from the General Fund to the Master Facility Plan for the Rawlings Library renovation project. The District's Library Facilities Master Vision Plan can be found on the District's website at <https://www.pueblolibrary.org/about/reportsandplans>.

Strategic Plan and Library Expansion

The last major capital projects completed by the District included the construction, acquisition and equipping of three new library facilities, the Lucero Library, Giodone Library and Greenhorn Valley Library completed in 2014 financed with the Districts Certificates of Participation, Series 2012; construction of an addition to the Pueblo West Library increasing its finished space to 28,000 square feet, completed in 2008 and financed with the District's Certificates of Participation, Series 2007; construction and renovation of the 110,000 square foot Rawlings Library completed in 2003 and financed with the County's General Obligation Library Bonds, Series 1999, issued by the County on behalf of the Library District and the refurbishing and expansion of the Lamb Branch in 2000 financed with available District funds.

In 2014, the District began an investigation into its future, forming focus groups and conducting District-wide surveys resulting in the Curating Connections: Pueblo City-County Library District 2016-

2020 Strategic Planning Initiative (the “Strategic Plan”), setting forth the framework for the *Areas of Strategic Focus* for the District to prepare for the future and determine how to provide excellent library services throughout the County in coming years. The District undertook a strategic planning process which included: conducting a community survey, meeting with community focus groups; analyzing Pueblo demographic data; comparing the District’s libraries with peer libraries in the region and around the country; carefully examining library standards and trends gathering input from District staff; and forecasting District revenues and expenditures. Recommendations of the Strategic Plan are being used to guide the District in meeting the challenge of how to best serve the residents of the County by providing a framework for the District to develop a program of service tailored to meet specific library services and facility needs. Six “themes” are set forth in the Strategic Plan including improving early literacy by creating young readers; strengthening community partnerships; serving the whole family at all stages of life; bridging the digital divide; data-driven planning; and life-long learning begins with staff and are the framework for the Areas of Strategic Focus detailed in the Strategic Plan. The Strategic Focus document in the Strategic Plan will be integrated into the District’s annual planning process and be shaped by the District’s 10-year financial forecast.

Current Project Description See “THE CERTIFICATES—Application of Certificate Proceeds—*The Refunding Project.*”

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APPENDIX C

DISTRICT FINANCIAL INFORMATION

Accounting Policies and Financial Statements

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Such funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The General Fund is the general operating fund of the District which accounts for all resources not required to be accounted for in another fund.

In accordance with Title 29, Article 1, Part 6, Colorado Revised Statutes, as amended, an annual audit is required to be made of the District's financial statements at the end of the fiscal year unless an exemption from audit has been granted by the State Auditor's Office. The audited financial statements must be filed with the Board within six months after the end of the fiscal year and with the state auditor 30 days thereafter. Failure to file an audit report may result in the withholding of the District's property tax revenues by the county treasurer pending compliance.

Primary Sources of Revenue

Ad Valorem Property Taxes. The primary source of revenue to the District is the general ad valorem property tax levied on and against all of the taxable property within the District. In 2019 the District collected \$9,056,529 in property tax revenue accounting for approximately 85.40% of total General Fund revenues. See "—Ad Valorem Property Taxes" hereafter.

Other Income. The District also receives revenues from the District's share of specific ownership taxes collected by the County, federal and state grants, fees, fines and sales, interest and other earnings on investments.

Ad Valorem Property Taxes

The Board has the power, subject to constitutional and statutory guidelines, to certify a levy for collection of ad valorem taxes against all taxable property within the District. Property taxes are uniformly levied against the assessed valuation of all taxable property within the District. The property subject to taxation, the assessment of such property, and the property tax procedure and collections are discussed below. The District may also certify a mill levy for the purposes of providing revenues for ongoing operation and administration expenses.

Property Tax Reduction for Senior Citizens and Disabled Veterans. On November 7, 2000, and November 7, 2006, respectively, the electors of the State approved Referendum A and Referendum E, constitutional amendments granting a property tax reduction to qualified senior citizens and qualified disabled veterans. Generally, the reduction (a) reduces property taxes for qualified senior citizens and qualified disabled veterans by exempting 50% of the first \$200,000 of actual value of residential property from property taxation; (b) requires that the State reimburse all local governments for any decrease in property tax revenue resulting from the reduction; and (c) excludes the State reimbursement to local governments from the revenue and spending limits established under Article X, Section 20 of the State Constitution.

Property Subject to Taxation. Both real and personal property located within the boundaries of the District, unless exempt, are subject to taxation by the County. Exempt property generally includes property of the United States of America; property of the State and its political subdivisions; public

libraries; public school property; charitable property; religious property; irrigation ditches, canals and flumes; household furnishings; personal effects; intangible personal property; inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; agricultural equipment which is used on the farm or ranch in the production of agricultural products; and nonprofit cemeteries.

Assessment of Property. Both real and personal property located within the boundaries of the District, unless exempt, are subject to taxation by the District. All taxable property is listed, appraised and valued for assessment as of January 1 of each year by the county assessor. The “actual” value, with certain exceptions, is determined by the county assessor annually based on a biennially recalculated “level of value” set on January 1 of each odd-numbered year. The “level of value” is ascertained for each two-year reassessment period from manuals and associated data prepared and published by the State property tax administrator for the eighteen-month period ending on the June 30 immediately prior to the beginning of each two-year reassessment period. For example, “actual” values for the 2019 levy/2020 collection year as well as the 2020 levy/2021 collection year are based on market data obtained from the period January 1, 2017–June 30, 2018. The “level of value” calculation does not change for even-numbered years. The classes of property the “actual” value of which is not determined by a level of value include oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals.

The assessed value of taxable property is then determined by multiplying the “actual” value (determined as described in the immediately preceding paragraph) times an assessment ratio. The assessment ratio of residential property changes from year to year based on a constitutionally mandated requirement to keep the ratio of the assessed value of commercial property to residential property at the same level as it was in the property tax year commencing January 1, 1985 (the “Gallagher Amendment”). The Gallagher Amendment requires that statewide residential assessed values must be approximately 45% of the total assessed value in the State with commercial and other assessed values making up the other 55% of the assessed values in the State. Section 39-1-104.2(5), C.R.S., states that, commencing January 1, 1989, for each year in which there is a change in the level of value used in determining actual value, the Colorado General Assembly shall by law adjust the assessment rate of residential property so that the percentage of aggregate statewide valuation for assessment which is attributable to residential real property equals the target percentage (which is described in the preceding paragraph). Such statute further provides that the residential assessment rate shall be based on a documented estimate of the total valuation for assessment of all taxable property in the State and that a documented estimate study is to be completed by the Division of Property Taxation of the Colorado Department of Local Affairs (the “Division of Property Taxation”).

In order to maintain this 45% to 55% ratio, the commercial assessment rate is established at 29% of the actual value of commercial property (including vacant land and undeveloped lots) and the residential assessment rate fluctuates. The residential ratio remained 7.96% from 2003 to the 2017 levy year when the ratio was changed to 7.20% for the 2017 and 2018 levy years (2018 and 2019 collection years) and further reduced to 7.15% for the 2019 and 2020 levy years (2020 and 2021 collection years).

In June of 2020, the Colorado State legislature passed Senate Concurrent Resolution 20-001 (“SRC 001”), referring a constitutional amendment to the 2020 ballot that would repeal the Gallagher Amendment. In the event Colorado voters approve the amendment at the November 3, 2020 election and repeal the Gallagher Amendment, Senate Bill 20-223 (“SB 223”) (adopted by the legislature as a companion bill to SRC 001) would take effect. SB 223 prohibits the legislature from changing the assessment rates for property, effectively holding the rates at the current values.

Assessment Appeals. Beginning in May of each year each county assessor hears taxpayers’ objections to property valuations, and the county board of equalization hears assessment appeals. The assessor is required to complete the assessment roll of all taxable property no later than August 25 each

year; provided, however, that certain emergency rules promulgated and issued by the State board of equalization pursuant to executive orders 2020-022, 2020-055 and 2020-089 of the Governor of the State have extended the deadline temporarily from August 25 to October 13 for the 2020 levy year. The abstract of assessment prepared therefrom is reviewed by the State property tax administrator. Assessments are also subject to review at various stages by the State board of equalization, the State board of assessment appeals and the State courts. Therefore, the District's assessed valuation may be subject to modification as a result of the review of such entities. In the instance of the erroneous levy of taxes, an abatement or refund must be authorized by the board of county commissioners; and in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year following the year in which the taxes were levied. Refunded or abated taxes are prorated among all taxing jurisdictions which levied a tax against the property.

Taxation Procedure. The assessed valuation and statutory "actual" valuation of taxable property within the District is required to be certified by the county assessor to the District no later than August 25 each year; provided, however, that certain emergency rules promulgated and issued by the State board of equalization pursuant to executive orders 2020-022, 2020-055 and 2020-089 of the Governor of the State have extended the deadline temporarily from August 25 to October 13 for the 2020 levy year. Such value is subject to recertification by the county assessor prior to December 10. The Board then determines a rate of levy which, when levied upon such certified assessed valuation, and together with other legally available revenues, will raise the amount required annually by the District for its General Fund to defray its expenditures during the ensuing fiscal year. In determining the rate of levy, the Board must take into consideration the limitations on certain increases in property tax revenues as described in "—Constitutional Amendment Limiting Taxes and Spending" and "—Budget and Appropriation Procedure" below. The Board must certify the District's levy to the board of county commissioners no later than December 15.

Upon receipt of the tax levy certification of the District and other taxing entities within the county, the board of county commissioners levies against the assessed valuation of all taxable property within the county the applicable property taxes. Such levies are certified by the board of county commissioners to the county assessor, who thereupon delivers the tax list and warrant to the county treasurer for the collection of taxes.

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Taxes certified in 2019, for example, are being collected in 2020. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or two equal installments (not later than the last day of February and June 15) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of 1% per month until paid. Unpaid amounts become delinquent on, and interest thereon will accrue from March 1 (with respect to the first installment) and June 16 (with respect to the second installment) until the date of payment, provided that if the full amount of taxes is to be paid in a single payment, such amount will become delinquent on May 1 and will accrue interest thereon from such date until paid. The County Treasurer collects current and delinquent property taxes, as well as any interest, penalties, and other requirements and remits the amounts collected on behalf of the District to the District on a monthly basis.

All taxes levied on real and personal property, together with any interest and penalties prescribed by law, as well as other costs of collection, until paid, constitute a perpetual lien on and against the taxed property. Such lien is on parity with the liens of other general taxes. It is the county treasurer's duty to enforce the collection of delinquent real property taxes by sale of the tax lien on such realty in December of the collection year and of delinquent personal property taxes by the distraint, seizure and sale of such property at any time after October 1 of the collection year. There can be no assurance, however, that the value of taxes, penalty interest and costs due on the property can be recovered by the County Treasurer. Further, the County Treasurer may set a minimum total amount below which competitive bids will not be

accepted, in which event property for which acceptable bids are not received will be set off to the County. Taxes on real and personal property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and canceled by the board of county commissioners.

In response to COVID-19, the State Governor issued Executive Order D 2020-012 that, among other things, granted county treasurers in the State the authority to waive, for limited periods, statutorily imposed delinquent interest on late property tax payments. Such measures, which are intended to provide temporary relief to customers affected by the economic impacts of COVID-19, are not currently believed to materially affect District revenues. As of August, 2020, 98.2% of the current property taxes have been collected. The District will continue to review the impact of such measures to prepare the District to take balancing expenditure actions such as the deferral of discretionary and non-essential spending if necessary.

Tax Increment Areas

State law authorizes municipalities to establish both urban renewal authorities and downtown development authorities for the purpose of financing improvements to areas which have been designated by the respective governing bodies of municipalities as being blighted or, with respect to downtown development authorities, subject to deterioration of property values or structures for the purpose of undertaking certain urban renewal activities (a “tax increment area”), the assessed valuation of such property that is taxable does not increase beyond the amount existing in the year prior to the adoption of the applicable urban renewal plan (other than by means of the general reassessment). Any increase above the “base” amount (referred to as the “increment”) is paid to the urban renewal authority or downtown development authority. See “TABLE C-1—History of District’s Assessed Valuation” below, for information on the assessed valuation attributable to such tax increment areas, also known as a Tax Increment Financing (“TIF”) area. The District includes assessed valuations that are attributable to the Pueblo Urban Renewal Authority.

Ad Valorem Property Tax Data

Due to the impacts of COVID-19, certain emergency rules promulgated and issued by the State board of equalization pursuant to executive orders of the Governor of the State have temporarily extended the deadline for preliminary assessed valuation certification from August 25 to October 13 for 2020. Such preliminary assessed valuation will be subject to change prior to the December 10, 2020 final certification date.

The District’s assessed valuation, mill levies and ad valorem property tax collections from 2015 to date are set forth in the following tables. See “—Ad Valorem Property Taxes—*Assessment of Property*” above for a description of the assessment ratios for taxable property used in each of such years. See “—Constitutional Amendment Limiting Taxes and Spending.”

TABLE C-1
History of District's Assessed Valuation

Levy/Collection Year	Gross Valuation	Tax Increment Valuation ¹	Net Assessed Valuation	Percent Change
2015/2016	\$1,723,211,379	\$57,974,780	\$1,665,236,599	--
2016/2017	1,720,213,127	47,546,122	1,672,667,005	0.45%
2017/2018	1,760,979,468	47,852,886	1,713,126,582	2.42
2018/2019	1,775,845,704	52,652,903	1,723,192,801	0.59
2019/2020	1,906,766,371	57,148,824	1,849,617,547	7.34
2020/2021 ²	1,953,362,469	53,728,174	1,899,634,295	2.70

¹ Incremental assessed valuation in excess of "base" valuation in property tax increment areas from which the District does not receive property tax revenue.

² Constitutes the 2020 preliminary certification of valuation as certified by the Pueblo County Assessor on October 13, 2020, the "official" preliminary 2020 certification date, which was changed by Colorado Governor Polis at the request of Colorado assessors to accommodate delays caused by COVID-19. Such October preliminary values are subject to further change prior to the December 10, 2020 final certification date.

Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2015-2019 State of Colorado Property Tax Annual Reports and the Pueblo County Assessor

The maximum General Fund mill levy for the District is 5.85 mills. In November 1995, District voters approved a ballot issue allowing for a 5.25 mill levy to expand the quality and availability of library services to residents commencing with the 1996 collection year. At an election held on November 5, 2019, voters of the District approved an increase of 0.600 mills which rate offsets a decrease in taxes when the County retires the current 0.603 mill levy for libraries in the County, commencing in levy year 2020 for collection in year 2021, continuing thereafter as provided by law, with such proceeds to be used for ongoing support for which District funds may be used under the Colorado Library Law, and with such tax proceeds to be collected and spent by the District as voter approved revenue changes in each year without regard to any spending or revenue limitation of TABOR (defined hereafter). See "—Constitutional Amendment Limiting Taxes and Spending" below.

TABLE C-2
History of District's Mill Levy

Levy/Collection Year	General Fund Levy	Abatement Fund Levy	Total Mill Levy
2015/2016	5.250	0.005	5.255
2016/2017	5.250	0.032	5.282
2017/2018	5.250	0.038	5.288
2018/2019	5.250	0.021	5.271
2019/2020 ¹	5.850	0.015	5.865

¹ See preceding paragraph regarding the District's General Fund mill levy. The certified mill levy for 2020 (for collection in 2021) will not be available until December 2020.

Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2015-2019 State of Colorado Property Tax Annual Reports, Pueblo County Assessor's Office and the District

TABLE C-3
District Historical Property Tax Collections

Levy/Collection Year	Taxes Levied ^{1, 2}	Current Tax Collections	Percent of Current Tax Collections
2014/2015	\$ 8,589,026	\$ 8,571,984	99.80%
2015/2016	8,750,818	8,728,727	99.75
2016/2017	8,835,027	8,782,582	99.41
2017/2018	9,059,013	9,036,343	99.75
2018/2019	9,082,949	9,056,177	99.71
2019/2020 ³	10,848,007	10,512,486	96.91

¹ Does not include taxes levied and collected for the property tax increment areas from which the District does not receive property tax revenue.

² Treasurer's fees have not been deducted from these amounts.

³ Tax collections through August 31, 2020.

Source: District CAFR for the year ended December 31, 2019 and the District

The following table sets forth the 2020 preliminary assessed and "actual" valuations (for the 2021 tax collection year) of specific classes of property within the District, which are subject to change prior to the December 10, 2020 final certification date. As shown below, residential properties have accounted for the largest percentage of the assessed valuation.

TABLE C-4
2020 Preliminary Assessed and "Actual"
Valuation of Classes of Property in the District^{1, 2}

Class	Assessed Valuation	Percent of Assessed Valuation	"Actual" Valuation	Percent of "Actual" Valuation
Residential	\$ 747,821,629	38.28%	\$10,455,658,236	71.54%
State Assessed	563,637,413	28.85	1,943,577,823	13.30
Commercial	344,930,839	17.66	1,189,308,218	8.14
Industrial	217,082,300	11.11	748,540,981	5.12
Vacant	46,837,200	2.40	163,873,802	1.12
Agricultural	29,325,328	1.50	101,129,803	0.69
Natural Resources	<u>3,727,930</u>	<u>0.19</u>	<u>12,855,742</u>	<u>0.09</u>
Total	<u>\$1,953,362,639</u>	<u>100.00%</u>	<u>\$14,614,944,605</u>	<u>100.00%</u>

¹ Such values include \$53,728,174 in incremental assessed valuation in excess of "base" valuation in property tax increment areas from which the District does not receive property tax revenue.

² Preliminary 2020 certified assessed and "actual" valuations as of October 13, 2020, which are subject to change prior to the final certification date of December 10, 2020.

Source: Pueblo County Assessor's Office

Largest Taxpayers. Set forth in the following table are the persons or entities which represent largest taxpayers within the District for the 2019 levy year (2020 collection year), as provided by the Pueblo County Assessor's Office. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the District. The District's mill levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the District from

such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties.

TABLE C-5
2019 Largest Taxpayers Within the District

Name	Assessed Valuation	Percent of Assessed Valuation ¹
Public Service Co. of Colorado	\$238,407,000	12.50%
Black Hills Colorado	84,355,800	4.42
GCC Rio Grande Inc.	53,834,430	2.82
Intermountain Rural Electric	49,340,200	2.59
Black Hills Colorado IPP LLC	43,104,000	2.26
EVRAZ (Rocky Mountain Steel Mills)	28,336,882	1.49
BNSF Railway Company	21,887,000	1.15
Vestas Towers of America, Inc.	21,690,478	1.14
Union Pacific Railroad	20,891,575	1.10
Wheel & Brake	<u>16,887,178</u>	<u>0.89</u>
Total	<u>\$578,734,543</u>	<u>30.35%</u>

¹ The total 2019 assessed valuation figure of the District used in computing the above was \$1,906,776,371.
Source: District's 2019 CAFR and the Pueblo County Assessor

Overlapping Mill Levies. Numerous entities located wholly or partially within the District are authorized to levy taxes on property located within the District. According to the Pueblo County Assessor's Office, there are currently 39 entities overlapping all or a portion of the District. As a result, property owners within the District may be subject to various mill levies depending upon the location of their property. According to the Pueblo County Assessor's Office, the lowest total mill levy imposed in 2019 (for payment in 2020) on a taxpayer owning property located in the District was 62.953 mills and the highest was 112.236 mills. The following table is representative of a sample total 2019 mill levy (for payment in 2020) attributable to taxpayers within the District and is not intended to portray the mills levied against all properties within the District. Additional taxing entities may overlap the District in the future. See also the caption "DISTRICT DEBT STRUCTURE—Other Financial Obligations" herein.

TABLE C-6
Sample Total 2019 Mill Levy ¹

Taxing Entity	2019 Mill Levy
Pueblo County	30.088
City of Pueblo	5.865
School District 60	45.110
Southeastern Colorado Water Conservancy District	<u>0.902</u>
Sample Overlapping Mill Levy	81.965
The District	<u>5.865</u>
Sample Total Mill Levy	<u>87.830</u>

¹ One mill equals 1/10 of 1¢. Mill levies certified in 2019 are for the collection of ad valorem property taxes in 2020. Source: Pueblo County Assessor's Office

Historical and Budgeted Financial Information

Set forth hereafter is a comparative statement of revenues, expenditures, and changes in fund balance for the District's General Fund. Such information should be read together with the financial statements and accompanying notes appended hereto. Preceding years' financial statements may be obtained from the sources noted in "MISCELLANEOUS—Additional Information."

TABLE C-7
District History of General Fund Revenues Expenditures and Changes in Fund Balance

	2015	2016	2017	2018	2019
Revenue					
Property taxes	\$8,582,963	\$ 8,743,618	\$ 8,770,163	\$ 9,059,826	\$ 9,073,771
Specific Ownership Taxes	719,445	752,678	879,432	890,331	979,109
Grants and Contributions	180,581	165,280	400,676	414,624	358,190
Fees, Fines and Sales	175,254	176,275	143,137	166,857	130,484
Investment Earnings	9,844	21,519	36,423	71,024	80,195
Miscellaneous	<u>163,596</u>	<u>184,467</u>	<u>18,199</u>	<u>11,530</u>	<u>2,792</u>
Total Revenue	<u>9,831,683</u>	<u>10,043,837</u>	<u>10,248,030</u>	<u>10,614,192</u>	<u>10,624,541</u>
Expenditures					
Current					
Library Support	8,989,086	9,037,455	9,069,883	9,328,351	9,266,597
Debt Service					
Principal	445,000	455,000	465,000	475,000	495,000
Interest	<u>366,550</u>	<u>357,650</u>	<u>344,000</u>	<u>334,700</u>	<u>315,700</u>
Total Expenditures	<u>9,800,636</u>	<u>9,850,105</u>	<u>9,878,883</u>	<u>10,138,051</u>	<u>10,077,297</u>
Excess of Revenue Over (Under)					
Expenditures	31,047	193,732	369,147	476,141	547,244
Other financing sources (uses)					
Operating transfers out	<u>(392,000)</u>	<u>(200,000)</u>	<u>(275,000)</u>	<u>(575,000)</u>	<u>(200,000)</u>
Total	<u>(392,000)</u>	<u>(200,000)</u>	<u>(275,000)</u>	<u>(575,000)</u>	<u>(200,000)</u>
Excess revenue and other financing sources over (under) expenditures and other financing uses	(360,953)	(6,268)	94,147	(98,859)	347,244
Beginning Fund Balance	<u>2,910,540</u>	<u>2,549,587</u>	<u>2,543,319</u>	<u>2,637,466</u>	<u>2,546,405</u> ¹
Ending Fund Balance	<u>\$2,549,587</u>	<u>\$ 2,543,319</u>	<u>\$ 2,637,466</u>	<u>\$ 2,538,607</u> ¹	<u>\$ 2,893,649</u>

¹ The difference in the 2018 ending fund balance and the 2019 beginning fund balance is due to a change in accounting principles.
Sources: District Comprehensive Annual Financial Reports 2015-2019

Budget and Appropriation Procedure. The District's budget is prepared on a calendar year basis as required by §29-1-101, *et seq.*, C.R.S. The budget must present a complete financial plan for the District, setting forth all estimated expenditures, revenues, and other financing sources for the ensuing budget year, together with the corresponding figures for the previous fiscal year. On or before October 15th of each year, the District's budget officer must submit a proposed budget to the Board for the next fiscal year. Thereupon notice must be published stating, among other things, that the proposed budget is open for inspection by the public and that interested electors may file or register any objection to the budget prior to its adoption.

Before the beginning of the fiscal year, the Board must enact an appropriation resolution which corresponds with the budget. The income of the District must be allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution. District expenditures may not exceed the amounts appropriated, except in the case of an emergency or a contingency which was not reasonably foreseeable. Under such circumstances, the Board may authorize the expenditure of funds in excess of the budget by a resolution adopted by a two-thirds vote of the Board following proper notice. If the District receives revenues which were unanticipated or unassured at the time of adoption of the budget, the Board may authorize the expenditure thereof by adopting a supplemental budget and appropriation resolution after proper notice and a hearing thereon. The transfer of budgeted and appropriated moneys within a fund or between funds may be accomplished only in accordance with state law.

The Board timely adopted the District's 2020 budget and appropriation resolution pursuant to the above described procedure and filed such budget with the state division of local government.

Limitation on Certain Tax Revenues. It is through the preparation of the budget and by taking into consideration all sources of revenue, costs of construction, expenses of operating the District, and the debt service requirements of the District's outstanding bonds and other obligations that the rate of mill levy is determined each year.

Budgeted Financial Information. The following table sets forth a comparison and a summary of the 2019 and 2020 budgets for the District's General Fund with the 2020 year to date actual unaudited operating results of the General Fund.

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TABLE C-8
District General Fund Budget Summary and Comparison

	2019 Budget	2020 Budget	Actual 2020 Year to Date (Unaudited) ¹
Revenue			
Property taxes	\$ 9,046,617	\$10,804,673	\$10,512,486
Specific Ownership Tax	800,626	956,214	515,819
Contracts, Grants, Gifts	325,496	393,142	243,179
Interest	64,665	65,000	29,049
Fines, Fees	64,000	51,500	23,858
Photocopier and Internet Copy Fees	62,000	64,000	18,400
Miscellaneous	<u>4,000</u>	<u>3,500</u>	<u>442</u>
Total Revenue	<u>10,367,404</u>	<u>12,338,029</u>	<u>11,343,234</u>
Expenditures			
Personnel	5,530,834	5,859,476	3,471,728
Materials	1,522,782	1,771,000	1,128,844
Facilities	1,901,616	1,965,029	808,003
Operating	746,062	745,961	465,345
Information technology	<u>441,270</u>	<u>462,942</u>	<u>301,024</u>
Total Expenditures	<u>10,142,564</u>	<u>10,804,408</u>	<u>6,174,945</u>
Revenue over (under) Expenses	224,840	1,533,621	5,168,289
Transfers Out/Special Revenue Fund	(200,000)	(1,489,000)	--
Transfers In/Capital Projects Fund	5,000	--	--
Beginning Fund Balance	<u>2,539,336</u>	<u>2,867,996</u>	<u>2,893,649</u>
Ending Fund Balance	<u>\$ 2,569,176</u>	<u>\$ 2,912,616</u>	<u>\$8,061,938</u>

¹ Actual unaudited figures through August 31, 2020. Figures have been rounded.
Sources: District 2019 and 2020 Budgets and the District

Management Discussion of Material Trends

For the Management's Discussion and Analysis of District financial operations, see the District's financial statements appended hereto.

Deposit and Investment of District Funds

State statutes set forth requirements for the deposit of District funds in eligible depositories and for the collateralization of such deposited funds. See Note 3 to the District's financial statements appended hereto. The District also may invest available funds in accordance with applicable state statutes. The investment of the proceeds of this issue also is subject to the provisions of the Internal Revenue Code. See "TAX MATTERS."

Risk Management

The Board acts to protect the District against loss and liability by maintaining certain insurance coverages which the Board believes to be adequate. There can be no assurance that the District will continue to maintain its current level of coverage. See Note 13 to the District's financial statements appended hereto.

Constitutional Amendment Limiting Taxes and Spending

In 1992, Colorado voters approved the Taxpayer's Bill of Rights, ("TABOR"), that constitutes Article X, Section 20 of the State Constitution. TABOR imposes various limits and new requirements on the State and all Colorado local governments which do not qualify as "enterprises" under TABOR (each of which is referred to in this section as a "governmental unit"). Any of the following actions, for example, now require voter approval in advance: (a) any increase in a governmental unit's spending from one year to the next in excess of the rate of inflation plus a "growth factor" based on the net percentage change in actual value of all real property in a governmental unit from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property for government units other than school districts, and the percentage change in student enrollment for a school district; (b) any increase in the real property tax revenues of a local governmental unit (not including the State) from one year to the next in excess of inflation plus the appropriate "growth factor" referred to in clause (a) above; (c) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, extension of an expiring tax or a tax policy change directly causing a net tax revenue gain; and (d) except for refinancing bonded indebtedness at a lower interest rate or adding new employees to existing pension plans, creation of 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. Elections on such matters may only be held on the same day as a State general election, at the governmental unit's regular biennial election or on the first Tuesday in November of odd numbered years, and must be conducted in accordance with procedures described in TABOR.

Revenue collected, kept or spent in violation of the provisions of TABOR must be refunded, with interest. TABOR requires a governmental unit to create an emergency reserve of 3% of its fiscal year spending (excluding bonded debt service) in 1995 and subsequent years. TABOR provides that "[w]hen [a governmental unit's] annual . . . revenue is less than annual payments on general obligation bonds, pensions, and final court judgments, the [voter approval requirement for mill levy and other tax increases referred to in clause (c) of the preceding paragraph and the voter approval requirement for spending and real property tax revenue increases referred to in clauses (a) and (b) of the preceding paragraph] will be suspended to provide for the deficiency." The preferred interpretation of TABOR will, by its terms, be the one that reasonably restrains most the growth of government.

At an election held on November 7, 1995, the District's voters authorized the District to collect, retain and spend such revenues, in addition to any other revenues of the District, without regard to any limitations under or restrictions under TABOR and certain statutory limitations for the 1994-1995 fiscal year and each fiscal year thereafter.

Debt Structure

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

Required Elections. Various State constitutional and statutory provisions require voter approval prior to the incurrence of general obligation indebtedness by the District. Among such provisions, Article X, Section 20 of the Colorado Constitution requires that, with certain exceptions, the District must have voter approval in advance for the creation of any multiple-fiscal year direct or indirect District debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years.

General Obligation Debt

Outstanding and Authorized but Unissued Debt. The District does not have any authorized or outstanding general obligation indebtedness.

County Indebtedness on Behalf of District. If the Board determines that the interest of the District and the public interest or necessity requires the creation of a general obligation indebtedness to finance the acquisition, construction, expansion, or remodeling or any real or personal property for purposes of the District, including, without limitation, acquisition of books and equipment for such purposes, the Board may adopt a resolution requesting the Board of County Commissioners to submit the question of creating such indebtedness to the registered electors of the County at the next general election or on the election held on the first Tuesday in November of odd numbered years. If approved, the County, upon request of the District, will issue bonds. In addition, at such election, the Board may also submit such a question to the electors directly in the event the Board of County Commissioners rejects the resolution of the Board, and, if such question is approved, may issue such bonds. At this time there is no authorized or outstanding general obligation indebtedness for the County on behalf of the District.

Estimated Overlapping General Obligation Debt. Certain public entities whose boundaries may be entirely within, coterminous with, or only partially within the District are also authorized to incur general obligation debt, and to the extent that properties within the District are also within such overlapping public entities such properties will be liable for an allocable portion of such debt. For purposes of this Official Statement, the percentage of each entity's outstanding debt chargeable to the District property owners is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of general obligation debt for which the District property owners are responsible will also change. The following table sets forth the estimated overlapping general obligation debt chargeable to properties within the District as of the date of this Official Statement.

The District is not financially or legally obligated with regard to any of the indebtedness shown on the immediately following table. Although the District has attempted to obtain accurate information as to the outstanding debt of the entities which overlap the District, it does not warrant its completeness or accuracy as there is no central reporting entity which is responsible for compiling this information.

Table C-9
Estimated Overlapping General Obligation Debt

Name of Overlapping Entity	Outstanding General Obligation Debt	Net Outstanding General Obligation Debt Chargeable to Properties within the District	
		Percent	Amount
Beulah Fire and Ambulance District	\$ 1,824,809	100.00%	1,824,809
Edison School District 54J	295,000	2.70	16,815
Fowler R-4J School District	280,000	30.82	86,296
North Vista Highlands District No. 3	11,760,000	100.00	11,760,000
Pine Drive Water District	135,794	100.00	135,794
School District No. 60	229,710,000	100.00	229,710,000
School District No. 70	64,445,000	100.00	64,445,000
Southeastern Colorado Water Conservancy District	16,143,294	19.61	3,165,700
Total			<u>\$311,144,414</u>

Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2019 State of Colorado Property Tax Annual Reports; Colorado Department of Local Affairs, and EMMA

Revenue and Other Financial Obligations. The District also has the authority to issue revenue obligations payable from the net revenue derived from fees imposed for District facilities, programs and services, to enter into obligations which do not extend beyond the current fiscal year and to incur certain other obligations.

Certificates of Participation. Upon issuance, the Certificates will represent the District's only outstanding certificates of participation.

Leases. The District has various leases for the sites of its branch library buildings. The lease for the Barkman Branch site is for a term of 99 years through March 31, 2089 with a full rental of \$99 which was paid upon execution of such lease in 1990.

The District has also executed a lease for storage space with an initial period of ten years from November 1 through October 31, 2011, which has been renewed through December 31, 2021. The lease is currently outstanding in the amount of \$66,288, as of December 31, 2019.

APPENDIX D

**COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR OF THE
DISTRICT AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2019**

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this “Undertaking”) is executed and delivered, as of November 3, 2020 (the “Effective Date”), by the Pueblo City-County Library District, in Pueblo County, Colorado (the “District”), in connection with the issuance of its \$6,825,000 Tax-Exempt Certificates of Participation, Series 2020A (the “2020A Certificates”), and \$8,215,000 Taxable Certificates of Participation, Series 2020B (the “Taxable 2020B Certificates” and together with the 2020A Certificates the “Certificates”), dated as of the date of delivery. The Certificates are authorized pursuant to the Indenture of Trust, dated November 1, 2020 (the “Indenture”) by UMB Bank, n.a. as trustee thereunder (the “Trustee”). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Indenture.

In consideration of the issuance of the Certificates by the District and the purchase of such Certificates by the Owners, the District hereby covenants and agrees as follows:

Section 1. Purpose of this Agreement. This Agreement is executed and delivered by the District as of the date set forth below, for the benefit of the holders and owners (the “Certificateholders”) of the Certificates and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below).

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“*Agreement*” means the obligations of the District pursuant to Sections 4, 5 and 6.

“*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 District, prepared pursuant to the standards and as described in Exhibit I.

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

“*Dissemination Agent*” means initially the District and any successor agent designated as such in writing by the District and which has filed with the District 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 Certificates set forth in Exhibit II.

“*Material Events Disclosure*” means dissemination of a notice of a Material Event as set forth in Section 5.

“*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 Certificates.

“*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 (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. CUSIP Number/Final Official Statement. The final CUSIP® of the Certificates is 744712 BZ2¹. The final Official Statement relating to the Certificates is dated October 26, 2020 (the “Final Official Statement”).

Section 4. Annual Financial Information Disclosure. Subject to Section 10 of this Agreement, the District 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 District’s delivery of such Annual Financial Information and Audited Financial Statements to the MSRB within 240 days immediately following the completion date of the District’s fiscal year, beginning with the fiscal year ended December 31, 2020.

The District is required to deliver such information in Prescribed Form and by such time so that such entities receive 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 District 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 Agreement, 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 10 of this Agreement, the District 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 Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption is given to the owners of the Certificates

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¹ The District takes no responsibility for the accuracy of the CUSIP numbers, which are included solely for the convenience of owners of the Certificates.

pursuant to the Indenture. From and after the Effective Date, the District is required to deliver such Material Events Disclosure in the same manner as provided by Section 4 of this Agreement.

Section 6. Duty to Update EMMA/MSRB. The District 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 District to Provide Information. The District 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 District to comply with any provision of this Agreement, the Certificateholder of any Certificate may seek specific performance by court order to cause the District to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture or any other agreement, and the sole remedy under this Agreement in the event of any failure of the District to comply with this Agreement shall be an action to compel performance.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the District may amend this Agreement, and any provision of this Agreement 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 District or type of business conducted;
- (ii) This Agreement, 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 Certificateholders of the Certificates, as determined either by parties unaffiliated with the District or the District (such as the Paying Agent) or by an approving vote of the Certificateholder Representative or of the Certificateholders of the Certificates holding a majority of the aggregate principal amount of the Certificates (excluding Certificates held by or on behalf of the District or its affiliates) at the time of the amendment; or
- (iv) The amendment or waiver is otherwise permitted by the Rule.

Section 9. Termination of Agreement. The Agreement of the District shall be terminated hereunder when the District shall no longer have any legal liability under the terms of the Indenture pursuant to the terms of the Indenture for any obligation on or relating to the repayment of the Certificates. The District shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

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

Section 11. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement 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 Agreement. If the District 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 Agreement, the District shall not have any obligation under this Agreement to update such information or include it in any future disclosure or notice of the occurrence of a Material Event.

Section 12. Beneficiaries. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the District, the Dissemination Agent, if any, the District, the Bondholder Representative and the Bondholders of the Certificates, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. The District 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 District shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of the District under this Agreement or to execute a continuing disclosure agreement under the Rule.

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

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“*Annual Financial Information*” means financial information and operating data exclusive of Audited Financial Statements, as set forth below of the type appearing or incorporated by reference in the tables listed below, with such tables updated to include data for the most recently completed fiscal year of the District and not for any interim financial periods occurring thereafter.

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 District shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 240 days immediately following the last day of the District’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 District.

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 Agreement, including for this purpose a change made to the fiscal year-end of the District, the District will disseminate a notice to the MSRB of such change in Prescribed Form as required by such Section 4.

FORM OF TABLES TO BE ADDED FOR ANNUAL UPDATING

Levy/Collection Year	District’s Assessed Valuation			Percent Change
	Gross Valuation	Tax Increment Valuation ¹	Net Assessed Valuation	
20__/20__	\$	\$	\$	--

District’s Mill Levy			
Levy/Collection Year	General Fund Levy	Abatement Fund Levy	Total Mill Levy
20__/20__	[.____]	[.____]	[.____]

Property Tax Collections

Levy/Collection Year	Taxes Levied ^{1, 2}	Current Tax Collections	Percent of Current Tax Collections
20__/20__	\$	\$	%

EXHIBIT II

EVENTS WITH RESPECT TO THE CERTIFICATES 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 District*
13. The consummation of a merger, consolidation or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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 (as defined in Footnote 1 below) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, 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 District, any of which reflect financial difficulties.

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District 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 District, 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 District.

¹ “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

ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information is provided to give prospective investors general information concerning selected economic and demographic conditions existing in Pueblo County (the “County”) and the City of Pueblo (the “City”) in which the Pueblo City-County Library District (the “District”) is located. The statistics presented below have been obtained from the referenced sources and represent the most current information available from such sources; however, certain of the information is released only after a significant amount of time has passed since the most recent date of the reported data and therefore, such information may not be indicative of economic and demographic conditions as they currently exist or conditions which may be experienced in the near future. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information not presented herein may be available concerning the area in which the Authority is located and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the Board of the Authority or its officers, employees, or advisors, or of the Underwriter.*

Population

The following table sets forth population statistics for the City, the County and the State.

Population						
Year	City of Pueblo	Percent Change	Pueblo County	Percent Change	Colorado	Percent Change
1970	97,453	--	118,238	--	2,207,259	--
1980	101,686	4.34%	125,972	6.54%	2,889,964	30.93%
1990	98,629	(3.01)	123,051	(2.32)	3,294,394	13.99
2000	102,121	3.54	141,472	14.97	4,301,261	30.56
2010	106,595	4.38	159,063	12.43	5,029,196	16.92
2019 ¹	112,251	5.31	168,110	5.69	5,763,976	14.61

¹ Estimate.

Source: U.S. Department of Commerce, Bureau of the Census; State of Colorado, Colorado Division of Local Government, Demography Section

Housing Stock

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

	Housing Units			
	2000	2010	Percent Change	2019
Pueblo County	58,926	69,529	17.99%	71,767
City of Pueblo	43,121	47,593	10.37	49,019

¹ Estimate.

Source: U.S. Department of Commerce, Bureau of the Census

Income

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

Median Household Effective Buying Income

	2016	2017	2018	2019	2020
Pueblo County	\$38,326	\$39,342	\$39,312	\$42,610	\$40,215
Colorado	52,345	54,718	57,732	59,227	62,340
United States	46,738	48,043	50,620	52,468	54,686

¹ As of January 1

Source: The Nielsen Company, Site Reports 2016-17; Environics Analytics, Spotlight Claritas Reports 2018-20

Percent of Households by Effective Buying Income Groups—2020 ¹

	Less than \$25,000	\$25,000-\$49,999	\$50,000-\$99,999	\$100,000-\$149,999	\$150,000 and Over
Pueblo County	28.56%	31.82%	30.14%	6.86%	2.62%
Colorado	15.57	24.20	36.17	14.08	9.98
United States	20.24	25.61	34.10	11.57	8.47

¹ Totals may not equal 100% due to rounding.

Source: Environics Analytics, Spotlight Claritas Reports 2020

Per Capita Personal Income

	2014	2015	2016	2017	2018
Pueblo County	\$33,932	\$35,534	\$36,228	\$37,540	\$39,511
Colorado	50,700	52,133	52,262	55,335	58,456
United States	47,058	48,978	49,870	51,885	54,446

Source: Bureau of Economic Analysis; U.S. Department of Commerce

School Enrollment

The following table presents a five-year history of school enrollment for Pueblo School District No. 60 and Pueblo County School District 70, the school districts serving the City.

School Enrollment School District No. 60

School Year	Number of Pupils	Percent Change
2015/2016	17,665	--
2016/2017	17,299	(2.07)%
2017/2018	16,910	(2.25)
2018/2019	16,405	(2.99)
2019/2020	16,050	(2.16)

Source: Colorado Department of Education

School Enrollment School District No. 70

School Year	Number of Pupils	Percent Change
2015/2016	9,582	--
2016/2017	9,648	0.69%
2017/2018	9,861	2.21
2018/2019	10,033	1.74
2019/2020	10,555	5.20

Source: Colorado Department of Education

Building Permit Activity

Set forth in the following table is historical building permit activity for new structures in the City and the unincorporated portion of the County.

Building Permit Activity in the City of Pueblo

Year	Single Family		Multi-Family		Commercial/Industrial	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
2015	96	\$14,905,733	21	\$13,849,826	11	\$ 9,092,843
2016	87	13,535,651	0	0	17	21,424,019
2017	90	13,370,477	7	3,326,211	39	32,150,946
2018	95	13,693,980	0	0	21	15,956,957
2019	118	16,003,493	5	745,963	9	3,401,000
2020 ¹	115	15,936,434	2	270,092	25	26,109,235

¹ Building permits through September 10, 2020.
Source: Pueblo Regional Building Department

Building Permit Activity in Unincorporated Pueblo County

Year	<u>Single Family</u>		<u>Multi-Family</u>		<u>Commercial/Industrial</u>	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
2015	122	\$22,327,554	1	\$ 656,664	59	\$26,177,862
2016	186	33,511,051	2	125,400	81	19,160,478
2017	269	47,049,676	1	17,280	116	27,072,850
2018	363	57,683,186	8	1,063,736	81	15,103,438
2019	365	62,445,016	8	1,127,312	54	15,496,185
2020 ¹	350	57,908,705	3	408,627	24	25,899,304

¹ Building permits through October 14, 2020.
Source: Pueblo Regional Building Department

Foreclosure Activity

The following table sets forth a five-year history of foreclosures in the County.

History of Foreclosures in Pueblo County

Year	Number of Foreclosures Filed	Percent Change
2015	516	--
2016	501	(2.91)%
2017	410	(18.16)
2018	352	(14.15)
2019	313	(11.08)
2020 ¹	102	--

¹ Foreclosures through October 15, 2020.
Source: Pueblo County Public Trustee

Retail Sales

The retail trade sector employs a large portion of the City and County's work force and is important to the area's economy. The following table sets forth information on retail sales within the City, County and the State for the years indicated.

Retail Sales (in thousands)¹

Year	Pueblo County	Percent Change	City of Pueblo	Percent Change	Colorado	Percent Change
2016	\$4,152,684	--	\$3,287,781	--	\$184,703,410	--
2017	4,368,516	5.20%	3,495,782	6.33%	194,641,958	5.38%
2018	4,801,655	9.92	3,881,535	11.03	206,121,045	5.90
2019	5,153,851	7.33	3,977,021	2.46	224,618,938	8.97
2020 ¹	2,949,562	--	2,186,514	--	123,854,710	--

¹ Due to a change in reporting format, figures for 2015 have been excluded as they are not directly comparable to subsequent years.

² Retail sales through July 31, 2020.

Source: State of Colorado, Department of Revenue, Retail Sales Reports 2016-2020

Employment

The following tables set forth employment statistics by industry for the County and the most recent historical labor force estimates for the Pueblo Metropolitan Statistical Area (“MSA”) and the State.

Total Business Establishments and Employment

Industry ¹	First Quarter 2019		First Quarter 2020		Quarterly Change	
	Units	Average Employment	Units	Average Employment	Units	Average Employment
Agriculture, Forestry, Fishing and Hunting	53	393	58	567	5	174
Mining ²	--	--	--	--	--	--
Utilities	12	391	12	389	0	(2)
Construction	387	3,478	425	3,676	38	198
Manufacturing	103	4,539	110	4,718	7	179
Wholesale Trade	158	1,665	157	1,686	(1)	21
Retail Trade	480	8,008	477	7,891	(3)	(117)
Transportation and Warehousing	67	1,456	71	1,488	4	32
Information	31	605	34	562	3	(43)
Finance and Insurance	214	1,186	214	1,184	0	(2)
Real Estate, Rental and Leasing	142	506	155	501	13	(5)
Professional and Technical Services	294	2,323	321	2,539	27	216
Management of Companies and Enterprises	23	147	22	133	(1)	(14)
Administrative and Waste Services	190	3,550	210	4,419	20	869
Educational Services	33	372	37	388	4	16
Health Care and Social Assistance	508	12,230	517	12,807	9	577
Arts, Entertainment and Recreation	49	657	51	700	2	43
Accommodation and Food Services	332	5,852	327	5,805	(5)	(47)
Other Services	314	1,504	357	1,590	43	86
Non-classifiable ²	--	--	--	--	--	--
Government	84	11,873	84	11,861	0	(12)
Total	<u>3,479</u>	<u>60,754</u>	<u>3,642</u>	<u>62,917</u>	<u>163</u>	<u>2,163</u>

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

² 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	Pueblo MSA		Colorado	
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed
2015	71,695	5.7%	2,825,111	3.9%
2016	73,046	4.8	2,891,677	3.3
2017	74,672	4.3	2,986,522	2.8
2018	75,547	4.7	3,080,661	3.2
2019	76,276	4.1	3,148,766	2.8
2020 ^{1, 2}	75,647	8.0	3,125,294	7.3

¹ Labor force estimates through July 31, 2020.

² As a result of the COVID-19 pandemic and the federal government induced quarantine, unemployment numbers increased exponentially as reported in July. See “RISK FACTORS—COVID-19.”

Source: State of Colorado, Division of Employment and Training, Labor Market Information.

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

Selected Major Employers in the Pueblo Area ¹

Firm	Product or Service	Estimated Number of Employees
Parkview Hospital Medical Center	Healthcare	3,100
Pueblo County School District No. 60	School	1,759
Pueblo County School District No. 70	School	1,284
Wal Mart ²	Retail	1,135
Evraz Inc. (Rocky Mountain Steel)	Steel	1,124
Pueblo County	County Government	1,095
Vestas Tower America, Inc.	Wind Power Production	826
St. Mary-Corwin	Healthcare	829
Convergys	Telemarketing	700
Target Corp	Retail	700
City of Pueblo	City Government	683

¹ As of December 31, 2019.

² Includes all stores and management in Pueblo County and Wal-Mart located in Pueblo West.

Source: City of Pueblo 2019 CAFR

APPENDIX G

FORM OF BOND COUNSEL OPINION

November 3, 2020

Pueblo City-County Library District
Pueblo County, Colorado

Stifel, Nicolaus & Company, Incorporated
Denver, Colorado

\$6,825,000
TAX-EXEMPT CERTIFICATES OF PARTICIPATION
SERIES 2020A
evidencing undivided interests in
the right to receive certain revenues payable by
PUEBLO CITY-COUNTY LIBRARY DISTRICT,
PUEBLO COUNTY, COLORADO
under a Lease Purchase Agreement
between the District and UMB Bank, n.a., as Trustee

\$8,215,000
TAXABLE CERTIFICATES OF PARTICIPATION
SERIES 2020B
evidencing undivided interests in
the right to receive certain revenues payable by
PUEBLO CITY-COUNTY LIBRARY DISTRICT,
PUEBLO COUNTY, COLORADO
under a Lease Purchase Agreement
between the District and UMB Bank, n.a., as Trustee

Ladies and Gentlemen:

We have been engaged by Pueblo City-County Library District, in Pueblo County, Colorado (the “District”) to act as bond counsel in connection with the delivery of the \$6,825,000 Tax-Exempt Certificates of Participation, Series 2020A (the “Series 2020A Certificates”) and the \$8,215,000 Taxable Certificates of Participation, Series 2020B (the “Series 2020B Certificates, and, together with the Series 2020A Certificates, the “Certificates”). The Certificates are being delivered pursuant to an Indenture of Trust, dated as of November 1, 2020 (the “Indenture”), by UMB Bank, n.a., as trustee thereunder (the “Trustee”), and evidence undivided interests in the right to receive certain revenues payable by the District under a Lease Purchase Agreement, dated as of November 1, 2020 (the “Lease”), by and between the Trustee, as lessor, and the District, as lessee. Capitalized terms used but not defined herein have the meanings assigned to them in the Indenture and the Lease.

We have examined the constitution and the laws of the State of Colorado; the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations, rulings and judicial decisions relevant to the opinion set forth in paragraph 4 below; and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation. We have assumed the due authorization, execution and delivery of the Lease, the Indenture and the Certificates by the Trustee.

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

1. The District has the power to enter into and perform its obligations under the Lease.
2. The Lease has been duly authorized, executed and delivered and is a legal, valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. The Certificates evidence legal, valid and binding interests in the right to receive payments, as provided in the Certificates and the Indenture, from Base Rentals payable by the District under the Lease, which payments include portions designated and paid as interest and principal, as provided in the Lease.

4. Under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rentals paid by the District which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Series 2020A Certificates (the “2020A Interest Portion”), including any original issue discount properly allocable to the Owner of a Series 2020A Certificate, 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. Also, because the Series 2020A Certificates have been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, in the case of certain banks, thrift institutions or other financial institutions owning the Series 2020A Certificates, a deduction is allowed for 80 percent of that portion of such institutions’ interest expense allocable to interest on such bonds. We express no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by an owner of the Series 2020A Certificates or a related person to purchase or carry such certificates. The opinions set forth in the preceding sentences assume the accuracy of certain representations and compliance by the District and the Trustee with certain covenants designated to satisfy the requirements of the Code that must be met subsequent to the delivery of the Series 2020A Certificates. Failure to comply with such requirements could cause the Interest Component to be included in gross income for federal income tax purposes, retroactive to the date of delivery of the Series 2020A Certificates. We express no opinion regarding other federal tax consequences arising with respect to the Series 2020A Certificates, and we express no opinion as to the effect of any termination of the District’s obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for federal income tax purposes of any moneys received by the Owners of the Series 2020A Certificates subsequent to such termination.

5. Under laws, regulations, rulings existing on the date hereof, the portion of the Base Rentals paid by the District which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Series 2020B Certificates (the “2020B Interest Portion”), is included in gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Series 2020B Certificates, and we express no opinion as to the effect of any termination of the District’s obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for federal income tax purposes of any moneys received by the Owners of the Series 2020B Certificates subsequent to such termination.

6. Under existing State of Colorado statutes, to the extent the 2020A Interest Component is excludable from gross income for federal income tax purposes, such 2020A Interest Component is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. We express no opinion regarding other tax consequences arising with respect to the Certificates under the laws of the State of Colorado or any other state or jurisdiction. In particular, we express no state law tax opinion with respect to the treatment of the 2020B Interest Portion. Additionally, we express no opinion as to the effect of any termination of the District’s obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for State of Colorado income tax purposes of any moneys received by the Owners of the Certificates subsequent to such termination.

The rights of the Owners of the Certificates and the enforceability of the Certificates and the Lease may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the

State of Colorado and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

This opinion is limited to the matters specifically set forth above and we offer no other opinion or advice as to any other aspect of the transaction generally described herein. In particular, but without limitation, we offer no opinion or advice herein as to: the enforceability of the Lease, the Indenture or the Certificates against the Trustee; legal title to the Leased Property; the creditworthiness or financial condition of the District or the Trustee; the accuracy or completeness of the statements made in connection with the offer and sale of the Certificates; or the ability of the District to apply amounts on deposit in any particular fund or account of the District for the purpose of making payments under the Lease.

This opinion is based solely on the Constitution and laws of the State of Colorado, the provisions of the Code and the regulations, rulings and judicial decisions relevant to the opinion set forth in paragraph 4 above, the other items described in the second paragraph hereof and the assumptions set forth herein; and we have no obligation to update or supplement this opinion based on or with respect to changes in any of such items or based on or with respect to other events or circumstances that occur after the date hereof.

This opinion is solely for the benefit of the addressees in connection with the original delivery of the Certificates and may not be relied upon by any other person or for any other purpose without our express written consent.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. Our engagement with respect to the transaction referred to herein terminates upon the date of this letter. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in current laws, by legislative or regulatory action, by judicial decision or for any other reason.

Respectfully submitted,

APPENDIX H

BOOK-ENTRY-ONLY SYSTEM

New York and DTC's book entry only system has been obtained from DTC, and the District and Underwriter take no responsibility for the accuracy thereof.

DTC will act as securities depository for the Certificates. The Certificates 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 certificate will be issued for the Certificates, as set forth on the inside cover page hereof, in the aggregate principal amount of each maturity of the Certificates 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 3.5 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 is the holding company for DTC, National Securities Clearing Corporation & Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each 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. 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 Certificates 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 Certificates, except in the event that use of the book entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates 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 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Certificates; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The 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 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of the Certificates may wish to ascertain that the nominee holding the Certificates 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 will be sent to DTC. If less than all of the Certificates within an 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 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Certificates are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be 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 District, 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 District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Certificates purchased or tendered, through its Participant, to Tender or Remarketing Agent, and shall effect delivery of such Certificates by causing the Direct Participant to transfer the Participant's interest in the Certificates, on DTC's records, to Tender or Remarketing Agent. The requirement for physical delivery of the Certificates in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Certificates are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Certificates to Tender or Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in

the event that a successor securities depository is not obtained, Certificate certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.