

Butler Snow Draft – 8/11/20

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 15, 2020

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATING: S&P [TO COME]
See “RATING”**

In the opinion of Butler Snow LLP (“Bond Counsel”), interest on the 2020 Bonds is includable in gross income for federal and Colorado income tax purposes under the Tax Code. See “TAX MATTERS.”

\$18,880,000*
TOWN OF CASTLE ROCK, COLORADO
TAXABLE SALES AND USE TAX REVENUE REFUNDING BONDS
SERIES 2020

Dated: Date of Delivery

Due: June 1, as shown herein

The 2020 Bonds are issued as fully registered bonds in denominations of \$5,000 each or integral multiples thereof. The 2020 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which is acting as the securities depository for the 2020 Bonds. Purchases of the 2020 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2020 Bonds. See “THE 2020 BONDS--Book-Entry Only System.” The 2020 Bonds bear interest at the rates set forth herein, payable on December 1, 2020, and semiannually thereafter on each June 1 and December 1, to and including the maturity dates shown below, by check or draft mailed to the registered owner of the 2020 Bonds, initially Cede & Co. The principal of the 2020 Bonds will be payable upon presentation and surrender at UMB Bank, n.a., Denver, Colorado, or its successor, as paying agent for the 2020 Bonds. See “THE 2020 BONDS.”

The maturity schedule for the 2020 Bonds appears on the inside cover page of this Official Statement.

The 2020 Bonds are subject to redemption prior to maturity at the option of the Town as described in “THE 2020 BONDS--Prior Redemption.”

Proceeds of the 2020 Bonds will be used to: (i) refund certain outstanding Town bonds, as more particularly described herein; and (ii) pay the costs of issuing the 2020 Bonds. See “SOURCES AND USES OF FUNDS.”

The 2020 Bonds constitute special, limited obligations of the Town. The principal of, premium (if any), and interest on the 2020 Bonds is payable solely from and secured by an irrevocable pledge of the Pledged Revenues (defined herein). Pledged Revenues primarily consist of revenues derived from a sales and use tax imposed by the Town at a rate of 1.35% (which constitutes a portion of the total sales and use tax currently imposed by the Town), together with certain other moneys as provided in the Bond Ordinance. The 2020 Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) on all of the Pledged Revenues on a parity with the lien thereon of certain outstanding bonds previously issued by the

* Preliminary, subject to change.

Town and any additional parity bonds issued in the future. See “SECURITY FOR THE BONDS,” “REVENUES AVAILABLE FOR DEBT SERVICE” and “LEGAL MATTERS-- Certain Constitutional Limitations.” **The 2020 Bonds do not constitute a general obligation of the Town. Owners of the 2020 Bonds may not look to any other funds or accounts other than those specifically pledged by the Town to the payment of the 2020 Bonds.**

This cover page contains certain information for quick reference only. It is *not* a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2020 Bonds are offered when, as, and if issued by the Town and accepted by the Underwriter subject to the approval of legality of the 2020 Bonds by Butler Snow LLP, Denver, Colorado, Bond Counsel, and the satisfaction of certain other conditions. Butler Snow LLP also has acted as special counsel to the Town in connection with this Official Statement. Certain legal matters will be passed upon for the Town by the Town Attorney. Hilltop Securities Inc., Denver, Colorado, is acting as Municipal Advisor to the Town. Stradling Yocca Carlson & Rauth, P.C., Denver, Colorado, is acting as counsel to the Underwriter. It is expected that the 2020 Bonds will be available for delivery through the facilities of DTC on or about October 6, 2020.*

[STIFEL LOGO]

MATURITY SCHEDULE
(CUSIP© 6-digit issuer number: _____)

\$18,880,000*
TOWN OF CASTLE ROCK, COLORADO
TAXABLE SALES AND USE TAX REVENUE REFUNDING BONDS
SERIES 2020

Maturing (June 1)	Principal Amount	Interest Rate	Yield	CUSIP©		Interest Rate	Yield	CUSIP© Issue Number
				Issue Number	Maturing (June 1)			
2024	\$ 660,000				2030	\$1,960,000		
2025	925,000				2031	2,005,000		
2026	940,000				2032	2,055,000		
2027	955,000				2033	2,105,000		
2028	975,000				2034	2,165,000		
2029	1,915,000				2035	2,220,000		

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* Preliminary, subject to change.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2020 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2020 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the Town or the Underwriter. The Town maintains an internet website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2020 Bonds.

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

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 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.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2020 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Town, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2020 Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2020 Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The 2020 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE 2020 BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2020 BONDS, THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2020 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TOWN OF CASTLE ROCK, COLORADO

Town Council

Jason Gray, Mayor
Jason Bower, Mayor Pro Tem
Kevin Bracken, Council Member
Caryn Johnson, Council Member
George Teal, Council Member
James Townsend, Council Member

Town Administrative Officials

David Corliss, Town Manager
Trish Muller, Finance Director
Michael J. Hyman, Town Attorney

MUNICIPAL ADVISOR TO THE TOWN

Hilltop Securities Inc.
Denver, Colorado

REGISTRAR, PAYING AGENT AND ESCROW BANK

UMB Bank, n.a.
Denver, Colorado

BOND AND SPECIAL COUNSEL

Butler Snow LLP
Denver, Colorado

UNDERWRITER

Stifel, Nicolaus & Company, Incorporated
Denver, Colorado

UNDERWRITER'S COUNSEL

Stradling Yocca Carlson & Rauth, P.C.
Denver, Colorado

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

The information to be updated may be reported in any format chosen by the Town; it is not required that the format reflected in this Official Statement be used in future years. The information in the Budget Summary and Comparison tables is to be satisfied with the current year budget information found in the CAFR.

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OFFICIAL STATEMENT

\$18,880,000*
TOWN OF CASTLE ROCK, COLORADO
TAXABLE SALES AND USE TAX REVENUE REFUNDING BONDS
SERIES 2020

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices, is furnished by the Town of Castle Rock, Colorado (the “Town”), a political subdivision of the State of Colorado (the “State”), to provide information about the Town and its \$18,880,000* Taxable Sales and Use Tax Revenue Refunding Bonds, Series 2020 (the “2020 Bonds”). The 2020 Bonds will be issued pursuant to a bond ordinance (the “Bond Ordinance”) adopted by the Town Council (the “Town Council”) on September 1, 2020.

The offering of the 2020 Bonds 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 2020 Bonds. 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. Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, the inside cover page and the appendices, is unauthorized. Unless otherwise provided, capitalized terms used herein are defined in Appendix B hereto.

The Issuer

The Town was incorporated as a statutory town in 1881 and became a home rule municipality pursuant to Article XX of the Colorado constitution on September 22, 1987, upon the adoption of its home rule charter (the “Charter”). The Town is the county seat for Douglas County, Colorado (the “County”) and is located along Interstate 25 approximately 22 miles southeast of downtown Denver, Colorado, and approximately 40 miles north of Colorado Springs, Colorado. The Town encompasses approximately 34 square miles and, based upon home occupancy rates and the number of building permits issued, the Town estimates its current population to be approximately 72,168. See “THE TOWN.”

Purpose

Proceeds of the 2020 Bonds will be used to: (i) refund \$16,425,000* of the Town’s Sales and Use Tax Revenue Bonds, Series 2013 (the “2013 Bonds”), currently outstanding in the aggregate principal amount of \$18,015,000 (the “Refunding Project”); and (ii) pay the costs of issuing the 2020 Bonds. See “SOURCES AND USES OF FUNDS.”

* Preliminary, subject to change.

The 2013 Bonds to be refunded (the “Refunded Bonds”) mature on and after June 1, 2025.

Security

Special, Limited Obligations. The 2020 Bonds constitute special, limited obligations of the Town. The principal of and interest on the 2020 Bonds is payable solely from Pledged Revenues (defined below). **The 2020 Bonds do not constitute a general obligation of the Town. Owners of the 2020 Bonds may not look to any other funds or accounts other than those specifically pledged by the Town to the payment of the 2020 Bonds.**

Security Generally. The principal of and interest on the 2020 Bonds is payable solely from Pledged Revenues. The Bond Ordinance defines “Pledged Revenues” to mean: (i) the revenues derived from the Pledged Sales and Use Tax (defined below); (ii) any additional taxes (other than a general ad valorem tax), funds or revenues which the Town hereafter pledges to the payment of 2020 Bonds; and (iii) proceeds of the 2020 Bonds or other legally available moneys deposited into and held in the Bond Account; all to the extent that such moneys are at any time required by the Bond Ordinance to be deposited into and held in the Bond Account.

“Pledged Sales and Use Tax” means the sales and use tax levied upon the sale and use of goods and services which currently is being levied by the Town pursuant to Chapter 3.04 of the municipal code (the “Code”) and any future or amended tax levied by the Town as a Sales and Use Tax at a rate of 1.35% (which is a portion of the Town’s total Sales and Use Tax of 4.00%). Pledged Sales and Use Tax also includes the proceeds derived by the Town from any legally available tax or taxes or fees (other than a general ad valorem tax) which replace or supersede the Pledged Sales and Use Tax, regardless of whether such tax or taxes or fees are imposed by the Town or the State or other political subdivision thereof.

Pledged Sales and Use Tax does not include: (i) the 2.65% of the Town’s Sales and Use Tax which is not pledged to the payment of the 2020 Bonds; (ii) amounts paid to the Town by the County as “shareback” sales and use tax revenues (discussed in “REVENUES AVAILABLE FOR DEBT SERVICE--General”); (iii) incremental Sales and Use Taxes which are or may be required to be paid into a special fund, or pledged to the payment of obligations pursuant to an urban renewal plan as defined in Section 31-25-103(a), Colorado Revised Statutes (“C.R.S.”), or a plan of development as defined in Section 31-25-802(6.4), C.R.S., or a value capture plan as defined in Section 43-4-508 C.R.S.; (iv) amounts withheld by retailers and vendors to cover their expenses in collecting and remitting the Pledged Sales and Use Tax, and amounts collected by the Town and subsequently determined, pursuant to Chapter 3.04 of the Code, to be subject to valid claims for refunds; and (v) the proceeds of any increase in the Sales and Use Tax which may be approved in the future, unless such increase is expressly pledged by the Town.

Lien Priority; Outstanding Parity Lien Bonds. Upon issuance, the 2020 Bonds will constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Pledged Revenues on a parity with the lien thereon of the (1) the \$1,590,000* unrefunded portion of the 2013 Bonds; (2) the Town’s Sales and Use Tax Revenue Refunding Bonds, Series 2016, currently outstanding in the aggregate principal amount of \$6,075,000 (the “2016 Bonds”); and

* Preliminary, subject to change.

(3) any additional bonds or other obligations issued in the future with a parity lien on the Pledged Revenues (“Additional Bonds”). Although it has no current plans to do so, the Town may decide to issue Additional Bonds (defined below) in the future if additional voter authorization is received. See “SECURITY FOR THE BONDS--Additional Bonds.”

No Reserve Account. The 2020 Bonds are not secured by a Reserve Account.

The 2020 Bonds; Prior Redemption

The 2020 Bonds are issued solely as fully registered certificates in the denomination of \$5,000, or any integral multiple thereof. The 2020 Bonds initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which is acting as the securities depository for the 2020 Bonds. Purchases of the 2020 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2020 Bonds. See “THE 2020 BONDS--Book-Entry Only System.”

The 2020 Bonds are dated as of the date of delivery and mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page of this Official Statement. The payment of principal and interest on the 2020 Bonds is described in “THE 2020 BONDS--Payment of Principal and Interest; Record Date.”

Certain of the 2020 Bonds are subject to redemption prior to maturity at the option of the Town as described in “THE 2020 BONDS--Prior Redemption.”

Authority for Issuance

The 2020 Bonds are issued in full conformity with the constitution and laws of the State, particularly the Supplemental Public Securities Act (Title 11, Article 57, Part 2, C.R.S.), the Charter, and the Bond Ordinance.

Professionals

Butler Snow LLP, Denver, Colorado, has acted as Bond Counsel. Butler Snow LLP also has acted as special counsel to the Town in connection with the Official Statement. The fees of Butler Snow LLP will be paid only at closing from the proceeds of the 2020 Bonds. Certain legal matters will be passed on for the Town by the Town Attorney. Hilltop Securities Inc., Denver, Colorado, is acting as the municipal advisor to the Town (the “Financial Advisor”) in connection with execution and delivery of the 2020 Bonds. See “MUNICIPAL ADVISOR.” The Town’s basic financial statements for the year ended December 31, 2019, attached hereto as Appendix A, have been audited by BKD, LLP, Denver, Colorado, to the extent and for the period indicated in their report thereon. See “INDEPENDENT AUDITORS.” UMB Bank, n.a., Denver, Colorado, will act as the paying agent and registrar for the 2020 Bonds (the “Paying Agent” and “Registrar”), and will also act as the Escrow Bank in connection with the Refunding Project. Stifel, Nicolaus & Company, Incorporated, Denver, Colorado, will act as the Underwriter of the 2020 Bonds (the “Underwriter”). See “UNDERWRITING.” Stradling Yocca Carlson & Rauth, P.C., Denver, Colorado, is acting as counsel to the Underwriter. Certain mathematical computations with respect to the Refunding Project will be verified by [Causey Demgen & Moore, P.C.], certified public accountants, Denver, Colorado. See “SOURCES AND USES OF FUNDS--The Refunding Project - Verification of Mathematical Computations.”

Tax Status

In the opinion of Butler Snow LLP (“Bond Counsel”), interest on the 2020 Bonds is includable in gross income for federal and Colorado income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2020 Bonds (the “Tax Code”). See “TAX MATTERS.”

Continuing Disclosure Undertaking

The Town will execute a continuing disclosure certificate (the “Disclosure Certificate”) at the time of the closing for the 2020 Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the 2020 Bonds and the Town will covenant in the Bond Ordinance to comply with the terms of the Disclosure Certificate. The Disclosure Certificate will provide that so long as the applicable series of Bonds remains outstanding, the Town will provide the following information to the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access (“EMMA”) system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; each as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix D.

[Discussion of any material failures to comply to come after receipt of Stifel report.]

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be material and could impact the availability of Pledged Revenues to pay debt service on the 2020 Bonds.

Additional Information

This introduction is only a brief summary of the provisions of the 2020 Bonds and the Bond Ordinance; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the 2020 Bonds, the Bond Ordinance, the Pledged Revenues, the Town, and the Refunding Project are included in this Official Statement. All references herein to the 2020 Bonds, the Bond Ordinance, statutes, opinions, contracts, agreements, and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information is available from the Town and from the Underwriter:

Town of Castle Rock, Colorado
 Attn: Finance Director
 100 N. Wilcox Street
 Castle Rock, Colorado 80104
 Telephone: (303) 660-1015

Stifel, Nicolaus & Company, Incorporated
 1401 Lawrence Street, Suite 900
 Denver, Colorado 80202
 Telephone: (303) 296-2300.

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds of the 2020 Bonds are expected to be used in the following manner:

<u>Sources and Uses of Funds</u>	<u>Amount</u>
<u>SOURCES:</u>	
Principal amount of 2020 Bonds	
Plus/(less) net original issue premium/(discount)	
Total	
 <u>USES:</u>	
The Refunding Project.....	
Costs of issuance (including Underwriter’s discount).....	
Total	

Source: The Underwriter.

The Refunding Project

General. A portion of the 2020 Bond proceeds will be used to refund the Refunded Bonds.

To accomplish the Refunding Project, the Town will deposit a portion of the 2020 Bond proceeds into the Escrow Account created pursuant to the Bond Ordinance. Pursuant to an escrow agreement between the Town and the Escrow Bank, the amount deposited into the Escrow Account will be invested in Federal Securities (defined herein) maturing at such times and in such amounts as are required to pay: (i) the principal and interest on the Refunded Bonds as it becomes due through June 1, 2023; and (ii) the principal of the Refunded Bonds upon prior redemption on June 1, 2023.

Verification of Mathematical Computations. The accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the federal securities and cash deposited in the Escrow Account to provide for the payment of the principal, prior redemption premium and interest with respect to the Refunded Bonds when due or upon prior redemption, will be verified by [Causey Demgen & Moore, P.C.], certified public accountants, Denver, Colorado.

THE 2020 BONDS

General

The 2020 Bonds are special, limited obligations of the Town payable solely from the Pledged Revenues. The 2020 Bonds will be dated their date of delivery and will mature and bear interest as set forth on the inside cover page of this Official Statement. The 2020 Bonds will be issued in fully registered form and initially will be registered in the name of “Cede & Co.,” as nominee for DTC. Purchases by beneficial owners of the 2020 Bonds (“Beneficial Owners”) are to be made in book-entry only form in the principal amount of \$5,000 or any integral multiple thereof. Payments to Beneficial Owners are to be made as described below in “Book-Entry Only System.”

For a complete statement of the details and conditions of the 2020 Bonds, reference is made to the Bond Ordinance and the Sale Certificate (defined in Appendix B hereto) for the 2020 Bonds, copies of which are available from the sources listed in “INTRODUCTION-Additional Information.”

Payment of Principal and Interest; Record Date

Interest on the 2020 Bonds (calculated based on a 360-day year consisting of twelve 30-day months) is payable on December 1, 2020, and semiannually on each June 1 and December 1 thereafter. Interest on the 2020 Bonds is payable by check or draft mailed by the Paying Agent on or before the interest payment date (or if such day is not a business day, on the next succeeding business day) to the registered owner thereof (i.e., to Cede & Co.) at the address shown on the registration records kept by the Registrar at the close of business on the fifteenth day of the calendar month next preceding each interest payment date (the “Regular Record Date”). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. The Special Record Date and the date fixed for payment of the defaulted interest shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest and notice of the Special Record Date and the date fixed for payment of the defaulted interest will be given by first class mail to the registered owners of the 2020 Bonds not less than ten days prior to the Special Record Date. The principal of the 2020 Bonds will be payable at maturity or upon prior redemption at the Principal Operations Office (defined in Appendix B) of the Paying Agent upon presentation and surrender thereof. If any 2020 Bond is not paid upon presentation at maturity or prior redemption, it will continue to draw interest at the interest rate borne by the 2020 Bond until the principal is paid in full. The Paying Agent may make payments of interest on any 2020 Bond by such alternate means as may be mutually agreed to between the owner of such 2020 Bonds and the Paying Agent. All such payments will be made in lawful money in the United States of America without deduction for any service charges of the Paying Agent.

Notwithstanding the foregoing, payments of the principal of and interest on the 2020 Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the registered owner of the 2020 Bonds. Disbursement of such payments to DTC’s Participants is the responsibility of DTC, and disbursement of such payments

to the Beneficial Owners is the responsibility of DTC's Participants and the Indirect Participants, as more fully described herein. See "Book-Entry Only System" below.

Prior Redemption*

Optional Redemption. The 2020 Bonds maturing on or before June 1, 20__, are not subject to redemption prior to maturity. The 2020 Bonds maturing on and after June 1, 20__, are subject to redemption prior to their respective maturities, at the option of the Town, in whole or in part, in integral multiples of \$5,000, from such maturities as are selected by the Town and by lot within a maturity (giving proportionate weight to 2020 Bonds in denominations larger than \$5,000), in such a manner as the Town may determine, on June 1, 20__, or on any date thereafter at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date without a redemption premium.

Notice of Redemption. Notice of redemption shall be given by the Registrar in the name of the Town, by sending a copy of such notice by certified, first-class postage prepaid mail, not more than 60 nor less than 30 days prior to the redemption date, to the Purchaser (defined in Appendix B) and to each registered owner of any 2020 Bond, all or a portion of which is called for prior redemption, at his address as it last appears on the registration records kept by the Registrar. Failure to give such notice by mailing to the registered owner of any 2020 Bond or to the Purchaser or any defect therein, shall not affect the validity of the proceedings for the redemption of any other 2020 Bonds.

The notice shall identify the 2020 Bonds or portions thereof to be redeemed (if less than all are to be redeemed) and the date fixed for redemption, and shall further state that on such redemption date the principal amount thereof and the designated premium thereon, if any, will become due and payable at the Paying Agent, and that from and after such date interest will cease to accrue. Accrued interest to the redemption date will be paid by check or draft mailed to the registered owner (or by alternative means if so agreed to by the Paying Agent and the registered owner). Notice having been given in the manner provided above, the 2020 Bond or 2020 Bonds so called for redemption shall become due and payable on the redemption date so designated; and upon presentation and surrender thereof at the Paying Agent, the Town will pay the principal of and premium, if any, on the 2020 Bond or 2020 Bonds so called for redemption.

Notwithstanding the foregoing provisions, any notice of redemption shall either (a) contain a statement that the redemption is conditioned upon the receipt by the Paying Agent on or before the redemption date of funds sufficient to pay the redemption price of the 2020 Bonds so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to the Owners of the 2020 Bonds called for redemption in the same manner as the original redemption notice was mailed, or (b) be given only if funds sufficient to pay the redemption price of the 2020 Bonds so called for redemption are on deposit with the Paying Agent in the applicable fund or account.

Book-Entry Only System

The 2020 Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiples thereof. DTC will act as the initial securities depository for

* Preliminary, subject to change.

the 2020 Bonds. The ownership of one fully registered 2020 Bond for each maturity as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix C - Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2020 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2020 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

None of the Town, the Paying Agent or the Registrar will have any responsibility or obligation to DTC's Participants or Indirect Participants (defined herein), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the 2020 Bonds as further described in Appendix C to this Official Statement.

DEBT SERVICE REQUIREMENTS

Set forth below are the estimated annual debt service requirements for the 2020 Bonds, the estimated combined annual debt service requirements for the 2013 Bonds and the 2016 Bonds (the “Prior Bonds”), and the combined annual debt service requirements for the Prior Bonds and the 2020 Bonds. This table assumes issuance of the 2020 Bonds and completion of the Refunding Project; debt service on the Refunded Bonds is not included.

Debt Service Requirements(1)*

<u>Year</u>	<u>The 2020 Bonds</u>			<u>Total Debt Service on the Prior Bonds*</u>	<u>Grand Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
2021	-			\$ 1,465,418	
2022	-			1,460,962	
2023	-			1,464,837	
2024	\$ 660,000			904,037	
2025	925,000			905,000	
2026	940,000			906,000	
2027	955,000			900,125	
2028	975,000			907,125	
2029	1,915,000			-	
2030	1,960,000			-	
2031	2,005,000			-	
2032	2,055,000			-	
2033	2,105,000			-	
2034	2,165,000			-	
2035	2,220,000			-	
Total	\$18,800,000			\$11,167,893	

(1) Totals may not add due to rounding.

Source: The Municipal Advisor.

* Preliminary, subject to change.

SECURITY FOR THE BONDS

Special, Limited Obligations

The 2020 Bonds are special, limited obligations of the Town payable only from the Pledged Revenues. Neither the 2020 Bonds nor the interest thereon constitute a general obligation debt or indebtedness of the Town, and neither the 2020 Bonds nor the interest thereon are a debt or obligation of the County, the State, nor any political subdivision thereof within the meaning of any provision or limitation of the constitution or laws of the State. The 2020 Bonds do not constitute a lien on any properties owned by or located within the boundaries of the Town. The owners of 2020 Bonds do not have the right to require or compel the exercise of the ad valorem property taxing power of the Town or of any other taxing entity for payment of the principal of or interest on the 2020 Bonds. The owners of the 2020 Bonds may not look to the Town's General Fund (the "General Fund") or any other fund of the Town (other than those pledged in the Bond Ordinance) for payment of the 2020 Bonds. Therefore, the security for the punctual payment of the principal of and interest on the 2020 Bonds is dependent on the generation of Pledged Revenues in an amount sufficient to meet debt service requirements on the 2020 Bonds. See "Special Risks" below and "REVENUES AVAILABLE FOR DEBT SERVICE."

Town's Pledge of the Pledged Sales and Use Tax Revenues

The 2020 Bonds are payable solely from and secured by an irrevocable lien (but not necessarily an exclusive lien) on the Pledged Revenues on a parity with the lien thereon of the Prior Bonds and any Additional Bonds. So long as the 2020 Bonds remain outstanding and concurrent with any deposits of Pledged Revenues for the payment of principal, interest, and premium, if any, on the Prior Bonds and any Additional Bonds, the Town covenants in the Bond Ordinance to deposit the Pledged Revenues as follows: (i) first, into the Bond Account, an amount, in equal monthly installments, sufficient to pay principal and interest on the 2020 Bonds when due; (ii) if required by the Bond Ordinance, into the Reserve Account; and (iii) into the rebate funds or accounts for other Outstanding Bonds. See Appendix B - Summary of Certain Provisions of the Bond Ordinance--Lien on Pledged Revenues; Use of Pledged Revenues.

Special Risks

General. The Town's ability to derive Pledged Revenues in amounts sufficient to pay the principal of and interest on the 2020 Bonds depends on numerous factors, many of which are beyond the control of the Town. Various risks are discussed throughout this Official Statement, and each prospective investor should make an independent evaluation of all information presented in this Official Statement in order to make an informed investment decision. Particular attention should be given to the factors described below which, among others, could affect the generation of Pledged Revenues in amounts required for payment of debt service on the 2020 Bonds.

Pledged Sales and Use Tax Collections Subject to Economic Factors. Payment of the principal of and interest on the 2020 Bonds is dependent upon revenues generated by collection of the Pledged Sales and Use Tax.

Various circumstances and developments, most of which are beyond the control of the Town, may have an adverse effect on the future level of Pledged Sales and Use Tax

revenues. Such circumstances may include, among others, adverse changes in national and local economic and financial conditions generally, reductions in the rates of employment and economic growth in the Town, the County, the State and the region, a decrease in rates of population growth and rates of residential and commercial development in the Town, the County, the State and the region and various other factors. See “REVENUES AVAILABLE FOR DEBT SERVICE--Finance Director’s Summary of Material Trends in Town Sales and Use Tax Collections.”

As an example, the currently circulating COVID-19 virus and resulting actions by the local, State, and federal government may negatively impact the operations of retail businesses generating Sales and Use Tax revenues within the Town. In response to the current spread of the COVID-19 virus, the Governor of Colorado (the “Governor”) issued executive orders limiting business operating capacity to 50% until September 6, 2020. Pursuant to the order, all businesses and activities must operate with at least six feet between non-household members and have no more than 500 people in one setting at a time. These actions are likely to decrease Sales and Use Tax collections within the Town to an extent, and over a period of time, that cannot be quantified at this time. It is impossible to predict whether businesses will be financially able to remain open while operating under the capacity requirements set forth in the order. See “REVENUES AVAILABLE FOR DEBT SERVICE--Finance Director’s Summary of Material Trends in Town Sales and Use Tax Collections.”

These actions have resulted in significant increases in unemployment rates in the last several months. It is also not possible to predict the duration or severity of the unemployment resulting from the closures or the resulting impact on Pledged Sales and Use Tax Revenues.

In addition, collections of the Pledged Sales and Use Tax revenues are subject to fluctuations in consumer spending. Such fluctuations cause Pledged Sales and Use Tax revenues to increase along with the increasing prices brought about by inflation, but also cause collections to be vulnerable to adverse economic conditions and reduced spending. Consequently, the rate of Pledged Sales and Use Tax collections can be expected to correspond generally to economic cycles. The Town has no control over general economic cycles and is unable to predict what general economic factors or cycles will occur while the 2020 Bonds remain outstanding.

Prior Bonds and Additional Bonds. The 2020 Bonds have a lien on the Pledged Revenues that is on a parity with the lien thereon of the Prior Bonds.

In addition, pursuant to the Bond Ordinance, the Town has the right to issue one or more series of Additional Bonds. See “SECURITY FOR THE BONDS--Additional Bonds.” Such Additional Bonds would have a lien on the Pledged Revenues on a parity with the lien enjoyed by the 2020 Bonds and the Prior Bonds; accordingly, if Additional Bonds are issued, the security for the 2020 Bonds and the Prior Bonds will be diluted. If Pledged Revenues were insufficient to pay debt service on the Prior Bonds, the 2020 Bonds, and any Additional Bonds, debt service would be paid on a proportionate basis. The Town reserves the right to request additional voter approval at any time for the purpose of authorizing issuance of Additional Bonds.

Tax Increment Districts. Pursuant to the Bond Ordinance, Pledged Sales and Use Tax does not include incremental sales taxes which are or may be pledged to the payment of the

2020 Bonds pursuant to an urban renewal plan as defined in §31-25-103 (9), C.R.S. or a plan of development as defined in §31-25-802 (6.4) C.R.S. The Town may create tax increment districts in the future that will be entitled to retain the incremental sales taxes collected within their boundaries. Should that occur, the owners of the 2020 Bonds will not be entitled to consider the sales tax increment as Pledged Revenues.

At the November 2008 election, the Town electors approved the formation of a downtown development authority (“DDA”) within the Town. On December 16, 2008, the Town Council approved a plan of development (the “Plan”) as defined in §31-25-802 (6.4) C.R.S. Pursuant to the Plan, the Town may elect to fund certain activities with incremental sales tax revenues; pursuant to the resolution approving the Plan, the sales tax increment available to the DDA is subject to annual appropriation by the Town Council and may be withdrawn at any time. **[Please review and update as necessary.]** Since the formation of the DDA, \$[_____] in sales tax increment has been generated in excess of the base amount of \$2,545,462; for 2020, approximately \$1.3 million of sales tax increment is budgeted for 2020. If sales tax increment is generated in any year, the Town will not be entitled to Sales Tax Revenues in excess of the base amount in any year in which sales tax increment has been appropriated to the DDA. Currently, there are [___] sales tax generators located within the jurisdiction of the DDA; [one of those businesses is one of the ten largest Sales Tax payers in the Town.] See “REVENUES AVAILABLE OR DEBT SERVICE--Principal Sales Tax Generators.”

The Town formed the Castle Rock Urban Renewal Authority (“URA”) in 2013 and approved a redevelopment plan for the Citadel Station-Castle Meadows plan area. **[Please review and update as necessary.]** [That plan area has not generated any sales tax increment in excess of the sales tax base of \$0.] Any sales tax increment generated in the plan area (or any other plan areas formed within the URA) will not constitute Pledged Revenues.

Concentration of Taxpayers. **[Please review and update as necessary.]** As illustrated in the table in “REVENUES AVAILABLE FOR DEBT SERVICE--Principal Sales Tax Generators,” the top ten Sales Taxpayers in 2019 accounted for approximately 34% of the total Sales Taxes collected in 2019 and the largest Sales Taxpayer accounted for approximately 6% of the total Sales Taxes collected in 2019. Should that store close or relocate outside the Town boundaries, the impact on the Pledged Revenues could be significant. In addition, the Town is the home of the Outlets at Castle Rock (the “Outlets”), an open-air outlet center with more than 100 stores. In the aggregate, the Outlets generated \$[_____] or approximately [___]% of the Town’s total 2019 Sales Tax revenues. Should the owner of the Outlets close the center for any reason, the impact on the Pledged Revenues could be significant.

Bankruptcy and Foreclosure. The ability and willingness of an owner or operator of a business to pay Sales or Use Taxes may be adversely affected by the filing of a bankruptcy proceeding by the owner. The ability to collect delinquent Sales and Use Taxes using foreclosure and sale for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency, or other similar proceedings of the owner of a taxed property or the holder of mortgage liens on the taxed property. Prosecution of such proceedings could be delayed due to crowded local court calendars or legal delaying tactics. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period. Delays in the exercise of remedies could result in reduced Pledged Revenues.

Other Factors. Other factors over which the Town has no control may impact the collection of Pledged Sales and Use Tax revenues. These factors include, but are not limited to, the construction of new shopping facilities in areas outside the Town which draw Town residents, increases in purchases made via the Internet, increases in purchases made via catalogue merchants which generally do not collect local sales taxes on purchases and increases in the overall sales tax rate due to the imposition of additional sales taxes by other governmental entities.

Pro-Forma Debt Service Coverage

The following table sets forth a pro forma history of the debt service coverage the Pledged Sales and Use Tax revenues would have provided since 2015. The Pro-forma Pledged Sales and Use Tax Revenues have been calculated as described in footnote (2) below and the coverage shown below has been calculated by dividing the Pro-forma Pledged Sales and Use Tax Revenues by the estimated combined Maximum Annual Debt Service Requirements for the 2020 Bonds and the Prior Bonds (\$2,101,809* in 2030*). See “DEBT SERVICE REQUIREMENTS.”

Historical Pro-Forma Debt Service Coverage

<u>Year</u>	<u>Town 4% Sales and Use Tax Revenues(1)</u>	<u>Pledged (1.35%) Sales and Use Tax Revenues(2)</u>	<u>Combined Maximum Annual Debt Service(3)*</u>	<u>Coverage(3)*</u>
2015	\$48,832,379	\$16,480,927	\$2,101,809	7.84x
2016	54,885,956	18,524,010	2,101,809	8.81x
2017	58,521,215	19,750,910	2,101,809	9.39x
2018	63,751,070	21,515,986	2,101,809	10.23
2019	66,092,274	22,306,142	2,101,809	10.61

(1) Reflects the Town Sales and Use Tax collected by the Town at a rate of 4.0%. Does not include County shareback amounts.

(2) Calculated to reflect only the Pledged Sales and Use Tax Revenues collected at a rate of 1.35%.

(3) \$2,101,809 in 2030. See “DEBT SERVICE REQUIREMENTS.”

Source: The Town for collections; the Municipal Advisor for debt service.

The Town has budgeted to receive \$[] in Pledged Sales and Use Tax revenues in 2020.

No Reserve Account

The 2020 Bonds are not be secured by a reserve account.

Additional Bonds

Additional Bonds. The Bond Ordinance authorizes the issuance of Additional Bonds payable from and constituting a lien upon the Pledged Revenues on a parity with the lien of the Prior Bonds and any Additional Bonds. Such Additional Bonds may be payable solely from Pledged Revenues or they may be payable from Pledged Revenues and another revenue or fund of the Town (“Additional Pledged Revenues”). Regardless of whether payable solely from

* Subject to change.

Pledged Revenues or from Pledged Revenues and Additional Pledged Revenues, such bonds or other obligations may be issued only if for the Fiscal Year immediately preceding the issuance of any Additional Bonds, the amount of Pledged Sales and Use Tax in such Fiscal Year equaled or exceeded 125% of the Maximum Annual Debt Service Requirement on the 2020 Bonds, the Prior Bonds and the Additional Bonds proposed to be issued. In addition, if the Town has drawn on the Bond Reserve Insurance Policy or any similar policy for any other Bonds, the policy costs due and owing to the issuer of the Bond Reserve Insurance Policy or the issuer of any similar policy for any other Bonds shall be added to Maximum Annual Debt Service Requirement for purposes of determining if the test in the preceding sentence has been met. For the purpose of satisfying the 125% test described above, any tax, now existing or hereafter imposed, which legally becomes a part of the Pledged Sales and Use Tax during the Fiscal Year preceding the issuance of Additional Bonds, or any tax which is to legally become a part of the Pledged Sales and Use Tax immediately prior to the issuance of Additional Bonds, or any increase in the rate of any tax which is a part of the Pledged Sales and Use Tax which increase is imposed during the Fiscal Year preceding the issuance of Additional Bonds or any such increase which is to be imposed immediately prior to or concurrently with the issuance of Additional Bonds can be considered for its estimated effect on the amount of the Pledged Sales and Use Tax as if such tax or increase had been in effect for the Fiscal Year immediately preceding the issuance of such Additional Bonds. Any tax which is no longer in effect at the time of issuance of the Additional Bonds shall not be considered for purposes of satisfying such tests.

A written certification by an officer or employee of the Town that the requirements of the prior paragraph have been met shall be conclusively presumed to be accurate in determining the right of the Town to authorize, issue, sell and deliver said Additional Bonds on a parity with the 2020 Bonds.

Refunding Obligations. The Town also may issue bonds or other securities to refund any Outstanding obligations payable from the Pledged Revenues. For a description of the requirements that must be met before the issuance of refunding bonds, see Appendix B - Summary of Certain Provisions of the Bond Ordinance--Refunding Obligations.

Subordinate Bonds Allowed; Superior Bonds Prohibited. Nothing in the Bond Ordinance prevents the issuance by the Town of additional obligations payable from and constituting a lien upon the Pledged Revenues subordinate or junior to the lien of the 2020 Bonds.

The Bond Ordinance prohibits the Town from issuing obligations payable from the Pledged Revenues having a lien thereon prior or superior to the 2020 Bonds.

Limitations on Remedies Available to Owners of 2020 Bonds

No Acceleration. There is no provision for acceleration of maturity of the principal of the 2020 Bonds in the event of a default in the payment of principal of or interest on the 2020 Bonds. Consequently, remedies available to the owners of the 2020 Bonds may have to be enforced from year to year.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the 2020 Bonds and the obligations incurred by the Town in issuing the 2020 Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement

of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations, which could result in a federal lien on the Pledged Revenues which is superior to the lien thereon of the 2020 Bonds; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2020 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

No Trustee. There is no bond trustee or similar person or entity to monitor or enforce the provisions of the Bond Ordinance on behalf of the Owners of the 2020 Bonds, and therefore the Owners should be prepared to enforce such provisions themselves if the need to do so ever arises.

REVENUES AVAILABLE FOR DEBT SERVICE

General

Debt service on the 2020 Bonds will be payable solely from Pledged Revenues, which consist primarily of revenues derived from the Pledged Sales and Use Tax, which is imposed at a rate of 1.35%.

The Town imposes an additional 2.65% sales and use tax which is not pledged to the payment of the 2020 Bonds.

The Town also receives sales and use tax revenue from the County pursuant to an intergovernmental sharing agreement (the "County shareback"). The County shareback is equal to 30% of the County's 1% sales and use tax rate and is paid based upon taxable sales made in the Town. The County shareback may only be used for transportation purposes; the entire amount is deposited into the Town's Transportation Fund (defined in Appendix B and described herein) and is not pledged to the payment of the 2020 Bonds. **[NOTE: Town confirming whether there has been an expansion of territory covered by the agreement.]**

Authority for Imposition of Town Sales and Use Tax

The Sales and Use Tax, which became effective on January 1, 1977, was initially imposed pursuant to State law. The Town adopted its Charter in 1987 and the Sales and Use Tax is currently imposed pursuant to authority granted by the Charter. The Charter provides that the Town may levy and collect taxes, including sales and use taxes, for municipal purposes. No increase in the Town's Sales and Use Tax, or extension of the period for which a temporary rate increase is effective, may take effect until approved by a majority of the Town's registered electors voting thereon.

The Town's Sales and Use Tax was levied at the rate of 1.0% from 1977 through December 31, 1986 and at the rate of 2.0% from January 1, 1987 to June 30, 1988. From July 1, 1988, to December 31, 1989, the Sales and Use Tax was levied at the rate of 3% and as of January 1, 1990, the rate was increased to 4%. Due to the expiration of the Town's authority to

levy a portion of its Sales and Use Tax, the Sales and Use Tax rate was reduced to 3.25% for the period from January 1, 1991 to December 31, 1994, and thereafter was increased to 4.0%. For the period from January 1, 1996, through December 31, 2010, the Town reduced its Sales and Use Tax rate by 0.4% pursuant to a prior County shareback agreement; however, the Town increased the rate to 4.0% effective January 1, 2011, upon expiration of that agreement. The initial imposition of the Sales and Use Tax and the subsequent increases were all approved by the Town's electors.

Required Allocations of Sales and Use Tax Revenue

The Town currently imposes a sales tax (the “Sales Tax”) and a Use Tax (comprised of a use tax on vehicles (the “Vehicle Use Tax”) and a use tax on building materials (the “Building Use Tax”). The Code currently requires the Town to deposit various portions of the Sales and Use Tax into specified funds according to the appropriation set annually by the Town Council. The appropriation must be made in accordance with various voter approvals for sales and use tax distribution, including amounts to be used for transportation purposes and recreation purposes. In addition to the amounts described below, all of the revenues from the County shareback are to be deposited into the Transportation Fund.

As of January 1, 2020, the required deposits are as follows (each number is expressed in cents). However, as described above, the allocation of the Town’s Sales and Use Taxes may be changed each year by the Town Council.

<u>Fund</u>	<u>Sales Tax</u>	<u>Vehicle Use Tax</u>	<u>Residential Building Use Tax</u>	<u>Commercial Building Use Tax</u>
General	2.81	2.44	--	--
Transportation	0.98	1.32	1.45	--
Transportation Capital Projects	--	--	1.31	--
Community Center	0.21	0.24	0.22	--
Economic Development	--	--	--	4.0
General Long Term Planning	--	--	1.02	--

Notwithstanding the foregoing, the Code specifically states that the payment of any bonds (including the 2020 Bonds) and the deposits required in connection with such bonds shall occur prior to the deposits discussed above.

Overlapping Sales and Use Tax

The total sales and use tax currently in effect within the majority of the Town’s boundaries is 7.9%, comprised of the Town Sales and Use Tax of 4.0%, the State’s 2.9% sales and use tax, and the County’s 1.0% sales and use tax.

The Sales Tax

Pursuant to the Code, with certain exceptions discussed in the next paragraph, the Sales Tax is imposed upon all sales and purchases of tangible personal property at retail or the furnishing of services which are subject to the State sales tax as provided in Section 39-26-104, C.R.S. Generally, purchases and sales in the Town also are subject to the same exemptions applicable to the State sales tax.

In accordance with the Code, the Sales Tax is collected and paid on the purchase price paid or charged upon all sales and purchases of tangible property at retail and on specific services. Taxable transactions generally include sales and exchanges of property as well as the sale of tangible personal property (including vehicles) for money. Specific services subject to the Sales Tax include but are not limited to: telephone and telegraph services (except that mobile telecommunications is subject to the provisions of the federal Mobile Telecommunications Sourcing Act and certain taxable transactions may be limited to intrastate calls), gas, electric, and steam services; food or drink served or furnished in or by restaurants, cafes, cafeterias, hotels, night clubs, snack bars, carry out shops and other like places of business at which prepared food or drink is regularly sold; and the transaction of furnishing accommodations. Pursuant to the Code, purchases of food and electricity, natural gas and other fuels for residential use are specifically included as taxable transactions.

The Code also provides that certain transactions are exempt from taxation as specified in Section 39-26-114, C.R.S. These include, but are not limited to: sales to the United States government and to the State, its departments and institutions, and the political subdivisions of the State in their governmental capacities; sales to charitable organizations in the conduct of their charitable functions and activities; sales which the Town is prohibited from taxing under the Constitution or laws of the United States or the State; sales of cigarettes; sales of prescription drugs, prosthetic devices, wheelchairs, hospital beds, corrective eyewear, hearing aids and certain physician-recommended therapeutic devices and appliances; sales of commodities and services to the occupants of certain accommodations; sales to nonprofit schools; sales of trailers and trucks manufactured in the State but sold for use outside the State; sales of construction and building materials to a common carrier by rail for use in construction and maintenance of its railroad tracks; sales of special fuel for farm vehicles; sales of certain articles to retailers or vendors of food, meals or beverages, including bags and other containers, if a separate charge is not made to the consumer thereof and a tax is paid on such food, meal or beverage; sales of aircraft used or purchased for use in interstate commerce by a commercial airline; sales of tangible personal property that is to be permanently affixed or attached as a component part of an aircraft; sales of certain poultry and livestock, feed therefor and straw and other bedding for use in the care thereof; seeds and orchard trees; and 48% of the purchase price of factory-built housing. Reference is made to Section 39-26-114, C.R.S., for a more complete listing of exemptions from the Sales Tax. In addition, pursuant to the Code, purchases of machinery and machine tools and occasional sales by charitable organizations are specifically exempted from taxation. Sales of property on which a specific ownership tax has been paid (or is payable) also are exempt pursuant to the Code if the purchaser is a non-resident or has its place of business outside the Town and the personal property purchased is registered or required to be registered outside the limits of the Town pursuant to State law.

The Use Tax

The Town's Use Tax is collected for the privilege of storing, using or consuming in the Town any construction and building materials and motor or other vehicles on which registration is required, purchased at retail, and in accordance with Article 2, Title 39, C.R.S. Transactions which are exempt from the imposition of the Use Tax include the storage, use or consumption of: (a) any tangible personal property the sale of which is subject to the retail sales tax imposed by the Town; (b) any tangible personal property purchased for resale in the Town, either in its original form or as an ingredient of a manufactured or compounded product, in the regular course of a business; (c) any tangible personal property brought into the Town by a

nonresident thereof for his own storage, use or consumption while temporarily within the Town; (d) tangible personal property by the United States government, or the State of Colorado, or its institutions, or its political subdivisions in their governmental capacities only, or by religious or charitable corporations in the conduct of their regular religious or charitable functions; (e) tangible personal property by a person engaged in the business of manufacturing or compounding for sale, profit or use, any article, substance or commodity, which tangible personal property enters into the processing of or becomes an ingredient or component part of the product or service which is manufactured, compounded or furnished and the container, label or the furnished shipping case thereof; (f) any article of tangible personal property, the sale or use of which has already been subject to a sales or use tax of another county, city or Town equal to or in excess of that imposed by the Town; (g) tangible personal property and household effects acquired outside the Town and brought into it by a nonresident acquiring residency; (h) a motor vehicle if the owner is or was, at the time of purchase, a nonresident of the Town, and he or she purchased the vehicle outside of the Town, for use outside the Town and actually so used it for a substantial and primary purpose for which it was acquired and he or she registered, titled and licensed the motor vehicle outside the Town; (i) any construction and building materials and motor and other vehicles on which registration is required, if a written contract for the purchase thereof was entered into prior to the effective date of Article 2; (j) any construction and building materials required or made necessary in the performance of any construction contract bid, let or entered into any time prior to January 1, 1977.

Collection of the Town Sales and Use Tax

General. Collection of the Town Sales and Use Tax is administered by the Town's Finance Director pursuant to the provisions of the Code. Any retailer engaged in the business of selling at retail must first obtain a Town license. The Town's Finance Director states that the Town currently has 4,910 active sales and use tax licenses.

Collection of Sales Tax. Each individual vendor in the Town is liable for the amount of tax due on all taxable sales made by him. Before the 20th day of each month, each vendor must file a return with the Town for the preceding month and remit an amount equivalent to 4.0% of all sales made by him of commodities or services as defined in the Sales and Use Tax Code, less an amount equal to 3.33% of such tax (not to exceed \$200 per month) to cover the retailers' expense in the collection and remittance of the tax. If a vendor is delinquent in remitting the tax the vendor will not be allowed to retain any amounts to cover his expenses. If less than \$300 in tax will be remitted each month, quarterly filing status will be granted. Annual filing status may be granted if monthly tax is \$10 or less or at the discretion of the Finance Director.

Collection of Use Tax. Use Taxes are imposed on the privilege of storing, using, distributing or otherwise consuming in the Town any construction and building materials and motor or other vehicles on which registration is required, purchased at retail, and in accordance with Article 2, title 39, C.R.S. Use Tax is collected from two major sources: (1) purchases of construction materials and (2) purchases of motor vehicles. Any person purchasing an automobile outside the Town limits must pay the Use Tax prior to registering or licensing the vehicle. As a practical matter, the County will not license vehicles without the payment of Use Tax, which is then transmitted to the Town. With respect to construction materials, the Code requires that Use Tax (calculated against an amount equal to 50% of the value for permit purposes) be paid to the Town upon the issuance of a building permit.

Enforcement and Collection. The Town enforces the collection of the Town Sales and Use Tax through an audit program by which the Town may hold investigations and hearings and may examine any books relevant to the collection of the tax. Interest on insufficient or delinquent returns is imposed at a rate of 1.5% per month. Failure to file a required return results in a \$10 non-filer charge for each required return. The failure to file a return or to pay the tax, or a deficiency in any payment, will cause an additional assessment to be levied upon the vendor. A penalty of 15% is added to any deficient amounts due which are caused by negligence or intentional disregard with knowledge thereof but without intent to defraud. A penalty of 100% of the deficiency is added to amounts due which are caused by fraud. Special penalties apply for repeat enforcement procedures.

To enforce the collection of the Town Sales and Use Tax, the Town employs a six-member collection and auditing staff consisting of the Revenue Manager, a Sales Tax Specialist, two Sales Tax Auditors, a Building Use Tax Auditor, and a Senior Customer Service Representative. A business is chosen for a sales tax audit due to an error in filing, inconsistent tax remittance, auditor investigation and invoices or receipts received from taxpayers. Companies to audit are also identified through “reverse audits,” which means that an auditor finds incorrectly billed invoices or receipts in an audit and those invoices are used to begin an audit on a different company. Audits are not chosen at random.

Once a company has been chosen for audit, an audit engagement letter is sent to the company. From there, after the first contact is made, an audit conformation letter is sent out detailing the phone conversation and what was agreed to, such as the audit period, sample dates, and where to perform the audit. The agreed-upon tax records are then examined and any questions concerning the audit are answered. Once any disputes are settled, a written report detailing what was reviewed and determined is sent to the taxpayer and the audit payment amount and due date are set.

Audits can be performed on a company every three years as stated in the Town ordinances. After an audit has been completed, the auditor will review future returns to see if the changes have been made. If changes are not made, the company will most likely be contacted for another audit when feasible.

Penalties for Failure to Pay Sales and Use Tax. If any person neglects or refuses to make a return or pay taxes as required by the Town, the Town makes an estimate of the amount of taxes due and adds the applicable penalties and interest. The Town gives the delinquent taxpayer written notice of such estimated taxes, penalty, and interest (currently being waived due to COVID-19), in person or by mail. Such estimate thereupon becomes an assessment, and such assessment is final and due and payable 15 days from the date of service or mailing. However, within the 15-day period said delinquent taxpayer may petition the Finance Director for a revision or modification of such assessment. If the vendor is dissatisfied with the Finance Director’s decision, the taxpayer may petition the courts for a review of the decision.

The imposition of the Town’s Sales and Use Tax creates a first and prior lien on the goods and business fixtures of or used by any retailer under lease, title, retaining contract, or other contract arrangement, excepting stock of goods sold or for resale in the ordinary course of business, and takes precedence on all such property over other liens or claims of whatever kind or nature.

Remedies. If there is any violation of the Code, the Town may file a complaint and summons to appear in municipal court; violations are punishable by a fine or imprisonment or both. In addition, at any time when taxes due are unpaid, the Town may issue a warrant directed to any duly authorized revenue collector or to any sheriff of any county in the state commanding him to levy upon, seize, and sell sufficient of the real and personal property of the delinquent taxpayer found within such county for the payment of the amount due, together with interest, penalties and costs, subject to valid pre-existing claims or liens. Any lien for such taxes, upon payment of all taxes, penalties, and interest covered thereby, is released in the same manner as mortgages or judgments.

With the exception of cases of failure to file a return or cases of a false or fraudulent return with intent to evade the tax, the assessment and collection of the Town Sales and Use Tax (and the filing of a lien pursuant to the Code) is subject to a limitation period of three years after the date on which the tax was or is payable, as more specifically set forth in the Code.

Historical Sales and Use Tax Collection Data

Historical Sales and Use Tax Revenue Collection. The Town generally receives Sales Tax revenues in the month after the underlying sale is made. However, there is a two-month lag between the underlying sale and the Town's receipt of shareback Sales Tax revenues from the County. The State collects the County's sales taxes. Because of the administrative time lag involved in collecting and recording the remittances of individual vendors, the County receives monthly distributions approximately two months after the revenues are generated and then forwards them to the Town. The Town collects its own Building Material Use Tax and also collects the County shareback Use Tax on behalf of the County (and retains it); as a result, there is no delay in the receipt of Building Material Use Tax revenues. The County collects the Motor Vehicle Use Tax for itself and on behalf of the Town and as a result, there is a one-month lag between collection and the Town's receipt of the funds.

The following table sets forth the history of the Sales and Use Tax collections deposited into the General Fund in each year shown. As previously described, the allocations to the General Fund may be changed each year as part of the budget process. The amounts shown in this table do not include the amount of the County shareback, but may include portions of the Town Sales and Use Tax that are required to be used for Transportation purposes. As a result, investors are cautioned that not all of the Sales and Use Tax revenues shown here may be available for payment of debt service on the 2020 Bonds.

This history is presented on an accrual basis; accordingly, revenues are recorded in the month in which the underlying sale was made rather than in the month the revenue is collected from the taxpayer.

[Table under review by Town.]

History of General Fund Sales and Use Tax Collections(1)

<u>Year</u>	General Fund		General Fund		General Fund	
	<u>Sales Tax</u> <u>Collections</u>	<u>Percent</u> <u>Increase</u>	<u>Use Tax</u> <u>Collections</u>	<u>Percent</u> <u>Change</u>	<u>Sales and Use</u> <u>Tax Collections</u>	<u>Percent</u> <u>Increase</u>
2015	\$26,110,841	--	\$4,107,574	--	\$30,218,415	--
2016	28,241,814	8.2%	5,388,678	31.2%	33,630,492	11.3%
2017	31,051,728	10.0	4,904,504	(9.0)	35,826,232	6.9
2018	32,878,773	5.9	5,113,198	4.3	37,991,971	5.7
2019	34,692,600	5.9	5,758,702	12.6	40,451,302	6.5
2020(2)		--		--		--

(1) Reflects Sales and Use Tax deposited into the General Fund in each year.

(2) Through May 31, 2020.

Source: The Town.

The following tables present a comparison between monthly Sales Tax receipts (including the County shareback) and monthly Use Tax receipts for the twelve-month periods ending May 31, 2020 and 2019. These tables are presented on an accrual basis; accordingly, revenues are accounted for in the month of the underlying sale rather than in the month the revenues are actually received by the Town.

As of May 31, 2020, the Town had experienced a 5.3% increase in Sales Tax revenues and collected approximately the same amount in Use Tax revenues as compared to the same twelve-month period for the previous year. See “Finance Director’s Summary of Material Trends in Town Sales and Use Tax Collections,” for further information regarding historical levels of Town Sales and Use Tax collections.

Comparison of Monthly Sales Tax Collections(1)

<u>Month</u>	<u>Twelve-Month Period</u> <u>Ending May 31, 2020</u>		<u>Twelve-Month Period</u> <u>Ending May 31, 2019</u>		<u>Percent Change</u>	
	<u>Current</u>	<u>Year</u>	<u>Current</u>	<u>Year</u>	<u>Current</u>	<u>Cumulative</u>
	<u>Month</u>	<u>To Date</u>	<u>Month</u>	<u>To Date</u>	<u>Month</u>	<u>Cumulative</u>
June	\$4,707,760	\$4,707,760	\$4,489,181	\$4,489,181	4.8%	4.8%
July	5,390,885	10,098,645	4,686,552	9,175,733	15.0	10.0
August	4,716,269	14,814,914	4,206,865	13,382,598	12.1	10.7
September	4,526,566	19,341,480	4,491,617	17,874,215	0.7	8.2
October	4,522,695	23,864,175	4,230,174	22,104,389	6.9	7.9
November	3,705,787	27,569,962	4,304,079	26,408,468	(13.0)	4.3
December	7,022,712	34,592,674	6,534,596	32,943,064	7.4	5.0
January	2,792,428	37,385,102	2,614,654	35,557,718	6.7	5.1
February	4,669,348	42,054,450	3,225,890	38,783,608	4.4	8.4
March	4,316,368	46,370,818	4,591,708	43,375,316	(5.9)	6.9
April	3,846,154	50,216,972	3,903,531	47,278,847	(1.4)	6.2
May ⁽²⁾	4,233,607	54,450,579	4,392,018	51,670,865	(3.6)	5.3

(1) Table presented on an accrual basis.

(2) The Town has not received the proceeds of the Sales Tax Shareback for May 2020.

Source: The Town (Unaudited).

Comparison of Monthly Use Tax Collections(1)

<u>Month</u>	<u>Twelve-Month Period</u> <u>Ending May 31, 2020</u>		<u>Twelve-Month Period</u> <u>Ending May 31, 2019</u>		<u>Percent Change</u>	
	<u>Current</u>	<u>Year</u>	<u>Current</u>	<u>Year</u>	<u>Current</u>	<u>Cumulative</u>
	<u>Month</u>	<u>To Date</u>	<u>Month</u>	<u>To Date</u>	<u>Month</u>	<u>Cumulative</u>
June	\$1,398,710	\$1,398,710	\$1,515,274	\$1,515,274	(7.6)%	(7.6)%
July	1,671,436	3,070,146	1,666,076	3,181,350	0.3	(3.4)
August	1,430,722	4,500,868	1,394,998	4,576,348	2.5	(1.6)
September	1,419,266	5,920,134	1,647,649	6,223,997	(1.3)	(4.8)
October	1,665,973	7,586,107	1,197,704	7,421,701	39.0	2.2
November	941,357	8,527,464	1,152,458	8,574,159	(18.3)	(0.5)
December	1,292,593	9,820,057	932,446	9,506,605	38.6	3.2
January	1,313,417	11,133,474	1,074,916	10,581,521	22.1	5.2
February	1,266,302	12,399,776	1,116,347	11,697,868	13.4	6.0
March	1,602,600	14,002,376	1,375,149	13,073,017	16.5	7.1
April	907,137	14,909,513	1,471,775	14,544,792	(38.3)	2.5
May	1,229,088	16,138,601	1,598,529	16,143,321	(23.1)	(0.0)

(1) Table presented on an accrual basis.

Source: The Town (Unaudited).

Principal Sales Tax Generators

Because of the confidential nature of the gross sales of the entities remitting Town Sales Taxes, State law prohibits the release of information that would disclose the identities of

the vendors. The Town expects that these vendors will remain as the largest Sales Tax generators in 2020.

Ten Largest Sales Tax Generators - 2019

<u>Type of Business</u>	<u>2019 Sales Tax Collected</u>	<u>Percent of Total Sales Tax(1)</u>
Grocery	\$3,360,058	6.30%
General merchandise	2,945,844	5.52
General merchandise	2,274,655	4.27
Home improvement store	1,966,249	3.69
Utilities	1,629,673	3.06
Grocery	1,596,539	2.99
Home improvement store	1,269,287	2.38
General merchandise	1,230,633	2.31
Grocery	1,017,145	1.91
Miscellaneous retail	985,786	1.85
Total	\$18,275,868	34.28%

(1) Based upon total Sales Tax collections of \$53,320,475 in 2019.

Source: The Town.

During 2019, food and general merchandise stores as a category (not just the top generators) accounted for approximately 27.8% of total Sales Tax revenues. Apparel and accessories stores as a category accounted for approximately 15.0% of total Sales Tax revenues, while restaurants and bars accounted for approximately 11.9% and miscellaneous retail accounted for 10.7% during that same period. No other category accounted for more than 10% of Sales Tax revenues during 2019.

Finance Director’s Summary of Material Trends in Town Sales and Use Tax Collections

[Please provide narrative for 2015-2019, YTD 2020, any budgeting/revenue challenges, etc. Also discuss impact of COVID-19 on Sales and Use Taxes. Provide any analysis the Town has done with respect to the impact of COVID-19 on Town operations and revenues, particularly Sales and Use Tax revenues. Has the budget/CIP been amended as a result of COVID-19?]

Existing Sales and Use Tax Agreements

The County Sales Tax Shareback Agreement. The Town and the County entered into an Intergovernmental Agreement dated as of January 12, 2011 (the “County Shareback Agreement”), which succeeded a prior agreement with respect to the “shareback” of certain revenues derived by the County pursuant to its sales and use tax within certain portions of the Town. Pursuant to the County Shareback Agreement, the Town receives shareback revenues from the County in an amount equal to 30% of the County’s 1% sales and use tax rate. Pursuant to the County Shareback Agreement, revenues derived from sales made or deliveries accepted within the Town boundaries as they existed on January 12, 2011, are subject to the shareback provisions. The Town may provide the County with changed boundaries upon the annexation of property into the Town. Funds received from the County Shareback Agreement are not available to pay debt service on the 2020 Bonds.

The County shareback revenues are not directly comparable to amounts the Town would receive from imposition of a sales and use tax at rates comparable to those embodied in the shareback agreement, primarily because the County, unlike the Town, does not impose its sales tax on food purchased for domestic consumption or on residential utilities. The County shareback may only be used for transportation purposes; the entire amount is deposited into the Town's Transportation Fund.

Other Rebate/Development Agreements. The Town currently has several agreements in place that agree to rebate certain amounts of existing Sales and/or Use Tax. The Town's obligations under these agreements do not have a lien on any specific Sales and Use Tax revenues, including the Pledged Sales and Use Tax. Accordingly, debt service on the 2020 Bonds, the Prior Bonds, and any Additional Bonds must be paid before any obligations under the agreements are funded.

Mercantile Agreement. The Town has entered into a Downtown Redevelopment Reimbursement agreement with the DDA and Mercantile Commons, LLC, ("Mercantile"), dated as of August 4, 2015 (the "Mercantile Agreement"). Pursuant to the Mercantile Agreement, the Town has agreed to (i) rebate to Mercantile at the certificate of occupancy all Use Tax paid by Mercantile in connection with the project, (ii) rebate 50% of the Sales Tax collected at the Mercantile project through December 1, 2032, or until a reimbursement cap of \$1.3 million is reached, and (iii) reimburse 50% of the property tax increment through tax year 2032, payable in 2033, or until the reimbursement cap is reached. The Town's obligations under the Mercantile Agreement are subject to annual appropriation by the Town. to date, the Town has paid \$[REDACTED] pursuant to the Mercantile Agreement. The Mercantile Agreement will terminate upon the earlier of either the date the rebate ap of \$1.3 million is reached, December 1, 2032, or the property tax increment payment date for the tax year 2032.

Promenade Agreement. The Town has entered into an Amended and Restated Public Finance Agreement, dated as of February 17, 2015, as amended by a First Amendment to Amended and Restated Public Finance Agreement dated as of August 4, 2015 (together, the "Promenade Agreement") with a private developer (the "developer") and the Promenade at Castle Rock Metropolitan Districts No. 1, 2 and 3 (the "Promenade Districts"). The developer plans to develop 900,000 square feet of commercial development and up to 350 multifamily residential units as well as related amenities and uses. The Promenade Agreement prohibits the developer from allowing the relocation of any retailer operating within the Outlets on December 31, 2014 (as well as other retailers listed in the Promenade Agreement and operating at the Outlets on December 31, 2018), to the Promenade through December 31, 2024.

Pursuant to the Promenade Agreement and a related Code amendment, the Town has agreed to grant a Sales Tax credit in the amount of 1.10% against the collection of taxable sales within the retail portion of the Promenade Development (the "Promenade PIF Property") to the extent that a public improvement fee of 1.10% (the "Promenade Credit PIF") has been collected on taxable sales occurring within the Promenade PIF Property. The revenues received from the Promenade Credit PIF are to be pledged by the Promenade Districts to the repayment of bonds issued by those districts. The Promenade Credit PIF does not apply to sales made by any King Soopers, City Market or Target stores that open within the Promenade prior to January 1, 2025. The developer must terminate the Promenade Credit PIF upon the earlier to occur of (i) payment in full or defeasance of all outstanding Promenade District bonds; or (ii) if no bonds are

issued, upon payment or reimbursement to the developer or the Promenade Districts of \$28.8 million of eligible costs and payment to the Town of \$475,000 in Town costs.

The Promenade Agreement also requires the Town to reimburse certain permit fees to the developer (up to a cap of \$4.45 million).

As a result of the Promenade Agreement, the Sales Tax will be imposed within the Promenade PIF Property at a rate of 2.9%. However, revenues derived from the Pledged Sales and Use Tax can be used only for transportation projects as approved by the Town's voters and cannot be used to offset the Promenade Credit PIF. Accordingly, all of the revenues attributable to the 1.35% Pledged Sales and Use Tax will be collected within Promenade.

Riverwalk Credit PIF Agreement. The Town has entered into a Downtown Redevelopment Agreement, dated as of May 2, 2017 (the "Riverwalk Agreement"), with the DDA and CD Wilcox, LLC (the "Owner"). The Owner plans to develop 170,000 square feet of residential space, 30,000 square feet of office space, and 11,000 square feet of retail space, as well as related amenities and uses. Pursuant to the Riverwalk Agreement, the Town will waive collection from the Owner of certain development fees and Use Tax otherwise imposed on the project (up to a cap of \$4 million). The Town will also provide the Owner with a Sales Tax credit in the amount of 2.7% against the Sales Tax collected on taxable transactions within the redevelopment area (the "Riverwalk PIF Property") to the extent that a public improvement fee of 2.7% (the "Riverwalk Credit PIF") has been collected on taxable sales occurring within the Riverwalk PIF Property. The Owner must terminate the Riverwalk Credit PIF upon the earlier to occur of (i) the Owner receives Riverwalk Credit PIF proceeds and property tax increment payments in the aggregate amount of \$11,500,000, or (b) December 31, 2042.

Encore Agreement. The Town has entered into the Encore Agreement with CD-Festival Commons, LLC ("CDFC") with respect to CDFC's plans to develop a mixed-use project to be known as Encore CR (the "Encore Project") consisting of 124 for-sale condominium residential units and 27,000 square feet of retail/office space. The Encore Agreement deals with the construction and financing of a seven-level parking garage with approximately 601 spaces, construction of a pedestrian plaza between the Encore Plaza and Town Hall and the disposition of certain incremental revenues expected to be generated by the Encore Project. Pursuant to the Encore Agreement, CDFC must meet certain construction benchmarks (unless waived or extended by the Town), including completion of the parking garage in mid-2021 and certificates of occupancy for the first residential unit(s) by the end of July 2022.

The Town has created a general improvement district ("GID") encompassing the Encore Project; the GID will impose a 45-mill property tax within its boundaries in tax years 2022 through 2038. The Encore Project is also located within the boundaries of the DDA. In addition to the Town's Sales Tax, the Town will impose a 1% public improvement fee upon retail transactions within the GID (the "Add-On-PIF") from January 1, 2021, through December 31, 2048, unless CDFC requests earlier termination upon receipt by the Town of its entire investment under the Encore Agreement.

Pursuant to the Encore Agreement, the Town and CDFC will share revenues generated by the Encore Project (or the GID) as follows: (1) CDFC will receive 50% of the Add-

On PIF revenues through 2032 or until a \$300,000 cap is reached; (2) CDFC will receive Town Sales Tax revenues (at a rate of 4%) through 2032 or until a \$1,000,000 cap is reached; (3) the Town will receive 100% of the property tax revenues generated by the GID mill levy; and (4) CDFC will receive 80% of the property tax revenues generated within the GID through 2032 or until a \$4,000,000 cap is reached. Pursuant to the Encore Agreement, the Town pledges to pay the Sales Tax described in clause (2) above generated in one fiscal year by June 1 of the following year, to the extent it is budgeted and does not exceed \$1,000,000. Pursuant to the Encore Agreement, the Town also granted CDFC certain fee and use tax waivers (capped at \$2,752,845).

Economic Incentive Agreements. From time to time the Town enters into Economic Assistance Agreements to incentivize companies to relocate businesses or open new businesses and bring jobs to the Town. Pursuant to the Municipal Code, the Town Manager may authorize the dedication of shared revenues generated by the economic development project up to \$100,000; shared revenues in excess of that amount must be approved by the Town Council.

Certain of the economic incentive agreements require the Town to rebate sales or use tax revenues; those rebates are made only from revenues generated by the specific project. The Town expects to enter into additional Economic Incentive Agreements in the future. Amounts rebated pursuant to the Economic Assistance Agreements may reduce the amount of legally available revenues available to pay Base Rentals under the Lease.

Two agreements requiring rebates of sales and/or use tax are described below.

Craig Realty Group. The Town has entered into an Economic Assistance Agreement with Craig Realty Group (“Craig”), dated as of June 1, 2015 (the “Craig Agreement”). Pursuant to the Craig Agreement, the Town has agreed to rebate to Craig an amount not to exceed \$98,750, comprised of: (i) permit fees of approximately \$12,000, and (ii) 25% of the incremental sales tax collected and received by the Town from the Restoration Hardware store located within the Outlets. The Town’s obligations under the Craig Agreement are subject to annual appropriation by the Town. To date, the Town has paid \$[REDACTED] pursuant to the Craig Agreement. The Craig Agreement will terminate upon the earlier of either the date the rebate cap of \$98,750 is reached, or December 31, 2042.

Murdoch’s Ranch and Home Supply. The Town has entered into an Economic Assistance Agreement with Murdoch’s Ranch and Home Supply, LLC (“Murdoch’s”), dated as of July 2, 2018 (the “Murdoch’s Agreement”). Pursuant to the Murdoch’s Agreement, the Town has agreed to rebate to Murdoch’s 25% of the Sales Tax collected on taxable sales at the Murdoch’s Ranch and Supply Store located within the Town (the “store”) for a period not to exceed four years from the date of the completion of the store, in an amount not to exceed \$300,000. The Town’s obligations under the Murdoch’s Agreement are subject to annual appropriation by the Town and are specifically subordinate to any sales and use tax revenue bonds or other indebtedness which are backed by a sales and use tax pledge. To date, the Town has paid \$[REDACTED] pursuant to the Murdoch’s Agreement.

THE TOWN

General

The Town was incorporated as a statutory town in 1881 and became a home rule municipality pursuant to Article XX of the Colorado constitution on September 22, 1987, upon the adoption of its home rule charter (the “Charter”). The Town is the county seat for Douglas County, Colorado (the “County”) and is located along Interstate 25 approximately 22 miles southeast of downtown Denver, Colorado, and approximately 40 miles north of Colorado Springs, Colorado. The Town encompasses approximately 34 square miles and, based upon home occupancy rates and the number of building permits issued, the Town estimates its population to be approximately 72,168.

The Town is a full service municipality providing a full range of services to its citizens. In addition to water, renewable water and wastewater services, those services include police and fire protection, emergency medical and ambulance services, storm water services, the construction and maintenance of streets and infrastructure, golf, recreational activities and cultural events, and general government services.

Town Council

The Town operates under a Council-Manager form of government. The Town Council, which consists of a Mayor and six Council Members, are elected by residents on a nonpartisan basis. The Mayor is elected at-large, and Council Members are elected by district. The Mayor and Council Members serve staggered four-year terms. Council elections are held at the Town’s regular election in November of even-numbered years. Council meetings are held the first and third Tuesday of every month, with special meetings held as needed in accordance with the provisions of the Town Code

The names, principal occupations, and terms of office of present Council Members are set forth below.

<u>Name and Position</u>	<u>Council District</u>	<u>Principal Occupation</u>	<u>Elected/ Appointed</u>	<u>Term Expires (November)</u>
Jason Gray, Mayor	7	Business owner	2018	2022
Jason Bower, Mayor Pro Tem	4	Business owner	2016	2020
James Townsend, Council Member	2	Attorney	2016	2020
Kevin Bracken, Council Member	3	Healthcare	2018	2022
Caryn Johnson, Council Member	5	Community volunteer	2018	2022
George Teal, Council Member	6	Owner-software consulting business	2014	2020

The Council currently has a vacancy; the former Council Member resigned effective August 31, 2020 due to an impending family move. [In mid-August, the Council directed staff [description of direction to come] with respect to the vacant seat.] In any event, the seat will be filled at the election to be held in November 2020.

The Colorado constitution and the Charter limit the consecutive terms each member of the Council may hold. Council Members are limited to serving two consecutive four-year terms. Town voters may vote to eliminate, extend or change the term limits imposed by the

Colorado constitution. The Town's voters have not approved a change in the constitutional term limits.

Administration

Administration. The Town functions through various departments under the supervision of the Town Manager, who is the chief administrative officer of the Town and is responsible for the proper administration of the matters placed in the Town Manager's charge. Except as otherwise provided by the Charter or by ordinances not inconsistent with the Charter, the responsibilities of the Town Manager include: (i) enforcement and administration of the ordinances and other enactments of the Town, and of the terms and conditions imposed in favor of the Town in any contract or franchise; (ii) the hiring, suspension, transfer and removal of Town employees, except that the appointment, suspension, transfer, or removal of any person designated as a department head requires the approval of the Council; (iii) annual preparation and submission to the Council of a proposed budget and capital program as provided in the Charter, and administration of the same after their adoption; (iv) preparation and submission to the Council, as of the end of the Fiscal Year, of a complete report on finances and administrative activities of the Town for the preceding year, and the provision of such other reports concerning the affairs of the Town as the Council may require; (v) advice and recommendations to the Council of the present condition and future needs of the Town; (vi) with the approval of the Council, the establishment, consolidation or abolition of Town departments; (vii) supervision and control of Town departments except as otherwise provided in the Charter; (viii) attendance at meetings of the Council and participation in discussions with the Council in an advisory capacity; (ix) establishment of a system of accounting and auditing for the Town which reflects, in accordance with generally accepted accounting principles, the financial condition and financial operation of the Town; and (x) performance of such other duties as required by the Charter, or as required by the Council and not inconsistent with the Charter.

Brief biographies for the Town Manager and other administrative officials involved in this bond issue follow.

David Corliss, Town Manager. David Corliss was appointed as Town Manager on April 7, 2015, effective June 1, 2015. Mr. Corliss comes to Castle Rock with very strong local government experience, most recently serving as the City Manager of Lawrence, Kansas, a post he has held since 2006. Prior to assuming the role of City Manager, he held other management positions with the City of Lawrence. He holds a Bachelor's Degree in Political Science, Master's Degree in Public Administration and a Juris Doctorate from the University of Kansas School of Law.

Trish Muller, Finance Director. Trish Muller has been with the Town since January 2009 as Assistant Finance Director and was appointed Finance Director in November 2012. Prior to joining the Town's staff, she worked in Governmental Accounting and Management with various auditing firms. Ms. Muller obtained her Bachelors of Science degree in Accountancy from Calvin University in Michigan in 1991 and obtained her CPA in 1995.

Michael J. Hyman, Esq., Town Attorney. Michael J. Hyman was recently hired to the Town Attorney position, preceded by Robert J. Slentz. Mr. Hyman served for 32 years in various positions with the City of Aurora, Colorado, including four years as City Attorney. He has spent the last two years with the City and County of Denver, Colorado, as Deputy City

Attorney. Mr. Hyman obtained his law degree from the University of Colorado and his undergraduate degree from the University of Denver.

Employees; Benefits and Pension Matters

Employees; Benefits and Pension Matters. The Town currently has 521 full-time employees and 580 part-time and seasonal employees. In the opinion of the Town Manager, the state of the Town's employee relations is good.

Benefits. The Town offers benefit packages for all full-time and part-time benefits eligible employees including: alternative care program; dental insurance; employee assistance program; FPPA Statewide Death and Disability Plan (fire department only); life insurance and accidental death and dismemberment; long term disability insurance; medical insurance; paid time off; recreation center memberships; retirement plans (discussed below); Section 125 cafeteria benefit accounts; flexible spending and health savings accounts; short term disability insurance; supplemental life insurance; a travel assistance program; and vision insurance.

Pension Matters. The Town provides defined contribution plans for employees other than firefighters and participates in a multiple-employer defined benefit plan with respect to its firefighters.

Defined Contribution Plans. The Town provides a multi-employer defined contribution plan for all permanent full-time and part-time employees who work at least 20 hours per week. The plan was established and is administered by the International City Managers Association (ICMA) Retirement Association and may be amended with the approval of the Council. For 2019, the mandatory employee contribution was 4% of compensation. The Town contributes 7% of each employee's compensation to the plan with the exception of the Town Manager and Town Attorney. As part of their employment contracts, the Town Manager and the Town Attorney receive a 11% contribution from the Town and do not have a mandatory employee contribution. The Town has no other obligations to fund this plan. Employees are permitted to contribute additional amounts beyond their 4% mandatory contribution. These additional amounts are invested in a deferred compensation plan pursuant to Internal Revenue Code (IRC) Section 457. After completion of one year of service, the employees' Town contributions are fully vested. Unvested contributions for terminated employees are returned to the Town, net of servicing fees. Employees are fully vested for their contributions immediately. All administrative costs of the plans are borne by the participants of each plan. The Town made required contributions to ICMA of \$1,002,346 and \$1,707,321, respectively, for the years ended December 31, 2019 and 2018.

The Town also maintains a qualified 401(a) Executive Defined Contribution plan as part of the employment contracts for the Town Manager and the Town Attorney. The Town contributed 9% of the covered employees' compensation into this plan. Vesting is based on years of service and an employee will not be fully vested until they have reached 10 years of service. The Town's contributions to ICMA for this plan for the years ended December 31, 2019 and 2018 were \$36,400 and \$33,539, respectively, equal to the required contributions. Plan provisions and contribution requirements are established and administered by ICMA and may be amended with the approval of Council.

In 2018, the Town's Sworn Police Officers were moved from the General Employee Plan and added to a new qualified 401(a) Money Purchase Retirement plan. Starting

in 2019, the plan required mandatory employee pre-tax contributions to the plan of 5.6% of compensation. The Town also contributes 8.6% of each employees' compensation to the plan. The Town has no other obligations to fund this plan. Employees are permitted to contribute additional amounts beyond their 5.6% mandatory contribution into a deferred 457 plan. These additional amounts are invested in a deferred compensation plan pursuant to Internal Revenue Code (IRC) Section 457. The plan requires employee participation in the plan immediately upon date of hire. After completion of one year of service, the Town's contributions are fully vested. Unvested contributions for terminated employees are returned to the Town, net of servicing fees. Employees are fully vested for their contributions immediately. All administrative costs of the plans are borne by the participants of each plan. The Town's contributions to ICMA for this plan for the years ended December 31, 2019 and 2018 were \$621,025 and \$568,535, respectively, equal to the required contributions. Plan provisions and contribution requirements are established and administered by ICMA and may be amended with the approval of Council.

See Note 11(A), 11(B), and 11(C) in the audited financial statements for more information regarding the Town's defined contribution plans.

Defined Benefit Plans. Firefighters participate in the statewide defined benefit plan (the "SWDB") administered by the Fire and Police Pension Association ("FPPA"). Contribution rates for this plan are established by State statute as are benefit provisions. The current contribution rate is 10.5% of base salary from the Town and 8.0% from the covered employees. The Town's contribution rates will increase by 0.5% per year through 2022 (to a total of 12% of base salary). The Town contributions to this plan for the years ended December 31, 2019 and 2018 were equal to the required contributions of \$574,390 and \$596,522, respectively. As of December 31, 2019, the Town reported a liability of \$1,407,329 for its proportionate share of the SWDB net pension asset, which was measured as of December 31, 2018. See Note 11(D) and the Required Supplementary Information in the audited financial statements attached hereto as Appendix A for a detailed description of the SWDB plan, including contribution rates, a summary of benefits, net pension assets, actuarial assumptions and discount rates and historical funding information.

The Town also participates in an agent multiple-employer defined benefit plan that covers its volunteer firefighters (the "Volunteer Plan"). The plan is administered and benefit provisions are amended by FPPA. This plan provides retirement benefits as well as death and disability benefits. Volunteer Plan participants are not compensated and do not contribute to the plan; the Town funds its obligations under the Volunteer Plan in an amount not to exceed one-half mill of property tax revenues. Pursuant to State law, the State contributes up to 90% of the Town's contribution, subject to a cap of \$17,635. For the year ended December 31, 2019, the Town and State contributions to the Volunteer Plan were \$20,440 and \$0, respectively.

In 2015, the Town began applying Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* ("GASB 68"), to its audited financial statements. GASB 68 separates pension accounting methodologies from pension funding methodologies. Among other requirements, the Town is required to report its proportionate share of the total PPSA net pension liability/assets ("NPL/A") in its government-wide financial statements. Fund level statements, including the General Fund statements, are not impacted by the GASB 68 reporting. The NPL/A is an accounting estimate of the Town's proportionate share of the PPSA's unfunded liability or funded assets at a specific point in time. Inclusion of this figure in the government-wide

financial statements does not indicate that the Town has a liability to pay the amount shown; the Town's liability is limited to the annually required contributions established by the PPFA.

See Note 11(E) and the Required Supplementary Information in the audited financial statements attached hereto as Appendix A for a detailed description of the Volunteer Plan, including contribution rates, a summary of benefits, net pension liability, actuarial assumptions and discount rates, historical funding status and funding progress information.

No OPEB. The Town does not offer any other post-employment benefits ("OPEB") to retirees and therefore does not have any OPEB liability.

Risk Management

The Council acts to protect the Town against loss and liability by maintaining certain insurance coverages, including property, general liability, automobile liability, law enforcement liability, public officials errors and omissions liability, and crime coverage and workmen's compensation insurance provided by the Colorado Intergovernmental Risk Sharing Agency ("CIRSA"). The Town's current CIRSA coverage expires on January 1, 2021. The Town's various coverages have varying deductibles and coverage limits.

The Town has opted to partially self-insure claims for health insurance of Town employees to a maximum liability of \$100,000 per covered person. The program is administered by a third party (Aetna). Self-insurance activities are accounted for in the Employee Benefits Fund.

In the opinion of the Finance Director, the Town's insurance policies provide adequate insurance protection for the Town. See Note 13 in the audited financial statements attached hereto for a description of the Town's 2019 risk management activities.

Intergovernmental and Other Agreements

In addition to the agreements discussed in "REVENUES AVAILABLE FOR DEBT SERVICE--Existing Sales and Use Tax Agreements," the Town is a party to numerous intergovernmental agreements for the provision of services to its residents. The Town also is a party to several development agreements that require the Town to rebate various revenues, including development impact fees, permit fees, and building fees, to developers. None of those agreements impacts the Pledged Revenues. The Town may enter into additional agreements of this type, including sales and use tax rebate agreements, in the future for economic development purposes.

TOWN FINANCIAL INFORMATION

Prospective investors should be aware that the 2020 Bonds are special, limited obligations of the Town payable solely from Pledged Revenues. Inclusion of the following material is for informational purposes only and does not imply that the 2020 Bonds constitute a general obligation of the Town or a lien on any Town revenues other than such Pledged Revenues. *The General Fund, the Transportation Fund and the Transportation Capital Projects Fund (described below) are not pledged to pay principal and interest on the 2020 Bonds; information about the General Fund, the Transportation Fund and the Transportation Capital Projects Fund is provided for information purposes only.*

Budget Process

The Town's fiscal year runs from January 1 to December 31. Pursuant to the Charter, the Town Manager is required to submit a proposed budget to the Council not later than 45 days prior to the certification of the Town's mill levy. The Council then holds a public hearing on the budget, and adopts the budget with or without amendment. The Charter requires the Council to adopt the budget on or before the final day for certifying the mill levy. If the Council fails to adopt a budget by that date, the amounts appropriated for the current fiscal year will be deemed adopted for the ensuing year on a month-to-month basis until the Council adopts a budget.

Supplemental appropriations may be made by the Council if the Town Manager certifies that revenues in excess of those estimated in the budget are available for appropriation. The Council may make emergency appropriations to meet emergencies which in the Council's judgment may affect life, health, property or the public peace. To the extent unappropriated revenues are not available to meet the emergency appropriation, the Council may authorize the issuance of emergency notes by ordinance, which may be renewed from time to time, but the notes and renewals of any fiscal year must be paid not later than the last day of the fiscal year succeeding the year in which the emergency appropriation was made.

If it appears probable to the Town Manager that revenues will be insufficient to meet appropriation, he must report to the Council immediately indicating the estimated amount of the deficit, any remedial action taken, and recommendations as to future steps to be taken. The Council is required to take any action it deems necessary to prevent or minimize the deficit, and may by ordinance reduce any appropriation.

At any time during the fiscal year the Town Manager may transfer unencumbered appropriation balances among programs within a department, office or agency, and upon written request by the Town Manager the Council may transfer unencumbered appropriation balances from one department, office, agency or object to another. However, no appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below the amount required by law to be appropriated, or by more than the amount of the unencumbered appropriation balance.

Financial Statements

General. Under Colorado law, the Town is required to have its financial statements audited annually. The audited financial statements must be filed with the State Auditor by July 31 each year. If the Town fails to file its audit report with the State Auditor, the State Auditor may, after notice to the Town, authorize the County Treasurer to prohibit release of the Town's tax revenues and other moneys held by the Treasurer until the Town files the audit report. The Town's 2019 CAFR was filed on time.

The Town's audited basic financial statements for the year ended December 31, 2019, and the report of the certified public accountants thereon are attached hereto as Appendix A. Those audited financial statements represent the most recent audited financial statements of the Town. *Prospective investors should be aware that the 2020 Bonds constitute special, limited obligations of the Town payable solely from the Pledged Revenues. Inclusion of the Town's basic financial statements is for informational purposes only and does not imply that*

the 2020 Bonds constitute a general obligation of the Town or a lien on any Town revenues other than the Pledged Revenues.

Awards. The Town has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (“GFOA”) for its Comprehensive Annual Financial Report for the fiscal years ended December 31, 2015 through December 31, 2018. That certificate is the highest form of recognition in the area of governmental financial reporting and is awarded by the GFOA to local governments whose comprehensive annual financial reports are judged to conform substantially to program standards. This is the 29th consecutive year the Town has received this award.

Budget Summaries and Comparisons

[Please provide interim Transportation Capital Projects Fund information for the most recent month-end available, together with information from the same period in the prior year.]

Set forth in the following tables are comparisons of the Town’s General Fund, Transportation Fund and Transportation Capital Projects Fund budgets for fiscal years 2019 and 2020, as compared to actual (unaudited) results for the six-month periods ending June 30, 2019 and 2020.

Information for these three funds is provided because portions of the Pledged Revenues currently are deposited to each of these funds. The information in these tables is presented in budgetary basis and is not intended to conform to Generally Accepted Accounting Principles (“GAAP”). The table does not include fund balance information; for a representation of fund balance, a portion of which is available for appropriation in each year, see the tables in “History of Revenues, Expenditures and Changes in Fund Balances” below.

Budget Summary and Comparison - General Fund

	2019 Amended <u>Budget</u>	Actual YTD through <u>06/30/19 (1)</u>	2020 Amended <u>Budget</u>	Actual YTD through <u>06/30/20(1)</u>
Revenues				
Taxes (2)	\$39,833,223	\$19,199,966	\$42,153,271	\$20,682,647
Licenses and permits	109,301	44,758	102,535	78,667
Franchise fees	2,568,749	774,558	2,497,241	734,125
Fines and forfeitures	415,563	213,677	422,048	130,629
Contributions and donations	29,500	14,049	28,000	32,015
Intergovernmental	1,358,231	257,845	421,139	103,768
Charges for services	6,216,519	2,905,782	7,109,527	3,543,255
Investment earnings	175,334	257,281	238,391	330,832
Other revenue	336,745	106,577	200,850	90,100
Transfers in	<u>1,874,703</u>	<u>39,680</u>	<u>1,784,258</u>	<u>33,162</u>
Total revenues	<u>52,917,868</u>	<u>23,814,173</u>	<u>54,957,260</u>	<u>25,759,200</u>
 Expenditures				
Personnel Services	36,628,071	17,623,495	37,661,759	16,291,503
Services & Other	8,951,772	3,721,059	11,383,031	3,441,259
Supplies	2,651,725	959,307	2,283,712	901,196
Capital	6,620,780	2,529,264	3,046,630	1,190,486
Transfers Out(3)	<u>4,812,662</u>	<u>3,290,393</u>	2,881,570	10,980
Total Expenditures	<u>59,665,010</u>	<u>28,123,518</u>	<u>57,256,702</u>	<u>21,835,424</u>
 Net change	 <u>\$(6,747,142)</u>	 <u>\$(4,309,345)</u>	 <u>\$(2,299,442)</u>	 <u>\$3,923,776</u>

(1) Unaudited, interim financial information only.

(2) Includes a portion of the Town's Sales Tax and Use Tax as well as property taxes, specific ownership taxes, tobacco tax, franchise tax and miscellaneous tax revenues.

(3) [To come.]

Source: The Town.

Budget Summary and Comparison - Transportation Fund

	2019 Amended <u>Budget</u>	Actual YTD through <u>6/30/19(1)</u>	2020 Amended <u>Budget</u>	Actual YTD through <u>6/30/20(1)</u>
Revenues				
Sales and Use Taxes	\$16,245,024	\$8,212,550	\$17,354,531	\$8,637,561
Contributions and donations	251,000	325,000	155,550	427,028
Intergovernmental	8,140,355	3,767,039	7,770,947	3,525,178
Investment earnings	32,016	166,148	73,378	145,362
Other revenue	<u>1,200</u>	<u>9,561</u>	<u>1,500</u>	<u>503</u>
Total revenues	<u>\$24,669,595</u>	<u>\$12,480,298</u>	<u>\$25,355,906</u>	<u>\$12,735,632</u>
 Expenditures				
Personnel	4,570,769	2,225,819	4,497,602	1,997,287
Services & Other	19,882,359	3,193,317	17,620,861	3,134,025
Supplies	680,027	291,458	629,055	254,833
Capital	2,703,994	372,055	5,171,636	284,055
Transfers Out	3,195,276	308,232	1,355,014	373,632
Debt & Financing	<u>880,775</u>	<u>742,350</u>	<u>902,325</u>	<u>773,425</u>
Total expenditures	<u>31,913,200</u>	<u>7,133,231</u>	<u>30,176,493</u>	<u>6,817,257</u>
 Net change	 <u>\$(7,243,605)</u>	 <u>\$5,347,067</u>	 <u>\$(4,820,587)</u>	 <u>\$5,918,375</u>

(1) Unaudited, interim financial information only.

Source: The Town.

Budget Summary and Comparison - Transportation Capital Projects Fund

	2019 Final <u>Budget</u>	Actual YTD through []/19(1)	2020 Amended <u>Budget</u>	Actual YTD through []/20(1)
Revenues				
Building Use Tax revenues				
Contributions and donations				
Development impact fees				
Investment earnings				
Transfers in				
Total revenues				
 Expenditures				
Personnel				
Services & other				
Capital				
Transfers out (2)				
Debt & financing				
Total expenditures				
 Net change				

- (1) Unaudited, interim financial information only.
(2)

Source: The Town.

History of Revenues, Expenditures and Changes in Fund Balances

General. The accounts of the Town are organized and operated on a fund basis. Such funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The governmental fund utilized for the administration and operation of the Town is the General Fund. A portion of the Pledged Sales and Use Tax revenue is deposited into the General Fund; the remainder of the Pledged Sales and Use Tax revenue is deposited into the Transportation Fund and the Transportation Capital Projects Fund. Accordingly, historical information is provided for each of those funds.

The following tables provides a comparative statement of revenues, expenditures and changes in fund balance for the Town’s General Fund, Transportation Fund and Transportation Capital Projects Fund for fiscal years 2011 through 2015. The information has been obtained from the audited basic financial information presented in the Town’s Comprehensive Annual Financial Reports for 2011 through 2015. The information in this table is presented in accordance with GAAP.

This information should be read together with the Town’s fiscal year 2015 audited basic financial statements (and accompanying notes) appearing in Appendix A. Financial statements for prior years may be obtained from the sources noted in “INTRODUCTION--Additional Information.”

Reserve Policies. In April 2016, the Town adopted amended and restated reserve policies providing general guidance on required reserve levels for all Town operating funds. The

reserve policy sets out 11 categories of reserves in order to incorporate aspects unique to each of the Town's 24 funds. Specific amounts are not included in the policies; each fund is to be evaluated each year and funding amounts (or replenishment provisions, if needed) determined as part of the annual budget process.

For the General Fund, the Town maintains the TABOR reserve and a contractual reserve which sets aside funds for specific contracts. The policies incorporate (i) an operational capacity reserve to allow for growth of operational funds for known future items or projects; (ii) a revenue stabilization reserve to protect against fluctuations in Sales Tax collections; (iii) a catastrophic events reserve to protect against increased expenses due to natural disaster; (iv) a capital reserve to plan for unexpected repair or asset failure; and (v) an opportunity reserve to provide for economic development opportunities as well as accommodation for interfund loans to cover cash flow for a given project.

For the Transportation Fund, the Town maintains a revenue stabilization reserve and a capital replacement/catastrophic failure reserve.

General Fund - History of Revenues, Expenditures and Changes in Fund Balance

Revenues	<u>Year Ended December 31,</u>				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019(1)</u>
Taxes					
Property	\$ 1,024,564	\$ 1,085,962	\$ 1,132,676	\$1,196,447	\$ 1,260,995
Sales	26,110,841	28,241,814	31,051,728	32,878,773	34,692,600
Use	688,397	1,710,379	1,100,859	1,024,722	1,218,758
Motor Vehicle Use	3,419,177	3,678,299	3,803,645	4,088,476	4,539,944
Other taxes	2,626,034	2,683,156	2,804,922	2,919,175	3,111,497
Licenses and permits	88,355	109,951	114,988	106,766	103,297
Charges for services	1,972,676	2,121,399	2,203,674	2,497,112	2,311,109
Management fees	2,770,586	2,886,561	3,274,465	3,434,368	3,421,034
Fines and forfeitures	815,713	440,519	399,681	412,374	402,875
Intergovernmental	218,272	269,815	282,068	250,017	1,234,840
Investment earnings	89,841	110,851	208,785	414,305	660,724
Contributions and donations	57,779	30,000	164,500	32,630	760,570
Other	<u>644,026</u>	<u>335,069</u>	<u>571,559</u>	<u>298,230</u>	<u>395,784</u>
Total revenues	<u>40,526,261</u>	<u>43,703,775</u>	<u>47,113,550</u>	<u>49,553,395</u>	<u>54,114,027</u>
Expenditures					
Current					
General government	11,987,218	11,307,760	12,357,352	13,241,928	15,846,344
Public safety	22,043,546	23,442,857	25,897,455	28,735,073	30,487,449
Culture and recreation	3,563,396	4,101,898	3,959,242	4,285,153	4,541,604
Capital outlay	1,180,242	397,037	1,453,422	1,311,098	6,806,654
Debt service					
Principal	312,800	312,801	312,801	--	--
Interest	--	--	--	--	--
Agency fees	--	--	--	--	--
Total expenditures	<u>39,087,202</u>	<u>39,562,353</u>	<u>43,980,272</u>	<u>47,573,252</u>	<u>57,682,051</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,439,059</u>	<u>4,141,422</u>	<u>3,133,278</u>	<u>1,980,143</u>	<u>(3,568,024)</u>
Other Financing Sources (Uses)					
Lease proceeds	--	--	--	--	
Transfers in	637,840	539,657	1,071,193	1,466,392	1,512,643
Transfers out	<u>(1,015,110)</u>	<u>(1,345,414)</u>	<u>(191,148)</u>	<u>(559,429)</u>	<u>(695,138)</u>
Total other financing sources (uses)	<u>(377,270)</u>	<u>(805,757)</u>	<u>880,045</u>	<u>906,963</u>	<u>817,505</u>
Net change in fund balances	1,061,789	3,335,665	4,013,323	2,887,106	(2,750,519)
Fund balances-January 1	<u>20,999,556</u>	<u>22,061,345</u>	<u>25,397,010</u>	<u>29,410,333</u>	<u>32,297,439</u>
Fund balances-December 31	<u>\$22,061,345</u>	<u>\$25,397,010</u>	<u>\$29,410,333</u>	<u>\$32,297,439</u>	<u>\$29,546,920</u>

(1) Unaudited, interim financial information only.

Source: Derived from the Town's CAFRs for the years ended December 31, 2015-2018 and the Town's Unaudited Financial Report for the year ended December 31, 2019.

Transportation Fund-History of Revenues, Expenditures and Changes in Fund Balance

Revenues	Year Ended December 31,				
	2015	2016	2017	2018	2019(1)
Taxes					
Sales	\$11,229,091	\$12,148,474	\$13,369,245	\$14,071,353	\$14,618,800
Use	1,870,394	2,558,823	2,707,657	3,377,101	2,942,867
Motor vehicle use	2,275,003	2,447,372	2,530,771	2,720,285	3,020,806
Charges for services	7,089	9,952	8,508	154	123
Intergovernmental	3,024,280	3,694,264	3,538,364	5,174,460	4,984,079
Investment earnings	12,703	17,077	45,298	197,359	341,738
Contributions and donations	196,234	231,070	312,759	289,388	325,000
Other	16,477	100,506	3,821	108,898	11,128
Total revenues	<u>18,631,271</u>	<u>21,207,538</u>	<u>22,516,423</u>	<u>25,938,998</u>	<u>26,244,541</u>
Expenditures					
Current					
Public works	13,041,892	15,547,942	16,191,640	17,659,134	24,571,541
Capital outlay	682,017	1,658,143	1,535,371	3,293,019	1,711,378
Debt service					
Principal	1,090,000	1,140,000	--	100,000	595,000
Interest	509,575	351,578	296,700	295,700	285,775
Agency fees	400	325	550	404	300
Debt issue costs	--	129,865	--	--	--
Total expenditures	<u>15,323,884</u>	<u>18,827,853</u>	<u>18,024,261</u>	<u>21,348,257</u>	<u>27,163,994</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,307,387</u>	<u>2,379,685</u>	<u>4,492,162</u>	<u>4,590,741</u>	<u>(919,453)</u>
Other Financing Sources (Uses)					
Issuance of refunding bonds	--	7,405,000	--	--	--
Issuance of refunding premium	--	1,389,503	--	--	--
Payment to refunded bonds escrow agent	--	(8,659,717)	--	--	--
Transfers out	(3,373,380)	(1,643,555)	(525,000)	(1,884,097)	(2,578,813)
Net change in fund balances	(65,993)	870,916	3,967,162	2,706,644	(3,498,266)
Fund balances-January 1	<u>4,459,326</u>	<u>4,393,333</u>	<u>5,264,249</u>	<u>9,231,411</u>	<u>11,938,055</u>
Fund balances-December 31	<u>\$4,393,333</u>	<u>\$5,264,249</u>	<u>\$9,231,411</u>	<u>\$11,938,055</u>	<u>\$8,439,789</u>

(1) Unaudited, interim financial information only.

Source: Derived from the Town's CAFRs for the years ended December 31, 2015-2018 and the Town's Unaudited Financial Report for the year ended December 31, 2019.

Transportation Capital Projects Fund – History of Revenues, Expenditures and Changes in Fund Balance

Revenues	Year Ended December 31,				
	2015	2016	2017	2018	2019(1)
Taxes					
Building use tax	\$1,391,505	\$1,912,655	\$1,996,035	\$2,507,352	\$2,203,350
Development impact fees	2,347,117	3,246,878	3,411,637	6,312,323	6,473,378
Intergovernmental	3,012,573	578,344	32,550	191,362	1,450,906
Investment earnings	109,823	116,460	97,771	135,134	289,241
Contributions and donations	--	--	--	--	--
Other	<u>22</u>	<u>114</u>	<u>--</u>	<u>--</u>	<u>295</u>
Total revenues	<u>6,861,040</u>	<u>5,854,451</u>	<u>5,537,993</u>	<u>9,146,171</u>	<u>10,417,170</u>
Expenditures					
Public works	113,977	158,573	47,564	36,385	6,205
Capital outlay	21,982,591	14,677,952	558,195	2,681,304	13,251,513
Debt service					
Principal	--	--	485,000	490,000	500,000
Interest	871,788	871,788	868,150	860,838	852,163
Agency fees	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>
Total expenditures	<u>22,968,656</u>	<u>15,708,613</u>	<u>1,959,209</u>	<u>4,068,827</u>	<u>14,610,181</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,107,616)</u>	<u>(9,854,162)</u>	<u>3,578,784</u>	<u>5,077,344</u>	<u>(4,193,011)</u>
Other Financing Sources (Uses)					
Issuance of debt	--	--	--	--	--
Transfers in (2)	2,800,000	1,143,555	462,411	1,200,000	3,086,963
Interfund loan principal	--	--	(2,500,000)	--	--
Interfund loan interest	--	--	(24,247)	--	--
Transfers out	<u>(625,643)</u>	<u>(52,500)</u>	<u>(29,323)</u>	<u>(149,204)</u>	<u>(55,870)</u>
Total	<u>2,174,357</u>	<u>1,091,055</u>	<u>(2,091,159)</u>	<u>1,050,796</u>	<u>3,031,093</u>
Net change in fund balances	(13,933,259)	(8,763,107)	1,487,625	6,128,140	(1,161,918)
Fund balances-January 1	<u>25,217,855</u>	<u>11,284,596</u>	<u>5,021,489</u>	<u>6,509,114</u>	<u>12,637,254</u>
Fund balances-December 31	<u>\$11,284,596</u>	<u>\$2,521,489</u>	<u>\$6,509,114</u>	<u>12,637,254</u>	<u>11,475,336</u>

(1) Unaudited, interim financial information only.

(2) Comprised of transfers in from the Transportation Fund.

Source: Derived from the Town's CAFRs for the years ended December 31, 2015-2018 and the Town's Unaudited Financial Report for the year ended December 31, 2019.

DEBT STRUCTURE

General

Pursuant to the terms of Article X, Section 20 of the Colorado constitution (the “Taxpayers Bill of Rights” or “TABOR”), the Town must obtain voter authorization prior to the creation of any multiple fiscal year obligation (except for refunding obligations at a lower interest rate), including general obligation bonds and revenue bonds, without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. See “LEGAL MATTERS--Certain Constitutional Limitations.” In some instances, the terms of the Charter authorize the Town to issue certain multiple fiscal year obligations without obtaining voter approval in advance. However, the terms of TABOR now require the Town to obtain advance voter approval prior to the issuance of most types of obligations, subject to the exceptions discussed in “LEGAL MATTERS--Certain Constitutional Limitations.”

General Obligation Indebtedness

The Town has the power to contract indebtedness on behalf of the Town by borrowing money or issuing bonds to carry out the objects or purposes of the Town. However, pursuant to the provisions of the Charter and State law, the Town must adhere to the constitutional limitations affecting the issuance of general obligation debt. See “LEGAL MATTERS--Certain Constitutional Limitations.” The Town does not have any general obligation debt outstanding.

Revenue Obligations

General. Pursuant to the Charter, the Town also has the authority to issue revenue obligations payable from the net revenues of Town facilities and other revenues. Pursuant to the Charter, revenue obligations do not constitute a general obligation debt indebtedness of the Town and may be authorized by action of the Town Council. Pursuant to TABOR, the issuance of revenue bonds is governed by the provision which requires voter approval for the creation of any multi-fiscal year direct or indirect financial obligation without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years (unless issued by an enterprise). See “LEGAL MATTERS--Certain Constitutional Limitations.”

Sales and Use Tax Revenue Bonds. After the issuance of the 2020 Bonds and completion of the Refunding Project, the Town’s outstanding sales and use tax revenue obligations will consist of the unrefunded portion of the 2013 Bonds, the 2016 Bonds, and the 2020 Bonds, outstanding in a combined principal amount of \$26,545,000*.

Water and Wastewater Enterprise Revenue Bonds. The Town has outstanding \$42,456,445 aggregate principal amount of revenue bonds payable from the net revenues of its water and wastewater system, consisting of: (1) the Water and Sewer System Enterprise Revenue Refunding Bonds, Series 2012, currently outstanding in the aggregate principal amount of \$4,975,000; (2) the Water and Sewer Enterprise Revenue Refunding Bonds, Series 2015, currently outstanding in the aggregate principal amount of \$4,060,000, and (3) the Water and Sewer Enterprise Revenue Refunding Bonds, Series 2016, currently outstanding in the aggregate principal amount of \$42,435,000.

* Preliminary, subject to change.

Golf Course Enterprise Revenue Bonds. The Town has outstanding its Golf Course Enterprise Revenue Refunding and Improvement Bonds, Series 2015, currently outstanding in the aggregate principal amount of \$3,525,000; those bonds are payable from golf course enterprise revenues.

Special Assessment Bonds

The Town has the power to issue special assessment bonds payable from assessments against benefited properties within special improvement districts formed for the purpose of constructing certain improvements. Such bonds generally do not constitute a general obligation debt of the Town. In accordance with the Charter, the Council may pledge to pay the remaining principal and interest on such bonds when 75% of the bonds have been paid and cancelled, to the extent remaining assessments are not sufficient. The Town currently has no special assessment bonds outstanding.

Other Obligations

Lease-Purchase Agreements. The Town has obligations pursuant to an annually renewable Lease Purchase Agreement dated September 12, 2013, between the Town and UMB Bank, n.a., solely in its capacity as Trustee under a related indenture (the “2013 Lease”). The Town’s payments under the 2013 Lease are used by the Trustee to pay base rentals on certain certificates of participation (the “2013 COPS”) issued pursuant to the Indenture. The proceeds of the 2013 COPS were used by the Town to fund the construction of a fieldhouse at Philip S. Miller Park. As of December 31, 2019, the 2013 COPS were outstanding in the aggregate principal amount of \$7,130,000. The 2013 COPS are payable from any legally available revenues of the Town as appropriated on an annual basis.

The Town expects to enter into an additional Lease Purchase Agreement in the amount of approximately \$9.8 million in October 2020 in order to finance the acquisition of a parking garage. Payments under that lease will secure certificates of participation which will be payable from any legally available revenues of the Town as appropriated on an annual basis.

Notes Payable. In 2019, the Town entered into a loan agreement with a financial institution in the amount of \$9,500,000 in order to finance stormwater projects; the loan is payable solely from revenues in the Stormwater Fund. The Town has drawn \$4,500,000 under this loan agreement and expects to draw an additional \$4,500,000 in September 2021 and the remaining \$500,000 in 2021. Principal payments are due annually beginning in 2022 and continuing through 2030. Interest is payable semiannually at a rate of 1.92%.

Other Leases. The Town is a party to several capital leases for the purchase of equipment, golf carts and cardiac monitors. All of these capital leases are subject to annual appropriation. As of December 31, 2019, those leases had combined outstanding principal balances of \$367,525.

Short-Term Obligations. The Town is authorized by the Charter to issue short term securities (maturing before the end of the fiscal year) without an election. The Town has no short term securities outstanding.

DDA Obligations/Line of Credit. In January 2020, the Town entered into a \$1 million line of credit on behalf of the DDA. Draws on the line of credit are to be used to fund

DDA expenditures for projects in the DDA development plan. Draws on the line of credit are repaid from property tax increment revenues and, if needed, sales tax increment generated within the boundaries of the DDA. Draws on the line of credit are also secured by amounts on deposit in the DDA TIF Fund. No other Town funds are pledged to payment of draws on the line of credit.

Other Obligations. The Town records a long-term liability for accrued vacation, sick, and severance pay each year. See Notes 1J and 7 in the audited financial statements attached hereto as Appendix A.

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

Population

The following table sets forth population statistics for the Town, the County, the Denver-Aurora Core Based Statistical Area (“Denver-Aurora CBSA”) and the State. The Denver-Aurora CBSA is comprised of six metro counties and four bordering counties: Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park. Between 2000 and 2010, the population of the Town increased approximately 138.5%, that of the County increased 62.4%, and the populations of the Denver-Aurora CBSA and the State increased 15.8% and 16.9%, respectively.

Population

Year	Town of Castle Rock	Percent Change	Douglas County	Percent Change	Denver- Aurora CBSA	Percent Change	Colorado	Percent Change
1970	1,531	--	8,407	--	1,116,226	--	2,207,259	--
1980	3,921	156.1%	25,153	199.2%	1,450,768	30.0%	2,889,735	30.9%
1990	8,708	122.1	60,391	140.1	1,650,489	13.8	3,294,394	14.0
2000 ⁽¹⁾	20,224	132.2	175,766	191.0	2,196,957	33.1	4,301,261	30.6
2010	48,231	138.5	285,465	62.4	2,543,482	15.8	5,029,196	16.9
2011	49,748	--	292,650	--	2,604,366	--	5,123,692	--
2012	51,073	2.7%	298,836	2.1%	2,651,802	1.8%	5,195,943	1.4%
2013	52,725	3.2	306,484	2.6	2,702,325	1.9	5,272,942	1.5
2014	55,226	4.7	314,822	2.7	2,756,069	2.0	5,352,866	1.5
2015	57,152	3.5	322,224	2.4	2,815,004	2.1	5,454,707	1.9
2016	60,045	5.1	328,370	1.9	2,859,038	1.6	5,542,951	1.6
2017	63,106	5.1	335,901	2.3	2,894,306	1.2	5,616,567	1.3
2018	64,818	2.7	342,847	2.1	2,932,934	1.3	5,694,311	1.4

(1) Denver-Aurora CBSA population adjusted to reflect the 2001 consolidation of the City and County of Broomfield.

Sources: United States Department of Commerce, Bureau of the Census (1970-2010), and Colorado State Demography Office (2011-2018 estimates, which are subject to periodic revisions, and 2000 Denver-Aurora CBSA number).

Income

The following table sets forth the annual per capita personal income levels for the residents of the County, the Denver-Aurora CBSA, the State and the United States. Per capita personal income levels in the County have consistently exceeded Denver-Aurora CBSA, State and national levels during the period shown.

Per Capita Personal Income

Year ⁽¹⁾	Douglas County	Denver-Aurora CBSA	Colorado	United States
2014	\$66,059	\$55,619	\$50,711	\$47,071
2015	67,531	56,601	52,147	48,994
2016	68,525	56,602	52,278	49,890
2017	70,029	60,604	55,374	51,910
2018	73,662	64,287	58,500	54,526
2019	n/a	n/a	61,348	56,663

(1) Figures for Douglas County and the Denver-Aurora CBSA updated November 14, 2019. Figures for the State and the United States updated March 24, 2020. All figures are subject to periodic revisions.

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

Employment

The following two tables set forth the number of individuals employed within selected Douglas County industries and Denver-Aurora CBSA industries that are covered by unemployment insurance. In 2019, the largest employment sector in Douglas County was retail trade (comprising approximately 14.2% of the county's work force), followed, in order, by health care and social assistance, professional and technical services, accommodation and food services, and finance and insurance. For the twelve-month period ended December 31, 2019, total average employment in the county increased 4.1% as compared to the same period ending December 31, 2018, while total average weekly wages increased 8.4% during the same time period.

Average Number of Employees Within Selected Industries – Douglas County

<u>Industry</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Accommodation and Food Services	11,735	11,962	12,112	12,654	13,144
Administrative and Waste Services	6,225	6,070	5,934	5,702	5,977
Agriculture, Forestry, Fishing, Hunting	188	193	205	207	224
Arts, Entertainment and Recreation	3,186	3,273	3,667	3,645	3,851
Construction	7,808	8,363	8,445	8,868	9,285
Educational Services	10,643	10,732	11,096	11,095	11,382
Finance and Insurance	7,052	8,231	9,026	9,761	12,782
Government	3,101	3,236	3,320	3,434	3,542
Health Care and Social Assistance	11,117	11,825	12,506	13,335	13,929
Information	5,761	5,912	5,631	6,788	5,534
Management of Companies/Enterprises	2,852	3,010	3,166	3,373	3,568
Manufacturing	2,481	2,378	2,243	2,058	2,012
Mining	567	478	303	250	291
Non-Classifiable	8	9	4	11	12
Other Services	3,660	3,957	4,203	4,089	4,154
Professional and Technical Services	12,044	12,032	13,205	13,082	13,428
Real Estate, Rental and Leasing	1,568	1,694	1,847	1,911	2,022
Retail Trade	17,486	17,924	17,933	18,706	18,633
Transportation and Warehousing	1,300	1,302	1,777	1,844	1,910
Utilities	404	430	448	454	473
Wholesale Trade	<u>3,698</u>	<u>3,800</u>	<u>4,064</u>	<u>4,416</u>	<u>4,635</u>
Total ⁽¹⁾	<u>112,883</u>	<u>116,808</u>	<u>121,135</u>	<u>125,683</u>	<u>130,787</u>

(1) Figures may not equal totals when added, due to the rounding of averages or the inclusion in the total figure of employees that were not disclosed in individual classifications.

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

In 2019, the largest employment sector in the Denver-Aurora CBSA was health care and social assistance (comprising approximately 12.2% of the metro area’s work force), followed in order by professional and technical services, accommodation and food services, retail trade, and educational services. For the twelve-month period ending December 31, 2019, total average employment in the Denver-Aurora CBSA increased by approximately 2.4% as compared to the same twelve-month period ending December 31, 2018.

Average Number of Employees Within Selected Industries – Denver-Aurora CBSA

<u>Industry</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Accommodation and Food Services	131,834	137,017	140,312	142,568	144,777
Administrative and Waste Services	96,178	97,345	98,064	98,902	100,750
Agriculture, Forestry, Fishing, Hunting	2,548	2,844	3,446	3,616	4,164
Arts, Entertainment and Recreation	26,471	27,183	29,046	29,975	32,065
Construction	83,954	89,122	93,612	99,219	102,079
Educational Services	103,588	105,846	107,433	108,700	111,885
Finance and Insurance	73,181	75,472	77,384	78,518	78,320
Government	70,710	71,750	72,552	73,588	74,322
Health Care and Social Assistance	168,378	175,797	176,398	181,494	185,801
Information	46,446	47,513	48,004	51,051	51,705
Management of Companies/Enterprises	30,036	30,096	31,812	33,288	34,308
Manufacturing	68,431	69,390	69,266	70,004	70,997
Mining	11,270	9,119	9,201	10,314	10,916
Non-Classifiable	146	144	39	98	133
Other Services	42,261	43,934	45,566	46,066	47,263
Professional and Technical Services	125,944	130,440	134,382	140,168	147,103
Real Estate, Rental and Leasing	26,777	27,926	28,823	29,819	31,532
Retail Trade	136,082	138,161	138,396	139,552	138,864
Transportation and Warehousing	55,380	57,092	60,767	64,451	69,406
Utilities	5,768	5,769	5,737	5,745	5,887
Wholesale Trade	69,961	71,162	72,372	73,263	74,394
Total ⁽¹⁾	<u>1,377,873</u>	<u>1,415,505</u>	<u>1,444,879</u>	<u>1,482,398</u>	<u>1,518,254</u>

(1) Figures may not equal totals when added due to the rounding of averages or the inclusion in the total figure of employees that were not disclosed in individual classifications.

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

The following table presents information on employment within the County, the Denver-Aurora CBSA, the State and the United States, for the period indicated. The annual unemployment figures indicate average rates for the entire year and do not reflect monthly or seasonal trends. The unemployment rate for the County has consistently been lower than the rate for the Denver-Aurora CBSA, the State and the United States during the period shown.

Labor Force and Employment

Year	Douglas County ⁽¹⁾		Denver-Aurora CBSA ⁽¹⁾		Colorado ⁽¹⁾		United States
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2015	172,105	3.1%	1,505,494	3.7%	2,825,111	3.9%	5.3%
2016	177,371	2.7	1,540,407	3.1	2,891,677	3.3	4.9
2017	184,585	2.4	1,589,449	2.7	2,986,522	2.8	4.4
2018	191,729	2.7	1,639,035	3.0	3,080,661	3.2	3.9
2019	196,248	2.4	1,677,324	2.7	3,148,766	2.8	3.7
<u>Month of May</u>							
2019	194,805	2.2%	1,664,907	2.5%	3,119,482	2.6%	3.6%
2020	187,496	8.2	1,637,743	10.4	3,049,684	10.0	13.3

(1) Figures for the County, Denver-Aurora CBSA, and the State are not seasonally adjusted.

Sources: State of Colorado, Department of Labor and Employment, Labor Market Information, Labor Force Data and United States Department of Labor, Bureau of Labor Statistics.

Major Employers

The following table provides a brief description of selected major private employers located within the County. No independent investigation of the stability or financial condition of the employers listed hereafter has been conducted and, therefore, no representation can be made that such employers will continue to maintain their status as major employers in the County.

Largest Private Employers in Douglas County

Name of Employer	Product or Service	Estimated Number of Employees ⁽¹⁾
Charles Schwab	Financial Services	4,300
DISH Network	Satellite Television and Equipment	2,700
Centura Health ⁽²⁾	Healthcare	1,510
HealthONE: Sky Ridge Medical Center	Healthcare	1,370
VISA Debit Processing Services	Financial Services	1,100
Specialized Loan Servicing LLC	Financial Services	920
Jacobs Engineering Group	Engineering and Architectural Services	880
IHS Markit	Indexed Technical Data	750
ViaSat, Inc.	Telecommunications	620
Sprint Corporation	Telecommunications	590

(1) Revised May 2020.

(2) Centura Health includes Castle Rock Adventist Hospital and Parker Adventist Hospital.

Source: Development Research Partners as provided by Metro Denver Economic Development Corporation.

A brief description of selected major employers located within the Town and their approximate number of employees is listed below. No independent investigation of the stability or financial condition of the employers listed hereafter has been conducted and, therefore, no

representation can be made that such employers will continue to maintain their status as major employers in the Town.

Selected Major Employers in the Town of Castle Rock

Name of Employer	Product or Service	Estimated Number of Employees ⁽¹⁾
Douglas County School District Re.1	Public education	6,283 ⁽²⁾⁽³⁾
Douglas County	Government	1,285 ⁽²⁾⁽³⁾
Town of Castle Rock	Government	558 ⁽⁴⁾
Castle Rock Adventist Hospital	Healthcare	250 to 499
Castle Rock Homes	Real estate	250 to 499
Elite Surface Infrastructure	Concrete contractors	250 to 499
WalMart Supercenter	General merchandise retail	250 to 499
Castle Pines Golf Club	Recreation	100 to 249
Kohl's	Department store	100 to 249

- (1) Figures are as of April 2020, unless otherwise indicated.
- (2) Figure is for all employees, including employees working outside the Town of Castle Rock.
- (3) Figure taken from the employer's 2019 Comprehensive Annual Financial Report; includes only full-time employees.
- (4) Figure taken from the employer's 2018 Comprehensive Annual Financial Report; includes only full-time employees.

Source: Infogroup as posted by State of Colorado, Department of Labor and Employment, Labor Market Information; and individual employers.

Building Activity

The following two tables provide a history of building permits issued for residential and commercial construction in the Town and in the unincorporated portions of the County for the years indicated.

Building Permit Issuances for New Structures in the Town of Castle Rock

Year	Single Family		Multi-Family ⁽¹⁾		Commercial/Industrial ⁽²⁾	
	Permits	Value	Permits/Units	Value	Square Feet	Value
2015	793	\$173,450,250	83	\$11,000,000	470,000	\$28,693,500
2016	751	169,668,570	380	38,810,205	191,100	59,440,534
2017	862	253,423,531	402	58,746,347	697,539	62,694,257
2018	1,028	304,165,959	372	41,317,324	461,017	45,658,744
2019	901	272,981,745	23	3,801,979	181,767	25,711,875
2020 ⁽³⁾	456	138,981,678	116	717,200	251,578	25,726,396

- (1) Includes duplexes, townhomes, condominiums and apartments.
- (2) This category is all inclusive and may include permits issued for religious buildings and public schools.
- (3) Figures are for January 1 through June 30, 2020.

Source: Town of Castle Rock Development Services Department.

Building Permit Issuances in Unincorporated Douglas County

Year	New Residential		New Multi-Family ⁽¹⁾		Commercial ⁽²⁾	
	Permits	Value	Permits	Value	Permits	Value
2015	893	\$293,300,865	69	\$22,394,193	327	\$157,045,797
2016	851	274,367,486	30	49,775,234	337	119,738,163
2017	939	301,450,934	119	89,618,816	369	162,961,937
2018	1,007	324,216,679	155	28,923,706	340	277,001,574
2019	970	296,896,076	298	42,251,354	330	182,444,753
2020 ⁽³⁾	77	139,694,173	35	19,113,887	155	73,742,091

(1) Includes apartments, condominiums, duplexes and townhouses.

(2) Includes permits for tenant finish and improvement, and alterations.

(3) Figures are for January 1 through June 30, 2020.

Source: Douglas County Building Division.

Foreclosure Activity

The following table presents historical information on foreclosure filings. Such information represents the number of foreclosures filed, but it does not take into account the number of foreclosures which were filed and subsequently redeemed or withdrawn.

History of Foreclosures - Douglas County

Year	Number of Foreclosures Filed	Percent Change
2015	322	--
2016	314	(2.5)%
2017	254	(19.1)
2018	279	9.8
2019	242	(13.3)
2020 ⁽¹⁾	86	--

(1) Figures are for January 1 through June 30, 2020.

Sources: Colorado Division of Housing (2015 to 2019 figures) and the Douglas County Public Trustee's Office (2020 figure).

TAX MATTERS

In the opinion of Bond Counsel, interest on the 2020 Bonds is includable in gross income for State and federal income tax purposes.

LEGAL MATTERS

Litigation

The Town Attorney states that, as of the date hereof, to the best of his knowledge, there is no pending lawsuit or threatened litigation against the Town which would restrain or enjoin the issuance of the 2020 Bonds or the levy or collection of Pledged Revenues to pay debt service on the 2020 Bonds. The Town is, however, subject to certain pending and threatened

litigation regarding various other matters arising in the ordinary course of the Town's business. It is the opinion of the Town Attorney that the Town's level of insurance coverage is adequate or, as to claims not covered by insurance, any potential financial exposure of the Town in the pending litigation will not result in final judgments against the Town which would, individually or in the aggregate, materially adversely affect the Town's financial position or its ability to perform its obligations to the owners of the 2020 Bonds.

Governmental Immunity

The Colorado Governmental Immunity Act, Title 24, Article 10, Part 1, C.R.S. (the "Immunity Act"), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the Town, for injuries which lie in tort or could lie in tort.

The 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; operation and maintenance of any public water, gas, sanitation, electrical, power or swimming facility; a dangerous condition of any public buildings; the operation of any public water facility; and a dangerous condition of a public highway, road or street as provided in the Immunity Act. Immunity is also waived for peace officers who deprive any other person of individual rights under the conditions specified in State law. 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 Town may not be held liable under the Immunity Act either directly or by indemnification for punitive or exemplary damages unless the Town voluntarily pays such damages in accordance with State law.

For injuries occurring on or after January 1, 2018, the maximum amounts that may be recovered under the 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; (b) for an injury to two or more persons in any single occurrence, the sum of \$1,093,000; except in such instance, no person may recover in excess of \$387,000. The maximum amounts that may be recovered will increase every four years pursuant to a formula based on the Denver-Aurora-Lakewood Consumer Price Index.

The Town 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. § 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the Town may be enjoined from engaging in anti-competitive practices which violate the antitrust laws. However, the Immunity Act provides that it applies to any State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

Approval of Certain Legal Proceedings

The approving opinion of Butler Snow LLP, as Bond Counsel, will be delivered with the 2020 Bonds. A form of the Bond Counsel opinion is attached to this Official Statement as Appendix E. Butler Snow LLP, has also acted as Special Counsel to the Town in connection

with this Official Statement. Certain matters will be passed upon for the Town by the Town Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, P.C., Denver, Colorado.

Certain Constitutional Limitations

TABOR. At the general election on November 3, 1992, the voters of Colorado approved TABOR, a constitutional amendment which is codified as Article X, Section 20, of the Colorado Constitution. In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including governments such as the Town (“local governments”), but does not apply to “enterprises,” defined as government owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined.

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

Voter Approval Requirements and Limitations on Taxes, Spending, Revenues, and Borrowing. TABOR requires voter approval in advance for: (a) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase, extension of an expiring tax, or a tax policy change causing a net tax revenue gain; (b) any increase in a local government’s spending from one year to the next in excess of the limitations described below; (c) any increase in the real property tax revenues of a local government from one year to the next in excess of the limitations described below; or (d) creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever, subject to certain exceptions such as the refinancing of obligations at a lower interest rate. Issuance of the 2020 Bonds was approved at the Election.

TABOR limits increases in government spending and property tax revenues to, generally, the rate of inflation and a local growth factor which is based upon, for school districts, the percentage change in enrollment from year to year, and for non-school districts, the actual value of new construction in the local government. Unless voter approval is received as described above, revenues collected in excess of these permitted spending limitations must be rebated. Debt service, however, can be paid without regard to any spending limits, assuming revenues are available to do so.

In 2005, the Town’s voters approved an election question authorizing the Town to retain and spend all Town revenues in excess of the limitations on local fiscal year spending imposed by TABOR for a five-year period commencing on January 1, 2004, through December 31, 2008.

In addition, beginning January 1, 2009, the Town is authorized to retain and spend all Town revenues that do not exceed the “Excess Local Revenue Cap” (defined below) for any given fiscal year, even though such revenues are in excess of the limitations imposed under

TABOR. “Excess Local Revenues Cap” for a given fiscal year means an amount that is equal to the highest total Town revenues for a fiscal year from the period of the 2004 fiscal year through the 2008 fiscal year, adjusted each subsequent fiscal year for inflation, the percentage change in local growth, the qualification or disqualification of enterprise, and debt service changes as provided in TABOR and the Town Code. Any excess revenues must be appropriated by the Council for police, fire, ambulance, transportation, parks, recreation, trails and open space purposes. As used in the 2005 election question, “Town revenues” means all revenues except: (1) revenues excluded from Town fiscal year spending under the express provisions of TABOR or judicial interpretations of TABOR; (2) revenues of any enterprise of the Town so long as it is qualified as an enterprise under TABOR; and (3) voter-approved revenue changes approved by Town voters prior to November 1, 2005.

For 2015, the Town experienced a TABOR surplus of \$714,580. Various factors contributed to the surplus, including strong sales tax growth and contributions for the construction of transportation and recreation projects. In June 2016, following a process of obtaining citizen feedback, the Council voted to request voter authorization to retain the surplus at the November 2016 election. At the November 2016 election, the eligible electors of the Town voted to authorize the Town to retain and spend up to \$714,580 of excess 2015 revenue for police, fire, emergency medical services, and transportation purposes as a voter approved revenue change under TABOR.

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

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

Police Power

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

MUNICIPAL ADVISOR

Hilltop Securities Inc., Denver, Colorado (the “Municipal Advisor”) has served as Municipal Advisor to the Town with respect to the 2020 Bonds. As the Town’s municipal advisor, the Municipal Advisor has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, rating and issuance of the 2020 Bonds. In its

role of Municipal Advisor to the Town, the Municipal Advisor has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in the Official Statement and the appendices hereto.

INDEPENDENT AUDITORS

The basic financial statements of the Town for the fiscal year ended December 31, 2019, included in this Official Statement as Appendix A, have been audited by BKD LLP, Denver, Colorado, to the extent and for the period indicated in their report thereon.

[The Town will not obtain a consent letter from its auditor for the inclusion of the audit report in this Official Statement. BKD LLP, the Town's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. BKD LLP also has not performed any procedures relating to this Official Statement.]

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), is expected to assign the Bonds the Rating shown on the cover of this Official Statement. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

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

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, Denver, Colorado, has agreed to purchase the 2020 Bonds from the Town pursuant to the Bond Purchase Agreement (defined in Appendix B) at a purchase price equal to \$_____ (which is equal to the par amount of the 2020 Bonds, plus/(less) original issue premium (discount) of \$_____, and less Underwriter's discount of \$_____. The Underwriter is committed to take and pay for all of the 2020 Bonds if any are taken.

The Underwriter intends to offer the 2020 Bonds to the public at the offering prices or yields set forth on the inside cover page of this Official Statement. The Underwriter may allow concessions from the public offering price to certain dealers who may reallow concessions to other dealers. After the initial public offering price, prices may be varied from time to time by the Underwriter, and the 2020 Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such 2020 Bonds into investment accounts.

OFFICIAL STATEMENT CERTIFICATION

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

TOWN OF CASTLE ROCK, COLORADO

By: _____
Finance Director

APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF THE TOWN AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE: The audited basic financial statements of the Town included in this Appendix A have been derived from the Town's CAFR for the year ended December 31, 2019. The table of contents, introductory section, individual fund budgetary statements, and other items referred to in the auditor's report attached hereto has purposely been excluded from this Official Statement. Such information provides supporting details and is not necessary for a fair presentation of the basic financial statements of the Town.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2020 Bonds. The 2020 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2020 Bonds, in the aggregate principal amount of such maturity, and will be 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 and 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 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020 Bond ("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 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2020 Bonds, except in the event that use of the book-entry system for the 2020 Bonds is discontinued.

To facilitate subsequent transfers, all 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners 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 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2020 Bond documents. For example, Beneficial Owners of 2020 Bonds may wish to ascertain that the nominee holding the 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020 Bonds 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 the 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town 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 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2020 Bonds will 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 Town or the 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 the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town 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.

DTC may discontinue providing its services as depository with respect to the 2020 Bonds at any time by giving reasonable notice to the Town or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2020 Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2020 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

APPENDIX D
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX E
FORM OF BOND COUNSEL OPINION

[Closing date]