

*In the opinion of Kline Alvarado Veio, P.C., Special Counsel, assuming continuous compliance with certain covenants described herein, the portion of the Base Rentals which is designated in the Lease as interest and paid as interest on the Certificates is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Certificates (the "Tax Code"), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that, for tax years beginning before January 1, 2018, such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Certificates. See "TAX MATTERS--Certificates." The District has designated the Certificates as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Tax Code. See "FINANCIAL INSTITUTION INTEREST DEDUCTION."*

**\$8,545,000**

**CERTIFICATES OF PARTICIPATION, SERIES 2018**

**Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement, dated April 30, 2018,  
between ZB, National Association dba Zions Bank, as Trustee, as lessor,  
and the ADAMS COUNTY FIRE PROTECTION DISTRICT,  
(IN THE COUNTY OF ADAMS  
AND THE CITY AND COUNTY OF DENVER COLORADO), as lessee**

**Dated: Date of Delivery**

**Due: December 1, as shown herein**

The Certificates of Participation, Series 2018 (the "Certificates") evidence a proportionate interest in the base rentals and certain other revenues under an annually renewable Lease Purchase Agreement dated as of April 30, 2018 (the "Lease"), entered into between ZB, National Association dba Zions Bank, solely in its capacity as trustee under the Indenture (the "Trustee"), as lessor, and the Adams County Fire Protection District, in the County of Adams and City and County of Denver, Colorado, as lessee (the "District"). The Certificates are being executed and delivered pursuant to an Indenture of Trust dated as of April 30, 2018 (the "Indenture"), executed and delivered by the Trustee.

The Certificates are issued as fully registered certificates in denominations of \$5,000 or any integral multiple thereof and 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 Certificates. Purchases of the Certificates are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Certificates. See "THE CERTIFICATES--Book-Entry Only System." The Certificates bear interest at the rates set forth herein, payable on June 1 and December 1 of each year, commencing on December 1, 2018, to and including the maturity dates shown herein (unless the Certificates are redeemed earlier), payable to the registered owner of the Certificates, initially Cede & Co. The principal of the Certificates will be payable upon presentation and surrender at the Trustee. See "THE CERTIFICATES."

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

The Certificates are subject to redemption prior to maturity at the option of the District and are also subject to mandatory sinking fund redemption as described in "THE CERTIFICATES--Redemption Provisions." The Certificates are subject to extraordinary mandatory redemption upon the occurrence of an Event of Nonappropriation or an Event of Lease Default as described in "THE CERTIFICATES--Redemption Provisions - Extraordinary Redemption Upon the Occurrence of Certain Events."

The proceeds from the issuance of the Certificates will be used to: (i) finance capital improvements of the District as further described herein and (ii) pay the costs of issuing the Certificates. See "SOURCES AND USES OF FUNDS."

Neither the Lease nor the Certificates constitute a general obligation, a multiple fiscal year direct or indirect debt or other financial obligation or indebtedness of the District within the meaning of any constitutional, statutory or charter debt limitation. None of the Lease, the Indenture or the Certificates directly or indirectly obligate the District to make any payments beyond those appropriated for any fiscal year in which the Lease may be in effect. Except to the extent payable from the proceeds of the Certificates and income from the investment thereof, from the net proceeds of any performance or payment bond, or proceeds of insurance, including self-insurance, required by the Lease; proceeds of condemnation awards, or any proceeds derived from the exercise of any Lease Remedy or otherwise following termination of the Lease by reason of an Event of Nonappropriation or an event of Lease Default; or from other amounts made available under the Indenture, the Certificates are payable during the lease term solely from Base Rentals payable to the Trustee under the Lease and the income from certain investments under the Indenture. All payment obligations of the District under the Lease are from year to year only. The Lease is subject to annual renewal by the District. Upon termination of the Lease, the Certificates will be payable solely from moneys, if any, held by the Trustee under the Indenture and any amounts resulting from the exercise of various remedies by the Trustee under the Site Lease, the Lease and the Indenture, all as more fully described herein.

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

The Certificates are offered when, as, and if issued and accepted by the Underwriter subject to the approval of legality of the Certificates by Kline Alvarado Veio, P.C., Denver, Colorado, Special Counsel, and the satisfaction of certain other conditions. Kline Alvarado Veio, P.C. also has acted as special counsel to the District in connection with the Official Statement. The District's general counsel, Ireland Stapleton Pryor & Pascoe, P.C., will pass upon certain legal matters for the District. It is expected that the Certificates will be available for delivery through the facilities of DTC, on or about April 30, 2018.

**George K. Baum & Company**

**MATURITY SCHEDULE**  
**(CUSIP® 6-digit issuer number: 005604)**

**8,545,000**  
**CERTIFICATES OF PARTICIPATION, SERIES 2018**

<u>Maturing (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP® Issue Number</u>	<u>Maturing (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP ® Issue Number</u>
2018	\$295,000	3.00%	1.850%	AA1	2023	\$175,000	4.000%	2.450%	AF0
2019	150,000	3.000	1.950	AB9	2024	175,000	4.000	2.600	AG8
2020	150,000	3.000	2.050	AC7	2025	180,000	3.000%	2.700	AH6
2021	160,000	3.000	2.200	AD5	2026	185,000	3.000	2.800	AJ2
2022	175,000	4.000	2.350	AE3					

**\$400,000 5.000% Term Certificate due December 1, 2028 Price 2.850% CUSIP® AL7**  
**\$440,000 5.000% Term Certificate due December 1, 2030 Price 2.950% CUSIP® AM5**  
**\$485,000 5.000% Term Certificate due December 1, 2032 Price 3.030% CUSIP® AN3**  
**\$535,000 5.000% Term Certificate due December 1, 2034 Price 3.130% CUSIP® AP8**  
**\$905,000 5.000% Term Certificate due December 1, 2037 Price 3.280% CUSIP® AQ6®**  
**\$1,840,000 5.000% Term Certificate due December 1, 2042 Price 3.400% CUSIP® AR4**  
**\$2,295,000 3.750% Term Certificate due December 1, 2047 Price 3.890% CUSIP® AS2**

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

The information set forth in this Official Statement has been obtained from the District and from the sources referenced throughout this Official Statement, which the District believes to be reliable. No representation is made by the District, however, as to the accuracy or completeness of information provided from sources other than the District. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation 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, and as a part of, its responsibilities under the federal securities laws, as applied to the facts and circumstances of this transaction, but 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 Certificates shall, under any circumstances, create any implication that there has been no change in the affairs of the District, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

The Trustee has not participated in the preparation of this Official Statement and makes no representation with respect to the accuracy or completeness of any of the material contained in this Official Statement. The Trustee has no duty or obligation to pay the Certificates from its own funds, assets or corporate capital or to make inquiry regarding, or investigate the use of, amounts disbursed from funds held by it under the Indenture.

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

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

THE PRICES AT WHICH THE CERTIFICATES 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 CERTIFICATES, THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

**ADAMS COUNTY FIRE PROTECTION DISTRICT  
(IN THE COUNTY OF ADAMS AND CITY AND COUNTY OF DENVER, COLORADO)**

**BOARD OF DIRECTORS**

Jerry Marchese, President/Chairman  
Ken Ciancio, Vice President  
Anthony Spano, Secretary  
Eugene Brienza, Treasurer  
Joseph Domenico, Assistant Secretary

**DISTRICT OFFICIALS**

Chief Patrick Laurienti

**TRUSTEE, REGISTRAR AND PAYING AGENT**

ZB, National Association dba Zions Bank

**GENERAL COUNSEL**

Ireland Stapleton Pryor & Pascoe, P.C.  
Denver, Colorado

**SPECIAL COUNSEL**

Kline Alvarado Veio, P.C.  
Denver, Colorado

**UNDERWRITER**

George K. Baum & Company  
Denver, Colorado

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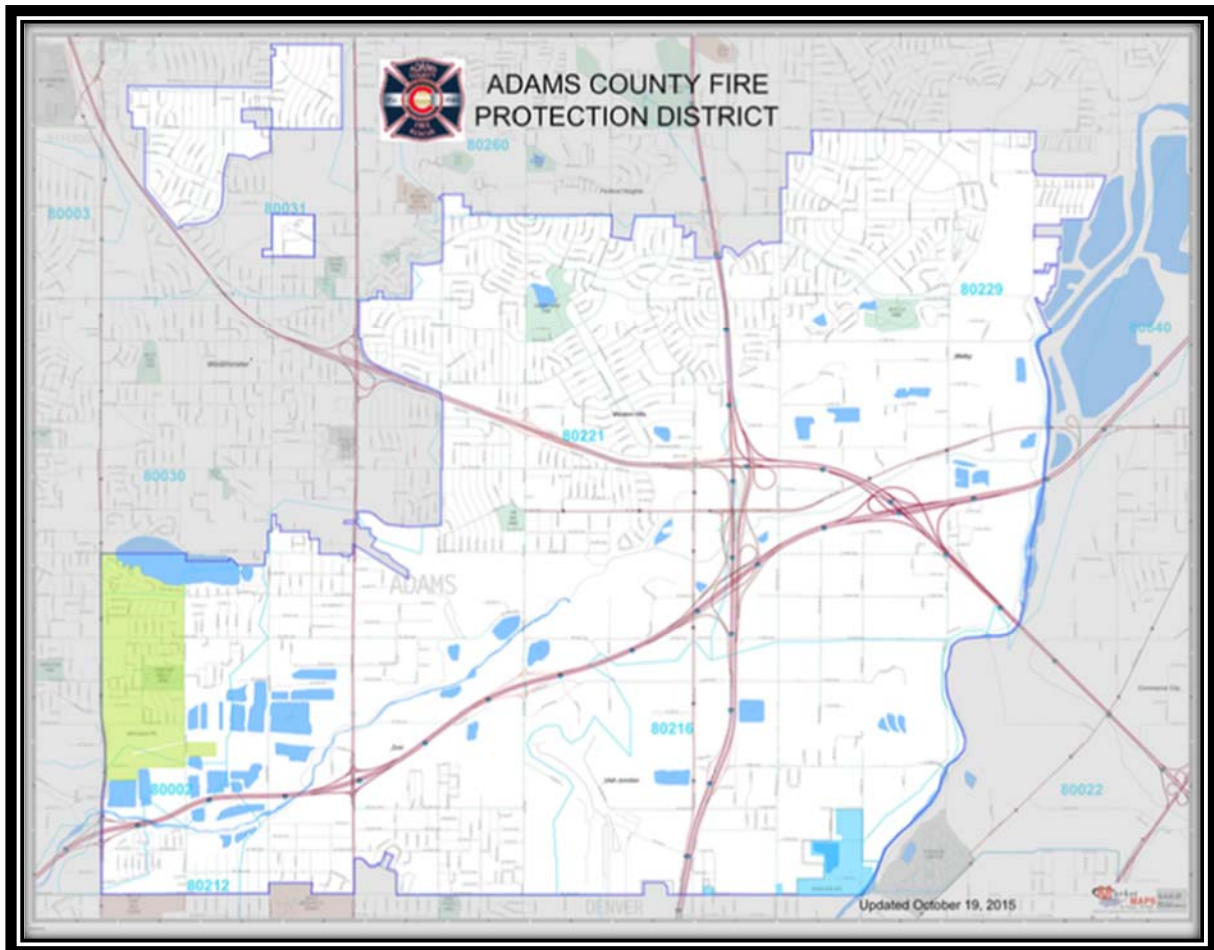
NOTE: Tables marked with an (\*) indicate Annual Financial Information to be updated pursuant to SEC Rule 15c2 12, as amended. See Appendix D - Form of Continuing Disclosure Certificate.

The information to be updated may be reported in any format chosen by the District; it is not required that the format reflected in this Official Statement be used in future years. Further, the budget to actual comparison referenced below is to be satisfied with current year budget information found in the District's audited financial statements only; no budget documents are required to be filed.

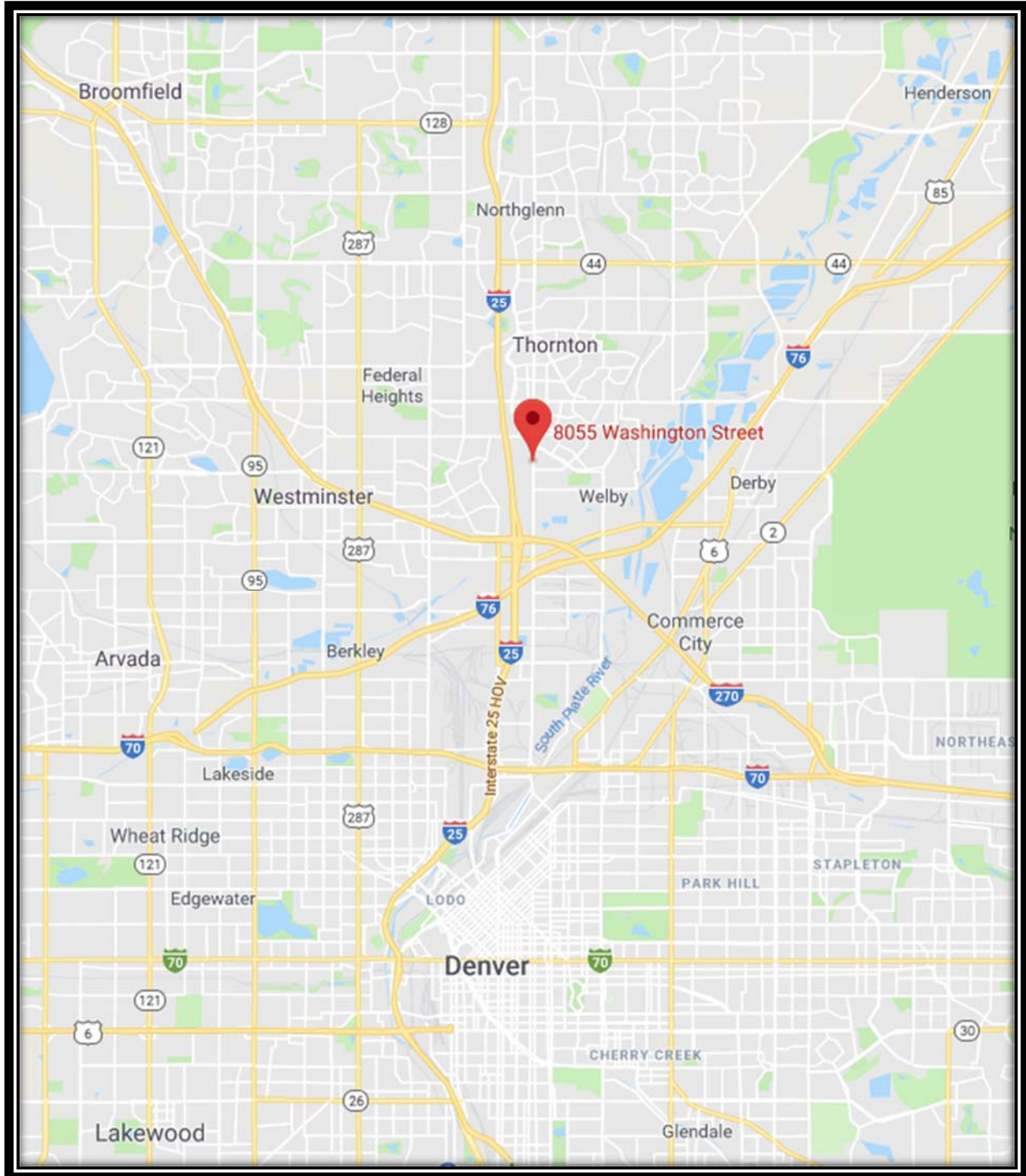
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## DISTRICT MAP



## REGIONAL MAP



## PROJECT RENDERING



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## **OFFICIAL STATEMENT**

**\$8,545,000**

### **CERTIFICATES OF PARTICIPATION, SERIES 2018**

**Evidencing Proportionate Interests in the Base Rentals and other Revenues under an  
Annually Renewable Lease Purchase Agreement, dated April 30, 2018,  
between ZB, National Association dba Zions Bank, as Trustee, as lessor,  
and the ADAMS COUNTY FIRE PROTECTION DISTRICT,  
(IN THE COUNTY OF ADAMS  
AND CITY AND COUNTY OF DENVER, COLORADO), as lessee**

## **INTRODUCTION**

### **General**

This Official Statement, including the cover page and appendices, is furnished in connection with the execution, delivery and sale of \$8,545,000 aggregate principal amount of Certificates of Participation, Series 2018 (the “Certificates”). The Certificates evidence proportionate interests in the Base Rentals and other Revenues under an annually renewable Lease Purchase Agreement dated as of April 30, 2018 (the “Lease”), between ZB, National Association dba Zions Bank, solely in its capacity as trustee (the “Trustee”) under the Indenture (defined below), as lessor, and the Adams County Fire Protection District, in the County of Adams and City and County of Denver, Colorado, as lessee (the “District”). The Certificates will be executed and delivered pursuant to the terms of an Indenture of Trust executed by the Trustee dated as of April 30, 2018 (the “Indenture”). Certain of the capitalized terms used herein and not otherwise defined are defined in Appendix B to this Official Statement.

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

### **The District**

The District is a quasi-municipal corporation and a political subdivision of the State created for the purpose of providing fire suppression, fire prevention, ambulance, emergency medical, emergency rescue and hazardous materials services to the citizens and property within its boundaries, to individuals passing through the District and, pursuant to mutual aid and automatic aid agreements, to citizens and property in surrounding areas.

The District was created as the result of a merger between two preexisting and independent fire protection districts, the Southwest Adams County Fire Protection District (“SWACFPD”) and North Washington Fire Protection District (“NWFPD”) and, together with

SWACFPD, the “Districts”). Prior to their merger, both Districts provided fire suppression, fire prevention and public education, rescue, extrication, hazardous materials, ambulance, and emergency medical services for the health, safety and welfare of their respective citizens of Adams County and the State of Colorado. NWFPD also provided such services to a small area in the City and County of Denver.

On August 1, 2013, the Districts entered into an Intergovernmental Agreement for the Integration of Personnel and Operation (the “Integration IGA”) pursuant to which the Districts integrated their operations and personnel as an interim step toward legally merging the Districts. On January 2, 2014, the Districts entered into an Intergovernmental Agreement to Provide Operational and Administrative Services (the “Services IGA”), pursuant to which NWFPD began providing administrative and operational services to SWACFPD. Both the Integration IGA and Services IGA resulted in significant benefits to the Districts and their constituents, which led the Districts to enter into an Intergovernmental Agreement for the Realignment of Jurisdictional Boundaries (the “Realignment IGA”) by which terms the Districts would effectuate their merger.

Pursuant to the Realignment IGA, on May 6, 2014, the Adams County District Court issued an order changing the name of NWFPD to “Adams County Fire Protection District.” On July 14, 2014 the Adams County District Court issued an order transferring jurisdiction over all real property within the SWACFPD’s boundaries (except three residential properties) to the District, which order was recorded on August 13, 2014. On August 21, 2014 pursuant to resolutions adopted by the Districts, all financial accounts and monies of SWACFPD were transferred to the District and all SWACFPD personnel became personnel of the District. The remaining three residential properties were included into the District and SWACFPD was dissolved effective December 31, 2015 by a combined order of the Adams County District Court issued on January 19, 2016.

The District encompasses approximately 19 square miles located primarily within Adams County. A small portion of the District (approximately 1.3% of its current assessed valuation) is located within the City and County of Denver, Colorado. According to District officials, the total population currently served by the District is approximately 65,000. The District is operated by elected Board members, paid staff, paid firefighters, and other personnel.

## **Purpose**

The proceeds from the issuance of the Certificates will be used to: (i) finance capital improvements of the District as further described herein and (ii) pay the costs of issuing the Certificates. See “SOURCES AND USES OF FUNDS--The Project.”

## **The Certificates; Prior Redemption**

The Certificates are issued solely as fully registered certificates in denominations of \$5,000, or any integral multiple thereof. The Certificates are dated as of their date of delivery and will 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 Certificates is described in “THE CERTIFICATES--Payment Provisions.”

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

The Certificates are subject to redemption prior to maturity at the option of the District and are also subject to mandatory sinking fund redemption as described in “THE CERTIFICATES--Redemption Provisions.”

The Certificates are subject to extraordinary mandatory redemption upon the occurrence of an Event of Nonappropriation or an Event of Lease Default as described in “THE CERTIFICATES--Redemption Provisions - Extraordinary Redemption Upon the Occurrence of Certain Events.”

### **Security for the Certificates; Termination of Lease**

General. The Certificates and the interest thereon are payable solely from certain revenues (the “Revenues”) received under the Lease, which include: (a) all amounts payable by or on behalf of the District or with respect to the Leased Property pursuant to the Lease including, but not limited to, all Base Rentals, Prepayments, the Purchase Option Price and Net Proceeds (all as defined in Appendix B), but not including Additional Rentals; (b) any portion of the proceeds of the Certificates deposited into the Base Rentals Fund created under the Indenture; (c) any moneys which may be derived from any insurance in respect of the Certificates; and (d) any moneys and securities, including investment income, held by the Trustee in the Funds and Accounts established under the Indenture (except for moneys and securities held in the Rebate Fund or any defeasance escrow account).

Under the Indenture, the Trustee, for the benefit of the Owners of the Certificates, is to receive Base Rentals payable by the District under the Lease. The amount and timing of the Base Rentals are designed to provide sufficient money to the Trustee to pay the principal of and interest on the Certificates when due. The Trustee is to deposit to the Base Rentals Fund created under the Indenture all amounts payable by or on behalf of the District or with respect to the Leased Property pursuant to the Lease, including all Base Rentals, Prepayments, the Purchase Option Price and Net Proceeds.

*Neither the Lease nor the Certificates constitute a general obligation or other indebtedness or multiple fiscal year financial obligation of the District within the meaning of any constitutional, statutory, or Charter debt limitation. Neither the Certificates nor the Lease will directly or indirectly obligate the District to make any payments other than those which may be appropriated by the District for each fiscal year.*

The Trustee does not have any obligation to and will not make any payments on the Certificates pursuant to the Lease or otherwise.

Sources of Payment of Base Rentals. Amounts due under the Lease are payable from all general revenues of the District and no particular revenues of the District are pledged to the payment of Base Rentals. The District currently intends to budget, appropriate and pay the Base Rentals (and Additional Rentals, if any) allocable to the Certificates from legally available funds in its General Fund. Notwithstanding the foregoing, Base Rentals and Additional Rentals may be budgeted, appropriated and paid from any of the District's available funds in the future.

The major source of the moneys deposited into the District's General Fund is the District's property tax (the "Property Tax"). See "CURRENT SOURCES OF AVAILABLE REVENUES" for a description of the District's Property Tax.

Certain statutory and constitutional limitations limit the amount of Property Tax the District can collect. See "LEGAL MATTERS--Certain Constitutional Limitations" for a discussion of those limitations.

Termination of Lease; Annual Appropriation. The Lease constitutes a one-year lease of the Leased Property which is annually renewable for additional one-year terms as described in the Lease. The District must take action annually in order to renew the Lease term for another year. If the District fails to take such action, the Lease automatically will be terminated. The District's decision to terminate its obligations under the Lease will be determined by the failure of the Board of Directors (the "Board of Directors") to specifically budget and appropriate moneys to pay all Base Rentals and reasonably estimated Additional Rentals for the ensuing Fiscal Year. The Fire Chief or other officer of the District at any time charged with the responsibility of formulating budget proposals is directed under the Lease to include in the annual budget proposal submitted to the Board of Directors, in any year in which the Lease is in effect, items for all payments required under the Lease for the ensuing Renewal Term until such time, if any, as the District may determine to not renew and terminate the Lease. Notwithstanding this directive regarding the formulation of budget proposals, it is the intention of the District that any decision to effect an appropriation for the Base Rentals and Additional Rentals shall be made solely by the Board of Directors and not by any other official of the District, as further provided in the Lease.

If on or before the December 31 prior to the beginning of any Fiscal Year of the District, the District fails to budget and appropriate sufficient funds to pay all Base Rentals and all reasonably estimated Additional Rentals, the District will be considered to have terminated the Lease (subject to certain waiver and cure provisions). Upon termination of the District's obligations under the Lease, the Trustee may proceed to exercise certain remedies under the Lease and the Indenture, including the lease or sublease of the Leased Property, the sale or assignment of any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property, or one or any combination of the steps described in the Lease. See "CERTAIN RISK FACTORS--Nonappropriation" and "CERTAIN RISK FACTORS--Effect of a Termination of the Lease Term." See also Appendix B - Certain Definitions and Document Summaries--The Lease - Nonappropriation. The net proceeds of any such disposition are required to be applied by the Trustee toward the payment of the Certificates. See "THE CERTIFICATES--Redemption Provisions - Mandatory Redemption Upon the Occurrence of Certain Events."



The Site Lease; Termination of the Site Lease. The District and the Trustee will enter into a Site and Improvement Lease dated April 30, 2018 (the “Site Lease”), pursuant to which the District will lease to the Trustee the Site and the premises, buildings and improvements thereon (the “Leased Property,” as more particularly described below).

The Leased Property will be leased by the District to the Trustee pursuant to the Site Lease. At the end of the term of the Site Lease, all right, title and interest of the Trustee, or any sublessee or assignee, in and to the Leased Property will vest in the District. The Site Lease will terminate on the earliest to occur of the following: (a) the termination of the Lease Term as provided in the Lease due to the payment of the Purchase Option Price by the District, or upon payment by the District of all Base Rentals and Additional Rentals for the entire Lease Term; or (b) discharge of the Indenture as a result of the fact that all Certificates have been paid or have been deemed to have been paid as provided in the Indenture; or (c) December 31, 2058. The Leased Property will no longer be subject to the provisions of the Site Lease, the Lease or the Indenture upon the termination of the Site Lease. See “CERTAIN RISK FACTORS--Limited Duration of Site Lease” and Appendix B - Certain Definitions and Document Summaries--The Site Lease - Site Lease and Term.

Release of Portion of Leased Property; Substitution of Leased Property. Pursuant to the Lease, the District may release the individual properties comprising the Leased Property in the order shown in the following table when the principal component of Base Rentals paid by the District, plus the principal amount of any Certificates redeemed through optional redemption, or the total principal amount of Certificates paid or deemed to be paid pursuant to the Indenture equals the amounts shown in the release schedule shown below.

<u>Leased Property to be Released:</u>	<u>Total Certificate Principal Paid</u>
Training Center	\$2,800,000
Station 12	\$5,745,000

When each component of the Leased Property is deemed to have been fully amortized, the Trustee will execute and deliver to the District all documents necessary to convey and transfer the applicable portion of the Leased Property (or any property substituted for that portion of the Leased Property pursuant to the Lease) to the District. Notwithstanding the foregoing, the fair value of the remaining Leased Property must be at least equal to 100% of the aggregate principal amount of the Certificates then Outstanding, as certified to the Trustee by the District. After such release and conveyance, the applicable portion of the Leased Property will no longer be a part of the Leased Property for any purpose of the Lease or the Indenture.

In addition, so long as no Event of Default or Event of Nonappropriation has occurred and is continuing, the District shall be entitled to substitute any improved or unimproved real estate in place of the Leased Property after satisfying the conditions set forth in the Lease. See Appendix B - Certain Definitions and Document Summaries--The Lease - Substitution of Leased Property.]

Purchase Option Price. On or after December 1, 2028, the District will have the option to purchase the Trustee’s leasehold interest in the Leased Property pursuant to the Lease

and terminate the Site Lease and the Lease by paying the Purchase Option Price, which is equal to the amount necessary to pay all principal and interest due on all outstanding Certificates and any other amounts necessary to defease and discharge the Indenture, as provided in the Lease. See Appendix B - Certain Definitions and Document Summaries--The Lease - Purchase Option and Conditions for Purchase Option. The Trustee is required to use the Purchase Option Price to pay the principal, interest, and any premium on the Certificates. See “THE CERTIFICATES--Redemption Provisions.”

Additional Certificates. The Indenture permits the issuance of Additional Certificates without notice to or approval of the owners of the outstanding Certificates under the circumstances described in “SECURITY FOR THE CERTIFICATES--Additional Certificates.” The Certificates and any Additional Certificates are referred to herein as the “Certificates.”

### **The Leased Property**

Pursuant to the Site Lease, the District will lease the Leased Property to the Trustee. Pursuant to the Lease, the District will sublease the Leased Property back from the Trustee as further described herein. The Leased Property consists of two District-owned buildings and the sites on which they are located. Each of the buildings and sites is discussed below.

Training Center. The Training Center is located within the District at 901 E. 68th Avenue, Denver, Colorado 80229. The training Center is a 7,450 square foot facility located on 0.34 acres of land. It is comprised of contains four bays, one large meeting/classroom, offices, storage space, restrooms, 5 bedrooms, 4 quarter bathrooms, a large workout room, two locker rooms/bathrooms with shower facilities, 2 restrooms and a catering kitchen as well as a full-size kitchen. The Training Center has an insured value of \$2,745,570.

Fire Station 12. Fire Station 12 is located within the District at 3365 W. 65<sup>th</sup> Avenue, Denver, Colorado 802211. Station 12 a 9,284 square foot facility situated on a 1.5 acre lot. Station 12 was constructed in 2002 and remodeled in 2016. Station 12 is a two-story fire station with one large classroom, offices, storage space, restrooms, 9 bedrooms, 3 quarter bathrooms, four bays, workout space a kitchen located in the basement. Fire Station 12 has an insured value of \$5,933,557.

### **Tax Status**

In the opinion of Kline Alvarado Veio, P.C., Special Counsel, assuming continuous compliance with certain covenants described herein, the portion of the Base Rentals which is designated in the Lease as interest and paid as interest on the Certificates is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Certificates (the “Tax Code”), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that, for tax years beginning before January 1, 2018, such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Certificates. See “TAX MATTERS--Certificates.”

The District has designated the Certificates as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Tax Code. See “FINANCIAL INSTITUTION INTEREST DEDUCTION.”

*Notwithstanding the foregoing, Special Counsel has disclaimed any opinion regarding the tax status of the Certificates upon any termination of the Lease. See “CERTAIN RISK FACTORS--Effect of Termination on Exemption from Taxation and on Exemption from Registration” and “TAX MATTERS.”*

## **Professionals**

Kline Alvarado Veio, P.C., Denver, Colorado, has acted as Special Counsel to the District in connection with issuance of the Certificates and in connection with the preparation of this Official Statement. The fees of Kline Alvarado Veio, P.C. will be paid only from Certificate proceeds at closing. Certain legal matters pertaining to the District will be passed upon by the District’s general counsel. The District has appointed ZB, National Association dba Zions Bank to serve as Trustee. The District’s basic financial statements, included in this Official Statement as Appendix A, have been audited by Rubin Brown LLP, certified public accountants, Denver, Colorado. See “INDEPENDENT AUDITORS.” George K. Baum & Company, is acting as the Underwriter for the Certificates (the “Underwriter”). See “UNDERWRITING.”

## **Continuing Disclosure Undertaking**

The District will execute a continuing disclosure certificate (the “Disclosure Certificate”) at the time of the closing for the Certificates. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the Certificates and the District will covenant in the Lease to comply with its terms. The Disclosure Certificate will provide that so long as the Certificates remain outstanding, the District will provide the following information to the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access system (“EMMA”): (i) annually, its audited financial statements; (ii) annually, certain financial information and operating data; and (iii) notice of the occurrence of certain listed events; all as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix D.

In the last five years, without a determination of materiality, the District reports that it did not file certain documents required pursuant to the Continuing Disclosure Certificate executed in connection with the issuance of the District’s 2011 Bonds. For example, the District failed to file its audits for 2013, 2014 and 2015, failed to file several tables related to the District’s financial condition in 2012 through 2016, and failed to report a ratings upgrade in 2017. All required failure to file notices have been posted on EMMA along with corrective filings. In addition, the District has designated an individual within the District as the individual responsible for filing all documentation required under current and future Continuing Disclosure Certificates and has established an internal notification system to ensure required information is posted in a timely manner.

## **Additional Information**

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

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

Adams County Fire Protection District,  
in the County of Adams and City and County of Denver, Colorado  
Attn: Fire Chief  
8055 Washington Street  
Denver, Colorado  
Phone: (303) 539-6800

George K. Baum & Company  
1400 Wewatta Street, Suite 800  
Denver, Colorado 80202  
Telephone: (303) 292-1600

*[Remainder of page intentionally left blank.]*

## CERTAIN RISK FACTORS

*Investment in the Certificates involves certain risks. Each prospective investor in the Certificates is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below which could affect the payment of rentals under the Lease and could affect the market price of the Certificates to an extent that cannot be determined at this time. The factors set forth below are not intended to provide an exhaustive list of the risks associated with the purchase of the Certificates.*

### **Nonappropriation**

Prospective purchasers of the Certificates must look to the ability of the District to pay Base Rentals pursuant to the Lease; such Base Rentals will provide funds for payment of principal and interest on the Certificates. The District is not obligated to pay Base Rentals or Additional Rentals under the Lease unless funds are budgeted and appropriated for such rentals by the District's Board of Directors each year. If, prior to December 31 of each year, the Board of Directors does not specifically budget and appropriate amounts sufficient to pay all Base Rentals for the next Fiscal Year, and to pay such Additional Rentals as are estimated to become due for the ensuing Fiscal Year, an "Event of Nonappropriation" occurs. If an Event of Nonappropriation occurs, the District will not be obligated to make payment of the Base Rentals or Additional Rentals which accrue after the last day of the Original or Renewal Term during which such Event of Nonappropriation occurs; provided, however, that, subject to the limitations of Sections 6.1 and 14.3 of the Lease, the District shall continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the District shall continue to occupy, use, or retain possession of the Leased Property.

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

The obligation of the District to pay Base Rentals and Additional Rentals is limited to those District funds that are specifically budgeted and appropriated annually by the Board of Directors for such purpose. The Lease directs the Fire Chief (or any other officer at any time charged with the responsibility of formulating budget proposals) to include, in the annual budget proposals submitted to the Board of Directors, items for all payments required under the Lease for the ensuing Fiscal Year, until such time (if any) as the Board of Directors determines that it will not renew the Lease. The Lease provides that it is the intention of the Board of Directors that any decision to renew the Lease is to be made solely by the Board of Directors and not by any other official of the District. See Appendix B - Certain Definitions and Document Summaries--The Lease - Nonappropriation by the District.

## **Effect of a Termination of the Lease Term**

In the event of termination of the District's obligations under the Lease upon the occurrence of an Event of Nonappropriation or an Event of Lease Default, the District is required to vacate and surrender the Leased Property by March 1 of any Renewal Term in respect of which an Event of Nonappropriation or an Event of Lease Default has occurred. If an Event of Lease Default shall have occurred and remain uncured, the Trustee may take any of the following actions: (i) terminate the Lease Term and give notice to the District to vacate and surrender possession of the Leased Property which vacation and surrender the District agrees under the Lease to complete within sixty (60) days from the date of such notice (in the event the District does not vacate and surrender possession on the termination date, the "holdover tenant" provisions of the Lease shall apply); (ii) lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property pursuant to the Site Lease; (iii) recover from the District (a) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the District for such purpose, which would otherwise have been payable under the Lease, during any period in which the District continues to occupy, use or possess the Leased Property; and (b) Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the District for such purpose, which would otherwise have been payable by the District under the Lease during the remainder, after the District vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs; or (iv) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, the Lease and the Indenture.

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

IF THE CERTIFICATES ARE REDEEMED SUBSEQUENT TO A TERMINATION OF THE LEASE TERM FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF AND ACCRUED INTEREST THEREON, SUCH PARTIAL PAYMENT WILL BE DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE CERTIFICATES PURSUANT TO THE INDENTURE; AND UPON SUCH A PARTIAL PAYMENT, NO OWNER OF ANY CERTIFICATE WILL HAVE ANY FURTHER CLAIMS FOR PAYMENT UPON THE TRUSTEE OR THE DISTRICT.

## **Factors that May Cause Insufficiency of Expected Revenues**

Economic and Other Factors Beyond the Control of the District. Although the District is not obligated to pay Base Rentals and Additional Rentals from any particular revenue source, it is the current expectation of the Board of Directors that Base Rentals and Additional Rentals will be paid (to the extent funds are appropriated therefor each year) from revenues in the District's General Fund. See "CURRENT SOURCES OF AVAILABLE REVENUES." The primary sources of revenue in the General Fund is derived from the District's Property Tax. Property Tax revenues are subject to fluctuation, and may be impacted by adverse changes in

national and local economic and financial conditions generally, reductions in the rates of employment and economic growth in the District, the County, the State and the region, a decrease in rates of population growth and rates of residential and commercial development in the District, the County, the State and the region and various other factors.

Existing Obligations Payable from Legally Available Revenues; Additional Bonds.

The District has other obligations outstanding that are serviced from the General Fund. Although Property Tax revenues are not specifically pledged to these obligations, those revenues comprise the vast majority of revenues in the General Fund and are used to pay debt service on various obligations. See “DISTRICT DEBT STRUCTURE” for a description of the obligations payable from legally available revenues in the General Fund.

The District is authorized to issue bonds secured in whole or in part by its Property Tax after satisfying all legal conditions. Should the District issue bonds secured by the Property Tax, debt service on those bonds will be paid prior to any Property Tax revenues being available to pay Base Rentals or Additional Rentals. The District has no plans to issue any bond secured by its Property Tax.

**Factors that Could Impact Value of Property if Lease is Terminated**

General. The District will retain fee simple title to the Leased Property and the Trustee will have a leasehold interest in the Leased Property pursuant to the Site Lease. Upon the termination of the Lease, the Trustee will have the right to use and possession of the Leased Property. However, a potential purchaser of the Certificates should not assume that it will be possible for the Trustee to sublease the Leased Property or otherwise sell or dispose of its leasehold interest in the Leased Property, or any portion thereof, for an amount equal to the aggregate principal amount of the Certificates then outstanding plus accrued interest thereon or that such subleasing or disposal can be accomplished in time to pay any installment of principal or interest on the Certificates when due.

Valuation of Property. No current appraised valuation of the Leased Property is available. For insurance purposes, the District has assigned a value of \$5,933,557 to Fire Station 12 and a value of \$2,745,570 to the Training Center. However, the Trustee is not able to sell the Leased Property upon the occurrence of an Event of Lease Default or an Event of Nonappropriation and the insured value of the facilities may not be indicative of amounts the Trustee may receive in exercising its remedies under the Lease. There is no assurance that the current level of value of the Leased Property will continue in the future and there is no guarantee that the Trustee will be able to sublease or otherwise sell or dispose of its leasehold interest in the Leased Property under the Site Lease in an amount equal to the amount of the outstanding Certificates.

Current Uses; Restrictions and Encumbrances. The Leased Property is subject to various encumbrances, all of which are Permitted Encumbrances for purposes of the Site Lease and the Lease. The ability of third parties to exercise their rights under the Permitted Encumbrances may make the Leased Property less attractive to third parties in the event the Trustee must exercise its remedies under the Lease. *There is no guarantee that the Trustee will be able to liquidate its interest in the Leased Property in an amount equal to the amount of the outstanding Certificates.*

The general Permitted Encumbrances include: mineral patents subject to easements and rights of way for utility lines, streets and highways; easements and rights of way for all rights of any ditch company, including but not limited to ditch maintenance and access rights to land adjoining the canal, rights of access to and from any part of the right of way of Colorado State highway No.3, and an easement for unrestricted rights of access to electric and telephone facilities.

Current Zoning of Property. The Leased Property is also subject to present and future zoning requirements or other land use regulations imposed by the County. The Training Center is currently zoned C-5. The principal purpose of this zoning district is to serve as a general retail and service district designed to provide the broadest scope of services and products for both the general and traveling public in an interstate and general context. Fire Station 12 is currently zoned R-2. The principal purpose of this zoning district is intended to provide a residential district which permits two-family dwellings and single-family homes in a moderate density setting. It is possible that current zoning or future zoning changes could limit the alternate uses of the Leased Property absent a zoning change. That requirement could make the Leased Property less attractive to potential users if the Trustee must sublease or otherwise sell or dispose of its leasehold interest in the Leased Property. Zoning and land use regulations in effect in the future may restrict the future uses of the Property. Should that occur, the Leased Property may have less value to third parties than the insured value would indicate.

Limited Duration of Site Lease. The term of the Site Lease is ten years longer than the term of the Certificates. Upon termination of the Lease for any reason (including the occurrence of an Event of Nonappropriation), the Trustee may assign its interest in the Site Lease and may foreclose through the courts on or sell, lease, sublease or otherwise liquidate or dispose of its interest in the Leased Property. The net proceeds received from those activities are to be applied to pay the Certificates. However, due to the limited term of the Site Lease, the Trustee may find it difficult or impossible to locate third parties that are interested in accepting an assignment of the Trustee's rights in the Leased Property. Further, the limited term of the Site Lease may make it difficult or impossible for the Trustee to collect revenues over the remaining term of the Site Lease that are sufficient to pay the Certificates.

### **Enforceability of Remedies; Liquidation Delays**

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



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

Special Counsel has specifically disclaimed any opinion as to the effect that termination of the Lease may have upon the treatment for federal or State income tax purposes of amounts received by the registered owners of the Certificates. There is no assurance that any amounts representing interest received by the registered owners of the Certificates after termination of the Lease as a consequence of an Event of Nonappropriation or an Event of Default will be excludable from gross income under federal or State laws. In view of past private letter rulings by the United States Department of Treasury, registered owners of the Certificates should not assume that payments allocable to interest received from the Certificates would be excludable from gross income for federal or State income tax purposes.

In the event of a termination of the District's obligations under the Lease, there is no assurance that Owners of Certificates would be able to transfer their interests without compliance with federal securities laws.

## **Condemnation Risk**

By way of example of possible risk of condemnation, in the mid-1990's, the City of Sheridan, Colorado ("Sheridan") exercised its eminent domain powers to acquire an administration building it previously had leased under an annually terminable lease purchase agreement. Sheridan sought to use its condemnation power to acquire the property at a fraction of the remaining lease payments (which would be paid to owners of certificates of participation in Sheridan's lease). Sheridan's condemnation suit was successful; however, Sheridan was unable to pay the court-determined amount representing the value of the property and eventually vacated the building in favor of the trustee. Sheridan eventually reached a settlement with the trustee and reacquired possession of the building from the trustee. Pursuant to this settlement, certificate holders reportedly received less than half of the amounts due them under the certificates. The District considers the occurrence of a situation such as the one described above to be unlikely; however, there is no assurance that the Leased Property (or portions thereof) would not be condemned in the future.

## **Casualty Risk**

If all, substantially all, or any portion of the Leased Property is damaged or destroyed by any casualty, there is no assurance that casualty insurance proceeds and other available monies of the District will be sufficient either to repair or replace the damaged or destroyed property or to pay all the outstanding Certificates, if the Certificates are called for mandatory redemption as a result of such casualty. See "THE CERTIFICATES--Redemption Provisions." Although the District believes its casualty insurance coverages are adequate, there is no assurance that such damage or destruction would not have a material adverse effect on the ability of the District to make use of the Leased Property. Delays in the receipt of casualty insurance proceeds pertaining to the Leased Property or delays in the repair, restoration or replacement of property damaged or destroyed also could have an adverse effect upon the ability of the District to make use of the Leased Property or upon its ability to make timely payment of rental payments under the Lease.

## **Insurance Risk**

The Lease requires that until termination of the Lease Term, the District must provide casualty and property damage insurance for the Leased Property in an amount equal to the estimated replacement cost of the Leased Property. Such insurance policy or policies may have a deductible clause in an amount not to exceed \$100,000. The District currently has a blanket property and casualty insurance policy covering its existing property; however, such policy is subject to annual renewal. There is no guarantee that the District will be able to acquire sufficient casualty insurance at reasonable prices in the future. See “THE DISTRICT--District Insurance Coverage.” Pursuant to the Lease, if the District insures against similar risks by self-insurance, the District may, at its election, provide for public liability insurance in connection with the Project partially or wholly by means of an adequate self-insurance fund. Such a self-insurance fund (if established) would likely be funded annually by appropriation, and there is no assurance that such fund will at any time be adequately funded. There is no assurance that, in the event the Lease is terminated as a result of damage to or destruction or condemnation of the Leased Property, moneys made available from the District’s insurance by reason of any such occurrence will be sufficient to redeem the Certificates at a price equal to the principal amount thereof outstanding plus accrued interest to the redemption date. See “THE CERTIFICATES--Redemption Provisions.”

## **Future Changes in Laws**

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

## **Secondary Market**

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

*[Remainder of page intentionally left blank.]*

## SOURCES AND USES OF FUNDS

### Sources and Uses of Proceeds

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

#### Sources and Uses of Proceeds

	<u>Amount</u>
<u>Sources of Funds</u>	
Par amount of the Certificates .....	\$8,545,000
Plus: net original issue premium.....	616,670.30
Total: .....	<u>\$9,161,670.30</u>
<u>Uses of Proceeds</u>	
The Project.....	9,000,000
Costs of issuance (including Underwriter's discount ).	<u>161,670.30</u>
Total: .....	<u>\$9,161,670.30</u>

Source: The Underwriter.

### The Project

The Project consists of the financing the cost of the acquisition, construction, installation and improvement of a new fire station to be located within the District at 1675 West 69th Avenue, Denver, Colorado 80221. The project shall consist of constructing a two story 30,000 square foot fire station facility. It is anticipated the first story of the new fire station will include five drive-through apparatus bays, a hose tower, a self-contained breathing apparatus room, a decontamination room, storage areas, a bunk room for twelve beds, an IT room, a training room that can accommodate fifty people and a kitchen. The second story will include a mezzanine accessible to the apparatus bays, a fitness room, an exterior balcony, a kitchen a day room, a dining room and three offices.

The total cost of the combined Project is expected to be approximately \$10,000,000. The District expects to fund its share of the Project with proceeds of the Certificates. Once complete the District will own the facility. Construction of the project is expected to begin in June 2018 and be completed in June 2019.

## THE CERTIFICATES

### General

The Certificates are issuable as fully registered certificates and initially will be registered in the name of "Cede & Co.," as nominee for DTC, the securities depository for the Certificates. Purchases by Beneficial Owners of the Certificates are to be made in book-entry only form. Payments to Beneficial Owners are to be made as described in "Book-Entry Only System" below. The Certificates are dated the date of their execution and delivery, and will mature on the dates and in the amounts and bear interest at the rates set forth on the inside cover page of this Official Statement.

## **Payment Provisions**

Except for any Certificates for which DTC is acting as Depository or for an Owner of \$1,000,000 or more in aggregate principal amount of Certificates, the principal of, premium, if any, and interest on all Certificates shall be payable to the Owner thereof at its address last appearing on the registration books maintained by the Trustee. In the case of any Certificates for which DTC is acting as Depository, the principal of, premium, if any, and interest on such Certificates shall be payable as directed in writing by the Depository. In the case of an Owner of \$1,000,000 or more in aggregate principal amount of Certificates, the principal of, premium, if any, and interest on such Certificates shall be payable by wire transfer of funds to a bank account designated by the Certificate Owner in written instructions to the Trustee.

Interest (based on a 360-day year consisting of twelve 30-day months) shall be paid to the Owner of each Certificate, as shown on the registration books kept by the Trustee, as of the close of business on the 15<sup>th</sup> day of the calendar month immediately preceding the Interest Payment Date, or the Business Day immediately preceding such 15<sup>th</sup> day, if such 15<sup>th</sup> day is not a Business Day (the “Regular Record Date”), irrespective of any transfer of ownership of Certificates subsequent to the Regular Record Date and prior to such Interest Payment Date, or on a special record date, which shall be fixed by the Trustee for such purpose, irrespective of any transfer of ownership of Certificates subsequent to such special record date and prior to the date fixed by the Trustee for the payment of such interest. Notice of the special record date and of the date fixed for the payment of such interest shall be given by providing a copy thereof by first class mail postage prepaid at least ten (10) days prior to the special record date, to the Owner of each Certificate upon which interest will be paid, determined as of the close of business on the day preceding the giving of such notice.

## **Redemption Provisions**

Optional Redemption. The Certificates maturing on or prior to December 1, 2026 shall not be subject to optional redemption prior to their respective maturity dates. The Certificates maturing on and after December 1, 2027 shall be subject to redemption prior to their respective maturity dates at the option of the District, in whole or in part, in integral multiples of \$5,000, and if in part in such order of maturities as the District shall determine and by lot within a maturity, on December 1, 2026, and on any date thereafter, at a redemption price equal to the principal amount of the Certificates so redeemed plus accrued interest to the redemption date without a premium.

Mandatory Sinking Fund Redemption. The Certificates maturing on December 1, 2028, December 1, 2030, December 1, 2032, December 31, 2034, December 31, 2037, December 31, 2042 and December 1, 2047 (the “Term Certificates”) are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof plus accrued interest thereon to the redemption date. Such Term Certificates are to be selected by lot in such manner as the District shall determine (giving proportionate weight to Term Certificates in denominations larger than \$5,000).

As and for a sinking fund for the redemption of the Term Certificates maturing on December 1, 2028, the District shall deposit in the Base Rentals Fund moneys which are sufficient

to redeem (after any credit as provided in the Indenture) the following principal amount of the Term Certificates maturing on December 1, 2028:

<u>Redemption Date</u> <u>(December 1)</u>	<u>Principal Amount</u>
2027	\$195,000

The remaining \$205,000 of the Term Certificates maturing on December 1, 2028 shall be paid upon presentation and surrender at maturity.

As and for a sinking fund for the redemption of the Term Certificates maturing on December 1, 2030, the District shall deposit in the Base Rentals Fund moneys which are sufficient to redeem (after any credit as provided in the Indenture) the following principal amount of the Term Certificates maturing on December 1, 2030:

<u>Redemption Date</u> <u>(December 1)</u>	<u>Principal Amount</u>
2029	\$215,000

The remaining \$225,000 of the Term Certificates maturing on December 1, 2030 shall be paid upon presentation and surrender at maturity.

As and for a sinking fund for the redemption of the Term Certificates maturing on December 1, 2032, the District shall deposit in the Base Rentals Fund moneys which are sufficient to redeem (after any credit as provided in the Indenture) the following principal amount of the Term Certificates maturing on December 1, 2032:

<u>Redemption Date</u> <u>(December 1)</u>	<u>Principal Amount</u>
2031	\$235,000

The remaining \$250,000 of the Term Certificates maturing on December 1, 2032 shall be paid upon presentation and surrender at maturity.

As and for a sinking fund for the redemption of the Term Certificates maturing on December 1, 2034, the District shall deposit in the Base Rentals Fund moneys which are sufficient to redeem (after any credit as provided in the Indenture) the following principal amount of the Term Certificates maturing on December 1, 2034:

<u>Redemption Date</u> <u>(December 1)</u>	<u>Principal Amount</u>
2033	\$260,000

The remaining \$275,000 of the Term Certificates maturing on December 1, 2034 shall be paid upon presentation and surrender at maturity.

As and for a sinking fund for the redemption of the Term Certificates maturing on December 1, 2037, the District shall deposit in the Base Rentals Fund moneys which are sufficient to redeem (after any credit as provided in the Indenture) the following principal amount of the Term Certificates maturing on December 1, 2037:

<u>Redemption Date</u> <u>(December 1)</u>	<u>Principal Amount</u>
2035	\$290,000
2036	300,000

The remaining \$315,000 of the Term Certificates maturing on December 1, 2037 shall be paid upon presentation and surrender at maturity.

As and for a sinking fund for the redemption of the Term Certificates maturing on December 1, 2042, the District shall deposit in the Base Rentals Fund moneys which are sufficient to redeem (after any credit as provided in the Indenture) the following principal amount of the Term Certificates maturing on December 1, 2042:

<u>Redemption Date</u> <u>(December 1)</u>	<u>Principal Amount</u>
2038	\$335,000
2039	350,000
2040	365,000
2041	385,000

The remaining \$405,000 of the Term Certificates maturing on December 1, 2042 shall be paid upon presentation and surrender at maturity.

As and for a sinking fund for the redemption of the Term Certificates maturing on December 1, 2047, the District shall deposit in the Base Rentals Fund moneys which are sufficient to redeem (after any credit as provided in the Indenture) the following principal amount of the Term Certificates maturing on December 1, 2047:

<u>Redemption Date</u> <u>(December 1)</u>	<u>Principal Amount</u>
2043	\$425,000
2044	440,000
2045	460,000
2046	475,000

The remaining \$495,000 of the Term Certificates maturing on December 1, 2047 shall be paid upon presentation and surrender at maturity.

On or before the thirtieth day prior to each such sinking fund payment date, the Trustee shall proceed to call the Term Certificates (or any Term Certificate or Term Certificates issued to replace such Term Certificates) for redemption from the sinking fund on the next December 1, and give notice of such call without further instruction or notice from the District.

The amount of each sinking fund installment may be reduced by the principal amount of any Term Certificates of the maturity and interest rate which are subject to sinking fund redemption on such date and which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) or otherwise canceled and not theretofore applied as a credit against a sinking fund installment. Such reductions, if any, shall be applied in such year or years as may be determined by the District.

Extraordinary Mandatory Redemption. If the Lease is terminated by reason of the occurrence of (a) an Event of Nonappropriation, (b) an Event of Lease Default, or (c) in the event that (1) the Leased Property is damaged or destroyed in whole or in part by fire or other casualty, or (2) title to, or the temporary or permanent use of, the Leased Property has been taken by eminent domain by any governmental body, or (3) breach of warranty or any material defect with respect to the Leased Property becomes apparent, or (4) title to or the use of all or any part of the Leased Property is lost by reason of a defect in title thereto, and the Net Proceeds of any insurance, performance bond or condemnation award, or Net Proceeds received as a consequence of defaults under contracts relating to the Leased Property, made available by reason of such occurrences, shall be insufficient to pay in full, the cost of repairing or replacing the Leased Property, and the District does not appropriate sufficient funds for such purpose or cause the Lease to be amended in order that Additional Certificates may be executed and delivered pursuant to the Indenture for such purpose, the Certificates are required to be called for redemption, except as described below. If called for redemption as described above, the Certificates are to be redeemed in whole on such date or dates as the Trustee may determine, for a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date (subject to the availability of funds as described below).

If the Net Proceeds, including the Net Proceeds from the exercise of any Lease Remedy under the Lease, otherwise received and other moneys then available under the Indenture are insufficient to pay in full the principal of and accrued interest on all Outstanding Certificates, the Trustee may, or at the request of the Owners of a majority in aggregate principal amount of the Certificates Outstanding, and upon indemnification as to fees, costs and expenses as provided in the Indenture, without any further demand or notice, shall exercise all or any combination of Lease Remedies as provided in the Lease and the Certificates shall be redeemed by the Trustee from the Net Proceeds resulting from the exercise of such Lease Remedies and all other moneys, if any, then on hand and being held by the Trustee for the Owners of the Certificates.

If the Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are insufficient to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys shall be allocated proportionately among the Certificates, according to the principal amount thereof Outstanding. In the event that such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are in excess of the amount required to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such excess moneys shall be paid to the District as an overpayment of the Purchase Option Price. Prior to any distribution of the Net Proceeds resulting from the exercise of any of such remedies, the Trustee shall be entitled to payment of its reasonable and customary fees for all services rendered in connection with such disposition, as well as reimbursement for all reasonable costs and expenses, including attorneys' fees, incurred thereby, from proceeds resulting from the exercise of such Lease Remedies and other moneys.

IF THE CERTIFICATES (INCLUDING ANY ADDITIONAL CERTIFICATES) ARE REDEEMED FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF PLUS INTEREST ACCRUED TO THE REDEMPTION DATE, SUCH PARTIAL PAYMENT WILL BE DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE CERTIFICATES, AND UPON SUCH A PARTIAL PAYMENT NO OWNER OF SUCH

CERTIFICATES SHALL HAVE ANY FURTHER CLAIM FOR PAYMENT AGAINST THE TRUSTEE OR THE DISTRICT.

Notwithstanding the provisions described above or any other provisions to the contrary in the Lease or the Indenture, if the Net Proceeds resulting from the exercise of such Lease Remedies are insufficient to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, the Trustee may, or at the request of the Owners of a majority in aggregate principal amount of the Certificates Outstanding, and upon indemnification as to fees, costs and expenses as provided in the Indenture, shall, determine that the Certificates shall not be subject to extraordinary mandatory redemption as described above, in which event the Trustee will not apply any Net Proceeds or other available moneys to the redemption of any Certificates prior to their respective maturity dates. In such event, the Trustee shall (a) allocate such Net Proceeds (together with any other available moneys held under this Indenture), proportionately among all Outstanding Certificates, and (b) apply such allocation of Net Proceeds to the payment of the principal of and interest on the Certificates on the regularly scheduled maturity and Interest Payment Dates of the Certificates.

Notice of Redemption. Whenever Certificates are to be redeemed, the Trustee is required to, not less than thirty (30) and not more than sixty (60) days prior to the redemption date (except for notice of an Extraordinary Mandatory Redemption, which is required to be immediate), mail notice of redemption to all Owners of all Certificates to be redeemed at their registered addresses, by first class mail, postage prepaid, or in the event that the Certificates to be redeemed are registered in the name of the Depository, such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Depository. Any notice of redemption is to (1) identify the Certificates to be redeemed, (2) specify the redemption date and the redemption price, (3) in the event of optional redemption, state that the District has given notice of its intent to exercise its option to purchase or prepay Base Rentals under the Lease, (4) state that such redemption is subject to the deposit of the funds related to such option by the District on or before the stated redemption date and (5) state that on the redemption date the Certificates called for redemption will be payable at the corporate trust office of the Trustee and that from that date interest will cease to accrue. The Trustee may use "CUSIP" numbers in notices of redemption as a convenience to Certificates Owners, provided that any such notice is required to state that no representation is made as to the correctness of such numbers either as printed on the Certificates or as contained in any notice of redemption and that reliance may be placed only on the identification numbers containing the prefix established under the Indenture.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Certificates so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Certificates called for redemption in the same manner as the original redemption notice was given.

## **Tax Covenants**

In the Lease, the District covenants for the benefit of the Owners of the Certificates that it will not take any action or omit to take any action with respect to the Certificates, the proceeds thereof, any other funds of the District or any facilities financed or refinanced with the



proceeds of the Certificates (except for the possible exercise of the District's right to terminate the Lease as provided therein) if such action or omission (i) would cause the interest on the Certificates to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Certificates to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except to the extent that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, or (iii) would cause interest on the Certificates to lose its exclusion from Colorado taxable income or to lose its exclusion from Colorado alternative minimum taxable income under present Colorado law. Subject to the District's right to terminate the Lease as provided therein, the foregoing covenant shall remain in full force and effect, notwithstanding the payment in full or defeasance of the Certificates, until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code and Colorado law have been met.

In addition, the District covenants in the Lease that its direction of investments pursuant to the Indenture shall be in compliance with the procedures established by the Tax Compliance Certificate entered into by the District with respect to the Lease (the "Tax Certificate") to the extent required to comply with its covenants described in the previous paragraph. The District further agrees in the Lease that, to the extent necessary, it will, during the Lease Term, pay to the Trustee such sums as are required for the Trustee to pay the amounts due and owing to the United States Treasury as rebate payments. Any payments pursuant to the foregoing sentence shall be Additional Rentals for all purposes of the Lease.

### **Defeasance and Discharge**

When the principal or redemption price (as the case may be) of, and interest on, all the Certificates executed and delivered hereunder have been paid or provision has been made for payment of the same (or, in the case of redemption of the Certificates as described in "Redemption Provisions--Extraordinary Mandatory Redemption" above, if full or partial payment of the Certificates and interest thereon is made as described), and all other sums payable hereunder relating to the Certificates, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Trustee to the Owners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall (1) release the Site Lease and transfer and convey the Trustee's leasehold interest in the Leased Property to the District as provided by the Lease, (2) release the Lease and the Indenture, (3) execute such documents to evidence such releases as may be reasonably required by the District, and (4) turn over to the District all balances then held by the Trustee in the Funds or Accounts hereunder except for amounts held in the Rebate Fund or any defeasance escrow accounts. If payment or provision therefor is made with respect to less than all of the Certificates, the particular Certificates (or portion thereof) for which provision for payment shall have been considered made shall be selected by the District.

Provision for the payment of all or a portion of the Certificates shall be deemed to have been made when the Trustee holds in the Base Rentals Fund, or there is on deposit in a separate escrow account or trust account held by a trust bank or escrow agent, either moneys in an amount which shall be sufficient, and/or Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with

the moneys, if any, concurrently deposited in trust, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said Certificates on and prior to the redemption date or maturity date thereof, as the case may be. Prior to any discharge of the Indenture as described above or the defeasance of any Certificates pursuant to the provisions described in this section becoming effective, there shall have been delivered to the Trustee a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay the applicable Certificates in full on the maturity or redemption date thereof unless fully funded with cash.

At such time as any Certificate shall be deemed paid as described above, such Certificate shall no longer be secured by or entitled to the benefits of the Indenture, the Lease or the Site Lease, except for the purpose of exchange and transfer and any payment from such cash or Federal Securities deposited with the Trustee.

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

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

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

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

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## BASE RENTALS SCHEDULE

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

### Schedule of Base Rentals<sup>(1)</sup>

Calendar <u>Year</u>	Principal <u>Component</u>	Interest <u>Component</u>	Total <u>Base Rentals</u>
2018	\$295,000.00	\$217,395.94	\$512,395.94
2019	150,000.00	362,062.50	512,062.50
2020	150,000.00	357,562.50	507,562.50
2021	160,000.00	353,062.50	513,062.50
2022	175,000.00	348,262.50	523,262.50
2023	175,000.00	341,262.50	516,262.50
2024	175,000.00	334,262.50	509,262.50
2025	180,000.00	327,262.50	507,262.50
2026	185,000.00	321,862.50	506,862.50
2027	195,000.00	316,312.50	511,312.50
2028	205,000.00	306,562.50	511,562.50
2029	215,000.00	296,312.50	511,312.50
2030	225,000.00	285,562.50	510,562.50
2031	235,000.00	274,312.50	509,312.50
2032	250,000.00	262,562.50	512,562.50
2033	260,000.00	250,062.50	510,062.50
2034	275,000.00	237,062.50	512,062.50
2035	290,000.00	223,312.50	513,312.50
2036	300,000.00	208,812.50	508,812.50
2037	315,000.00	193,812.50	508,812.50
2038	335,000.00	178,062.50	513,062.50
2039	350,000.00	161,312.50	511,312.50
2040	365,000.00	143,812.50	508,812.50
2041	385,000.00	125,562.50	510,562.50
2042	405,000.00	106,312.50	511,312.50
2043	425,000.00	86,062.50	511,062.50
2044	440,000.00	70,125.00	510,125.00
2045	460,000.00	53,625.00	513,625.00
2046	475,000.00	36,375.00	511,375.00
2047	<u>495,000.00</u>	<u>18,562.50</u>	<u>513,562.50</u>
Total	\$8,545,000	\$6,797,495.94	\$15,342,495.94

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

Source: The Underwriter.

## SECURITY FOR THE CERTIFICATES

### General

Each Certificate evidences a proportionate interest in the right to receive certain designated Revenues, including Base Rentals, under and as defined in the Lease and the Indenture.

Under the Site Lease, the Leased Property has been leased by the District to the Trustee, and under the Lease, the Leased Property has been subleased by the Trustee back to the District and the District has agreed to pay directly to the Trustee, Base Rentals in consideration of the District's right to possess and use the Leased Property. Certain Revenues, including Base Rentals, are required under the Indenture to be distributed by the Trustee for the payment of the Certificates and interest thereon.

The Lease is subject to annual appropriation, non-renewal and, in turn, termination by the District. The execution and delivery of the Certificates does not directly or contingently obligate the District to make any payments beyond those appropriated for the District's then current Fiscal Year. As more fully described under the caption "CERTAIN RISK FACTORS," the Lease is subject to renewal on an annual basis at the option of the District. The Lease Term and the schedule of payments of Base Rentals are designed to produce moneys sufficient to pay the Certificates and interest thereon when due (if the District elects not to terminate the Lease prior to the end of the Lease Term).

The Certificates shall not constitute a mandatory charge or requirement of the District in any ensuing Fiscal Year beyond the current Fiscal Year, and shall not constitute or give rise to a general obligation or other indebtedness of the District or a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the District, within the meaning of any constitutional, home rule charter or statutory debt provision or limitation. No provision of the Certificates shall be construed or interpreted as creating a delegation of governmental powers nor as a donation by or a lending of the credit of the District within the meaning of Sections 1 or 2 of Article XI of the Colorado Constitution. The execution and delivery of the Certificates shall not directly or indirectly obligate the District to renew the Lease from Fiscal Year to Fiscal Year or to make any payments beyond those appropriated for the District's then current Fiscal Year. Base Rentals and Additional Rentals may be paid from any lawfully available District monies appropriated for that purpose. See "DISTRICT FINANCIAL OPERATIONS."

In the event of termination of the District's obligations under the Lease upon the occurrence of an Event of Nonappropriation or an Event of Lease Default, the District is required to vacate and surrender the Leased Property by March 1 of any Renewal Term in respect of which an Event of Nonappropriation or an Event of Lease Default has occurred. If an Event of Lease Default shall have occurred and remain uncured, the Trustee may take any of the following actions: (i) terminate the Lease Term and give notice to the District to vacate and surrender possession of the Leased Property which vacation and surrender the District agrees under the Lease to complete within sixty (60) days from the date of such notice; (ii) lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property; (iii) recover from the District (a) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the District for such purpose, which would otherwise have been payable under the Lease, during any period in which the District continues to occupy, use or possess the Leased Property; and (b) Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the District for such purpose, which would otherwise have been payable by the District under the Lease during the remainder, after the District vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs; or (iv) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site

Lease, the Lease and the Indenture. In the event the District does not vacate and surrender possession on the termination date, the “holdover tenant” provisions of the Lease shall apply.

### **Additional Certificates**

So long as no Event of Indenture Default, Event of Nonappropriation or Event of Lease Default has occurred and is continuing and the Lease Term is in effect, one or more series of Additional Certificates may be executed and delivered upon the terms and conditions set forth in the Indenture. The principal of any Additional Certificates shall mature on December 1 and the interest payment dates therefore shall be the same as the interest payment dates for the Certificates; otherwise the times and amounts of payment of Additional Certificates shall be as provided in the supplemental ordinance or indenture and amendment to the Lease entered into in connection therewith.

Additional Certificates may be executed and delivered without the consent of or notice to the Owners of Outstanding Certificates, to provide moneys to pay any one or more of the following:

- (a) the costs of acquiring, constructing, improving, installing and equipping any New Facility, or of acquiring a Site for any New Facility (and costs reasonably related thereto);
- (b) the costs of making, at any time or from time to time, such substitutions, additions, modifications and improvements for or to the Leased Property as the District may deem necessary or desirable, and as in accordance with the provisions of the Lease; or
- (c) for the purpose of refunding or refinancing all or any portion of Outstanding Certificates.

Each of the Additional Certificates issued pursuant to the Indenture will evidence a proportionate interest in the rights to receive Revenues under the Indenture and shall be ratably secured with all Outstanding Certificates and in respect of all Revenues, and shall be ranked *pari passu* with such Outstanding Certificates and with Additional Certificates that may be executed and delivered in the future, if any.

For additional information on the issuance of Additional Certificates, see Appendix B - Certain Definitions and Document Summaries - Additional Certificates.

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## **CURRENT SOURCES OF AVAILABLE REVENUE**

### **General**

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

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

### **Source of District Revenues**

As illustrated in the following tables, ad valorem property taxes, described in more detail in "CURRENT SOURCES OF AVAILABLE REVENUES," constitute the largest source of District revenue. Additional sources of revenue include investment income and specific ownership taxes (a State tax on motor vehicle registrations which is shared with local governments, including the District), grant revenues, charges for services, permit fees, rental income, insurance reimbursement, interest and miscellaneous other income.

### **Budget Summary and Comparison**

Set forth in the following table is a comparison of the General Fund budgets for 2016 and 2017, compared to actual (unaudited) results 2016 and 2017. The table is presented in budgetary (legal) format and is not intended to conform to GAAP.

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## Budget Summary and Comparison - General Fund

	2016 (Budget)	2016 (Actual)	2017 (Budget)	2017 (Estimated)	2018 (Adopted)
<b>Revenues</b>					
Balance (January 1)	\$10,471,362	\$10,471,362	\$7,112,676	\$7,112,676	\$7,566,827
General Property Tax	12,207,617	12,146,797	13,322,569	13,055,127	15,739,239
Specific Ownership Tax	1,000,000	1,046,703	1,100,000	1,316,847	1,100,000
Income – Delinquent Tax	-	-	-	(55,468)	-
Charges for Services	1,124,000	1,504,493	1,200,000	1,030,151	1,500,000
Permit Fees	232,000	151,223	-	-	100,000
Interest	7,000	61,510	35,000	107,142	50,000
Miscellaneous	70,000	201,277	270,368	489,414	10,000
Standby	-	-	-	-	20,000
Rental Income	-	4,614	-	-	4,000
Insurance Reimbursement	-	25,009	-	-	25,000
Training Income	-	-	-	-	6,000
Castle Tower Rental	-	-	-	-	12,000
EMS Grant	6,895	68,869	-	-	-
FF Heart Fund Grant	-	-	-	-	13,000
Insurance Repairs	-	-	-	-	10,000
Contract Repairs	-	-	-	-	25,000
Sale of Assets	-	-	-	-	-
SAC Repair	-	-	-	-	80,000
Flex Plan	-	-	-	-	-
Total Revenues Current Year	14,647,512	15,210,495	15,927,937	15,943,213	18,694,739
Total Available Revenues	24,303,070	25,681,857	23,040,613	23,055,889	26,261,566
<b>Expenditures</b>					
Fire Fighting					
Salaries	9,861,997	10,276,480	10,666,811	10,948,053	11,875,835
Administration	1,036,608	1,055,281	1,001,480	854,901	1,033,565
Health Benefit	1,742,500	1,119,910	1,768,500	1,467,634	1,920,064
Office	-	-	102,930	99,962	-
Communications	507,000	497,313	500,000	488,957	530,258
Stations, Building, Grounds	306,175	256,662	153,805	135,625	327,702
Equipment, Maintenance	467,044	345,655	413,155	328,658	383,455
Special Operations	171,306	117,103	235,105	236,046	202,833
Training	126,593	92,323	145,302	117,427	196,644
Fire Prevention	37,390	23,656	36,150	30,890	58,436
Ambulance	138,450	170,082	146,390	140,239	178,190
Capital Outlay	235,600	148,113	380,000	334,099	724,931
IT	-	71,745	166,108	137,370	196,739
Utilities	-	-	160,000	139,836	-
Debt Service					
Principle	-	62,834	-	-	-
Interest	-	12,142	-	-	-
Total Expenditures	14,630,663	14,249,299	15,875,736	15,459,697	17,628,652
Excess Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	16,849	961,196	52,201	483,516	1,066,087
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	-	-	-	-
Transfers Out	(10,090,398)	(4,319,882)	-	29,365	(1,204,543)
Total Other Financing Sources (Uses)	(10,090,398)	(4,319,882)	-	29,365	(1,204,543)
Excess Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(10,073,549)	(3,358,686)	52,201	454,151	(138,456)
Fund Balance	\$397,813	\$7,112,676	\$7,164,877	\$7,566,827	\$7,428,371

Source: The District.

## History of District Revenue and Expenditures

Set forth below is a five-year history of revenues, expenditures and changes in fund balance for the District's General Fund. The information in the following chart has been derived from the District's audited financial statements for the years 2013 through 2016 and unaudited financial statements for 2017 and are set forth in accordance with generally accepted accounting principles ("GAAP"). The following information should be read together with the District's 2016 audited financial statements and accompanying notes which appear in Appendix A. Preceding years' financial statements may be obtained from the sources noted in "INTRODUCTION--Additional Information."

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# History of Revenue, Expenditures and Changes in Fund Balance – General Fund

Year Ended December 31,

	SWAFPD <sup>1</sup> 2013	NWFPD <sup>1</sup> 2013	Combined <sup>1</sup> 2013	SWAFPD <sup>1</sup> 2014	NWFPD <sup>1</sup> 2014	Combined <sup>1</sup> 2014	Adams County 2015	Fire Protection District 2016	2017
<b>Revenues</b>									
Property taxes	3,831,265	\$7,276,929	11,893,487	\$3,886,584	\$7,523,625	11,410,209	\$11,930,773	12,146,797	13,055,127
Specific ownership taxes	296,642	590,394	887,036	316,012	646,662	962,674	1,066,586	1,046,703	1,316,847
Delinquent interest and taxes	12,642	-	-	36,484	-	36,484	-	-	(55,468)
Investment earnings	2,838	-	-	2,833	-	2,833	-	-	-
Sale of assets	9,240	-	-	556,000	-	556,000	-	-	-
Flex Plan Revenue	-	205,860	205,860	-	204,721	204,721	-	-	-
Grant Revenue	-	-	-	-	-	-	12,785	68,869	-
Charges for services	516,018	-	546,018	540,321	-	540,321	1,097,823	1,504,493	1,030,151
Permit Fees	-	18,685	18,685	-	30,456	30,456	88,213	151,223	-
Rental Income	-	19,077	19,077	-	19,077	19,077	1,505	4,614	-
Insurance reimbursement	-	-	-	-	-	-	-	25,009	-
Interest	-	6,108	19,228	--	6,947	6,947	36,357	61,510	107,142
Miscellaneous	17,053	16,065	36,390	52,041	68,021	120,062	53,982	201,277	489,414
<b>Total Revenues</b>	<b>4,685,698</b>	<b>8,133,118</b>	<b>13,605,021</b>	<b>5,390,275</b>	<b>8,499,509</b>	<b>13,889,784</b>	<b>14,288,024</b>	<b>15,210,495</b>	<b>15,943,213</b>
<b>Expenditures</b>									
Firefighting	2,517,215	4,890,645	7,407,860	26,951	4,759,186	4,786,137	9,387,214	10,276,480	10,948,053
Administration	443,219	698,044	1,141,263	200,009	769,900	969,909	1,027,488	1,055,281	854,901
Salaries	-	-	-	2,844,566	-	2,844,566	-	-	-
Benefits and taxes	-	-	-	1,064,857	-	1,064,857	-	-	-
Office	-	-	-	-	-	-	-	-	99,962
Communications	181,480	205,248	386,728	200,046	241,006	441,052	486,505	497,313	488,957
Medical payments	-	779,735	779,735	-	766,743	766,743	1,474,337	1,119,910	1,467,634
Station maintenance	185,249	316,725	501,974	236,721	237,473	474,194	547,397	256,662	135,625
IT	-	-	-	-	-	-	-	71,745	137,370
Ambulance	805,166	-	805,166	55,701	-	55,701	245,379	170,082	140,239
Equipment repair	38,352	146,872	185,224	-	171,680	171,680	-	345,655	328,658
Insurance	-	169,093	169,093	-	156,820	156,820	-	-	-
Training	20,562	40,172	60,734	16,780	20,105	36,885	132,430	92,323	117,427
Fire prevention	164,999	7,349	172,348	14,093	11,213	25,306	19,939	23,656	30,890
Special Ops	-	-	-	-	-	-	-	117,103	236,046
Utilities	-	-	-	-	-	-	-	-	139,836
Tax collection fees	60,895	-	60,895	62,018	-	62,018	-	-	-
Capital Outlay	475,534	70,674	546,208	152,101	-	152,101	335,444	148,113	334,099
Debt Service									
Principal							63,862	62,834	
Interest							11,113	12,142	
<b>Total Expenditures</b>	<b>4,892,671</b>	<b>7,324,557</b>	<b>12,217,228</b>	<b>4,873,843</b>	<b>7,134,126</b>	<b>12,007,969</b>	<b>13,731,108</b>	<b>14,249,299</b>	<b>15,459,697</b>
<b>Excess of</b>									
<b>Revenues/Expenditures</b>	<b>(206,973)</b>	<b>808,561</b>	<b>601,588</b>	<b>516,432</b>	<b>1,365,383</b>	<b>1,881,815</b>	<b>556,916</b>	<b>961,196</b>	<b>483,516</b>
<b>Other Financing Sources</b>									
Transfers in	1,271		1,271		959,333	959,333	3,388,526		
Transfers out		(500,000)	(500,000)	(255,533)	(500,000)	(755,533)	(199,396)	(4,319,882)	(29,365)
Net Change in Fund Balance	(205,702)	308,561	102,859	260,899	1,824,716	2,085,615	3,746,046	(3,358,686)	454,151
Fund Balance, Beginning Year	2,336,369	4,592,039	6,928,408	2,130,667	4,900,600	7,031,267	6,725,316	10,471,362	7,112,676
Fund Balance, End of Year	\$2,130,667	\$4,900,600	\$7,031,267	\$2,391,566	\$6,725,316	\$9,116,882	\$10,471,362	\$7,112,676	\$7,566,827

Source: Derived from the District's audited financial statements for the years ended December 31, 2013-2016 and unaudited 2017 financial statements.

<sup>1</sup>SACFPD and NWFPD merged in 2014 and accounting for ACFPD began on January 1, 2015.

## Ad Valorem Property Taxes

Property Subject to Taxation. Subject to the limitations imposed by TABOR (described in “LEGAL MATTERS--Certain Constitutional Limitations”), the Board has the power to certify to the Board of County Commissioners (the “Commissioners”) a levy for collection of ad valorem taxes against all taxable property within the District.

Property taxes are uniformly levied against the assessed valuation of all property subject to taxation by the District. Both real and personal property are subject to taxation, but there are certain classes of property which are exempt. Exempt property includes, but is not limited to: property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; property used for charitable or religious purposes; nonprofit cemeteries; irrigation ditches, canals, and flumes used exclusively to irrigate the owner’s land; household furnishings and personal effects not used to produce income; intangible personal property; inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; and works of art, literary materials and artifacts on loan to a political subdivision, gallery or museum operated by a charitable organization. The State Board of Equalization supervises the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes.

Assessment of Property. Taxable property is first appraised by the County’s assessor (the “County Assessor”) to determine its statutory “actual” value. This amount is then multiplied by the appropriate assessment percentage to determine each property’s assessed value. The mill levy of each taxing entity is then multiplied by this assessed value to determine the amount of property tax levied upon such property by such taxing entity. Each of these steps in the taxation process is explained in more detail below.

*Determination of Statutory Actual Value.* The County Assessor annually conducts appraisals in order to determine, on the basis of statutorily specified approaches, the statutory “actual” value of all taxable property within the County as of January 1. Most property is valued using a market approach, a cost approach or an income approach. Residential property is valued using the market approach, and agricultural property, exclusive of building improvements thereon, is valued by considering the earning or productive capacity of such lands during a reasonable period of time, capitalized at a statutory rate.

The statutory actual value of a property is not intended to represent its current market value, but, with certain exceptions, is determined by the County Assessor utilizing a “level of value” ascertained for each two-year reassessment cycle from manuals and associated data published by the State Property Tax Administrator for the statutorily-defined period preceding the assessment date. Real property is reappraised by the County Assessor’s office every odd numbered year. The statutory actual value is based on the “level of value” for the period one and one-half years immediately prior to the July 1 preceding the beginning of the two-year reassessment cycle (adjusted to the final day of the data-gathering period). Collection, levy and value calculation are as follows:

Collection Year	Levy Year	Value Calculated As Of	Based on the Market Period
2013	2012	July 1, 2010	Jan. 1 2009 to June 30, 2010
2014	2013	July 1, 2012	Jan. 1 2010 to June 30, 2012
2015	2014	July 1, 2012	Jan. 1 2010 to June 30, 2012
2016	2015	July 1, 2014	Jan. 1 2015 to June 30, 2014
2017	2016	July 1, 2014	Jan. 1 2013 to June 30, 2014
2018	2017	July 1, 2016	Jan. 1 2015 to June 30, 2016

The County Assessor may consider market sales from more than one and one-half years immediately prior to July 1 if there were insufficient sales during the stated market period to accurately determine the level of value.

Oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals are valued based on production levels rather than by the base year method. Public utilities are valued by the State Property Tax Administrator based upon the value of the utility's tangible property and intangibles (subject to certain statutory adjustments), gross and net operating revenues and the average market value of its outstanding securities during the prior calendar year.

*Determination of Assessed Value.* Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated by the County Assessor as a percentage of statutory actual value. The percentage used to calculate assessed valuation differs depending upon the classification of each property.

**Residential Property.** To avoid extraordinary increases in residential real property taxes when the base year level of value is changed, the State constitution requires the Colorado General Assembly to adjust the assessment rate of residential property for each year in which a change in the base year level of value occurs. This adjustment is constitutionally mandated to maintain the same percentage of the aggregate statewide valuation for assessment attributable to residential property which existed in the previous year (although, notwithstanding the foregoing, TABOR prohibits any valuation for assessment ratio increase for a property class without prior voter approval).

Pursuant to the adjustment process described above, the residential assessment rate is adjusted every two years, resulting in the following history of residential assessment rates since levy year 1989: 15.00% of statutory actual value (levy years 1989-90); 14.34% of statutory actual value (levy years 1991-92); 12.86% of statutory actual value (levy years 1993-94); 10.36% of statutory actual value (levy years 1995-96); 9.74% of statutory actual value (levy years 1997-00); 9.15% of statutory actual value (levy years 2001-02); and 7.96% of statutory actual value (levy years 2003-16). Starting with levy year 2017, the residential assessment rate is 7.20%. The residential assessment rate may decline further in future years. Since TABOR was enacted in 1992, the Colorado General Assembly has taken the position that the residential assessment rate cannot increase without the approval of Colorado voters, notwithstanding any other provision of the Colorado Constitution that might require an increase in the residential assessment rate.

**Non-residential property.** All non-residential taxable property (including the commercial property in the District), with certain specified exceptions, is assessed at 29% of its statutory actual value. Producing oil and gas property is generally assessed at 87.5% of the selling price of the oil and gas.

*Protests, Appeals, Abatements and Refunds.* Property owners are notified of the valuation of their land or improvements, or taxable personal property and certain other information related to the amount of property taxes levied, in accordance with statutory deadlines. Property owners are given the opportunity to object to increases in the statutory actual value of such property, and may petition for a hearing thereon before the County Board of Equalization. Upon the conclusion of such hearings, the County Assessor is required to complete the assessment roll of all taxable property and, no later than August 25th each year, prepare an abstract of assessment therefrom. The abstract of assessment and certain other required information is reviewed by the State Property Tax Administrator prior to October 15th of each year and, if necessary, the State Board of Equalization orders the County Assessor to correct assessments. The valuation of property is subject to further review during various stages of the assessment process at the request of the property owner, by the State Board of Assessment Appeals, the State courts or by arbitrators appointed by the Commissioners. On the report of an erroneous assessment, an abatement or refund must be authorized by the Commissioners; however, in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year in which the taxes were levied. Refunds or abatements of taxes are prorated among all taxing entities which levied a tax against the property.

*Statewide Review.* The Colorado General Assembly is required to cause a valuation for assessment study to be conducted each year in order to ascertain whether or not county assessors statewide have complied with constitutional and statutory provisions in determining statutory actual values and assessed valuations for that year. The final study, including findings and conclusions, must be submitted to the Colorado General Assembly and the State Board of Equalization by September 15th of the year in which the study is conducted. Subsequently, the Board of Equalization may order a county to conduct reappraisals and revaluations during the following property tax levy year. Accordingly, the District's assessed valuation may be subject to modification following any such annual assessment study.

*Homestead Property Tax Exemption.* The Colorado Constitution provides property tax exemptions for qualifying senior citizens (adopted in 2000) and for disabled veterans (adopted in 2006). The senior citizen provision provides that for property tax collection years 2007 and later (other than 2009, which was exempted by the legislature in 2009), the exemption is equal to 50% of the first \$200,000 of actual value of residential real property that is owner-occupied if the owner or his or her spouse is 65 years of age or older and has occupied such residence for at least 10 years. The disabled veterans provision provides that for property tax collection years 2008 and later, the same exemption is available to homeowners who have served on active duty in the U.S. Armed Forces and who are rated 100% permanently disabled by the federal government due to a service-connected disability. The State is required to reimburse all local governments for the reduction in property tax revenue resulting from these exemptions; therefore, it is not expected that this exemption will result in the loss of any property

tax revenue to the District. There is no assurance, however, that the State reimbursement will be received in a time period which is sufficient to replace the reduced property tax revenue.

Taxation Procedure. The County Assessor is required to certify to the District the assessed valuation of property subject to the District's mill levy no later than August 25th of each year. Subject to the limitations of TABOR, based upon the valuation certified by the County Assessor, the Board computes a rate of levy which, when levied upon every dollar of the valuation for assessment of property subject to the District's property tax, and together with other legally available District revenues, will raise the amount required by the District in its upcoming fiscal year. The District subsequently certifies to the Commissioners the rate of levy sufficient to produce the needed funds. Such certification must be made no later than December 15th of the property tax levy year for collection of taxes in the ensuing year. The property tax rate is expressed as a mill levy, which is the rate equivalent to the amount of tax per one thousand dollars of assessed valuation. For example, a mill levy of 25 mills would impose a \$250 tax on a parcel of property with an assessed valuation of \$10,000.

The Directors levy the tax on all property subject to taxation by the District. By December 22nd of each year, the Directors must certify to the County Assessor the levy for all taxing entities within the County. If the Directors fail to so certify, it is the duty of the County Assessor to extend the levies of the previous year. Further revisions to the assessed valuation of property may occur prior to the final step in the taxing procedure, which is the delivery by the County Assessor of the tax list and warrant to the County's treasurer (the "County Treasurer").

Adjustment of Taxes to Comply with Certain Limitations. Section 29-1-301, C.R.S., contains a statutory restriction limiting the property tax revenues which may be levied for operational purposes to an amount not to exceed the amount of such revenue levied in the prior year plus 5.5% (subject to certain statutorily authorized adjustments). Absent voter approval to waive those restrictions, District tax levies may be adjusted to ensure compliance with the 5.5% revenue increase limitation before the County Treasurer sends tax bills to property owners for collection of taxes. The District's voters have approved a waiver of the 5.5% limitation with respect to its mill levy.

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in December 2017 are being collected in 2018. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1 until the date of payment unless the whole amount is paid by April 30. If the second installment is not paid by June 15, the unpaid installment will bear interest at the rate of 1% per month from June 16 until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The County Treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the District on a monthly

basis. The payments to the District must be made by the tenth of each month, and shall include all taxes collected through the end of the preceding month.

All taxes levied on property, together with interest thereon and penalties for default, as well as all other costs of collection, constitute a perpetual lien on and against the property taxed from January 1st of the property tax levy year until paid. Such lien is on a parity with the tax liens of other general taxes. It is the County Treasurer's duty to enforce the collection of delinquent real property taxes by tax sale of the tax lien on such realty. Delinquent personal property taxes are enforceable by distraint, seizure, and sale of the taxpayer's personal property. Tax sales of tax liens on realty are held on or before the second Monday in December of the collection year, preceded by a notice of delinquency to the taxpayer and a minimum of four weeks of public notice of the impending public sale. Sales of personal property may be held at any time after October 1st of the collection year following notice of delinquency and public notice of sale. There can be no assurance that the proceeds of tax liens sold, in the event of foreclosure and sale by the County Treasurer, would be sufficient to produce the amount required with respect to property taxes levied by the District and property taxes levied by overlapping taxing entities, as well as any interest or costs due thereon. Further, there can be no assurance that the tax liens will be bid on and sold. If the tax liens are not sold, the County Treasurer removes the property from the tax rolls and delinquent taxes are payable when the property is sold or redeemed. When any real property has been stricken off to the County and there has been no subsequent purchase, the taxes on such property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and they may be canceled by the Commissioners after that time.

Overlap with Tax Increment Authorities. Colorado law allows the formation of public highway authorities. Pursuant to statute, the board of directors of a public highway authority is entitled to designate areas within the authority's boundaries as "value capture areas" to facilitate the financing, construction, operation or maintenance of highways constructed by the authority; an authority is entitled to capture a portion of the property taxes in such an area to support these purposes. No public highway authority value capture area currently exists within the District. If a value capture area is implemented in the future, it is impossible to predict the terms of the plan, including whether it would negatively impact the District's property tax revenues.

Similarly, State law allows the formation of urban renewal authorities and downtown development authorities in areas which have been designated by the governing bodies of municipalities as blighted areas. With respect to that property (as well as any property included in the boundaries of an urban renewal authority or downtown development authority created in the future and subject to a renewal plan), the assessed valuation of such property is frozen at a "base" year value that does not increase beyond the amount existing in the year prior to the adoption of the plan (other than by means of the general reassessment). Property taxes on the base year value are paid to existing taxing entities (including the District). Any increase above the "base" amount is paid to the applicable authority.

## Ad Valorem Property Tax Data

A five year history of the County's certified assessed valuations and mill levies, as well as actual values are set forth in the following tables.

### History of Assessed Valuations and Mill Levies for the District

Levy/ Collection Year	<u>Assessed Value</u>				<u>Mill Levies<sup>(3)</sup></u>			<u>Mill Levies<sup>(4)</sup></u>		
	Adams County	Denver County	Total	Percent Change	General Fund	Debt Service	Total	General Fund	Debt Service	Total
2013/2014	\$697,915,680 <sup>(1)</sup>	\$6,614,500	\$704,530,180	--	16.207	1.067	17.274	17.800	--	17.800
2014/2015	693,370,830 <sup>(2)</sup>	6,589,140	699,959,970	(0.6)%	16.207	1.079	17.286	17.800	1.00	18.800
2015/2016	746,067,320	7,119,500	753,186,820	7.6	16.207	0.685	16.892	--	--	--
2016/2017	815,226,060	6,795,670	822,021,730	9.1	16.207	0.634	16.841	--	--	--
2017/2018	963,831,510	7,303,680	971,135,190	18.1	16.207	0.526	16.733	--	--	--

- (1) Represents the combined assessed values for North Washington Fire Protection District and Southwest Adams Fire Protection District.  
(2) Represents the combined assessed values for Adams County Fire Protection District and Southwest Adams County Fire Protection District.  
(3) Represents the mill levies for North Washington Fire Protection District for levy/collection years 2012/2013 and 2013/2014 and the mill levies for Adams County Fire Protection District for levy/collection years 2014/2015 through 2017/2018.  
(4) Mill levies are for Southwest Adams Fire Protection District

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2013-2017; and the Adams County and City and County of Denver Assessors' Office.

### History of Actual Values for the District

Levy/ Collection Year	<u>Actual Values</u>			
	Adams County	Denver County	Total	Percent Change
2013/2014	\$4,294,484,871 <sup>(1)</sup>	\$155,816,495	\$4,450,301,366	--
2014/2015	4,294,370,671 <sup>(2)</sup>	157,078,675	4,451,449,346	0.03%
2015/2016	4,837,748,219	205,190,612	5,042,938,831	13.29
2016/2017	5,108,194,235	203,332,428	5,311,526,663	5.33
2017/2018	7,235,016,908	252,315,349	7,487,332,257	40.96

- (1) Represents the combined actual values for North Washington Fire Protection District and Southwest Adams Fire Protection District.  
(2) Represents the combined actual values for Adams County Fire Protection District and Southwest Adams County Fire Protection District.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2013-2017; and the Adams County and City and County of Denver Assessors' Office.

The following table sets forth the history of the District's ad valorem property tax collections for the time period indicated.

Property Tax Collections in the District

Levy/Collection Year	Taxes Levied <sup>(1)</sup>	Current Tax Collection <sup>(2)</sup>	Collection Rate
2013/2014	\$12,291,267 <sup>(3)</sup>	\$11,887,876 <sup>(5)</sup>	96.7%
2014/2015	12,439,059 <sup>(4)</sup>	12,091,078 <sup>(6)</sup>	97.2
2015/2016	12,722,835	12,328,307	96.9
2016/2017	13,843,668	13,436,626	97.1
2017/2018 <sup>(7)</sup>	16,127,792	60,594	--

(1) Levied amounts do not reflect abatements or other adjustments.

(2) The County Treasurer's collection fees have not been deducted from these amounts, nor do they include delinquent tax collections or interest collected.

(3) Represents combined taxes levied for North Washington Fire Protection District and Southwest Adams Fire Protection District.

(4) Represents combined taxes levied for Adams County Fire Protection District and Southwest Adams Fire Protection District.

(5) Represents combined taxes collected for North Washington Fire Protection District and Southwest Adams Fire Protection District.

(6) Represents combined taxes collected for Adams County Fire Protection District and Southwest Adams Fire Protection District.

(7) Collections as of February 28, 2018 for Adams County and March 31, 2018 for Denver County.

The following table sets forth the assessed valuation of specific classes of real and personal property within the District based upon the District's 2017 assessed valuation. As shown below, residential property accounts for the largest percentage of the District's assessed valuation, and therefore it is anticipated that owners of residential property will pay the largest percentage of ad valorem property taxes levied by the District.

Assessed Valuation of Classes of Property in the District

Property Class	2017 Assessed	Percent of Total
Residential	\$333,724,150	34.4%
Commercial	304,784,240	31.4
Personal Property	226,472,040	23.3
State Assessed	42,169,290	4.3
Industrial	35,271,030	3.6
Vacant	25,891,830	2.7
Agricultural	2,821,440	0.3
Natural Resources	1,170	0.0
Total	<u>\$971,135,190</u>	100.0

Source: Adams County and City and County of Denver Assessors' Office.

Based upon the most recent information available from the County Assessor's Office, the following table represents the ten largest taxpayers within the District as measured by assessed value. A determination of the largest taxpayers can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several parcels may have an aggregate assessed value in excess of those set forth in the following table. No



independent investigation has been made of and consequently there can be no representation as to the financial conditions of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the District.

Ten Largest Taxpayers in the District for 2017

Taxpayer Name	2017 Assessed Valuation	Percentage of Total Assessed Valuation <sup>(1)</sup>
Public Service Co of Colorado (Xcel)	\$146,593,980	15.10%
Qwest Corp FKA US West	23,569,700	2.42
Crossroads Commerce Park Industrial LLC	9,442,960	0.97
Denver Mart LLC	7,080,140	0.72
Mapleton Industrial Investors LLLP	5,864,560	0.60
Denver Post LLC	5,248,800	0.54
Lockhead Martin Corporation	5,164,510	0.53
5990 Washington Street LLC	4,572,070	0.47
Union Pacific Railroad	4,079,020	0.42
MillerCoors LLC	3,663,510	0.37
TOTAL	<u>\$215,279,250</u>	<u>22.14%</u>

(1) Based on the 2017 certified assessed valuation of \$971,135,190.

Source: Adams County and City and County of Denver Assessors' Office.

In addition to the District's ad valorem property tax levy, owners of property within the District are obligated to pay taxes to other taxing entities in which their property is located. As a result, property owners within the District's boundaries may be subject to different mill levies depending upon the location of their property. The following table reflects a sample mill levy that may be imposed on certain properties within the District and is not intended to portray the mills levied against all properties within the areas shown. Property owners within the areas indicated may be subject to larger or smaller total mill levy than the samples given in the following table.

Sample Mill Levy Affecting District Property Owners

Name of Taxing Entity	2018 Mill Levy(1)
Mapleton School District No. 1	56.053
Adams County	26.929
North Lincoln Water and Sanitation District	4.771
Rangeview Library District	3.669
North Washington Street Water and Sanitation District	0.860
Urban Drainage and Flood Control District	0.500
Urban Drainage and Flood Control District – S. Platte	<u>0.057</u>
Total Overlapping Sample Mill Levy	92.839
District	<u>16.733</u>
Total Sample Mill Levy	<u>109.573</u>

(1) One mill equals 1/10 of one cent. Mill levies are for assessment year 2017, collection year 2018.

## Estimated Overlapping General Obligation Debt

In addition to the District, other taxing entities are authorized to incur general obligation debt within boundaries which overlap or partially overlap the boundaries of the District. The following table sets forth the estimated overlapping general obligation debt attributable to property owners within the District as of the date of this Official Statement. Additional taxing entities may overlap with the District in the future.

### Estimated Overlapping General Obligation Debt

Name of Overlapping Entity(1)	2017 Assessed Valuation(2)	Outstanding General Obligation Debt	Outstanding General Obligation Debt Attributable to the District(3)	
			Percent	Amount
Adams County School District No. 1	\$ 667,710,350	\$143,382,212	80.37%	\$115,236,283
Adams 12 Five Star School District	2,045,931,610	507,900,000	2.14	10,869,060
Adams County School District No. 50	3,118,040	70,430,000	11.19	7,881,117
City and County of Denver	16,576,650,104	661,775,500	0.05	3,308,877
Clear Creek Station Metropolitan District No. 2	18,542,030	\$25,000,000	1.22	305,000
Denver School District No. 1	16,576,650,104	1,783,592,000	0.05	8,917,960
Hyland Hills Park and Recreation District	1,124,087,030	7,315,000	7.07	517,170
<b>TOTAL</b>				<b><u>\$147,035,467</u></b>

- (1) The following entities also overlap the District but have no reported general obligation debt outstanding: Adams County, Arvada, Federal Heights, Thornton, Westminster, Adams County School District No. 12, Berkeley Water and Sanitation District, CCP Metropolitan Districts Nos. 3 and 4, Clear Creek Station Metropolitan Districts Nos. 1 and 3, Clear Creek Transit Metropolitan Districts Nos. 1 and 2, Crestview Water and Sanitation District, Crestview Sewer, City of Westminster – Westminster Station GID, North Lincoln Water and Sanitation District, North Pecos Water and Sanitation District, North Washington Water and Sanitation District, Northgate Water and Sanitation District, Pomponio Terrace Metropolitan District, Rangeview Library District, Regional Transportation District, Shaw Heights Water District, Urban Drainage & Flood Control, and Urban Drainage South Platte.
- (2) Assessed values certified in 2017 are for collection of ad valorem property taxes in 2018.
- (3) The percentage of each entity's outstanding debt chargeable to the District is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of debt for which the property owners within the District are responsible will also change.

## THE DISTRICT

### General

The District is a quasi-municipal corporation and a political subdivision of the State created for the purpose of providing fire suppression, fire prevention, ambulance, emergency medical, emergency rescue and hazardous materials services to the citizens and property within its boundaries, to individuals passing through the District and, pursuant to mutual aid and automatic aid agreements, to citizens and property in surrounding areas.

The District was created as the result of a merger between two preexisting and independent fire protection districts, the Southwest Adams County Fire Protection District (“SWACFPD”) and North Washington Fire Protection District (“NWFPD” and, together with SWACFPD, the “Districts”). Prior to their merger, both Districts provided fire suppression, fire prevention and public education, rescue, extrication, hazardous materials, ambulance, and emergency medical services for the health, safety and welfare of their respective citizens of Adams County and the State of Colorado. NWFPD also provided such services to a small area in the City and County of Denver.

On August 1, 2013, the Districts entered into an Intergovernmental Agreement for the Integration of Personnel and Operation (the “Integration IGA”) pursuant to which the Districts integrated their operations and personnel as an interim step toward legally merging the Districts. On January 2, 2014, the Districts entered into an Intergovernmental Agreement to Provide Operational and Administrative Services (the “Services IGA”), pursuant to which NWFPD began providing administrative and operational services to SWACFPD. Both the Integration IGA and Services IGA resulted in significant benefits to the Districts and their constituents, which led the Districts to enter into an Intergovernmental Agreement for the Realignment of Jurisdictional Boundaries (the “Realignment IGA”) by which terms the Districts would effectuate their merger.

Pursuant to the Realignment IGA, on May 6, 2014, the Adams County District Court issued an order changing the name of NWFPD to “Adams County Fire Protection District.” On July 14, 2014 the Adams County District Court issued an order transferring jurisdiction over all real property within the SWACFPD’s boundaries (except three residential properties) to the District, which order was recorded on August 13, 2014. On August 21, 2014 pursuant to resolutions adopted by the Districts, all financial accounts and monies of SWACFPD were transferred to the District and all SWACFPD personnel became personnel of the District. The remaining three residential properties were included into the District and SWACFPD was dissolved effective December 31, 2015 by a combined order of the Adams County District Court issued on January 19, 2016.

The District encompasses approximately 19 square miles located primarily within Adams County. A small portion of the District (approximately 1.3% of its current assessed valuation) is located within the City and County of Denver, Colorado. According to District officials, the total population currently served by the District is approximately 65,000. The District is operated by elected Board members, paid staff, paid firefighters and other personnel.

## **District Power**

The rights, powers, privileges, authorities, functions and duties of the District are established by the laws of the State, particularly the Special District Act, which provides that the Board has certain powers including, but not limited to, the power: to have perpetual existence; to sue and be sued; to enter into contracts and agreements; to incur indebtedness and revenue obligations; to acquire, dispose of, and encumber real and personal property; to have the management, control, and supervision of all the business and affairs of the special district and all construction, installation, operation, and maintenance of special district improvements; to appoint, hire, and retain agents, employees, engineers, and attorneys; to fix and from time to time increase or decrease fees, rates, tolls, or charges for services, programs or facilities furnished by or available

from the District, and to pledge such revenue for the payment of any indebtedness of the District (subject to the limitations on fire protection districts stated below); to furnish services and facilities outside the boundaries of the special district and to establish fees, rates, tolls, penalties, or charges for such services and facilities; and to have and exercise all rights and powers necessary or incidental to or implied from the specific powers granted to special districts by statute. Fees of a fire protection district are limited to fees for ambulance or emergency medical services, fees for requested or mandated inspections if a fire code is in existence on June 30, 1981 or adopted thereafter, and fees for requested inspections if a fire code has been adopted by the board of directors of the fire protection district, whether or not the code has been adopted by a municipality or county. The District also has the statutory authority to, and has, entered into an intergovernmental agreement with Adams County, by which the County imposes impact fees on new development on behalf of the District, and the District collects those fees directly from the developers. See

The Board also has the power: to acquire, dispose of, or encumber fire stations, fire protection and firefighting equipment, and any interest therein; to exercise the power of eminent domain and dominant eminent domain; to operate an ambulance service, an emergency medical service, a rescue unit, and a diving and grappling service; to adopt and enforce fire codes approved by resolution of the municipality or county in which the District is located; to fix fees and charges as authorized by statute; in the absence of a fire code, in certain circumstances to compel property owners to install certain safety devices whenever necessary for public safety; to create and maintain pension funds for its paid firefighters and to establish a system of civil service to cover any full-time paid fire fighters, but only upon approval of the voters.

The District's Fire Chief has authority over the supervision of all fires within the District, except as otherwise provided by law, and is vested with authority to command the fire department of the District. The powers of the Fire Chief include, but are not limited to, the following: to enforce all laws of the state, and ordinances and resolutions of appropriate political subdivisions, relating to the prevention of fires and suppression of arson; to inspect or cause to be inspected by members or officers of the District all buildings, premises, public places, except the interior of any private dwelling, for the purpose of ascertaining and causing to be corrected any condition liable to cause fire; to enforce all laws of the State, and ordinances and resolutions of any appropriate political subdivision, pertaining to the keeping, storage, use, manufacture, sale, handling, transportation, or other disposition of highly inflammable materials and rubbish, gunpowder, dynamite, crude petroleum or any of its products, explosive or inflammable liquids or compounds, tablets, torpedoes, or any explosives of a like nature, or any explosive, including fireworks and fire crackers and to prescribe the materials and construction of receptacles to be used for the storage of any of said items; and to investigate or cause to be investigated the cause, origin, and circumstances of every fire occurring within the District by which property is destroyed or damaged and, so far as possible, determine whether the fire was the result of carelessness or design.

### **Board of Directors**

The District is governed by a board of directors which, pursuant to the Special District Act, consists of five members. The members must be eligible electors of the District as defined by State law and are elected to staggered four-year terms of office at successive biennial

elections. Vacancies on the Board are filled by appointment of the remaining directors, the appointee to serve until the next regular special district election, at which time the vacancy is filled by election for any remaining unexpired portion of the term. The directors hold regular meetings on the fourth Wednesday of each month and, as needed, special meetings. Each director is entitled to one vote on all questions before the Board when a quorum is present. Directors may receive a maximum of \$1,600 per year as compensation for service to the District, payable not in excess of \$100 per meeting attended. Directors whose terms of office commence after January 1, 2018 may receive up to a maximum of \$2,400 per year as compensation for service to the District, payable not in excess of \$100 per meeting attended. Directors may not receive compensation from the District as employees of the District, except as provided above.

The present directors, their positions on the Board, principal occupations, and terms of office are as follows:

Name	Title	Occupation	Term Expires
Jerry Marchese	Chairman/President	Retired	2022
Ken Ciancio	Vice President	Consultant	2022
Anthony Spano	Secretary	Farmer	2022
Joseph Domenico	Assistant Secretary	Maintenance	2020
Eugene Brienza	Treasurer	Retired	2020

The Colorado constitution limits Board members to two consecutive terms (beginning with terms that commenced after January 1, 1995). District voters may vote to eliminate, extend or change the term limits imposed by the constitution. In May 2000, the District's voters approved eliminating term limits for Board members.

Pursuant to State law, directors are required to disclose to the Colorado Secretary of State and the Board potential conflicts of interest on personal or private interests which are proposed or pending before the Board. Additionally, no contract for work or material including a contract for services, regardless of the amount, shall be entered into between the District and a Board member, or between the District and the owner of 25% or more of the territory within the District, unless a notice has been published for bids and such Board member or owner submits the lowest responsible and responsive bid.

## **Administration**

The principal administrative official of the District involved in issuance of the Certificates is as follows:

Fire Chief. The Fire Chief is the administrative head of the District and is responsible to the Board for the proper administration and execution of all affairs of the District.

Chief Laurienti has served the citizens of the District for over 32 years; he was appointed Fire Chief June 1, 2011. Chief Laurienti previously served as the Training Chief for 11 years. Chief Laurienti currently serves as the president of the Denver Metro Fire Chiefs Association, is a member of the Colorado State Fire Chiefs executive board and past president of the North Area Adams County Fire Chiefs. He also is the former president of the Adams County Communications Center and serves on the Adams County 911 Authority Board.

### **Employees; Benefits and Pension Matters**

Employees. The District currently budgets for approximately 108 full-time equivalent employees; of those, 107 are full-time and 1 is a part-time or seasonal employee. The District's uniformed employees belong to a labor union, and the District and the Union have a Collective Bargaining Agreement. According to Fire Chief, the state of employee relations is good.

Benefits. The District administers a self-insurance program for medical and dental insurance, life insurance, short and long-term disability insurance, on-the-job injury leave, paid time off (in lieu of vacation and/or personal days), paid holidays, compensatory/overtime pay. The District also provides workers' compensation insurance as required by law.

The District does not offer any post-employment benefits other than pensions ("OPEB") and therefore does not have any OPEB liability.

Pension Matters. The District maintains four pension plans, which are generally described below. The District also maintains deferred compensation plans for full-time and part-time, temporary and seasonal employees. Detailed information regarding the District's pension plans is found in Note 7 to the audited financial statements attached hereto as Appendix A.

### **District Insurance Coverage**

The Board acts to protect the District against loss and liability by maintaining the following insurance coverage: general liability, property and portable equipment, crime, management liability, automobile and excess liability. The District purchases insurance from a commercial entity and pays annual premiums. The current policy expires on January 1, 2018. In the opinion of the Fire Chief, the District's insurance policies provide adequate insurance protection for the District. However, there is no assurance that such policies will be adequate, or that coverage will be maintained in the current amounts.

### **District Agreements**

In the summer of 2017 the District undertook an Impact Fee Study to evaluate the nexus between new development within the District's jurisdictional boundaries and the projected impact such development has on the District's facilities. The Impact Fee Study recommended an Impact Fee Schedule for both residential and non-residential development at a level no greater than necessary to defray the impacts of new development on the District's facilities.

Pursuant to §32-1-1002(1)(d.5), C.R.S., and §29-20-104.5, C.R.S., the District has authority to receive and spend impact fees or other similar development fees; however, Colorado law does not empower the District to impose such fees. The District must rely on the County, who is so authorized under Colorado law, to impose these impact fees.

On December 20, 2017, the District and the County entered into an Intergovernmental Agreement for the Assessment, Collection and Remittance of Emergency Service Impact Fees (the “Impact Fee IGA”). Under the Impact Fee IGA, the County agreed to impose an impact fee on any development occurring within both the County and the District and for which a development permit has been submitted to the County on or after January 1, 2018. Impact fees will be assessed to each developer upon the County granting a Development Permit to the developer and shall be payable directly to the District. The District shall be solely responsible for the collection of each impact fee. Upon submitting a development permit with the County, a developer will consult with the District to determine whether the developer will pay the impact fee or make an in-kind contribution in lieu of all or part of the impact fee.

Under the Impact Fee Schedule adopted by the District, each single-family unit will be assessed a fee of \$422.00, and each multifamily unit will be assessed a fee of \$275.00. Any non-residential property will be assessed a fee of \$0.30 per square foot. Each of these fees will automatically be adjusted annually by the increase over the preceding year, if any, in the Denver-Boulder-Greeley Consumer Price Index for All Urban Consumers. The Impact Fee Study will be updated no less than once every seven years for the purpose of updating the Impact Fee Schedule.

Although the County began imposing impact fees on behalf of the District on January 1, 2018, the District’s 2018 Budget does not account for impact fee revenues as the District was uncertain as to the amount of revenue to be collected. According to the District, as of April 1, 2018, the District has collected \$14,697.88 in impact fees.

## **DISTRICT FINANCIAL OPERATIONS**

### **Budget and Appropriation Process**

The District operates on a calendar year basis. The Fire Chief is required to prepare and submit to the Board of Directors, not less than 75 days prior to the beginning of the fiscal year, a budget with accompanying explanation. The budget must provide a complete financial plan of all District funds activities for the ensuing fiscal year, and, except as required by law or the Charter, and must be in such form as the Fire Chief deems desirable or as the Board of Directors may require. The budget must contain a general summary of its contents and must show comparative figures for income and expenditures of the preceding fiscal year.

A public hearing on the proposed budget is required to be held the Board of Directors before the final adoption. Notice of the time and place of such hearing is required to be posted, and such notice must be published at least one time in a newspaper of general circulation within the District’s jurisdiction. The notice must state that the proposed budget is on file in the District’s administrative offices. After the public hearing, the Board of Directors may adopt the budget with or without amendment. In amending the budget, the Board of Directors may add or

increase programs or amounts and may delete or decrease programs or amounts, except expenditures required by law or for debt service or for estimated deficits.

The Board of Directors must adopt the budget by Resolution on or before the first day of the new fiscal year. Adoption of the budget by the Board of Directors constitutes appropriation of the amounts specified therein as expenditures from the funds indicated.

During the fiscal year, the Board of Directors, by Resolution, may make supplemental appropriations for unanticipated revenues or expenditures. To meet a public emergency affecting public health, peace, welfare, safety or property the Board of Directors may make emergency appropriations. To the extent that there is no available unappropriated revenue to meet such appropriations, the Board of Directors may, by emergency Resolution, authorize the issuance of short-term notes.

If at any time during the fiscal year it appears probable to the Fire Chief that the revenue available will be insufficient to meet the amount appropriated, he shall report to the Board of Directors without delay, indicating the estimated amount of the deficit, any remedial action taken, and the recommendation as to any other steps to be taken. The Board of Directors must then take such further action as it deems necessary to prevent or minimize any deficit, and for that purpose may, by ordinance, reduce one or more appropriations.

Any time during the fiscal year, upon written request, the Fire Chief may transfer part or all of any unencumbered appropriation balance among programs within a fund. No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated, or by more than the amount of the unencumbered balance thereof.

Emergency appropriations and reduction or transfer of appropriations may be made effective immediately upon adoption.

## **District Financial Statements**

General. State law requires an annual independent audit of all of the District's accounts. Pursuant to State law, a draft of the audit is required to be submitted to the District's Board of Directors by June 30 of each year. The "Colorado Local Government Audit Law" requires that the audited financial statements must be filed with the State auditor within 30 days of receipt of the audit. Failure to comply with this requirement to file an audit report may result in the withholding of the District's property tax revenues (if any) by the County Treasurer pending compliance.

The District's audited basic financial statements for the year ended December 31, 2016, are attached to this Official Statement as Appendix A. Those financial statements represent the most current audited financial information available for the District.

## **Funds and Accounts; District Revenues**

General. The General Fund is the general operating fund of the District and is used to account for operations traditionally associated with a fire district and which are not required to



be accounted for in another fund. In the General Fund, portions of the ending fund balance in each year are reserved and not available for use. Fund reservations that are considered non-spendable include inventory and prepayments. The District has a category within the fund balance called “restricted”; that category includes debt reserves and the emergency reserve required by Article X, Section 20 of the State Constitution (“TABOR”). “Committed” fund balance includes items that can only be used for a specific purpose determined by formal action of the Board of Directors and this includes funds that have been collected from municipal fines that must be used for police training and a fenced dog park. “Assigned” fund balance includes other items that are restricted, but do not fall into one of the other categories and this includes amounts appropriated for use in subsequent years’ budgets, Fiscal Policy Reserve, and other donations. The Board of Directors’ current General Fund Fiscal Policy requires that unappropriated contingency and emergency reserves equal 25% of General Fund prior annual expenditures less transfers out.

The sources of revenue in the General Fund include: property tax, specific ownership taxes, grant revenues, charges for services, permit fees, rental income, insurance reimbursement, interest and miscellaneous other income.

Property Tax revenues comprise the majority of the District’s General Fund revenues, accounting for approximately 80% of General Fund revenues in fiscal year 2016. No other single revenue source accounted for more than 10% of General Fund revenues in 2016. Information regarding the imposition, collection and enforcement of the District’s Property Tax is discussed in “REVENUES AVAILABLE FOR DEBT SERVICE--Collection and Enforcement of the District Property Tax.”

## **DISTRICT DEBT STRUCTURE**

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

### **Required Elections**

Pursuant to the State law, the District may borrow money and issue the following or other like securities to evidence such borrowing: (a) short-term notes; (b) general obligation securities; (c) revenue securities; (d) refunding securities; and (e) long-term leases.

Notwithstanding the foregoing, general obligation indebtedness and other obligations of the District must be incurred in accordance with State law, including the requirements of TABOR. TABOR requires that, with certain exceptions, the District must obtain voter approval in advance for the creation of any multiple-fiscal year direct or indirect debt or other financial obligations whatsoever, unless adequate cash reserves are irrevocably pledged and held to make required payments in all future fiscal years. See “LEGAL MATTERS--Certain Constitutional Limitations.”

### **General Obligation Debt**

General. “Debt” or “indebtedness” as used in this Official Statement means, generally, obligations backed by the full faith and credit of the District and secured by the

unlimited power to levy ad valorem property taxes of the District. Debt refers only to principal amounts and not to the interest to become due thereon. Debt does not include debt that has been refinanced, obligations arising upon a contingency or obligations which do not extend beyond the fiscal year in which incurred.

Authority to Issue. State law provides that the District may not issue bonds payable in wholly or in part out of general property taxes or to which the full faith and credit of the District are pledged until the question of its issuance shall have been approved by a majority of the qualified electors of the District voting at a special or general election.

General Obligation Debt Outstanding. In 2002, the District, then operating as NWFPD, authorized the issuance of its General Obligation Bonds, Series 2002 in the aggregate principal amount of \$5,500,000. In 2011, the District issued its General Obligation Refunding Bonds Series 2011, in the principal aggregate amount of \$4,095,000, which bonds are currently outstanding in the aggregate principal amount of \$2,290,000 (“2011 Bonds”), which bonds have a final maturity in 2022.

### **Short Term Borrowing**

The District may issue short-term notes without an election which, pursuant to TABOR, must mature before the close of the Fiscal Year in which the money is borrowed, in anticipation of the collection of taxes or other revenues. No short-term borrowing has been requested or authorized in the last five years.

### **Capital Lease Obligations**

The District also has six capital lease obligations outstanding, each of which is subject to annual appropriation. These outstanding capital leases include: (i) the capital lease for fire apparatus dated currently outstanding in the amount of \$175,424, with a final maturity in 2022; (ii) a capital lease for bunker gear currently outstanding in the amount of \$71,456, with a final maturity in 2019; (iii) a capital lease for a PNC apparatus currently outstanding in the amount \$254,089, with a final maturity in 2021; (iv) a capital lease for radio equipment currently outstanding in the amount of \$174,803, with a final maturity in 2020; a capital lease for a Pierce pumper currently outstanding in the amount of \$175,424, with a final maturity in 2022; and (vi) a capital lease to refinance Station 14, currently outstanding in the amount of \$1,350,000 and maturing in 2026.

## **ECONOMIC AND DEMOGRAPHIC INFORMATION**

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding the District. It is intended only to provide prospective investors with general information regarding the District’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 District makes no representation as to the accuracy or completeness of data obtained from parties other than the District.

## Population and Age Distribution

The following table sets forth population statistics for Adams County, Denver-Aurora-Lakewood Metropolitan Based Statistical Area (“Denver-Aurora MSA”) and the State. Denver-Aurora MSA is comprised of six metro counties and four bordering counties: Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson and Park counties. Between 2000 and 2010, the population of Adams County increased 21.4%. During the same time period, the population of the Denver-Aurora MSA and the State increased approximately 16.7% and 16.9%, respectively.

### Population

Year	Adams County		Denver-Aurora MSA		Colorado	
	Population	Percent Change	Population	Percent Change	Population	Percent Change
1970	185,789	--	1,118,563	--	2,209,596	--
1980	245,944	32.4%	1,450,768	29.7%	2,889,735	30.8%
1990	265,038	7.8	1,650,489	13.8	3,294,394	14.0
2000	363,857	37.3	2,179,240	32.0	4,301,261	30.6
2010	441,603	21.4	2,543,482	16.7	5,029,196	16.9
2011	451,749	2.3	2,601,177	2.3	5,119,538	1.8
2012	460,064	1.8	2,647,527	1.8	5,191,086	1.4
2013	469,477	2.0	2,697,283	1.9	5,268,413	1.5
2014	479,777	2.2	2,750,964	2.0	5,350,118	1.6
2015	489,923	2.1	2,807,692	2.1	5,448,055	1.8
2016	497,673	1.6	2,852,335	1.6	5,538,180	1.7

Sources: United States Department of Commerce, Bureau of the Census (1970-2000); Colorado Department of Local Affairs, State Demography Office (2011-2016 subject to periodic revision).

The following table sets forth an age profile for Adams County, Denver-Aurora MSA, the State and the United States as of January 1, 2018.

### Age Distribution

Age	Percent of Population			
	Adams County	Denver-Aurora MSA	Colorado	United States
0-17	27.0%	23.2%	22.7%	22.6%
18-24	9.1	8.4	9.6	9.7
25-34	15.1	15.3	14.6	13.4
35-44	14.6	14.3	13.5	12.6
45-54	12.7	13.4	12.8	12.9
55-64	10.8	12.3	12.7	12.9
65-74	6.7	8.2	8.8	9.4
75 and Older	4.0	4.9	5.3	6.5

Source: © 2018 by Environics Analytics (EA). Source: Claritas.

## Income

The following two tables reflect the Median Household Effective Buying Income (“EBI”), and also the percentage of households by EBI groups. EBI is defined as “money income” (defined below) less personal tax and nontax payments. “Money income” is defined as the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veteran Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deductions are made for personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as “disposable” or “after-tax” income.

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

Year	Adams County	Denver-Aurora MSA	Colorado	United States
2014	\$44,294	\$49,480	\$47,469	\$43,715
2015	47,919	53,691	49,949	45,448
2016	49,918	56,042	52,345	46,738
2017	52,915	59,102	54,718	48,043
2018	58,065	62,677	57,732	50,620

<sup>(1)</sup> The difference between consecutive years is not an estimate of change from one year to the next; separate combinations of data are used each year to identify the estimated mean of income from which the median is computed.

Sources: © 2014-2017 Claritas, LLC; and © 2018 by Environics Analytics (EA).

### Percent of Households by Effective Buying Income Groups – 2018 Estimates

Effective Buying Income Group	Adams County	Denver-Aurora MSA	Colorado	United States
Under \$24,999	15.3%	15.1%	17.4%	22.3%
\$25,000-49,999	26.8	23.9	25.7	27.1
\$50,000-74,999	22.3	20.4	20.3	19.6
\$75,000-99,999	16.8	16.8	16.1	14.3
\$100,000-124,999	8.0	8.6	7.6	6.0
\$125,000-149,999	4.6	5.3	4.6	3.7
\$150,000 or More	6.2	9.9	8.3	7.0

Source: © 2018 by Environics Analytics (EA). Source: Claritas.

The following table sets forth annual per capita personal income levels for the Adams County, Denver-Aurora MSA, the State, and the United States.

### Per Capita Personal Income

Year <sup>(1)</sup>	Adams County	Denver-Aurora MSA	Colorado	United States
2012	\$33,577	\$49,302	\$45,089	\$44,282
2013	33,884	51,596	46,824	44,493
2014	35,824	55,082	49,952	46,494
2015	37,271	57,081	51,876	48,451
2016	38,378	56,892	51,999	49,246

<sup>(1)</sup> City and Denver-Aurora MSA figures posted November 2017; State and national figures posted September 2017. All figures are subject to periodic revisions.

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

### **Employment**

The following table presents information on employment within Adams County, Denver-Aurora MSA, the State and the United States for the time period indicated.

### Labor Force and Employment<sup>(1)</sup>

Year	Adams County		Denver-Aurora MSA		Colorado		United States
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2012	239,471	9.4%	1,448,248	7.7%	2,757,222	7.9%	8.1%
2013	242,495	8.1	1,468,452	6.6	2,775,670	6.8	7.4
2014	245,809	5.7	1,491,978	4.8	2,810,415	5.0	6.2
2015	248,474	4.4	1,509,959	3.7	2,833,509	3.9	5.3
2016	253,515	3.6	1,541,194	3.1	2,891,046	3.3	4.9
<u>Month of November</u>							
2016	254,197	2.9%	1,546,763	2.6%	2,899,265	2.7%	4.9%
2017 <sup>(2)</sup>	264,480	3.1	1,609,855	2.8	3,028,318	2.9	4.4

<sup>(1)</sup> Figures for Adams County, Denver-Aurora MSA and the State are not seasonally adjusted, and are subject to revision.

<sup>(2)</sup> Preliminary.

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

The following table sets forth the number of individuals employed within selected industries in Adams County which are covered by unemployment insurance. In 2016, the largest employment sector in Adams County was government (comprising approximately 18.3% of the County's work force), followed, in order, by construction, retail trade; health care and social assistance; and wholesale trade. For the twelve-month period ended December 31, 2016, total average employment in Adams County increased 3.4% as compared to the twelve-month period ending December 31, 2015, and average weekly wages increased 2.2% during the same time period.

Average Number of Employees Within Selected Industries – Adams County

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017<sup>(1)</sup></u>
Agriculture, Forestry and Fisheries	1,053	1,071	1,138	1,016	1,149	1,258
Mining	339	564	693	592	585	546
Utilities	594	592	649	639	626	630
Construction	14,492	16,899	19,257	20,199	21,965	21,586
Manufacturing	11,773	11,967	13,110	13,756	13,605	13,348
Wholesale Trade	13,579	14,442	15,077	16,188	16,342	16,641
Retail Trade	17,519	18,034	19,028	19,998	20,391	19,873
Transportation & Warehousing	12,972	13,539	13,936	14,427	14,896	15,330
Information	2,313	2,457	2,501	2,565	2,703	2,716
Finance and Insurance	2,801	2,925	3,062	3,154	3,245	3,445
Real Estate, Rental and Leasing	2,673	2,786	2,812	3,116	3,239	3,198
Professional & Technical Services	5,356	5,146	5,451	6,074	6,397	6,661
Management of Companies/Enterprises	1,243	1,325	1,371	1,492	1,693	1,758
Administration & Waste Services	10,596	10,274	11,082	12,417	12,829	13,456
Educational Services	1,440	1,231	1,467	1,247	1,030	1,037
Health Care & Social Assistance	15,797	16,401	17,027	17,864	18,706	19,257
Arts, Entertainment & Recreation	973	1,269	1,266	1,303	1,410	1,490
Accommodation & Food Services	12,564	13,424	14,205	14,914	15,615	16,019
Other Services	4,756	4,961	5,288	5,604	5,632	5,836
Non-classifiable	12	15	27	20	20	18
Government	<u>26,474</u>	<u>33,519</u>	<u>34,397</u>	<u>35,280</u>	<u>36,272</u>	<u>37,141</u>
Total <sup>(2)</sup>	<u>159,317</u>	<u>172,842</u>	<u>182,843</u>	<u>191,865</u>	<u>198,349</u>	<u>201,244</u>

<sup>(1)</sup> Averaged figures through 2nd quarter 2017.

<sup>(2)</sup> Figures may not equal totals when added, due to the rounding of averages.

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

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The following table shows the number of individuals employed within selected Denver-Aurora MSA industries which are covered by unemployment insurance. In 2016, the largest employment sector in the Denver-Aurora MSA was government (comprising approximately 13.7% of the metro area's work force), followed in order by health care and social assistance; retail trade; accommodations and food services; and professional and technical services. For the twelve month period ending December 31, 2016, total average employment in the Denver-Aurora MSA increased by approximately 2.7% as compared to the same twelve month period ending December 31, 2015, and total average weekly wages increased by 1.0% during the same time period.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017<sup>(1)</sup></u>
Agriculture, Forestry and Fisheries	1,979	2,051	2,452	2,551	2,847	3,327
Mining	11,088	11,295	12,452	11,907	9,505	9,321
Utilities	3,571	3,512	3,689	3,697	3,653	3,618
Construction	62,113	69,234	77,834	82,575	87,752	89,629
Manufacturing	63,182	63,790	65,329	68,051	69,012	68,782
Wholesale Trade	63,631	65,231	67,695	69,961	71,162	71,792
Retail Trade	125,240	128,551	131,937	135,857	137,944	136,651
Transportation & Warehousing	41,208	43,510	45,010	46,339	47,875	50,145
Information	42,892	44,089	44,636	45,620	46,671	46,575
Finance and Insurance	66,499	69,191	69,635	72,729	75,009	76,544
Real Estate, Rental and Leasing	23,372	23,913	24,912	26,334	27,460	27,817
Professional & Technical Services	107,999	114,997	119,678	125,078	129,546	131,883
Management of						
Companies/Enterprises	25,857	28,351	29,173	30,058	30,123	31,705
Administration & Waste Services	89,309	89,621	93,353	96,173	97,341	96,015
Educational Services	20,721	20,810	21,551	22,192	22,817	22,887
Health Care & Social Assistance	130,238	136,530	143,722	151,849	158,017	155,648
Arts, Entertainment & Recreation	21,530	21,527	22,263	23,121	23,901	24,990
Accommodation & Food Services	114,391	120,085	125,841	131,824	137,006	138,075
Other Services	37,929	38,829	40,781	42,057	43,724	45,562
Non-classifiable	132	173	194	148	144	52
Government	<u>178,686</u>	<u>181,722</u>	<u>184,615</u>	<u>189,753</u>	<u>194,000</u>	<u>197,453</u>
Total <sup>(2)</sup>	<u>1,231,565</u>	<u>1,277,012</u>	<u>1,326,750</u>	<u>1,377,873</u>	<u>1,415,507</u>	<u>1,428,470</u>

<sup>(1)</sup> Averaged figures through 2nd quarter 2017.

<sup>(2)</sup> Figures may not equal totals when added, due to the rounding of averages.

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

*[Remainder of page intentionally left blank.]*

The following table sets forth major employers in the Adams County. No independent investigation of the stability or financial condition of the employers listed hereafter has been conducted; therefore, no representation can be made that these employers will continue to maintain their status as major employers in Adams County.

Employer	Product or Service	Estimated Number of Employees <sup>(1)</sup>
UCHealth: University of Colorado Hospital	Healthcare, research	7,110
Children's Hospital Colorado	Healthcare	5,670
United Parcel Service	Parcel delivery	2,630
FedEx	Shipment & logistics services	1,230
Sturgeon Electric	Electrical services	1,060
ADS Alliance Data Systems	Network/credit authorization services	900
SROriginals	Bakery product manufacturer/distributor	870
HealthONE: North Suburban Medical Center	Healthcare	840
Shamrock Foods	Food distribution	810
Centura Health: St. Anthony's North Hospital	Healthcare	750

<sup>(1)</sup> Revised May 2017.

Source: Development Research Partners as posted by Metro Denver Economic Development Corp.

## Retail Sales

Annual retail sales figures for Adams County, Denver-Aurora MSA and the State are set forth below.

### Retail Sales<sup>(1)</sup> (in thousands)

Year	Adams County	Percent Change	Denver-Aurora MSA	Percent Change	Colorado	Percent Change
2011	\$18,415,242	--	\$83,602,218	--	\$154,697,943	--
2012	20,778,225	12.8%	91,013,565	8.9%	164,387,648	6.3%
2013	22,109,719	6.4	95,950,941	5.4	172,784,033	5.1
2014	23,168,486	4.8	100,015,388	4.2	182,709,978	5.7
2015	21,441,483	(7.5)	101,283,636	1.3	182,845,695	0.1

<sup>(1)</sup> The Department of Revenue has not released numbers for 2016 and 2017 due to system problems.

Source: State of Colorado, Department of Revenue, "Sales Tax Statistics", 2011-2015.



## Building Permit Activity

The following tables set forth a history of building permits issued for new structures in unincorporated Adams County.

### Building Permit Issuances for New Structures in Unincorporated Adams County

<u>Year</u>	<u>Single Family</u>		<u>Multi-Family<sup>(1)</sup></u>		<u>Commercial/Industrial</u>	
	<u>Permits</u>	<u>Valuation</u>	<u>Permits</u>	<u>Valuation</u>	<u>Permits</u>	<u>Valuation</u>
2013	33	\$14,732,734	4	\$776,904	53	\$143,207,877
2014	26	8,509,911	16	47,516,770	33	30,306,063
2015	142	43,803,690	44	48,634,330	22	68,759,521
2016	163	48,666,364	36	113,529,072	19	49,174,962
2017	91	19,255,762	33	9,993,357	29	207,486,686

<sup>(1)</sup> A single multi-family building permit is typically issued for multiple residential dwelling units within a multi-family housing complex.

Source: Adams County Public Works Department, Building Section.

## Foreclosure Activity

The following table sets forth data on the number of foreclosures filed in the Adams County for the time period indicated. Such information does not take into account the number of foreclosures which were filed and subsequently redeemed or withdrawn.

### History of Foreclosures – Adams County

<u>Year</u>	<u>Number of Foreclosures</u>	
	<u>Filed</u>	<u>Percent Change</u>
2013	1,636	--
2014	1,200	(26.7)%
2015	765	(36.3)
2016	717	(6.3)
2017	672	(6.3)

Sources: Colorado Division of Housing (2013-2016) and Adams County Public Trustee (2017).

## TAX MATTERS

In the opinion of Special Counsel, assuming continuous compliance with certain covenants described below, the portion of the Base Rentals which is designated in the Lease and paid by the Trustee as interest on the Certificates, is excludable from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that, for tax years beginning before January 1, 2018, such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below, and is excludable from Colorado

taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Certificates.

*The opinion of Special Counsel does not cover the treatment for federal or Colorado income tax purposes of any monies received in payment of or in respect to the Certificates subsequent to the occurrence of an Indenture Event of Default, an Event of Lease Default or an Event of Nonappropriation.*

The Tax Code and Colorado law impose several requirements which must be met with respect to the Certificates in order for the interest thereon to be excludable from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the Certificates. These requirements include: (a) limitations as to the use of proceeds of the Certificates; (b) limitations on the extent to which proceeds of the Certificates may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Certificates above the yield on the Certificates to be paid to the United States Treasury. The District covenants and represent in the Lease that it will, during the Lease Term, take all steps to comply with the requirements of the Tax Code and Colorado law (in effect on the date of delivery of the Certificates) to the extent necessary to maintain the exclusion of interest on the Certificates from gross income and alternative minimum taxable income under such federal income tax laws and Colorado taxable income and Colorado alternative minimum taxable income under such Colorado income tax laws. Special Counsel's opinion as to the exclusion of interest on the Certificates from gross income, alternative minimum taxable income (to the extent described above), Colorado taxable income and Colorado alternative minimum taxable income is rendered in reliance on these covenants and assumes continuous compliance therewith. (The foregoing covenant does not, however, preclude the District from exercising its right to terminate the Lease at the times and in the manner previously described in this Official Statement.) The failure or inability of the District to comply with these requirements could cause the interest on the Certificates to be included in gross income, alternative minimum taxable income, Colorado taxable income or Colorado alternative minimum taxable income, or a combination thereof, from the date of issuance. Special Counsel's opinion also is rendered in reliance upon certifications of the District and other certifications furnished to Special Counsel. Special Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Certificates. The alternative minimum tax applicable to corporations has been repealed for tax years beginning after December 31, 2017.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Certificates. Owners of the Certificates should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without

limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain “subchapter S” corporations may result in adverse federal and Colorado tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Certificates made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports “reportable payments” (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. The Certificates were sold at a premium, representing a difference between the original offering price of those Certificates and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such Certificates (if any) may realize a taxable gain upon their disposition, even though such Certificates are sold or redeemed for an amount equal to the owner’s acquisition cost. Special Counsel’s opinion relates only to the exclusion of interest on the Certificates from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal or Colorado tax consequences arising from the receipt or accrual of interest on or ownership of the Certificates. Owners of the Certificates should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Special Counsel are based on existing law as of the delivery date of the Certificates. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or State tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Certificates, the exclusion of interest on the Certificates from gross income or alternative minimum taxable income or both from the date of issuance of the Certificates or any other date, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the market value of the Certificates. Owners of the Certificates are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Certificates. If an audit is commenced, the market value of the Certificates may be adversely affected. Under current audit procedures, the Service will treat the District as the taxpayer and the Owners may have no right to participate in such procedures. The District has covenanted in the Lease not to take any action that would cause the interest on the Certificates to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the District, the Underwriter or Special Counsel is responsible for paying or reimbursing any Registered Owner or Beneficial Owner for any audit or litigation costs relating to the Certificates.

## **FINANCIAL INSTITUTION INTEREST DEDUCTION**

The Tax Code generally provides that a financial institution may not deduct that portion of its interest expense which is allocable to tax-exempt interest. The interest expense which is allocable to tax-exempt interest is an amount which bears the same ratio to the institution's interest expense as the institution's average adjusted basis of tax-exempt obligations acquired after August 7, 1986 bears to the average adjusted basis of all assets of the institution. Tax-exempt obligations may be treated as if acquired on August 7, 1986 (and therefore are not subject to this rule), if they are "qualified tax-exempt obligations" as defined in the Tax Code and are designated for this purpose by the District.

The District has designated the payments required under the Lease relating to the Certificates for this purpose; however, under provisions of the Tax Code dealing with financial institution preference items, certain financial institutions, including banks, are denied 20% of their otherwise allowable deduction for interest expense with respect to obligations incurred or continued to purchase or carry the Certificates. In general, interest expense with respect to obligations incurred or continued to purchase or carry the Certificates will be in an amount which bears the same ratio as the institution's average adjusted basis in the Certificates bears to the average adjusted basis of all assets of the institution.

Amendments to the Tax Code could be enacted in the future and there is no assurance that any such future amendments which may be made to the Tax Code will not adversely affect the ability of banks or other financial institutions to deduct any portion of its interest expense allocable to tax-exempt interest.

## **LEGAL MATTERS**

### **Litigation**

The District's general counsel states that to the best of his knowledge, there are no pending lawsuits or claims that have been filed or threatened against the District in which an unfavorable decision, finding or ruling would materially adversely affect the financial position of the District or its ability to enter into the Site Lease or the Lease or to pay Base Rentals under the Lease as set forth therein. The District's general counsel states that, as of the date hereof, to the best of his knowledge, there is no pending or threatened litigation which would restrain or enjoin the issuance of the Certificates, or the collection of any District revenues.

### **Sovereign 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 District, 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 (including a light rail car), owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any

public building; certain dangerous conditions of a public highway, road or street; failure to perform an education employment required background check; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment. The maximum amounts that may be recovered under the Immunity Act for injuries occurring on or after July 1, 2013, 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 \$350,000 for claims accruing before January 1, 2018, or the sum of \$387,000 for claims accruing on or after January 1, 2018, and before January 1, 2022; and (b) for an injury to two or more persons in any single occurrence, the sum of \$990,000 for claims accruing before January 1, 2018, except in such instance, no one person may recover in excess of \$350,000; or the sum of \$1,093,000 for claims accruing on or after January 1, 2018, and before January 1, 2022, except in such instance, no person may recover in excess of \$387,000. Those amounts will increase four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index. The District may increase any maximum amount that may be recovered from the District for certain types of injuries. However, the District may not be held liable either directly or by indemnification for punitive or exemplary damages unless the District voluntarily pays such damages in accordance with State law. The District has not acted to increase the damage limitations in the Immunity Act.

The District may be subject to civil liability and damages including punitive or exemplary damages under federal laws, and it generally cannot claim sovereign immunity for actions founded upon various federal laws. Examples of such civil liability include suits filed pursuant to Section 1983 of Title 42 of the United States Code, alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the District may be enjoined from engaging in anti-competitive practices which violate federal and State 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 Kline Alvarado Veio, P.C., as Special Counsel, will be delivered with the Certificates. A form of the Special Counsel opinion is attached to this Official Statement as Appendix E. Kline Alvarado Veio, P.C., Denver, Colorado, has also acted as Special Counsel to the District in connection with this Official Statement. Certain matters will be passed upon for the District by the District's general counsel.

### **Certain Constitutional Limitations**

General. In 1992, the voters of Colorado approved a constitutional amendment which is codified as Article X, Section 20, of the Colorado Constitution (the Taxpayers Bill of Rights or "TABOR"). In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the District ("local governments"), but does not apply to "enterprises,"

defined as government-owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined.

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

Voter Approval Requirements and Limitations on Taxes, Spending, Revenues, and Borrowing. TABOR requires voter approval in advance for: (a) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase, extension of an expiring tax, or a tax policy change causing a net tax revenue gain; (b) any increase in a local government's spending from one year to the next in excess of the limitations described below; (c) any increase in the real property tax revenues of a local government from one year to the next in excess of the limitations described below; or (d) creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever, subject to certain exceptions such as the refinancing of obligations at a lower interest rate. In the opinion of Special Counsel, based upon decisions of the Colorado appellate courts, the Lease does not constitute a "multiple fiscal year obligation" which requires an election under the terms of TABOR.

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 can be paid without regard to any spending limits, assuming revenues are available to do so.

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

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

## **Police Power**

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

## **INDEPENDENT AUDITORS**

The financial statements of the District as of December 31, 2016, and for the year then ended, included herein as Appendix A, have been audited by Rubin Brown LLP, certified public accountants, Denver, Colorado, as stated in their report appearing herein.

The District will not obtain a consent letter from its auditor for the inclusion of the audit report in this Official Statement. Rubin Brown LLP, the District'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. Rubin Brown LLP also has not performed any procedures relating to this Official Statement.

## **RATING**

Moody's Investors Service ("Moody's") has assigned the Certificates the rating shown on the cover page of this Official Statement. An explanation of the significance of any ratings given by Moody's may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007.

Such rating reflects only the views of the rating agency, and there is no assurance that the rating will be obtained or will continue for any given period of time after obtained 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 Certificates. Other than its responsibilities under the Disclosure Certificate, the District has not undertaken any responsibility to bring to the attention of the owners of the Certificates any proposed change in or withdrawal of such rating once received or to oppose any such proposed revision.

## **UNDERWRITING**

George K. Baum & Company, Denver, Colorado (the "Underwriter") has agreed to purchase the Certificates from the District pursuant to a Certificate Purchase Agreement at a purchase price equal to \$9,110,400.30 (which is equal to the par amount of the Certificates, plus original issue premium of \$616,670.30 and less Underwriter's discount of \$51,270.00). The Underwriter is committed to take and pay for all of the Certificates if any are taken.

The Underwriter intends to offer the Certificates to the public at the offering prices set forth on the 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 Certificates may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such Certificates into investment accounts.

### **OFFICIAL STATEMENT CERTIFICATION**

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

ADAMS COUNTY FIRE PROTECTION  
DISTRICT, ADAMS COUNTY, COLORADO

By: \_\_\_\_\_  
President of the Board of Directors



## **APPENDIX A**

### **AUDITED BASIC FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

NOTE: The audited basic financial statements of the District for the year ended December 31, 2016, have been excerpted from the District's Comprehensive Annual Financial Report for that year. Combining and individual fund financial statements, the introductory section and statistical tables for the year ended December 31, 2016, were purposely excluded from this Appendix A. Such statements provide supporting details and are not necessary for a fair presentation of the general purpose financial statement of the District.

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***ADAMS COUNTY FIRE  
PROTECTION DISTRICT***  
*FINANCIAL STATEMENTS  
DECEMBER 31, 2016*

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## Independent Auditors' Report

Board of Directors  
Adams County Fire Protection District  
Denver, Colorado

### Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Adams County Fire Protection District (the District) as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility For The Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of December 31, 2016, and the respective changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis Of Matter***

As discussed in Note 1, the Department adopted the provisions of Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, effective for the year ended December 31, 2016. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through iv, the budgetary comparison schedule, pension schedules and notes to required supplementary information on pages 51 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*RubinBrown LLP*

July 26, 2017

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ADAMS COUNTY FIRE PROTECTION DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS FOR YEAR 2016

This Management Discussion and Analysis of the Adams County Fire Protection District provides an overall review of the District's financial activities for the year ended December 31, 2016. The purpose of this Management Discussion and Analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the District's financial performance.

**Overview of Financial Statements:** The basic financials are introduced in this Management and Discussion Analysis. Three components comprise these basic financial statements: 1) Statement of Net Position; 2) Statement of Activities; 3) Financial Notes. This report contains other supplemental information in addition to the basic financial statements.

**Using the Basic Financial Statements:** These financial statements consist of management's discussion and analysis (this section) and a series of financial statements including notes to those statements. The statements are organized to enable the reader to understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position is the delta between both the short-term and the long-term position of the District's assets, deferred inflows/outflows and liabilities. Increases or decreases in the net position may be useful as an indicator if the District is improving or deteriorating in its financial position.

Statement of Activities shows how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event gives rise as the change occurs, regardless of the timing of related cash flows.

**Governmental-wide Financial Statements:** The government-wide financial statements detail District operations principally supported by property tax revenues, and charges for services. The governmental activity of the District is public safety, consisting of all hazards, fire, and EMS services. The District's government-wide financial statements can be found on pages 4 and 5 of this report.

**Fund Financial Statements:** Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances on current financial resources. The District reports the difference between governmental fund assets, deferred outflows of resources, liabilities and deferred inflows of resources as fund balance. Fund financial statements are presented on pages 6 through 11.

**Notes to Financial Statements:** The notes to the financial statements provide additional information to the reader to fully understand the data provided aforementioned statements and funds. The notes are found on pages 12 – 50 of this report.

**Financial Analysis for the District as a Whole:** The total net position for the District as of December 31, 2016 realized a gain of \$1,139,174. The predominate contributors are an increase to charges of services and permit fees for revenues and a decrease in expenditures for medical payments and truck maintenance. Management plans to utilize this surplus to strengthen the District's reserve accounts.

Condensed statement of net position and statement of activities comparisons for 2015 and 2016 are as follows:

<b>Condensed Statement of Net Position</b>		
	<b>FY 2015</b>	<b>FY2016</b>
Current Assets	\$23,475,625	\$21,619,606
Capital Assets, Net	7,870,595	12,065,804
Pension Assets Net	1,309,334	131,554
Other Assets	3,752	89,505
<b>Total Assets</b>	<b>32,659,306</b>	<b>33,906,469</b>
Deferred Outflows of Resources	939,942	2,827,947
Current Liabilities	1,480,998	2,185,990
Long-term Liabilities	6,681,013	6,711,571
<b>Total Liabilities</b>	<b>8,162,011</b>	<b>8,897,561</b>
Deferred Inflows of Resources	12,784,826	14,045,270
Net Position:		
Net Investment in Capital Assets	4,581,419	8,679,856
Restricted	821,821	830,677
Unrestricted	7,249,171	4,281,052
<b>Total Net Position</b>	<b>\$12,652,411</b>	<b>\$13,791,585</b>

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### Condensed Statement of Activities

	FY 2015	FY2016
Program Revenues:		
Charges for Services	\$1,188,241	\$1,691,955
Operating Grants and Contributions	12,085	-
Capital Grants and Contributions	-	148,156
Total Program Revenues	1,200,326	1,840,111
General Revenues:		
Taxes	13,498,455	13,708,688
Interest	36,601	61,747
Miscellaneous	53,982	194,661
Gain on sale of Assets	518,665	-
Total General Revenues	14,107,703	13,965,096
Total Revenues	15,308,029	15,805,207
Expenses:		
Firefighting and Admin	13,808,419	14,521,161
Interest	156,071	144,872
Total Expenses	13,964,490	14,666,033
Change in Net Position	1,343,539	1,139,174
Net Position – Beginning of Year	10,003,601	12,652,411
Contribution of net assets and liabilities in connection with merger	1,305,271	
Net Position – End of Year	\$12,652,411	\$13,791,585

#### **Financial Analysis of District Funds:**

##### **NONDISPENDABLE FUND BALANCE:**

The District does not have any non-spendable funds.

##### **RESTRICTED FUND BALANCE:**

This restricted fund is entitled TABOR reserve. This fund was established to adhere to Tabor's requirement that an emergency reserve of 3% of expenditures be set aside. This reserve at the end of year 2016 has a balance of \$707,758.

The Bond Debt Service fund maintains a fund balance to cover the obligation bond debt payment in the amount of \$122,919.

##### **COMMITTED TO:**

As of December 31, 2016 there are no committed fund balances. The Board of Directors may alter or remove the constraints placed upon these resources.

**ASSIGNED TO:**

The District maintains a reserve fund of \$775,000 for future purchase of major equipment. Radio equipment has an assignment of \$233,000. Funds to cover vested vacation and sick leave amount to \$1,000,000. Stations and grounds \$100,000 and the Health benefit \$100,000. The remaining funds are assigned to future years operating and capital expenditures.

**General Fund Budget Highlights:** Actual revenues exceeded expenditures in 2016. The total budget revenues actual had a favorable variance of \$562,983 where the expenditures also had a favorable variance of \$381,364 for a total of \$944,347. These monies will be allocated to the assigned funds as needed.

A supplemental budget was necessary in 2016 to transfer General fund balance monies to the Capital/Reserve fund for the following Capital projects;

Station 12 remodel:	\$ 1,165,118
Station 14 Admin Remodel:	\$ 1,244,522
Major Equipment:	\$ 1,540,349
Total:	\$3,950,000

It is important to note that these capital projects were funded with fund balance monies rather than seeking a long-term debt to finance them. This was a direct result of savings due to the merger that took place in 2015.

**Capital Assets Highlights:**

The District increased its total Capital Assets by \$5,048,823 with a total depreciation of (\$859,435). These additions were a result of two station remodels and purchases of apparatus and equipment. The total net capital assets as of December 31, 2016 is 12,065,804. See Note 5 for further information on the District's capital assets.

**Long-Term Debt:**

The General Obligation Bond principal debt, as of December 31, 2016, is \$2,710,000. See Note 6 for further details on the District's long-term debt.

**Economic Factors and Next Year's Budget and Rates:**

The District's property tax remains at 16.207 mills. The Gallagher bill will ratchet down the revenues for 2018 by as much as 10% due to the change of the residential assessment rate from 7.96 to 7.2%. Management anticipates an increase in assessed values as well as growth to assist in this decrease in revenues. A new station is planned to be built in 2018. Management is also working with the County to implement impact fees for new developments in the District to assist with Capital expenses.

**Requests for information:**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information in the report or requests for additional information should be addressed to:

Adams County Fire Protection District  
8055 Washington Street  
Denver, Colorado 80229.

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

## STATEMENT OF NET POSITION

December 31, 2016

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash, cash equivalents and investments (Note 2)	\$ 6,313,294
Restricted cash (Note 2)	707,758
Cash with County Treasurer	74,302
Deposits	2,876
Receivables:	
Property taxes	13,804,397
Medical billings accounts, net (Note 4)	715,128
Receivable from pension trust fund	1,851
Other	89,505
Capital assets (Note 5):	
Nondepreciable	248,529
Depreciable, net	11,817,275
Net pension asset - SWDBP (Note 7)	22,063
Net pension asset - Volunteer Plan (Note 9)	109,491
<b>Total Assets</b>	<u>33,906,469</u>
<b>Deferred Outflows Of Resources</b>	
Deferred charge on refunding	205,576
Deferred outflows pension - SWDBP (Note 7)	2,151,975
Deferred outflows pension - Old Hire (Note 8)	327,432
Deferred outflows pension - Volunteer Plan (Note 9)	7,895
Deferred outflows pension - SWAC Volunteer Plan (Note 10)	135,069
<b>Total Deferred Outflows Of Resources</b>	<u>2,827,947</u>
<b>Liabilities</b>	
Accounts payable	575,356
Accrued liabilities	27
Claims payable (Note 12)	93,736
Accrued interest payable	24,349
Noncurrent liabilities (Note 6):	
Due within one year	1,492,522
Due in more than one year	4,500,765
Net pension liability - Old Hire (Notes 6 and 8)	1,395,980
Net pension liability - SWAC Volunteer Plan (Notes 6 and 10)	814,826
<b>Total Liabilities</b>	<u>8,897,561</u>
<b>Deferred Inflows Of Resources</b>	
Unearned revenue - property taxes	13,804,397
Deferred inflows pension - SWDBP (Note 7)	240,873
<b>Total Deferred Inflows Of Resources</b>	<u>14,045,270</u>
<b>Net Position</b>	
Net investment in capital assets	8,679,856
Restricted for:	
Debt service	122,919
Emergencies (Note 13)	707,758
Unrestricted	4,281,052
<b>Total Net Position</b>	<u>\$ 13,791,585</u>



# ADAMS COUNTY FIRE PROTECTION DISTRICT

## STATEMENT OF ACTIVITIES For The Year Ended December 31, 2016

					Net Revenue (Expense) And Changes In Net Position
Function/Program	Expenses	Program Revenues			Governmental Activities
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Primary Government					
Governmental Activities					
Firefighting	\$ 10,757,045	\$ 26,420	\$ —	\$ 79,287	\$ (10,651,338)
Administration	1,069,667	151,223	—	—	(918,444)
Communications	497,313	—	—	—	(497,313)
Medical	1,119,910	—	—	—	(1,119,910)
Station and grounds maintenance	256,662	—	—	—	(256,662)
Information technology	71,745	—	—	—	(71,745)
Ambulance	170,082	1,504,493	—	68,869	1,403,280
Training	92,323	9,819	—	—	(82,504)
Fire prevention	23,656	—	—	—	(23,656)
Truck and equipment maintenance	345,655	—	—	—	(345,655)
Special operations	117,103	—	—	—	(117,103)
Interest	144,872	—	—	—	(144,872)
Total - Primary Government	\$ 14,666,033	\$ 1,691,955	\$ —	\$ 148,156	(12,825,922)
General Revenues					
Property taxes					12,661,985
Specific ownership taxes					1,046,703
Interest					61,747
Miscellaneous					194,661
Total General Revenues					13,965,096
Change In Net Position					1,139,174
Net Position, Beginning Of Year					12,652,411
Net Position, End Of Year					\$ 13,791,585

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS December 31, 2016

Assets				
	General	Capital Reserve	Bond	Total Governmental Funds
<b>Assets</b>				
Cash, cash equivalents and investments	\$ 6,313,198	\$ —	\$ 96	\$ 6,313,294
Restricted cash	707,758	—	—	707,758
Cash with County Treasurer	74,302	—	—	74,302
Deposits	2,876	—	—	2,876
Receivables:				
Property taxes	13,283,145	—	521,252	13,804,397
Medical billing accounts (net)	715,128	—	—	715,128
Interfund	—	417,139	122,823	539,962
Due from pension trust fund	1,851	—	—	1,851
Other receivables	89,505	—	—	89,505
<b>Total Assets</b>	<b>\$ 21,187,763</b>	<b>\$ 417,139</b>	<b>\$ 644,171</b>	<b>\$ 22,249,073</b>
<b>Liabilities, Deferred Inflows Of Resources And Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 158,217	\$ 417,139	\$ —	\$ 575,356
Accrued liabilities	27	—	—	27
Claims payable	93,736	—	—	93,736
Interfund	539,962	—	—	539,962
<b>Total Liabilities</b>	<b>791,942</b>	<b>417,139</b>	<b>—</b>	<b>1,209,081</b>
<b>Deferred Inflows Of Resources</b>				
Unavailable revenue - property taxes	13,283,145	—	521,252	13,804,397
<b>Fund Balances</b>				
Restricted:				
Debt service	—	—	122,919	122,919
Emergencies - TABOR reserve	707,758	—	—	707,758
Assigned:				
Radios	233,000	—	—	233,000
Major equipment	775,000	—	—	775,000
Station and grounds	100,000	—	—	100,000
Health	100,000	—	—	100,000
Sick leave	1,000,000	—	—	1,000,000
Unassigned	4,196,918	—	—	4,196,918
<b>Total Fund Balances</b>	<b>7,112,676</b>	<b>—</b>	<b>122,919</b>	<b>7,235,595</b>
<b>Total Liabilities, Deferred Inflows Of Resources And Fund Balance</b>	<b>\$ 21,187,763</b>	<b>\$ 417,139</b>	<b>\$ 644,171</b>	<b>\$ 22,249,073</b>

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**ADAMS COUNTY FIRE PROTECTION DISTRICT**

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**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
December 31, 2016**

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**Total Governmental Fund Balances** \$ 7,235,595

Amounts reported for governmental activities in the  
statement of net position are different because:

Capital assets used in governmental activities are not financial  
resources and, therefore, not reported in the funds. However,  
in the statement of net position, the cost of these assets is  
capitalized and expensed over their estimated lives through  
annual depreciation expense.

Cost of capital assets	\$ 19,782,328	
Accumulated depreciation	<u>(7,716,524)</u>	12,065,804

1 Pension plan accounts, such as deferred inflows/outflows and net  
pension assets (liabilities), are not receivable or payable in the  
current period and, therefore, are not reported in the  
governmental funds.

Net pension assets	131,554	
Net pension liabilities	(2,210,806)	
Deferred outflows of resources	2,622,371	
Deferred inflows of resources	<u>(240,873)</u>	302,246

Charges on advance refunding are not financial resources and,  
therefore, not reported in the funds. However, in the  
statement of net position, the amounts are deferred outflows  
of resources and are amortized over the life of the debt.

205,576

Liabilities, including bonds, accrued interest and compensated  
absences, are not due and payable in the current period and,  
therefore, are not reported in the funds.

Bonds payable	(2,710,000)	
Bond premium	(53,267)	
Bond discount	15,798	
Capital leases	(844,055)	
Accrued interest payable	(24,349)	
Compensated absences payable	<u>(2,401,763)</u>	(6,017,636)

**Net Position Of Governmental Activities** \$ 13,791,585

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2016

	General	Capital Reserve	Bond	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 12,146,797	\$ —	\$ 515,188	\$ 12,661,985
Specific ownership taxes	1,046,703	—	—	1,046,703
Grant revenue	68,869	79,287	—	148,156
Charges for services	1,504,493	—	—	1,504,493
Permit fees	151,223	—	—	151,223
Rental income	4,614	—	—	4,614
Insurance reimbursement	25,009	—	—	25,009
Interest	61,510	143	94	61,747
Miscellaneous	201,277	—	—	201,277
<b>Total Revenues</b>	15,210,495	79,430	515,282	15,805,207
<b>Expenditures</b>				
Current:				
Firefighting	10,276,480	—	—	10,276,480
Administration	1,055,281	14,386	—	1,069,667
Communications	497,313	—	—	497,313
Medical	1,119,910	—	—	1,119,910
Station and grounds maintenance	256,662	—	—	256,662
Information technology	71,745	—	—	71,745
Ambulance	170,082	—	—	170,082
Training	92,323	—	—	92,323
Fire prevention	23,656	—	—	23,656
Trucks and equipment	345,655	—	—	345,655
Special operations	117,103	—	—	117,103
Capital outlay	148,113	4,921,514	—	5,069,627
Debt service:				
Principal	62,834	58,268	405,000	526,102
Interest	12,142	—	102,136	114,278
<b>Total Expenditures</b>	14,249,299	4,994,168	507,136	19,750,603
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	961,196	(4,914,738)	8,146	(3,945,396)
<b>Other Financing Sources (Uses)</b>				
Proceeds from capital lease issuance	—	594,856	—	594,856
Transfer in	—	4,319,882	—	4,319,882
Transfer out	(4,319,882)	—	—	(4,319,882)
<b>Total Other Financing Sources (Uses)</b>	(4,319,882)	4,914,738	—	594,856
<b>Net Change In Fund Balance</b>	(3,358,686)	—	8,146	(3,350,540)
<b>Fund Balance, Beginning Of Year</b>	10,471,362	—	114,773	10,586,135
<b>Fund Balance, End Of Year</b>	\$ 7,112,676	\$ —	\$ 122,919	\$ 7,235,595

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2016

Net Change In Fund Balances - Total Governmental Funds \$ (3,350,540)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay	\$ 5,069,627	
Depreciation expense	<u>(859,435)</u>	4,210,192

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position. Donations of capital assets increase net position in the statement of net position, but do not appear in the governmental funds because they are not financial resources. (14,983)

Interest expense accrued and reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.

Liability at December 31, 2015	21,773	
Liability at December 31, 2016	<u>(24,349)</u>	(2,576)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Proceeds from capital lease issuance	(594,856)	
Principal payments made	526,102	
Amortization of premium, discount and deferred charge on refunding	<u>(28,018)</u>	(96,772)

Pension plan accounts, such as deferred inflows/outflows and net pension liabilities (assets), are not receivable or payable in the current period and, therefore, are not reported in the governmental funds.

Deferred outflow	1,843,198	
Deferred inflow	(246,756)	
Net pension assets	(1,177,780)	
Net pension liabilities	<u>219,125</u>	689,014

Compensated absences for nonvested employees reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Liability at December 31, 2015	2,106,602	
Liability at December 31, 2016	<u>(2,401,763)</u>	(295,161)

Change In Net Position Of Governmental Activities \$ 1,139,174

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## STATEMENT OF PLAN NET POSITION - PENSION TRUST FUND December 31, 2016

	<u>Pension Trust Fund</u>
<b>Assets</b>	
Cash	\$ 12,067
Investments	1,488,115
Accounts receivable	8,100
<b>Total Assets</b>	<u>1,508,282</u>
<b>Liabilities</b>	
Accounts payable	855
Interfund payable	1,851
<b>Total Liabilities</b>	<u>2,706</u>
<b>Net Position Held In Trust For Pension Benefits</b>	<u>\$ 1,505,576</u>

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## STATEMENT OF CHANGES IN PLAN NET POSITION - PENSION TRUST FUND

For The Year Ended December 31, 2016

	<u>Pension Trust Fund</u>
<b>Additions</b>	
Investment income	\$ 76,142
State contribution	8,100
Other income	92,637
<b>Total Additions</b>	<u>176,879</u>
<b>Deductions</b>	
Benefit payments	254,214
Administration	8,707
Miscellaneous	10,665
<b>Total Deductions</b>	<u>273,586</u>
<b>Net Decrease In Net Position</b>	
<b>Held In Trust For Pension Benefits</b>	(96,707)
<b>Net Position Held In Trust For Pension Benefits - Beginning Of Year</b>	<u>1,602,283</u>
<b>Net Position Held In Trust For Pension Benefits - End Of Year</b>	<u>\$ 1,505,576</u>

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

### 1. Summary Of Significant Accounting Policies

#### Organization

The Adams County Fire Protection District (the “District”) was organized to provide emergency services to the northeast metro area of Denver, Colorado. Effective May 7, 2014, the District’s legal name changed from North Washington Fire Protection District to Adams County Fire Protection District, also doing business as Adams County Fire Rescue. The name change occurred in connection with a merger between the District and the Southwest Adams County Fire Protection District (“SWAC”), effective January 1, 2015.

#### Reporting Entity

For financial reporting purposes, management has considered all potential component units in defining the District. The basic criterion for including a potential component unit is the District’s ability to exercise significant operational control or financial accountability over the potential component unit. Financial relationship or operational control is determined on the basis of the District’s obligation to fund deficits, responsibility for debt, budgetary authority, fiscal management, selection of governing authority and/or management and the ability to significantly influence operations.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

#### Basis Of Presentation

The District’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities. The government-wide financial statements report information for the District as a whole.

Individual funds are not displayed at this financial reporting level. Internal balances and activity are eliminated at the government-wide level.

The statement of net position presents the financial position of the governmental activities of the District. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function and, therefore, clearly identifiable to that particular function. The District does not allocate indirect expenses to functions in the statement of activities.



## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues include: (1) charges for services which report fees and other charges to users of the District's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income and (3) capital grants and contributions which fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's ongoing proprietary operations. The District's principal revenues generated from the District's operations are charges to customers for services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **Accounting Policies**

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The District uses funds to maintain its financial records during the year.

A fund is a fiscal and accounting entity with a self-balancing set of accounts.

***Governmental Funds*** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The District reports the difference between governmental fund assets, deferred outflows of resources, liabilities and deferred inflows of resources as fund balance. The following are the District's major governmental funds:

*General* - This fund accounts for general operations and for financial resources of the District that are not accounted for in other funds. Primary sources of revenue are property taxes and interest on deposits. The major expenditures are for personnel and services. The General Fund also accounts for the District's health benefit activity.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

*Capital Reserve* - This fund is used to account for the accumulation of resources for and the purchase of capital improvements and equipment. The primary source of revenues is transfers from the General Fund and grant revenue.

*Bond* - This fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. The primary sources of revenues are property taxes levied specifically to retire general obligation bonds and interest on deposits.

### **Measurement Focus**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities reports revenues and expenses.

All governmental funds are accounted for using a flow of current financial resources measurement focus. Within this measurement focus, only current assets, current liabilities and certain deferred outflows and inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Proprietary funds, if any, are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred outflows and inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

## **ADAMS COUNTY FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

#### **Basis Of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of certain deferred outflows of resources and in the presentation of expenses versus expenditures. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt and compensated absences, which are recognized when due.

Government-wide and proprietary funds use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

#### **Property Tax Revenue And Recognition**

Property taxes are levied on December 15 and attach as an enforceable lien on property the following January 1. They are payable in full by April 30, or in two equal installments due February 28 and June 15. Adams and Denver Counties bill and collect property taxes for the District. The property tax receipts collected by the Counties are remitted to the District in the subsequent month. Property taxes receivable not collected within 60 days of year end have been recorded as a deferred inflow of resources in the fund financial statements. Since property taxes are levied in December for the next calendar year's operations, the total levy is reported as taxes receivable and a deferred inflow of resources in the government-wide financial statements.

#### **Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations are at the total fund level and lapse at fiscal year end.

## **ADAMS COUNTY FIRE PROTECTION DISTRICT**

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### **Notes To Financial Statements (*Continued*)**

The Fire Chief submits the proposed budget to the Board of Directors prior to the October 15 statutory deadline for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to December 15, the budget is legally enacted through passage of a resolution. Formal budgetary integration is employed as a management control tool during the year for the District's funds. The District approved a supplemental budget appropriation in March 2017.

#### **Cash And Cash Equivalents**

The District considers all highly liquid investment purchases with an original maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of these instruments.

#### **Investments**

Investments are measured at fair value in accordance with the Governmental Accounting Standard Board (GASB) Statement No. 72, *Fair Value Measurement and Application*.

#### **Short-Term Interfund Receivables/Payables**

During the course of operations, transactions may occur between individual funds for the goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. The interfund balances are eliminated at the government-wide level, except for the residual balances between the governmental activities and the pension trust fund.

#### **Capital Assets**

General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in governmental funds. The District reports these assets in the governmental activities column of the government-wide statement of net position, but does not report these assets in the fund financial statements.

All capital assets are recorded at cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at acquisition value on the date donated. The District maintains a capitalization threshold of \$5,000. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

All capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight line method over the following useful lives:

Buildings and improvements	10 - 30 years
Equipment and vehicles	5 - 20 years

### **Compensated Absences**

Accrued vacation and sick leave represent amounts earned, but not paid or taken, as of year end. The District's sick leave policy allows accumulation of up to 2,160 hours. Sick leave is earned at the rate of 0.667 per day during a calendar year. Employees are 50% vested after 10 years and 100% vested after 20 years. Unused sick hours are paid upon retirement after a minimum of 10 years of employment. The vested portion of accrued sick leave is shown as a liability in the governmental statement of net position. Vacation time is accrued on January 1 and must be taken within 1 year of the accrued date; therefore, no accrual is made for unused vacation time.

### **Deferred Outflows/Inflows Of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The deferred charge on advanced refunding is recorded as a deferred outflow. A deferred charge on advanced refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* ("GASB 68"), and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68* ("GASB 71").

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as a deferred inflow. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available, at both the governmental fund level and in the period the taxes are levied at the government-wide reporting level. The District has also recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68 and GASB 71.

#### **Fund Balance/Net Position**

Fund balance for governmental funds is reported in various categories based on the nature of limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment or an assignment. The following classifications describe the relative strength of the spending constraints.

***Nonspendable*** - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact

***Restricted*** - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation

***Committed*** - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to motions or resolutions passed by the Board of Directors, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through motions or resolutions approved by the Board of Directors.

***Assigned*** - includes amounts the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's adopted policy, amounts may be assigned by the Fire Chief or designee.

***Unassigned*** - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund

## **ADAMS COUNTY FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. Although not included in a formal policy, the District considers decreases to fund balance to first reduce committed, then assigned and then unassigned balances, in that order.

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets, excluding unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### **Pensions**

The District participates in four defined benefit pension plans. For purposes of measuring the net pension (assets) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of pension plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates. The District believes the techniques and assumptions used in establishing these estimates are appropriate.

## **ADAMS COUNTY FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

## **2. Cash, Cash Equivalents And Investments**

### **Deposits**

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must equal at least 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2016, the District had bank deposits of \$1,318,710 collateralized with securities held by the financial institution’s agent but not in the Department’s name.

Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. As of December 31, 2016, the District’s deposits were not exposed to credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation or collateralized in accordance with PDPA.

### **Investments**

Colorado Revised Statutes (“C.R.S.”) and the District’s deposit and investment policy permit District funds to be invested in the following types of securities and transactions:

- Fully collateralized or insured interest-bearing checking accounts, savings accounts and time certificates of deposit in state or national banks doing business in Colorado, which have been designated as eligible public depositories by the Colorado Banking Board
- Fully collateralized or insured interest-bearing accounts or time certificates of deposit at state-chartered or federally chartered savings and loan associations in Colorado, which have been designated as eligible public depositories by the Colorado Banking Board
- Local government investment pools that are organized in conformity with Part 7 of Article 57 of Title 24, of C.R.S., which provides specific authority for pooling of local government funds



## ADAMS COUNTY FIRE PROTECTION DISTRICT

### Notes To Financial Statements (*Continued*)

- Securities and Exchange Commission-regulated money market funds which comply with Colorado state law
- U.S. Treasury obligations (Treasury bills, notes and bonds)

The District had invested \$5,545,891 in Colorado Government Liquid Asset Trust (“COLOTRUST”) as of December 31, 2016. COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST is valued using the net asset value per share (or its equivalent) of the investments, which approximates fair value. COLOTRUST investments do not have any unfunded commitments, redemption restrictions or redemptions notice periods.

COLOTRUST operates similarly to a money market fund, and each share is equal in value to \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor’s. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. The State Securities Commissioner administers and enforces all state statutes governing COLOTRUST. COLOTRUST financial statements may be obtained at [www.colotruster.com](http://www.colotruster.com).

The District also has the following investments reported in the pension trust fund as of December 31, 2016:

Investment Type	Ratings	Fair Value	Less Than One Year	Allocation
Cash	N/A	\$ 20,206	\$ 20,206	1%
Fixed Income Taxable	Various	408,118	408,118	27%
U.S. Equity	Various	378,692	378,692	26%
International Equity	Various	144,164	144,164	10%
Emerging Market	Various	28,134	28,134	2%
Real Asset Securities	Various	57,509	57,509	4%
Dynamic Asset Allocation Overlay	Various	447,477	447,477	30%
Unmanaged Fixed Income	Various	3,815	3,815	0%
<b>Total</b>		<b>\$ 1,488,115</b>	<b>\$ 1,488,115</b>	<b>100%</b>

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

***Interest Rate Risk*** - The District's investment policy states that investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs. The period from the date of purchase of an investment to its maturity date will be three years or less, or as authorized by the District Board, as a means of limiting exposure to fair value losses arising from prevailing market interest rates.

***Credit Risk*** - The District's investment policy is to apply the prudent person rule, where investments are made as a prudent person would be expected to act. The District's investment policy requires that investments in local government investment pools and authorized money market fund investments must maintain an AAA rating from a nationally recognized independent rating agency.

***Concentration Of Credit Risk*** - It is the policy of the District to diversify its use of investment instruments. Investments shall be diversified to avoid incurring unreasonable risks of loss inherent in over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. The asset allocation in the portfolio should, however, be flexible, depending on the outlook of the economy, the securities market and the District's anticipated cash flow needs.

### **Restricted Cash**

The District has reserved portions of its cash, cash equivalents and investments, as allowed under Article X, Section 20, of the State Constitution, otherwise known as the Taxpayer Bill of Rights ("TABOR"). As of December 31, 2016, \$707,758 was restricted for General Fund reserve for emergencies.

TABOR has several limitations including revenue increases, spending abilities and other specific requirements of state and local governments. This section of the Constitution is complex and subject to judicial interpretation. However, the District has made certain interpretations of the provisions of this section and believes it is in compliance with the requirements. Also refer to Note 13.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

#### Presentation

Cash, cash equivalents and investments presented in the financial statements at December 31, 2016 are as follows:

Cash, cash equivalents - unrestricted - statement of net position	\$	6,313,294
Cash, restricted - statement of net position		707,758
Cash, pension trust fund		12,067
Investments, pension trust fund		<u>1,488,115</u>
<b>Total</b>	<b>\$</b>	<b><u><u>8,521,234</u></u></b>
Cash and cash equivalents	\$	1,487,228
Investments		<u>7,034,006</u>
<b>Total</b>	<b>\$</b>	<b><u><u>8,521,234</u></u></b>

#### Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investments in the pension trust fund have a Level 1 fair value measurement as of December 31, 2016.

### 3. Interfund Transactions

The District had the following interfund receivables and payables in 2016.

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 1,851	\$ 539,962
Capital Fund	417,139	—
Bond Fund	122,823	—
Pension Fund	—	1,851
<b>Total</b>	<b>\$ 541,813</b>	<b>\$ 541,813</b>

## ADAMS COUNTY FIRE PROTECTION DISTRICT

### Notes To Financial Statements (Continued)

#### 4. Accounts Receivable

The District considers all receivables, other than medical billing receivables, to be fully collectible. The allowance for doubtful medical billing accounts totaled \$674,840 as of December 31, 2016. The allowance is estimated using past collection rates and trends for emergency medical revenue billed, net of contractually adjusted write-offs.

#### 5. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2016 is as follows:

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
<b>Governmental Activities</b>				
Nondepreciable capital assets:				
Land	\$ 217,725	\$ —	\$ —	\$ 217,725
Construction in progress	10,000	20,804	—	30,804
<b>Total Nondepreciable Capital Assets</b>	<b>227,725</b>	<b>20,804</b>	<b>—</b>	<b>248,529</b>
Depreciable capital assets:				
Buildings and improvements	8,614,481	2,638,911	—	11,253,392
Transportation equipment	4,637,621	2,017,378	(79,210)	6,575,789
Furniture, fixtures and equipment	1,342,050	392,534	(29,966)	1,704,618
<b>Total Depreciable Capital Assets</b>	<b>14,594,152</b>	<b>5,048,823</b>	<b>(109,176)</b>	<b>19,533,799</b>
Accumulated depreciation	(6,951,282)	(859,435)	94,193	(7,716,524)
<b>Total Depreciable Capital Assets - Net</b>	<b>7,642,870</b>	<b>4,189,388</b>	<b>(14,983)</b>	<b>11,817,275</b>
<b>Total Capital Assets - Net</b>	<b>\$ 7,870,595</b>	<b>\$ 4,210,192</b>	<b>\$ (14,983)</b>	<b>\$ 12,065,804</b>

Depreciation expense for the year ended December 31, 2016 was charged to functions/programs of the primary government, as follows:

<b>Governmental Activities</b>	
Firefighting	\$ 859,435

## ADAMS COUNTY FIRE PROTECTION DISTRICT

### Notes To Financial Statements (*Continued*)

#### 6. Long-Term Liabilities

During the year ended December 31, 2016, the following changes occurred in liabilities reported for governmental activities:

	Balance December 31, 2015			Additions	Deletions	Balance December 31, 2016		Current		
G.O. Refunding Bonds Series 2011	\$	3,115,000	\$	—	\$	(405,000)	\$	2,710,000	\$	420,000
Premium		62,144		—		(8,877)		53,267		—
Discount		(18,431)		—		2,633		(15,798)		—
Fire Apparatus Capital Lease		232,807		—		(29,881)		202,926		30,941
Bunker Gear Capital Lease		137,494		—		(32,953)		104,541		33,882
PNC Apparatus Capital Lease		—		303,517		—		303,517		56,828
Motorola Radio Equipment Lease		—		291,339		(58,268)		233,071		58,268
Net Pension Liability - Old Hire		1,457,599		606,622		(668,241)		1,395,980		—
Net Pension Liability - SWAC Volunteer		876,318		197,309		(258,801)		814,826		—
Compensated absences		2,106,602		417,969		(122,808)		2,401,763		892,603
<b>Total</b>	<b>\$</b>	<b>7,969,533</b>	<b>\$</b>	<b>1,816,756</b>	<b>\$</b>	<b>(1,582,196)</b>	<b>\$</b>	<b>8,204,093</b>	<b>\$</b>	<b>1,492,522</b>

#### General Obligation Bonds

In August 2002, the District issued \$5,500,000 General Obligation Bonds, Series 2002. The proceeds of the issue were placed in a project account to provide funds to improve fire safety and emergency response capabilities of the District, to purchase a municipal bond insurance policy and to pay the costs of issuing the bonds. The bonds pay 2.5% to 5.0% interest per annum. Principal payments are due semiannually on November 1 and May 1, and payments range from \$35,000 to \$500,000.

On February 22, 2011, the District issued General Obligation Refunding Bonds, Series 2011, in the amount of \$4,095,000, with interest rates ranging from 2% to 4%. The bonds were issued to advance refund a portion of the outstanding Series 2002 General Obligation Bonds.

The advance refunding resulted in a difference between the reacquisition price and the carrying amount of the old debt of \$376,886. This difference is reported in the statement of net position as a deferred outflow of resources and is amortized over the new debt's life using the effective interest method.

The bonds constitute general obligations of the District. All of the taxable property in the District is subject to the levy of a separate ad valorem property tax to pay the principal and interest on the bonds.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

As of December 31, 2016, debt service requirements through the maturity date of November 1, 2022 are as follows:

<b>Series 2011</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 420,000	\$ 92,525	\$ 512,525
2018	435,000	75,725	510,725
2019	445,000	62,675	507,675
2020	455,000	48,213	503,213
2021	470,000	33,425	503,425
2022	485,000	16,975	501,975
<b>Total</b>	<b>\$ 2,710,000</b>	<b>\$ 329,538</b>	<b>\$ 3,039,538</b>

The District entered into a capital lease for fire apparatus dated September 7, 2012. Total acquisition cost of the fire apparatus was \$577,936, and the total amount financed was \$316,442. Payments are to be made in annual installments of \$38,145 beginning September 8, 2013, with final payment due September 8, 2022. The following is a summary of debt service principal and interest requirements to maturity:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 30,941	\$ 7,204	\$ 38,145
2018	32,040	6,105	38,145
2019	33,177	4,968	38,145
2020	34,356	3,789	38,145
2021	35,575	2,570	38,145
2022	36,837	1,308	38,145
<b>Total</b>	<b>\$ 202,926</b>	<b>\$ 25,944</b>	<b>\$ 228,870</b>

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

The District entered into a capital lease agreement for bunker gear on December 31, 2014. Total acquisition cost of the bunker gear is \$202,500, and the total amount financed is \$172,500. Payments are to be made in annual installments of \$36,830 beginning May 15, 2015, with final payment due May 15, 2019. The following is a summary of debt service principal and interest requirements to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 33,882	\$ 2,948	\$ 36,830
2018	34,838	1,992	36,830
2019	35,821	1,010	36,831
<b>Total</b>	<b>\$ 104,541</b>	<b>\$ 5,950</b>	<b>\$ 110,491</b>

The District entered into a capital lease agreement for a PNC apparatus on May 12, 2016. Total acquisition cost of the apparatus is \$588,517, and the total amount financed was \$305,517. Payments are to be made in annual installments of \$66,031 beginning June 12, 2017, with final payment due June 12, 2021. The following is a summary of debt service principal and interest requirements to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 56,828	\$ 9,203	\$ 66,031
2018	59,151	6,880	66,031
2019	60,801	5,230	66,031
2020	62,497	3,534	66,031
2021	64,240	1,791	66,031
<b>Total</b>	<b>\$ 303,517</b>	<b>\$ 26,638</b>	<b>\$ 330,155</b>

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

The District entered into a capital lease agreement for Motorola radio equipment on December 31, 2015, and took possession of the equipment in January 2016. Total acquisition cost of the equipment is \$291,339, and the total amount financed is \$291,339. Payments are to be made in annual installments of \$58,268 beginning December 15, 2016, with final payment due December 15, 2020. The lease has a zero percent nominal annual rate of interest. The following is a summary of debt service requirements to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 58,268	\$ —	\$ 58,268
2018	58,268	—	58,268
2019	58,268	—	58,268
2020	58,267	—	58,267
<b>Total</b>	<b>\$ 233,071</b>	<b>\$ —</b>	<b>\$ 233,071</b>

Total assets under these lease agreements, with a cost of \$1,488,633 and accumulated amortization (included with depreciation) of \$126,369 as of December 31, 2016, are recorded in the District's governmental activities.

## 7. FPPA Statewide Cost-Sharing Defined Benefit Pension Plan

### SWDBP Plan Description

Eligible employees of the District are provided with pensions through the Statewide Defined Benefit Plan ("SWDBP"), a cost-sharing multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado ("FPPA"). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

### Benefits Provided

SWDBP provides retirement and disability, annual increases and death benefits for members or their beneficiaries. A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55.



## **ADAMS COUNTY FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

The annual normal retirement benefit is 2% of the average of the member's highest 3 years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to SWDBP. Benefits paid to retired members are evaluated and may be redetermined every October 1. The amount of any increase is at the FPPA Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least 5 years of accredited service may leave contributions with SWDBP and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest 3 years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter.

### **Contributions**

The plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates are established by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of SWDBP and their employers are contributing at the rate of 8.5% and 8%, respectively, of base salary for a total contribution rate of 16.5% in 2015. In 2014, the members elected to increase the member contribution rate to SWDBP beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8.0% resulting in a combined contribution rate of 20% in 2022.

Contributions from members and employers or departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20.5% of base salary through 2015. It is a local decision as to whether the member or employer pays the additional 4% contribution. Per the 2014 member election, the re-entry group could also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24% in 2022.

## **ADAMS COUNTY FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

The contribution rate for members and employers of affiliated Social Security employers is 4.25% and 4%, respectively, of base salary for a total contribution rate of 8.25% through 2015. Per the 2014 member election, members of the affiliate Social Security group will have their required contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

Employer contributions are recognized by SWDBP in the period in which the compensation becomes payable to the member, and the District is statutorily committed to pay the contributions to SWDBP. Employer contributions recognized by SWDBP from the District were \$516,761 for the year ended December 31, 2016.

#### **Pension Assets, Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions**

At December 31, 2016, the District reported a net pension asset of \$22,063 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2015, and the total pension asset was determined by an actuarial valuation as of January 1, 2016. The District's proportion of the net pension asset was based on District contributions to SWDBP for the calendar year 2015, relative to the total contributions of participating employers.

At December 31, 2016, the District's proportion was 1.25157%, which was an increase of 0.19034% from its proportion measured as of December 31, 2015.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

For the year ended December 31, 2016, the District recognized a pension benefit of \$207,954. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to SWDBP from the following sources:

#### **Deferred Outflows Of Resources**

Net difference between projected and actual earnings on pension plan investments	\$ 1,110,219
Changes of assumptions	346,554
Differences between expected and actual experience	178,441
Contributions subsequent to measurement date	<u>516,761</u>
<b>Total Deferred Outflows Of Resources</b>	<b><u>\$ 2,151,975</u></b>

#### **Deferred Inflows Of Resources**

Changes in proportion and differences between contributions and proportionate share of contributions	\$ 218,783
Differences between expected and actual experience	<u>22,090</u>
<b>Total Deferred Inflows Of Resources</b>	<b><u>\$ 240,873</u></b>

The amount of \$516,761 was reported as deferred outflows of resources related to SWDBP, resulting from contributions subsequent to the measurement date, and will be recognized as an increase of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to SWDBP will be recognized in pension expense as follows:

<b>For The Year Ended December 31,</b>	
2017	\$ 313,918
2018	313,918
2019	313,918
2020	290,310
2021	30,461
Thereafter	<u>131,816</u>
<b>Total</b>	<b><u>\$ 1,394,341</u></b>

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

#### Actuarial Assumptions

The actuarial valuations for SWDBP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2015. The valuations used the following actuarial assumption and other inputs:

	<b>Total Pension Liability</b>	<b>Actuarially Determined Contributions</b>
Valuation date	January 1, 2016	January 1, 2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level % Payroll, Open	Level % Payroll, Open
Remaining amortization period	30 Years	30 Years
Actuarial assumptions:		
Investment rate of return*	7.5%	7.5%
Projected salary increases*	4.0% - 14.0%	4.0% - 14.0%
Cost of living adjustments	0.0%	0.0%
 * Includes inflation at:	 2.5%	 3.0%

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB, is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB, are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

For determining the actuarially determined contributions, the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, with a 40% multiplier for off-duty mortality, is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, is used in the projection of post-retirement benefits.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

At least every five years, the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the actuary, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the fund's target asset allocation as of December 31, 2015 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate Of Return</b>
Global Equity	37.00%	6.5%
Equity Long/Short	10.00%	4.7%
Illiquid Alternatives	20.00%	8.0%
Fixed Income	16.00%	1.5%
Absolute Return	11.00%	4.1%
Managed Futures	4.00%	3.0%
Cash	2.00%	0.0%
<b>Total</b>	<b>100.00%</b>	

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

The discount rate used to measure the total pension asset was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDBP fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

#### **Discount Rate**

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of the valuation, the expected rate of return on pension plan investments is 7.50%, the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)) and the resulting single discount rate is 7.50%.

#### **Sensitivity Of The District's Proportionate Share Of The Net Pension Asset To Changes In The Discount Rate**

Regarding the sensitivity of the net pension (asset) liability to changes in the single discount rate, the following presents the plan's net pension asset, calculated using a single discount rate of 7.50%, as well as what the plan's net pension asset would be if it were calculated using a single discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension (asset) liability	\$ 3,090,757	\$ (22,063)	\$ (2,604,041)

### **Pension Plan Fiduciary Net Position**

Detailed information about SWDBP's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained on FPPA's website at <http://www.fppaco.org>.

## **8. Old Hire Defined Benefit Pension Plan (Hired Prior To April 8, 1978)**

### **Plan Description**

The Old Hire Plan is an agent multiple-employer defined benefit pension plan, established by resolution of the District. All assets are held and invested by FPPA. Firefighters hired prior to April 8, 1978 who elected not to SWDBP are covered by this plan. Any changes to this plan are referred to the membership by the Pension Trustee Board and voted upon. The Old Hire Plan is closed to new entrants as of April 8, 1978.

### **Benefits Provided**

The member's normal retirement date for the Old Hire Plan is based on the date a member has completed 20 years of credited service and attained the age of 50. A member that retires after the normal retirement date shall be eligible for a monthly pension equal to one-half of the monthly salary at the date of retirement. For each full year a member continues working past eligibility for normal retirement, the member's benefit increases by 4% of the monthly salary.

There is no maximum benefit. Severance benefits are offered for contributions plus interest, up to 5.00% per annum, to members who terminate employment prior to being eligible for retirement. If a retired member dies, the surviving spouse shall receive, until death or remarriage, a monthly pension equal to one-third of the salary of a firefighter of the same rank held by the deceased firefighter including rank escalation.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Members Covered By Benefit Terms**

Membership of the Old Hire Plan consists of the following at December 31, 2016:

	<b>Old Hire Plan</b>
Retirees and beneficiaries receiving benefits	10

#### **Contributions**

The District is required by statute to contribute the remaining amounts necessary to pay benefits when due using the actuarial basis specified by statute. In 2009, legislation was adopted to defer the State of Colorado contributions for the Old Hire Plan for 2009 through 2011 and resume in 2012 through 2015. In 2011, legislation was adopted to change payment dates to 2012 until 2019. Senate Bill 13-234 authorized the State of Colorado to fulfill its obligation during 2013. A payment of \$1,456,060 was made into the Old Hire Plan during 2013. As a result, the Old Hire Plan will receive no further payments from the State of Colorado, and all future funding is the requirement of the District. Legislation passed during 2014 requires the District to begin funding an actuarially appropriate amount annually beginning no later than 2016, calculated by the actuary as \$196,745 for 2016.

#### **Net Pension Liability**

The District's Old Hire Plan net pension liability was measured as of December 31, 2015, and the total pension liability was determined by an actuarial valuation as of January 1, 2016. This measurement date is within one year of the plan sponsor's fiscal year end of December 31, 2016 and may be used for December 31, 2016 reporting purposes.



## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

#### Actuarial Methods And Assumptions

The actuarial valuations for SWDBP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2016. The valuations used the following actuarial assumption and other inputs:

	<b>Total Pension Liability</b>	<b>Actuarially Determined Contributions</b>
Valuation date	January 1, 2016	January 1, 2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level % Payroll, Open	Level % Payroll, Open
Remaining amortization period	30 Years	30 Years
Actuarial assumptions:		
Investment rate of return*	7.5%	7.5%
Projected salary increases*	4.0% - 14.0%	4.0% - 14.0%
Cost of living adjustments	0.0%	0.0%
 * Includes inflation at:	 2.5%	 3.0%

#### Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits). For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%, the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)) and the resulting single discount rate is 7.50%. Projected cash flows used in determining the single discount rate are available upon request.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

### Notes To Financial Statements *(Continued)*

#### **Sensitivity Of The District's Net Pension Liability To Changes In The Discount Rate**

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

	1% Decrease (6.5%)	Current (7.5%)	1% Increase (8.5%)
Net pension liability	\$ 1,634,897	\$ 1,395,980	\$ 1,182,366

#### **Change In Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances At December 31, 2014</b>	\$ 4,362,576	\$ 2,904,977	\$ 1,457,599
<b>Changes For The Year</b>			
Service cost	—	—	—
Interest	307,681	—	307,681
Differences between expected and actual experience	(569,630)	—	(569,630)
Changes of assumptions	294,822	—	294,822
Contributions - employer	—	45,912	(45,912)
Contributions - member	—	—	—
Net investment income	—	52,699	(52,699)
Benefit payments	(529,897)	(529,897)	—
Administrative expense	—	(4,119)	4,119
<b>Net Changes</b>	(497,024)	(435,405)	(61,619)
<b>Balances At December 31, 2015</b>	\$ 3,865,552	\$ 2,469,572	\$ 1,395,980

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions**

For the year ended December 31, 2016, the District recognized pension benefit of \$325,904. At December 31, 2016, the District reported deferred outflows of resources related to the Old Hire Plan from the following sources:

##### **Deferred Outflows Of Resources**

Net difference between projected and actual earnings on pension plan investments	\$ 130,687
Contributions subsequent to measurement date	<u>196,745</u>
<b>Total Deferred Outflows Of Resources</b>	<b><u>\$ 327,432</u></b>

The amount of \$196,745 reported as deferred outflows of resources related to the Old Hire Plan, resulting from contributions subsequent to the measurement date, will be recognized as a decrease in the net pension liability for the year ended December 31, 2016. Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<b>For The Year Ended December 31,</b>	
2017	\$ 33,749
2018	33,749
2019	33,749
2020	<u>29,440</u>
<b>Total</b>	<b><u>\$ 130,687</u></b>

#### **Pension Plan Fiduciary Net Position**

Detailed information about Old Hire Plan's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained on FPPA's website at <http://www.fppaco.org>.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

## 9. Volunteer Firefighters Defined Benefit Pension Plan

### Plan Description

The District established the Volunteer Firefighters Pension Plan (the “Volunteer Plan”) in 1964. In January 1990, the District funded its Volunteer Plan through FPPA as an agent multiple-employer defined benefit noncontributing pension plan. The Volunteer Plan was closed to new members in 1974. The Volunteer Plan is administered by a seven-member Board of Trustees that includes the District’s Board of Directors and two volunteer firefighters. Investment decisions are made by FPPA. The District Board has the authority to establish or amend benefit provisions, including contribution levels, in accordance with the biennial actuarial study.

### Benefits Provided

The benefit provisions and the Volunteer Plan requirements were established according to C.R.S. The Board of Trustees has adopted the following schedule of monthly benefits that was in effect at December 31, 2016:

<b>Normal Retirement Benefit Age 50 With 20 Years Of Service</b>	
Regular, monthly benefit	\$ 100
<b>Survivor Benefits</b>	
After age and service retirement	50
Following death after vested retirement with 10 to 20 years of service amount per year of service per minimum vesting years	2.50
<b>Vested Retirement Benefit</b>	
With 10 to 20 years of service amount per year of service per minimum 10 vesting years	5.00
<b>Funeral Benefits</b>	
Lump-sum benefit, one time	100

### Members Covered By Benefit Terms

Membership of the Volunteer Plan consists of the following at December 31, 2016:

	<b>Volunteer Firefighters Plan</b>
Retirees and beneficiaries receiving benefits	11

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Contributions**

There are no paid employees within the Volunteer Firefighters Pension Plan, and employees do not contribute to the plan. The District is required by statute to contribute the amounts remaining necessary to pay benefits when due using the actuarial basis specified by statute.

#### **Net Pension Asset**

The District's Volunteer Plan net pension asset was measured as of December 31, 2015, and the total pension liability was determined by an actuarial valuation as of January 1, 2015. This measurement date is within one year of the plan sponsors fiscal year end of December 31, 2016 and may be used for December 31, 2016 reporting purposes.

#### **Actuarial Methods And Assumptions**

The total pension asset in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied in all periods included in the measurement:

Valuation date	January 1, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open
Remaining amortization period	14 Years
Asset valuation method	5-Year Smoothed Fair Value
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increase*	N/A
Cost of living adjustments	None
* Includes inflation at:	3.0%

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Single Discount Rate**

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits). For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%, the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)) and the resulting single discount rate is 7.50%. Projected cash flows used in determining the single discount rate are available upon request.

#### **Sensitivity Of The District's Net Pension Asset To Changes In The Discount Rate**

Regarding the sensitivity of the net pension asset to changes in the single discount rate, the following presents the plan's net pension asset, calculated using a single discount rate of 7.50%, as well as what the plan's net pension asset would be if it were calculated using a single discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

	1% Decrease (6.5%)	Current (7.5%)	1% Increase (8.5%)
Net pension asset	\$ (106,771)	\$ (109,491)	\$ (111,948)

## ADAMS COUNTY FIRE PROTECTION DISTRICT

### Notes To Financial Statements (*Continued*)

#### Change In Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
<b>Balances At December 31, 2014</b>	\$ 54,033	\$ 165,686	\$ (111,653)
<b>Changes For The Year</b>			
Service cost	—	—	—
Interest	3,770	—	3,770
Differences between expected and actual experience	—	—	—
Changes of assumptions	—	—	—
Contributions - employer	—	—	—
Contributions - member	—	—	—
Net investment income	—	2,991	(2,991)
Benefit payments	(7,660)	(7,660)	—
Administrative expense	—	(1,383)	1,383
<b>Net Changes</b>	(3,890)	(6,052)	2,162
<b>Balances At December 31, 2015</b>	\$ 50,143	\$ 159,634	\$ (109,491)

#### Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

For the year ended December 31, 2016, the District recognized a pension benefit of \$4,916. At December 31, 2016, the District reported deferred outflows of resources related to the Volunteer Plan from the following sources:

	Governmental Activities
<b>Deferred Outflows Of Resources</b>	
Net difference between projected and actual earnings on pension plan investments	\$ 7,895
<b>Total Deferred Outflows Of Resources</b>	\$ 7,895

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<b>For The Year Ended December 31,</b>	
2016	\$ 2,024
2017	2,024
2018	2,024
2019	1,823
<b>Total</b>	<b>\$ 7,895</b>

#### **Pension Plan Fiduciary Net Position**

Detailed information about the Volunteer Plan's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained on FPPA's website at <http://www.fppaco.org>.

### **10. Southwest Adams County Volunteer Firefighters Pension Plan**

#### **Plan Description**

The Southwest Adams County Volunteer Firefighters Pension Plan (the "SWAC Volunteer Plan") is a single-employer defined benefit pension plan. The SWAC Volunteer Plan is administered by the Volunteer Pension Board of Trustees. Assets are held and administered by an independent third party.

#### **Benefits Provided**

The SWAC Volunteer Plan provides retirement benefits for members and beneficiaries according to plan provisions as enacted by the Board of Directors of SWAC (now the "District"). C.R.S., as amended, establishes basic benefit provisions. Retirees are eligible to receive full retirement benefits of \$800 per month after 20 years of service and reaching the age of 50. Retirees may also receive 50% of retirement benefits after 10 years of service and reaching the age of 50. Pro-rated pension can be vested between 10 and 20 years of eligible volunteer service.



## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Members Covered By Benefit Terms**

Membership of the SWAC Volunteer Plan consists of the following at December 31, 2016:

	<b>SWAC Volunteer Plan</b>
Retirees and beneficiaries receiving benefits	38
Terminated vested members	2

#### **Contributions**

There are no paid employees within the SWAC Volunteer Plan, and employees do not contribute to the plan. Contributions consist of contributions determined by the District Board of Directors and a matching contribution by the State of Colorado based on statute.

#### **Net Pension Liability**

The SWAC Volunteer Plan total pension liability, net pension liability and certain sensitivity information is based on an actuarial valuation performed as of January 1, 2015. The total pension liability was rolled forward from the January 1, 2015 actuarial valuation to a measurement date of December 31, 2016, using generally accepted actuarial principles. An actuarial valuation is performed every two years.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Actuarial Methods And Assumptions**

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied in all periods included in the measurement:

Valuation date	January 1, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open
Remaining amortization period	12 Years
Asset valuation method	5-Year Smoothed Fair Value
Actuarial assumptions:	
Investment rate of return*	7.0%
Projected salary increase*	N/A
Cost of living adjustments	None
* Includes inflation at	3.0%

#### **Single Discount Rate**

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from both the District and the State will be made at the current contribution levels. The projection of cash flows also includes an estimate of life insurance proceeds expected to be payable to the plan as named beneficiary of certain life insurance policies held in the name of some current retirees of the plan. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

### Notes To Financial Statements (Continued)

#### Sensitivity Of The District's Net Pension Liability To Changes In The Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percent lower (6.00%) or one percent higher (8.00%):

	1% Decrease (6.0%)	Current (7.0%)	1% Increase (8.0%)
Net pension liability	\$ 1,032,466	\$ 814,826	\$ 627,416

#### Change In Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances At December 31, 2015</b>	\$ 2,478,601	\$ 1,602,283	\$ 876,318
<b>Changes For The Year</b>			
Service cost	—	—	—
Interest	188,602	—	188,602
Differences between expected and actual experience	(92,587)	—	(92,587)
Changes of assumptions	—	—	—
Contributions - employer	—	56,000	(56,000)
Contributions - state	—	8,100	(8,100)
Contributions - member	—	—	—
Net investment income	—	76,142	(76,142)
Benefit payments	(254,214)	(254,214)	—
Professional fees	—	(8,707)	8,707
Other	—	25,972	(25,972)
<b>Net Changes</b>	(158,199)	(96,707)	(61,492)
<b>Balances At December 31, 2016</b>	\$ 2,320,402	\$ 1,505,576	\$ 814,826

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

#### **Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions**

For the year ended December 31, 2016, the District recognized a pension benefit of \$150,240. At December 31, 2016, the District reported deferred outflows of resources related to the SWAC Volunteer Plan from the following sources:

	<u>Governmental Activities</u>
<b>Deferred Outflows Of Resources</b>	
Net difference between projected and actual earnings on pension plan investments	<u>\$ 135,069</u>
<b>Total Deferred Outflows Of Resources</b>	<u><u>\$ 135,069</u></u>

There were no contributions subsequent to the measurement date of December 31, 2016. Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

	<u>For The Year Ended December 31,</u>
2017	\$ 40,421
2018	40,421
2019	40,421
2020	13,806
<b>Total</b>	<u><u>\$ 135,069</u></u>

## **11. Deferred Compensation Plans**

The District participates in a deferred compensation plan (the “457 Plan”) as defined under the Internal Revenue Code Section 457, which allows employees to make an elective deferral of a portion of earned compensation to the 457 Plan. The 457 Plan is a multi-employer plan administered by FPPA. Amendments to the 457 Plan may be made by the plan trustee. The District does not match employee contributions to the 457 Plan. For the years ended December 31, 2016 and 2015, participating employees contributed \$242,516 and \$233,366, respectively.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Financial Statements (*Continued*)

The District provides a money purchase pension plan for full-time firefighting, prevention and maintenance SWAC personnel who elected to stay with the plan as part of the merger with the District. The District contributes 8% of covered salary to the money purchase pension plan. There are no employee voluntary contributions. The District contributed \$134,635 to the plan during 2016.

## 12. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District carries commercial insurance for the risks of loss, including worker's compensation and employee accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Limits of insurance coverage remain unchanged in the past three years.

The District administers a self-insurance program for medical and dental insurance that covers the premiums for District employees and medical claims up to \$30,000 per year per person. Amounts over \$30,000 per year are covered by the District's re-insurance policy. The estimated liability for pending and incurred but not reported claims at December 31, 2016 are reported as claims payable in the financial statements. Claims incurred but not reported for the past two years are as follows:

<b>Year Ended December 31,</b>	<b>Claims Payable January 1,</b>	<b>Claims And Changes In Estimates</b>	<b>Claims Paid</b>	<b>Claims Payable December 31,</b>
2015	\$ 50,300	\$ 1,443,984	\$ 1,352,332	\$ 141,952
2016	141,952	917,898	966,114	93,736

## 13. Tax, Spending And Debt Limitations

In November 1992, Colorado voters passed TABOR, which limits the revenue-raising and spending abilities of state and local governments. The limits on property taxes, revenue and fiscal year spending include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards and fund reserves (balances).

## **ADAMS COUNTY FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

TABOR requires voter approval for any increase in mill levies or tax rates, new taxes or creation of multi-year debt. Revenue earned in excess of the spending limit must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. The amendment also requires that reserves of 1% of 1993 fiscal year spending, excluding bonded debt service, be established for declared emergencies, with 2% of fiscal year spending required in 1994 and 3% thereafter.

As of December 31, 2016, the District reported \$707,758 as restricted net position and restricted fund balance in the governmental activities and General Fund, respectively, to comply with the reserve for emergencies.

In 2002, the voters of the District approved a ballot issue to authorize the District to collect, retain and spend all revenue generated by its existing mill levy, which cannot be increased without voter approval, and from all other sources of revenue in excess of the limitations provided in TABOR for the general operations and capital construction. The District's management believes that it has legally removed itself from TABOR's revenue and spending limitations. However, TABOR is complex and subject to future judicial interpretation.

#### **14. Related Party Transactions**

The District entered into a contract for purchase of land with the Adams County School District 50. The purchase price of the property is \$750,000. The real estate agent is a family member of the Fire Chief, which fact was disclosed to and authorized by the District Board of Directors. The purchase of the property did not occur by December 31, 2016.

#### **15. Subsequent Event**

On February 8, 2017, the District entered into a ground lease for renovation of a fire station and administration offices. The total amount financed is \$1,500,000 at a fixed rate of 2.9% per annum. Payments begin April 30, 2017, with the final payment due on April 30, 2026.

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## Required Supplementary Information

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND

For The Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 12,207,617	\$ 12,207,617	\$ 12,146,797	\$ (60,820)
Specific ownership taxes	1,000,000	1,000,000	1,046,703	46,703
Grant revenue	6,895	6,895	68,869	61,974
Charges for services	1,124,000	1,124,000	1,504,493	380,493
Permit fees	232,000	232,000	151,223	(80,777)
Rental income	—	—	4,614	4,614
Insurance reimbursement	—	—	25,009	25,009
Interest	7,000	7,000	61,510	54,510
Miscellaneous	70,000	70,000	201,277	131,277
<b>Total Revenues</b>	<b>14,647,512</b>	<b>14,647,512</b>	<b>15,210,495</b>	<b>562,983</b>
<b>Expenditures</b>				
Current:				
Firefighting	9,861,997	9,861,997	10,276,480	(414,483)
Administration	1,036,608	1,036,608	1,055,281	(18,673)
Communications	507,000	507,000	497,313	9,687
Medical payments	1,742,500	1,742,500	1,119,910	622,590
Stations and grounds maintenance	306,175	306,175	256,662	49,513
Information technology	—	—	71,745	(71,745)
Ambulance	138,450	138,450	170,082	(31,632)
Training	126,593	126,593	92,323	34,270
Fire prevention	37,390	37,390	23,656	13,734
Truck and equipment maintenance	467,044	467,044	345,655	121,389
Special projects	171,306	171,306	117,103	54,203
Capital outlay	235,600	235,600	148,113	87,487
Debt service:				
Principal	—	—	62,834	(62,834)
Interest	—	—	12,142	(12,142)
<b>Total Expenditures</b>	<b>14,630,663</b>	<b>14,630,663</b>	<b>14,249,299</b>	<b>381,364</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>16,849</b>	<b>16,849</b>	<b>961,196</b>	<b>944,347</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(6,140,398)	(10,090,398)	(4,319,882)	5,770,516
<b>Excess (Deficit) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses</b>	<b>\$ (6,123,549)</b>	<b>\$ (10,073,549)</b>	<b>(3,358,686)</b>	<b>\$ 6,714,863</b>
<b>Fund Balance, Beginning Of Year</b>			<b>10,471,362</b>	
<b>Fund Balance, End Of Year</b>			<b>\$ 7,112,676</b>	

Note to Required Supplementary Information:

This budgetary comparison schedule is presented on a basis in conformity with generally accepted accounting principles.

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**ADAMS COUNTY FIRE PROTECTION DISTRICT**

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**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION (ASSET) LIABILITY - SWDBP  
For The Year Ended December 31, 2015 (Measurement Date)  
Employee Pension Plan  
Year Two<sup>1</sup>**

	<u>2015</u>	<u>2014</u>
District's portion of the net pension asset	0.012515737	0.010612325
District's proportionate share of the net pension asset	\$ 22,063	\$ 1,197,681
District's covered-employee payroll	\$ 6,071,376	\$ 4,611,454
District's proportionate share of the net pension asset as a percentage of its covered payroll	0.36%	25.97%
Plan fiduciary net position as a percentage of the total pension asset	100.1%	106.8%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE PENSION PLAN - SWDBP For The Year Ended December 31, 2016 Employee Pension Plan Year Two<sup>1</sup>

	2016	2015
Contractually required contribution	\$ 516,761	\$ 485,709
Contributions in relation to the contractually required contribution	516,761	485,709
<b>Contribution (Excess) Deficiency</b>	<b>\$ —</b>	<b>\$ —</b>
District's covered-employee payroll	\$ 6,459,505	\$ 6,071,376
Contributions as a percentage of covered-employee payroll	8.00%	8.00%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS - OLD HIRE PLAN

Last Two Fiscal Years<sup>1</sup>

Measurement Period Ending December 31,	2015	2014
<b>Total Pension Liability</b>		
Service cost	\$ —	\$ —
Interest	307,681	324,580
Changes to benefit terms	—	—
Differences between expected and actual experience in the measurement of the total pension liability	(569,630)	—
Changes of assumptions	294,822	—
Benefit payments, including lump sums	(529,897)	(569,183)
<b>Net Change In Total Pension Liability</b>	(497,024)	(244,603)
<b>Total Pension Liability - Beginning</b>	4,362,576	4,607,179
<b>Total Pension Liability - Ending {a}</b>	\$ 3,865,552	\$ 4,362,576
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 45,912	\$ 45,912
Contributions - employees	—	—
Net investment income	52,699	201,507
Benefit payments, including lump sums	(529,897)	(569,183)
Administrative expenses	(4,119)	(8,200)
<b>Net Change In Fiduciary Net Position</b>	(435,405)	(329,964)
<b>Plan Fiduciary Net Position - Beginning</b>	2,904,977	3,234,941
<b>Plan Fiduciary Net Position - Ending {b}</b>	\$ 2,469,572	\$ 2,904,977
<b>Plan Fiduciary Net Pension Liability - Ending {a} - {b}</b>	\$ 1,395,980	\$ 1,457,599
<b>Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability {b} / {a}</b>	63.89%	66.59%
<b>Covered Employee Payroll</b>	N/A	N/A
<b>Plan's Net Pension Liability As A Percentage Of Covered Employee Payroll</b>	N/A	N/A

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - OLD HIRE PLAN

Last Two Fiscal Years<sup>1</sup>

<b>Fiscal Year Ending (a)</b>	<b>Actuarially Determined Contribution* (b)</b>	<b>Actual Contribution* (c)</b>	<b>Contribution Deficiency (Excess) (d) = (b) - (c)</b>	<b>Covered Payroll (e)</b>	<b>Actual Contribution As A % Of Covered Payroll (f)</b>
2014	\$ 375,468	\$ 45,912	\$ 329,556	N/A	N/A
2015	196,745	45,912	150,833	N/A	N/A

\* Actuarially determined contribution is net of employee contributions, if any. Actual contribution is from the employer only and does not include employee amounts.

N/A = Information not applicable.

(1) This schedule will be completed prospectively until a full 10-year trend is compiled.  
The District is presenting information for those years for which information is available.

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION (ASSET) LIABILITY AND RELATED RATIOS - VOLUNTEER PLAN Last Two Fiscal Years<sup>1</sup>

Measurement Period Ending December 31,	2015	2014
<b>Total Pension Liability</b>		
Service cost	\$ —	\$ —
Interest	3,770	3,688
Changes to benefit terms	—	—
Differences between expected and actual experience in the measurement of the total pension liability	—	5,594
Changes of assumptions	—	—
Benefit payments, including lump sums	(7,660)	(8,685)
<b>Net Change In Total Pension Liability</b>	(3,890)	597
<b>Total Pension Liability - Beginning</b>	54,033	53,436
<b>Total Pension Liability - Ending {a}</b>	\$ 50,143	\$ 54,033
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ —	\$ —
Net investment income	2,991	10,941
Benefit payments, including lump sums	(7,660)	(8,685)
Administrative expenses	(1,383)	(634)
<b>Net Change In Fiduciary Net Position</b>	(6,052)	1,622
<b>Plan Fiduciary Net Position - Beginning</b>	165,686	164,064
<b>Plan Fiduciary Net Position - Ending {b}</b>	\$ 159,634	\$ 165,686
<b>Plan Fiduciary Net Pension Asset - Ending {a} - {b}</b>	\$ (109,491)	\$ (111,653)
<b>Plan Fiduciary Net Position As A Percentage Of The Total Pension Asset {b} / {a}</b>	318.36%	306.64%
<b>Covered Employee Payroll</b>	N/A	N/A
<b>Plan's Net Pension Asset As A Percentage Of Covered Employee Payroll</b>	N/A	N/A

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - VOLUNTEER PLAN

Last Two Fiscal Years<sup>1</sup>

<b>Fiscal Year Ending (a)</b>	<b>Actuarially Determined Contribution (b)</b>	<b>Actual Contribution (c)</b>	<b>Contribution Deficiency (Excess) (d) = (b) - (c)</b>	<b>Covered Payroll (e)</b>	<b>Actual Contribution As A % Of Covered Payroll (f)</b>
2014	\$ —	\$ —	\$ —	N/A	N/A
2015	—	—	—	N/A	N/A

N/A = Information not applicable.

(1) This schedule will be completed prospectively until a full 10-year trend is compiled.  
The District is presenting information for those years for which information is available.

# ADAMS COUNTY FIRE PROTECTION DISTRICT

## SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS - SWAC VOLUNTEER PLAN Last Three Fiscal Years<sup>1</sup>

	2016	2015	2014
<b>Total Pension Liability</b>			
Service cost	\$ —	\$ —	\$ —
Interest	188,601	188,602	188,602
Changes to benefit terms	—	—	—
Differences between expected and actual experience in the measurement of the total pension liability	(92,587)	(92,587)	(92,587)
Changes of assumptions	—	—	—
Benefit payments, including lump sums	(254,214)	(269,026)	(277,441)
<b>Net Change In Total Pension Liability</b>	(158,200)	(173,011)	(181,426)
<b>Total Pension Liability - Beginning</b>	2,478,601	2,651,612	2,833,038
<b>Total Pension Liability - Ending {a}</b>	\$ 2,320,401	\$ 2,478,601	\$ 2,651,612
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 56,000	\$ 56,000	\$ 46,000
Contributions - state	8,100	8,100	8,100
Contributions - employees	—	—	—
Net investment income	76,141	12,099	102,011
Benefit payments, including lump sums	(254,214)	(269,026)	(277,441)
Administrative expenses	(8,707)	(20,897)	(40,342)
Other	25,972	4,367	22,328
<b>Net Change In Fiduciary Net Position</b>	(96,708)	(209,357)	(139,344)
<b>Plan Fiduciary Net Position - Beginning</b>	1,602,283	1,811,640	1,950,984
<b>Plan Fiduciary Net Position - Ending {b}</b>	\$ 1,505,575	\$ 1,602,283	\$ 1,811,640
<b>Plan Fiduciary Net Pension Liability - Ending {a} - {b}</b>	\$ 814,826	\$ 876,318	\$ 839,972
<b>Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability {b} / {a}</b>	64.88%	64.64%	68.32%
<b>Covered Employee Payroll</b>	N/A	N/A	N/A
<b>Plan's Net Pension Liability As A Percentage Of Covered-Employee Payroll</b>	N/A	N/A	N/A

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.



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## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - SWAC VOLUNTEER PLAN Last Three Fiscal Years<sup>1</sup>

<b>Fiscal Year Ending (a)</b>	<b>Actuarially Determined Contribution (b)</b>	<b>Actual Contribution (c)</b>	<b>Contribution Deficiency (Excess) (d) = (b)-(c)</b>	<b>Covered Payroll (e)</b>	<b>Actual Contribution As A % Of Covered Payroll (f)</b>
2014	\$ 61,667	\$ 54,100	\$ 7,567	N/A	N/A
2015	48,178	56,000	(7,822)	N/A	N/A
2016	48,178	56,000	(7,822)	N/A	N/A

N/A = Information not applicable.

(1) This schedule will be completed prospectively until a full 10-year trend is compiled.  
The District is presenting information for those years for which information is available.

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**ADAMS COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2016**

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**1. Budgets And Budgetary Accounting**

The District Board adopts an annual budget for all funds as required by C.R.S., as amended. Budgeted amounts for all funds are based on legally adopted budgets, including supplemental budget appropriations, if any, which are on a basis consistent with generally accepted accounting principles for each fund type. The Fire Chief is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures for any of the funds must be approved by the District Board.

The budgetary comparison schedule included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results.

Expenditures may not legally exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. After budget approval, the District Board may approve supplemental appropriations if an occurrence, condition or need exists which was not known at the time the budget was adopted.

On or before October 15 of each year, the District's budget officer must prepare and submit a proposed budget to the District Board for the next fiscal year. Thereupon, notice must be published stating, among other things, that the budget is open to inspection by the public and that interested electors may file or register any objection to the budget.

Subject to certain exceptions and exclusions discussed hereafter, the District must submit a request for property tax increases in excess of the statutory limitation to the Division of Local Government (if within TABOR limits) or submit the question of an increased level directly to the electors of the District at a general or special election. State law requires that the District adopt a budget prior to the certification of its mill levy to the County and file a certified copy of its budget with the Division of Local Government within 30 days of such adoption.

## ADAMS COUNTY FIRE PROTECTION DISTRICT

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### Notes To Required Supplementary Information *(Continued)*

Failure to do so can result in the County Treasurer's withholding future property tax revenues pending compliance by the District. Budget appropriations lapse at the end of each year. The encumbrance method is not used.

## 2. Pension Plan Actuarial Assumptions

	Old Hire Plan	Volunteer Firemen's Plan	SWAC Volunteer Firemen's Plan
Valuation date	January 1, 2016	January 1, 2015	January 1, 2015
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar, Open	Level Dollar, Open	Level Dollar, Open
Remaining amortization period	11 Years	12 Years	30 Years
Asset valuation method	5-Year Smoothed Fair Value	5-Year Smoothed Fair Value	Market Value
Actuarial assumptions:			
Investment rate of return	7.5%	7.5%	7.0%
Projected salary increases	4.0%	N/A	N/A
Inflation	2.5%	3.0%	3.0%
Cost of living adjustments	3.0%	None	None

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## **Supplementary Information**

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - CAPITAL RESERVE FUND

For The Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Grant revenue	\$ —	\$ —	\$ 79,287	\$ 79,287
Interest income	1,000	1,000	143	(857)
<b>Total Revenues</b>	<b>1,000</b>	<b>1,000</b>	<b>79,430</b>	<b>78,430</b>
<b>Expenditures</b>				
Administration	—	—	14,386	(14,386)
Capital outlay	5,340,000	9,290,000	4,921,514	4,368,486
Debt service:				
Principal	70,000	70,000	58,268	11,732
<b>Total Expenditures</b>	<b>5,410,000</b>	<b>9,360,000</b>	<b>4,994,168</b>	<b>4,365,832</b>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b>(5,409,000)</b>	<b>(9,359,000)</b>	<b>(4,914,738)</b>	<b>4,444,262</b>
<b>Other Financing Sources</b>				
Proceeds from capital leases	—	—	594,856	594,856
Transfers in	6,140,398	6,140,398	4,319,882	(1,820,516)
<b>Total Other Financing Sources</b>	<b>6,140,398</b>	<b>6,140,398</b>	<b>4,914,738</b>	<b>(1,225,660)</b>
<b>Net Change In Fund Balance</b>	<b>\$ 731,398</b>	<b>\$ (3,218,602)</b>	<b>—</b>	<b>\$ 3,218,602</b>
<b>Fund Balance - Beginning Of Year</b>			<b>—</b>	
<b>Fund Balance - End Of Year</b>			<b>\$ —</b>	

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - BOND FUND

For The Year Ended December 31, 2016

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Property taxes	\$ 515,638	\$ 515,188	\$ (450)
Interest	500	94	(406)
<b>Total Revenues</b>	<b>516,138</b>	<b>515,282</b>	<b>(856)</b>
<b>Expenditures</b>			
Administration	9,000	—	9,000
Debt service:			
Principal	405,000	405,000	—
Interest	101,638	102,136	(498)
<b>Total Expenditures</b>	<b>515,638</b>	<b>507,136</b>	<b>8,502</b>
<b>Net Change In Fund Balance</b>	<b>\$ 500</b>	<b>8,146</b>	<b>\$ 7,646</b>
<b>Fund Balance - Beginning Of Year</b>		<b>114,773</b>	
<b>Fund Balance - End Of Year</b>		<b>\$ 122,919</b>	

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# ADAMS COUNTY FIRE PROTECTION DISTRICT

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## SCHEDULE OF CHANGES IN NET POSITION - BUDGET TO ACTUAL - PENSION TRUST FUND For The Year Ended December 31, 2016

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Additions</b>			
General property taxes	\$ 56,000	\$ —	\$ (56,000)
Investment income	130,000	76,142	(53,858)
State contribution	8,100	8,100	—
Other	7,500	92,637	85,137
<b>Total Additions</b>	<b>201,600</b>	<b>176,879</b>	<b>(24,721)</b>
<b>Deductions</b>			
Benefit payments	271,908	254,214	17,694
Death benefit expense	1,600	—	1,600
Administration	12,000	8,707	3,293
Professional fees	12,000	—	12,000
Miscellaneous	1,300	10,665	(9,365)
<b>Total Deductions</b>	<b>298,808</b>	<b>273,586</b>	<b>25,222</b>
<b>Net Increase (Decrease) In Net Position Held In Trust For Pension Benefits</b>	<b>\$ (97,208)</b>	<b>(96,707)</b>	<b>\$ 501</b>
<b>Net Position Held In Trust For Pension Benefits - Beginning Of Year</b>		<b>1,602,283</b>	
<b>Net Position Held In Trust For Pension Benefits - End Of Year</b>		<b>\$ 1,505,576</b>	



## **APPENDIX B**

### **CERTAIN DEFINITIONS AND DOCUMENT SUMMARIES**

Set forth below are the definitions of some of the terms used in this Official Statement, the Site Lease, the Lease, and the Indenture, as well as summaries of certain provisions of the Site Lease, the Lease, and the Indenture. These summaries do not purport to be definitive summaries of all provisions of the Site Lease, the Lease, or the Indenture; investors must obtain and review each of those documents in order to obtain descriptions of all provisions. Copies of the Site Lease, the Lease, and the Indenture may be obtained from the sources listed in “INTRODUCTION--Additional Information.”

#### **DEFINITIONS**

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

“Additional Rentals” means the payment or cost of all:

(a) (i) reasonable expenses and fees of the Trustee related to the performance or discharge of its responsibilities under the provisions of the Lease, the Site Lease, or the Indenture, including the reasonable fees and expenses of any person or firm employed by the District to make rebate calculations under the provisions of Section 3.05 of the Indenture and the expenses of the Trustee in respect of any policy of insurance or surety bond obtained in respect of the Certificates executed and delivered with respect to the Lease, (ii) the cost of insurance premiums and insurance deductible amounts under any insurance policy reasonably deemed necessary by the Trustee to protect the Trustee from any liability under the Lease, and approved by the District Representative, which approval shall not be unreasonably withheld, (iii) reasonable legal fees and expenses incurred by the Trustee to defend the Trust Estate or the Trustee from and against any legal claims, and (iv) reasonable expenses and fees of the Trustee incurred at the request of the District Representative;

(b) taxes, assessments, insurance premiums, utility charges, maintenance, upkeep, repair, and replacement with respect to the Leased Property or as otherwise required under the Lease;

(c) rebate payments as provided in the Lease; and

(d) all other charges and costs (together with all interest and penalties that may accrue thereon in the event that the District shall fail to pay the same, as specifically set forth in the Lease) which the District agrees to assume or pay as Additional Rentals under the Lease.

Additional Rentals shall not include Base Rentals.

“Approval of Special Counsel” means an opinion of Special Counsel to the effect that the matter proposed will not adversely affect the excludability from gross income for federal income tax purposes of the Interest Portion of the Base Rentals paid by the District under the Lease and attributable to the Certificates.

“Authorized Denominations” means \$5,000 or integral multiples of \$5,000.

“Base Rentals” means the rental payments payable by the District during the Lease Term, which constitute payments payable by the District for and in consideration of the right to possess and use the Leased Property as set forth in Exhibit C (Base Rentals Schedule) of the Lease. Base Rentals does not include Additional Rentals.

“Base Rentals Fund” means the fund created under Section 3.03 of the Indenture.

“Beneficial Owners” means any person for which a DTC Participant acquires an interest in Certificates.

“Board” means the Board of Directors of the District or any successor to its functions.

“Business Day” means any day, other than a Saturday, Sunday, or legal holiday or a day (a) on which banks located in Denver, Colorado are required or authorized by law or executive order to close or (b) on which the Federal Reserve System is closed.

“Cede & Co.” means DTC’s nominee or any new nominee of DTC.

“Certificate Purchase Agreement” means the Certificate Purchase Agreement dated April 23, 2018, among the Underwriter, the District and the Trustee relating to the Certificates.

“Certificates” means the “Certificates of Participation, Series 2018, Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement, dated April 30, 2018, between ZB, National Association dba Zions Bank, as Trustee, as lessor, and the Adams County Fire Protection District, Colorado as lessee” dated as of their date of delivery, executed and delivered pursuant to the Indenture.

“Closing” means the date of execution and delivery of the Certificates.

“Costs of Execution and Delivery” means all items of expense directly or indirectly payable by the Trustee related to the authorization, execution and delivery of the Site Lease and the Lease and related to the authorization, sale, execution and delivery of the Certificates and to be paid from the Costs of Execution and Delivery Fund, including but not limited to, title insurance premiums, closing costs and other costs relating to the leasing of the Leased Property under the Site Lease and the Lease, costs of preparation and reproduction of documents, costs of printing the Certificates and the Preliminary and final Official Statements prepared in connection with the offering of the Certificates, costs of Rating Agencies, and costs to provide information required by Rating Agencies for the rating or proposed rating of Certificates, initial fees and charges of the Trustee and Paying Agent, legal fees and charges, including fees and expenses of Bond Counsel, Special (Disclosure) Counsel, and Counsel to the Trustee, fees and disbursements of professionals and the Underwriter, fees and charges for preparation, execution, and safekeeping of the Certificates, premiums for insurance on the Certificates, and any other cost, charge, or fee in connection with the original sale and the execution and delivery of the Certificates; provided, however, that Additional Rentals shall not be Costs of Execution and Delivery of the Certificates and are to be paid by the District as provided in the Lease.

“Costs of Execution and Delivery Fund” means the fund created under Section 3.06 of the Indenture.

“C.R.S.” means Colorado Revised Statutes.

“Depository” means any securities depository as the Trustee may provide and appoint pursuant to Section 2.03 of the Indenture, in accordance with then current guidelines of the Securities and Exchange Commission, which shall act as securities depository for the Certificates.

“District” means the Adams County Fire Protection District, Colorado.

“District Manager” means the Fire Chief of the District or the his or her successor in functions, if any.

“District Representative” means the President of the Board, the District Manager or such other person at the time designated to act on behalf of the District for the purpose of performing any act under the Lease, the Site Lease or the Indenture by a written certificate furnished to the Trustee containing the specimen signature of such person or persons and signed on behalf of the District by the President of the Board.

“DTC” means the Depository Trust Company, New York, New York, and its successors and assigns.

“DTC Participant(s)” means any broker-dealer, bank, or other financial institution from time to time for which DTC holds Certificates as Depository.

“Event(s) of Indenture Default” means those defaults specified in Section 7.01 of the Indenture.

“Extraordinary Mandatory Redemption” means any redemption made pursuant to Section 4.03 of the Indenture.

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

“Finance Director” means the Director of Financial Services of the District or such Director’s successor in functions, if any.

“Fiscal Year” means any 12-month period adopted by the District as its fiscal year.

“Indenture” means the Indenture of Trust dated April 30, 2018, executed and delivered by the Trustee, as the same may be hereafter amended or supplemented.

“Interest Payment Date” means, in respect of the Certificates, each June 1 and December 1, June 1, 2018.

“Lease” means the Lease Purchase Agreement dated April 30, 2018, between the Trustee, as lessor, and the District, as lessee, as the same may be amended.

“Leased Property” means the Site and the premises, buildings, and improvements situated thereon, including all fixtures attached thereto, as more particularly described in Exhibit A to the Lease, together with any and all additions and modifications thereto and replacements thereof, and any New Facility.

“New Facility” means any real property, buildings, or equipment leased by the District to the Trustee pursuant to a future amendment to the Site Lease and leased back by the District from the Trustee pursuant to a future amendment to the Lease in connection with the execution and delivery of Additional Certificates.

“Optional Redemption” means any redemption made pursuant to Section 4.01 of the Indenture.

“Optional Redemption Date” means the date of redemption of Certificates upon the Prepayment of Base Rentals or the payment of the Purchase Option Price under the Lease.

“Outstanding” means, with respect to the Certificates, all Certificates executed and delivered pursuant to the Indenture as of the time in question, except:

- (a) All Certificates theretofore canceled or required to be canceled under Section 2.07 of the Indenture;
- (b) Certificates in substitution for which other Certificates have been executed and delivered under Section 2.05 or 2.06 of the Indenture;
- (c) Certificates which have been redeemed as provided in Article 4 of the Indenture;

(d) Certificates for the payment or redemption of which provision has been made in accordance with Article 6 of the Indenture; provided that, if such Certificates are being redeemed, the required notice of redemption has been given or provision satisfactory to the Trustee has been made therefor; and

(e) Certificates deemed to have been paid pursuant to Section 6.01 of the Indenture.

“Owners” means the registered owners of any Certificates.

“Paying Agent” means the Trustee or any successor or additional paying agent appointed pursuant to the Indenture.

“Permitted Investments” means those investments the District is authorized to enter into under the laws of the State of Colorado.

“Prepayment” means any amount paid by the District pursuant to the provisions of the Lease as a prepayment of the Base Rentals due thereunder.

“Project” means (a) financing the planning, acquisition, construction and equipping of a new fire station facility to be located on certain real property of the District located at 1675 West 69th Avenue, Denver, Colorado 80221 and (b) paying the costs of issuance of the Certificates, the cost of which is paid or reimbursed from a portion of the proceeds of the Certificates and from other available moneys of the District.

“Rating Agency” or “Rating Agencies” means Moody’s Investors Service or other nationally recognized securities rating agency or agencies as may be directed by the District in writing to the Trustee.

“Rebate Fund” means the fund created under Section 3.05 of the Indenture.

“Regular Record Date” in respect of the Certificates means the 15th day of the calendar month immediately preceding the Interest Payment Date (or the Business Day immediately preceding such 15<sup>th</sup> day, if such 15<sup>th</sup> day is not a Business Day).

“Revenues” means (a) all amounts payable by or on behalf of the District or with respect to the Leased Property pursuant to the Lease including, but not limited to, all Base Rentals, Prepayments, the Purchase Option Price and Net Proceeds, but not including Additional Rentals; (b) any portion of the proceeds of the Certificates deposited into the Base Rentals Fund created under the Indenture; (c) any moneys which may be derived from any insurance in respect of the Certificates; and (d) any moneys and securities, including investment income, held by the Trustee in the Funds and Accounts established under the Indenture (except for moneys and securities held in the Rebate Fund).

“Site” means, collectively, the real property owned by the District and leased by the District to the Trustee under the Site Lease and subleased by the Trustee to the District under the Lease, the legal description of which is set forth in Exhibit A to the Lease, or an amendment or supplement thereto.

“Site Lease” means the Site and Improvement Lease, dated April 30, 2018, between the District, as lessor, and the Trustee, as lessee, as the same may hereafter be amended.

“Special Counsel” means any counsel experienced in matters of municipal law and listed in the list of municipal bond attorneys, as published semiannually by *The Bond Buyer*, or any successor publication. So long as the Lease Term is in effect, the District shall have the right to select Special Counsel.

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

“Tax Certificate” means the Tax Compliance and No-Arbitrage Certificate entered into by the District with respect to the Lease and the Certificates.

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

“Trust Estate” means all of the property placed in trust by the Trustee pursuant to the Granting Clauses of the Indenture.

“Trustee” means ZB, National Association dba Zions Bank, as Trustee under the Indenture for the benefit of the Owners of the Certificates and any Additional Certificates, and its successors and assigns.

“Underwriter” means George K. Baum & Company.

## **THE SITE LEASE**

### **Site Lease and Term**

Under the Site Lease, the District demises and leases to the Leased Property to the Trustee, on the terms and conditions set forth in the Site Lease, subject to Permitted Encumbrances.

The term of the Site Lease commences on the date of the Site Lease and ends on December 31, 2058 (the “Site Lease Termination Date”), unless sooner terminated as provided in the Site Lease. If, prior to the Site Lease Termination Date, the Trustee has transferred and conveyed the Trustee’s leasehold interests in all of the Leased Property pursuant to the Lease as a result of the District’s payment of (a) the applicable Purchase Option Price thereunder; or (b) all Base Rentals and Additional Rentals, all as further provided in the Lease, then the term of the Site Lease shall end in connection with such transfer and conveyance.

The term of any sublease of the Leased Property or any portion thereof, or any assignment of the Trustee’s interest in the Site Lease, pursuant to the terms thereof, the Lease and the Indenture, shall not extend beyond December 31, 2058. At the end of the term of the Site Lease, all right, title and interest of the Trustee, or any sublessee or assignee, in and to the Leased Property, shall terminate. Upon such termination, the Trustee and any sublessee or assignee is required to execute and deliver to the District any necessary documents releasing, assigning, transferring, and conveying the Trustee’s, sublessee’s or assignees’ respective interests in the Leased Property.

### **Rental**

The Trustee has paid to the District and the District acknowledges receipt from the Trustee as and for rental under the Site Lease, paid in advance, the sum of \$8,545,000, as and for all rent due under the Site Lease. The District has determined that such amount is reasonable consideration for the leasing of the Leased Property to the Trustee for the term of the Site Lease.

### **Purpose**

The Site Lease provides that the Trustee shall use the Leased Property solely for the purpose of leasing the Leased Property back to the District pursuant to the Lease and for such purposes as may be incidental thereto; provided, that upon the occurrence of an Event of Nonappropriation or an Event of Lease Default and the termination of the Lease, the District is required to vacate the Leased Property, as provided in the Lease, and the Trustee may exercise the remedies provided in the Site Lease, the Lease and the Indenture.

## **Owner In Fee**

The District has represented in the Site Lease that it is the owner in fee of the Leased Property, subject to Permitted Encumbrances, and that the Permitted Encumbrances do not and shall not interfere in any material way with the Leased Property.

## **Sales, Assignments and Subleases**

Unless an Event of Nonappropriation or an Event of Lease Default has occurred and be continuing and except as may otherwise be provided in the Lease, the Trustee may not sell or assign its rights and interests under the Site Lease or sublet all or any portion of the Leased Property, without the written consent of the District.

In the event that (a) the Lease is terminated for any reason and (b) the Site Lease is not terminated, the Trustee may sublease the Leased Property or any portion thereof, or sell or assign the Trustee's leasehold interests in the Site Lease, pursuant to the terms of the Lease and the Indenture, and any purchasers from or sublessees or assignees of the Trustee may sell or assign its respective interests in the Leased Property, subject to the terms of the Site Lease, the Lease, and the Indenture. The District and the Trustee (or any purchasers from or assignees or sublessees of the Trustee) agree that, except as permitted by the Site Lease, the Lease, and the Indenture and except for Permitted Encumbrances (including purchase options under the Lease), neither the District, the Trustee, nor any purchasers from or sublessees or assignees of the Trustee will sell, mortgage, or encumber the Leased Property or any portion thereof during the term of the Site Lease.

The Trustee and any other person who has the right to use the Leased Property under the Site Lease, at its own expense, may install machinery, equipment and other tangible property in or on any portion of the Leased Property. All such machinery, equipment and other tangible property shall remain the sole property of the Trustee or such other person; provided, however, that title to any such machinery, equipment, and other tangible property shall become part of the Leased Property and be included under the terms of the Site Lease to the extent that (a) any such machinery, equipment, or other tangible property is permanently affixed to the Leased Property or (b) the removal of such machinery, equipment, or other tangible property would damage or impair the Leased Property.

## **Termination**

The Trustee agrees, upon the termination of the Site Lease, to quit and surrender all of the Leased Property, and agrees that any permanent improvements and structures existing upon the Leased Property at the time of the termination of the Site Lease shall remain thereon.

## **Default**

In the event the Trustee is in default in the performance of any obligation on its part to be performed under the terms of the Site Lease, which default continues for 30 days following notice and demand for correction thereof to the Trustee, the District may exercise any and all remedies granted by law, except that no merger of the Site Lease and of the Lease shall be deemed to occur as a result thereof and that so long as any Certificates are Outstanding and unpaid under the Indenture, the Base Rentals due under the Lease shall continue to be paid to the Trustee except as otherwise provided in the Lease. In addition, so long as any of the Certificates are Outstanding, the Site Lease shall not be terminated except as described in "Site Lease and Term" above.

## **Taxes; Maintenance; Insurance**

During the Lease Term of the Lease and in accordance with the provisions of the Lease, the District covenants and agrees to pay any and all taxes, assessments, or governmental charges due in respect of the

Leased Property and all maintenance costs and utility charges in connection with the Leased Property. In the event that (a) the Lease is terminated for any reason, and (b) the Site Lease is not terminated, the Trustee, or any purchaser, sublessee, or assignee of the Leased Property (including the leasehold interests of the Trustee resulting from the Site Lease) is required to pay or cause to be paid when due, all such taxes, assessments or governmental charges and maintain the Leased Property in good condition and working order. Any such payments that are to be made by the Trustee shall be made solely from (a) the proceeds of such sale, subleasing, or assignment, (b) the Trust Estate, or (c) other moneys furnished to the Trustee under the Indenture, and in the absence of available moneys identified in the preceding clauses (a) through (c), the Trustee shall be under no obligation to pay or cause to be paid when due, all such taxes, assessments, or governmental charges and maintain the Leased Property in good condition and working order.

The provisions of the Lease shall govern with respect to the maintenance of insurance during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason, and (b) the Site Lease is not terminated, , the Trustee, or any sublessee, purchaser, or assignee of the Leased Property is required to obtain and keep in force, (i) the aggregate limits of liability established under Section 24-10-114 of the Colorado Governmental Immunity Act, as may be amended from time to time, and (ii) property insurance in an amount not less than the aggregate limits of liability under Section 24-10-114 of the Colorado Governmental Immunity Act, as may be amended from time to time. Any such insurance that is to be obtained by the Trustee shall be paid for solely (a) from the proceeds of such subleasing, sale, or assignment, (b) from the Trust Estate, or (c) from other moneys furnished to the Trustee under the Indenture and in the absence of available moneys identified in the preceding clauses (a) through (c), the Trustee shall be under no obligation to obtain or keep in force such insurance coverages. All such insurance shall name the District as insured and the Trustee as an additional insured or loss payee. The District and the Trustee shall waive any rights of subrogation with respect to the Trustee, any sublessee, purchaser, or assignee, and the District, and their members, directors, officers, agents, and employees, while acting within the scope of their employment and each such insurance policy shall contain such a waiver of subrogation by the issuer of such policy.

### **Damage, Destruction or Condemnation**

The provisions of the Lease shall govern with respect to any damage, destruction, or condemnation of the Leased Property during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason and (b) the Site Lease is not terminated, and either (i) the Leased Property or any portion thereof is damaged or destroyed, in whole or in part, by fire or other casualty, or (ii) title to or use of the Leased Property or any part thereof shall be taken under the exercise of the power of eminent domain, the District and the Trustee, or any sublessee, purchaser, or assignee of the Leased Property from the Trustee shall cause the Net Proceeds of any insurance claim or condemnation award to be applied in accordance with the provisions of Article 10 of the Lease.

### **Hazardous Substances**

Except for customary materials necessary for operation, cleaning, and maintenance of the Leased Property, and such materials as are necessary and appropriate for the District to conduct its emergency services operations, none of the District, the Trustee, or any sublessee, purchaser, or assignee of the Leased Property from the Trustee shall cause or permit any Hazardous Substance to be brought upon, generated at, stored, or kept or used in or about the Leased Property without prior written notice to the District and the Trustee and all Hazardous Substances, including customary materials necessary for construction, operation, cleaning, and maintenance of the Leased Property, will be used, kept, and stored in a manner that complies with all laws regulating any such Hazardous Substance so brought upon or used or kept on or about the Leased Property, provided unless the Trustee has exercised its right to take possession of the Leased Property after the occurrence and continuance of an Event of Lease Default, the Trustee shall have no responsibility under this Section to monitor or investigate whether the Lease Property complies with

environmental laws or is subject to any Hazardous Substance. If the presence of Hazardous Substance on the Leased Property caused or permitted by the District, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, results in contamination of the Leased Property, or if contamination of the Leased Property by Hazardous Substance otherwise occurs for which the District, the Trustee or any sublessee or assignee of the Leased Property, as the case may be, is legally liable for damage resulting therefrom, then the District, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, shall reimburse the other party for its reasonable and necessary legal expenses to defend the parties hereto or assignees hereof that have not caused or permitted such contamination and are not so legally liable with respect to the Site Lease from claims for damages, penalties, fines, costs, liabilities or losses; provided that the cost of such defense, (a) in the case of the Trustee, shall be payable solely from the Trust Estate, or (b) in the case of the District, shall be payable only if the cost of such defense has been annually appropriated by the District. This duty to reimburse legal expenses is not an indemnification. It is expressly understood that none of the District, the Trustee, or any sublessee, purchaser, or assignee is indemnifying any other person with respect to the Site Lease. Without limiting the foregoing, if the presence of any Hazardous Substance on the Leased Property is caused or permitted by:

(a) the Trustee after the Trustee has exercised its right to take possession of the Leased Property after the occurrence and continuance of an Event of Lease Default, or any sublessee, purchaser, or assignee of the Leased Property from the Trustee, as the case may be, results in any contamination of the Leased Property, the Trustee or any sublessee, purchaser, or assignee of the Leased Property from the Trustee, as the case may be, shall provide prior written notice to the District and the Trustee and promptly take all actions, solely at the expense of the Trust Estate as are necessary to effect remediation of the contamination in accordance with legal requirements; or

(b) the District results in any contamination of the Leased Property, the District shall provide prior written notice to the Trustee and promptly take all actions, solely at the expense of the District, which expenses shall constitute Additional Rentals, as are necessary to effect remediation of the contamination in accordance with legal requirements.

## **THE LEASE**

### **The Lease Term**

The Lease Term commences on the date of the Lease. The Initial Term terminates on December 31, 2018. The Lease may be renewed, solely at the option of the District for 29 Renewal Terms, with the Lease Term terminating no later than December 31, 2047.

The District Manager or other officer of the District at any time charged with the responsibility of formulating budget proposals for the District has been directed in the Lease to include in the annual budget proposals submitted to the Board, in any year in which the Lease is in effect, items for all payments required for the ensuing Renewal Term under the Lease until such time, if any, as the District may determine to not renew and terminate the Lease. Notwithstanding this directive regarding the formulation of budget proposals, it is the intention of the District that any decision to effect an Appropriation for the Base Rentals and Additional Rentals shall be made solely by the Board and not by any other official of the District. During the Lease Term, the District shall in any event, whether or not the Lease is to be renewed, furnish the Trustee with copies of its annual budget promptly after the budget is adopted.

Not later than December 15 of the then current Initial Term or Renewal Term, the District Representative is required to give written notice to the Trustee that either (a) the District has effected or intends to effect on a timely basis an Appropriation for the ensuing Fiscal Year which includes (1) sufficient amounts authorized and directed to be used to pay all of the Base Rentals and (2) sufficient amounts to pay such Additional Rentals as are estimated to become due, whereupon the Lease shall be renewed for the



ensuing Fiscal Year; or (b) the District has determined, for any reason, not to renew the Lease for the ensuing Fiscal Year.

The District's option to renew or not to renew the Lease shall be conclusively determined by whether or not the applicable Appropriation has been made on or before December 31 of each Fiscal Year, all as further provided in the Lease.

### **Termination of the Lease Term**

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

(a) the expiration of the Initial Term or any Renewal Term during which there occurs an Event of Nonappropriation pursuant to the Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in Section 6.4 of the Lease);

(b) the occurrence of an Event of Nonappropriation under the Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in Section 6.4 of the Lease);

(c) the conveyance of the Trustee's leasehold interest in the Leased Property under the Lease to the District upon payment of the Purchase Option Price or all Base Rentals and Additional Rentals, for which an Appropriation has been effected by the District for such purpose, as provided in the Lease; or

(d) an uncured Event of Lease Default and termination of the Lease under the Lease by the Trustee.

Except for an event described in subparagraph (c) above, upon termination of the Lease, the District agrees to peaceful delivery of the Leased Property to the Trustee.

The District shall not have the right to terminate the Lease due to a default by the Trustee under Termination of the Lease Term will terminate all unaccrued obligations of the District under the Lease, and will terminate the District's rights of possession under the Lease (except to the extent of the holdover provisions, and except for any conveyance pursuant to the Lease). All obligations of the District accrued prior to such termination shall be continuing until the Trustee gives written notice to the District that such accrued obligations have been satisfied.

### **Payments to Constitute Currently Budgeted Expenditures of the District**

In the Lease, the District and the Trustee acknowledge and agree that the Base Rentals, Additional Rentals, and any other obligations under the Lease shall constitute currently budgeted expenditures of the District, if an Appropriation has been effected for such purpose. The District's obligations to pay Base Rentals, Additional Rentals, and any other obligations under the Lease shall be from year to year only (as further provided in the Lease), shall extend only to moneys for which an Appropriation has been effected by the District, and shall not constitute a mandatory charge, requirement, or liability in any ensuing Fiscal Year beyond the then current Fiscal Year. The Lease shall not directly or indirectly obligate the District to make any payments beyond those for which an Appropriation has been effected by the District for the District's then current Fiscal Year. The District shall be under no obligation whatsoever to exercise its option to purchase the Trustee's leasehold interest in the Leased Property. No provision of the Lease shall be construed to pledge or to create a lien on any class or source of City moneys, nor shall any provision of the Lease restrict the future issuance of any City bonds or obligations payable from any class or source of City moneys (provided, however, that certain restrictions in the Indenture shall apply to the issuance of Additional Certificates).

## **Base Rentals, Purchase Option Price and Additional Rental**

Base Rentals. Under the Lease, the District is to pay Base Rentals for which an Appropriation has been effected by the District, directly to the Trustee during the Initial Term and any Renewal Term. The District is to receive credit against the Base Rentals to the extent moneys are held on deposit in the Base Rentals Fund by the Trustee and available to pay Base Rentals. Base Rentals will be recalculated in the event of the issuance of Additional Certificates as provided in the Indenture and will also be recalculated in the event of a partial redemption of the Certificates.

Purchase Option Price. The Lease provides that the City may, on or after December 1, 2028, pay the then applicable Purchase Option Price for the purpose of terminating the Lease and the Site Lease in whole and purchasing the Trustee's leasehold interest in the Leased Property as further provided in the Lease. Subject to the Approval of Special Counsel, the District may also, at any time during the Lease Term, (1) prepay any portion of the Base Rentals due under the Lease and (2) in connection with such prepayment, recalculate the Base Rentals set forth in Exhibit C to the Lease (Base Rentals Schedule). The District is required to give the Trustee notice of its intention to exercise either of such options not less than forty- five (45) days in advance of the date of exercise and is required to deposit with the Trustee the applicable Purchase Option Price on or before such date or the applicable amount of Base Rentals to be prepaid.

Additional Rentals. The Lease also requires the District to pay Additional Rentals during the Lease Term on a timely basis directly to the person or entity to which such Additional Rentals are owed. Additional Rentals shall include, without limitation, the reasonable fees and expenses of the Trustee, reasonable expenses of the Trustee in connection with the Leased Property, and for the cost of taxes, insurance premiums, utility charges, maintenance, and repair costs, and all other expenses expressly required to be paid hereunder, including any Rebate Fund payments required pursuant to the Lease and the Indenture. All of the payments required by this paragraph are subject to Appropriation by the District; provided, however, a failure by the District to budget and appropriate moneys for any of the payments described in this paragraph shall constitute an Event of Nonappropriation.

Manner of Payment. The Base Rentals, for which an Appropriation has been effected by the District, and, if paid, the Purchase Option Price, shall be paid or prepaid by the District to the Trustee at its designated corporate trust office by wire transfer of federal funds, certified funds, or other method of payment acceptable to the Trustee in lawful money of the United States of America.

The obligation of the District to pay the Base Rentals and Additional Rentals as required under the Lease in any Fiscal Year for which an Appropriation has been effected by the District for the payment thereof shall be absolute and unconditional and payment of the Base Rentals and Additional Rentals in such Fiscal Years shall not be abated through accident or unforeseen circumstances, or any default by the Trustee under the Lease, or under any other agreement between the District and the Trustee, or for any other reason including without limitation, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Leased Property, commercial frustration of purpose, or failure of the Trustee, to perform and observe any agreement, whether expressed or implied, or any duty, liability, or obligation arising out of or connected with the Lease, it being the intention of the parties to the Lease that the payments required by the Lease will be paid in full when due without any delay or diminution whatsoever, subject only to the annually renewable nature of the District's obligation hereunder as set forth in the Lease, and further subject to the District's rights under Section 9.3 of the Lease. Notwithstanding any dispute between the District and the Trustee, the District shall, during the Lease Term, make all payments of Base Rentals and Additional Rentals in such Fiscal Years and shall not withhold any Base Rentals or Additional Rentals, for which an Appropriation has been effected by the District, pending final resolution of such dispute (except to the extent permitted by the Lease with respect to certain Additional Rentals), nor shall the District assert any right of set-off or counterclaim against its obligation to make such payments required under the Lease. No action or inaction on the part of the Trustee shall affect the District's obligation to pay

all Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the District for such purpose.

### **Nonappropriation by the District**

In the event that the District gives notice that it intends to not renew the Lease or the District shall not effect an Appropriation, on or before December 31 of each Fiscal Year, of moneys to pay all Base Rentals and reasonably estimated Additional Rentals coming due for the next ensuing Renewal Term as provided in the Lease, or in the event that the District is proceeding under the provisions of Section 10.3(c) of the Lease (when applicable) relating to certain events of damage, destruction and condemnation, an Event of Nonappropriation shall be deemed to have occurred; subject, however, to each of the following provisions:

(a) In the event the Trustee does not receive the written notice provided for by the Lease or evidence that an Appropriation has been effected by the District on or before December 31 of a Fiscal Year, then the Trustee shall declare an Event of Nonappropriation on the first Business Day of the February following such Fiscal Year or such declaration shall be made on any earlier date on which the Trustee receives official, specific written notice from the District that the Lease will not be renewed. In order to declare an Event of Nonappropriation, the Trustee shall send written notice thereof to the District.

(b) The Trustee shall waive any Event of Nonappropriation which is cured by the District, within 30 days of the receipt by the District of notice from the Trustee as provided in (a) above, by a duly effected Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term.

(c) Pursuant to the terms of the Indenture, the Trustee may waive any Event of Nonappropriation which is cured by the District within a reasonable time with the procedure described in (b) above.

If, during the Initial Term or any Renewal Term, any Additional Rentals become due which were not included in a duly effected Appropriation and moneys are not specifically budgeted and appropriated or otherwise made available to pay such Additional Rentals within 60 days subsequent to the date upon which such Additional Rentals are due, an Event of Nonappropriation is deemed to have occurred, upon notice by the Trustee to the District to such effect (subject to waiver by the Trustee).

If an Event of Nonappropriation occurs, the District is not obligated to make payment of the Base Rentals or Additional Rentals or any other payments under the Lease which accrue after the last day of the Initial Term or any Renewal Term during which such Event of Nonappropriation occurs; provided, however, that subject to certain limitations set forth in the Lease, the District shall continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the District continues to occupy, use, or retain possession of the Leased Property.

Subject to the holdover provisions set forth in the Lease, the District is required to vacate or surrender possession of the Leased Property by March 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred. After March 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred, the Trustee may proceed to exercise all or any Lease Remedies.

Upon the occurrence of an Event of Nonappropriation, (a) the Trustee is entitled to all moneys then being held in all funds created under the Indenture (except the Rebate Fund and any other defeasance escrow accounts) and (b) all property, funds, and rights then held or acquired by the Trustee upon the termination of the Lease by reason of an Event of Nonappropriation are to be held by the Trustee as set forth in the Indenture.

## **Holdover Tenant**

If the District fails to vacate the Leased Property after termination of the Lease, whether as a result of the occurrence of an Event of Nonappropriation or an Event of Lease Default, with the written permission of the Trustee the District will be deemed a holdover tenant on a month-to-month basis, and will be bound by all the terms, covenants and agreements of the Lease. Any holding over by the District without the written permission of the Trustee is considered to be at sufferance. The amount of rent to be paid monthly during any period when the District is deemed to be a holdover tenant will be equal to (a) one-sixth of the Interest Portion of the Base Rentals coming due on the next succeeding Base Rentals Payment Date plus one-twelfth of the Principal Portion of the Base Rentals coming due on the next succeeding Base Rentals Payment Date on which a Principal Portion of the Base Rentals would have been payable with appropriate adjustments to ensure the full payment of such amounts on the due dates thereof in the event termination occurs during a Renewal Term plus (b) Additional Rentals as the same shall become due.

## **Title to the Leased Property**

At all times during the Lease Term, title to the Leased Property shall remain in the District, subject to the Site Lease, the Lease, the Indenture and any other Permitted Encumbrances. Except for personal property purchased by the District at its own expense pursuant to the Lease, a leasehold estate in the Leased Property and any and all additions and modifications thereto and replacements thereof shall be held in the name of the Trustee until the Trustee has exercised Lease Remedies or until the Trustee's leasehold interest in the Leased Property is conveyed to the District as provided in the Lease, or until termination of the Site Lease, notwithstanding (a) the occurrence of an Event of Nonappropriation; (b) the occurrence of one or more Events of Lease Default; (c) the occurrence of any event of damage, destruction, condemnation, or construction, manufacturing or design defect or title defect; or (d) the violation by the Trustee of any provision of the Site Lease or the Lease. The Trustee shall not, in any way, be construed as the owner of the Leased Property.

## **No Encumbrance, Mortgage or Pledge of the Leased Property**

Except as may be permitted by the Lease, the District shall not permit any mechanic's or other lien to be established or remain against the Leased Property; provided that, if the District shall first notify both the Trustee of the intention of the District to do so, the District may in good faith contest any mechanic's or other lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Trustee shall notify the District that, in the opinion of Counsel, by nonpayment of any such items the Trustee's leasehold interest in the Leased Property will be materially endangered, or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the District is required to promptly pay and cause to be satisfied and discharged all such unpaid items (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such items). The Trustee will cooperate in any such contest. Except as may be permitted by the Lease, the District shall not directly or indirectly create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or claim on or with respect to the Leased Property, except Permitted Encumbrances. The District is required to promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, or claim not excepted above.

## **Maintenance and Modification of the Leased Property**

Maintenance of the Leased Property by the District. Subject to its right to not appropriate and as otherwise provided in the Lease with respect to damage, destruction, or condemnation, the District has agreed that at all times during the Lease Term, the District will maintain, preserve and keep the Leased Property or cause the Leased Property to be maintained, preserved, and kept, in good repair, working order, and condition, and from time to time make or cause to be made all necessary and proper repairs,

including replacements, if necessary. The Trustee has no responsibility for the making any additions, modifications, or replacements to the Leased Property.

Modification of the Leased Property; Installation of Furnishings and Machinery. The District is permitted to make additions, modifications, and improvements to the Leased Property, at its own cost and expense, as appropriate and any such additions, modifications, and improvements to the Leased Property shall be the property of the District subject to the Site Lease, the Lease, and the Indenture and shall be included under the terms of the Site Lease, the Lease, and the Indenture; provided, however, that such additions, modifications, and improvements shall not in any way damage the Leased Property or cause the Leased Property to be used for purposes other than lawful governmental functions of the District (except to the extent of permitted subleasing) or cause the District to violate its tax covenant as provided in the Lease; and provided that the Leased Property, as improved or altered, upon completion of such additions, modifications, and improvements, shall be of a value not less than the value of the Leased Property immediately prior to such making of additions, modifications, and improvements.

The District may also, from time to time in its sole discretion and at its own expense, install machinery, equipment, and other tangible property in or on any Leased Property. All such machinery, equipment, and other tangible property remains the sole property of the District in which the Trustee shall not have any interest. However, title to any such machinery, equipment, and other tangible property shall become part of the Leased Property and be included under the terms of the Lease to the extent that (a) any such machinery, equipment, or other tangible property is permanently affixed to the Leased Property or (b) the removal of such machinery, equipment, or other tangible property would damage or impair the Leased Property.

### **Taxes, Other Governmental Charges and Utility Charges**

In the event that the Leased Property shall, for any reason, be deemed subject to taxation, assessments, or charges lawfully made by any governmental body, the District shall pay the amount of all such taxes, assessments, and governmental charges then due, as Additional Rentals. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the District shall be obligated to provide for Additional Rentals only for such installments as are required to be paid during the upcoming Fiscal Year. Except for Permitted Encumbrances, the District shall not allow any liens for taxes, assessments, or governmental charges to exist with respect to the Leased Property (including, without limitation, any taxes levied upon the Leased Property which, if not paid, will become a charge on the rentals and receipts from the Leased Property, or any interest therein, including the leasehold interests of the Trustee), or the rentals and revenues. The District shall also pay as Additional Rentals, as the same respectively become due, all utility and other charges and fees and other expenses incurred in the operation, maintenance, and upkeep of the Leased Property.

The District may, at its expense, in good faith contest any such taxes, assessments, utility, and other charges and, in the event of any such contest, may permit the taxes, assessments, utility, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the District that, in the opinion of Counsel, by nonpayment of any such items the value of the Leased Property will be materially endangered or the Leased Property will be subject to loss or forfeiture, or the Trustee will be subject to liability, in which event such taxes, assessments, utility, or other charges shall be paid forthwith (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such taxes, assessments, utility, or other charges).

### **Required Insurance**

During the Initial Term and each Renewal Term and until termination of the Lease Term pursuant to the provisions thereof, the District shall, at its own expense, cause casualty and property damage insurance to be carried and maintained with respect to the Leased Property in an amount at least equal to the replacement cost of the Leased Property. Such insurance policy may have a deductible clause in an

amount deemed reasonable by the District, provided that such deductible amount in excess of \$100,000 shall be covered by self-insurance of the District. Such insurance policy must explicitly waive any co-insurance penalty. The District may, in its discretion, insure the Leased Property under blanket insurance policies which insure not only the Leased Property, but other buildings and equipment as well, as long as such blanket insurance policies comply with the requirements hereof.

If the District shall insure against similar risks by self-insurance, the District may, at its election, provide for casualty and property damage insurance with respect to the Leased Property, partially or wholly by means of a self-insurance fund. If the District shall elect to self-insure, the District Representative shall annually furnish to the Trustee a certification of the adequacy of the District's reserves.

Upon the execution and delivery of the Lease and until termination of the Lease Term pursuant to the provisions thereof, the District shall, at its own expense, cause public liability insurance to be carried and maintained with respect to the activities to be undertaken by the District in connection with the use of the Leased Property, in an amount not less than the limitations provided in the Colorado Governmental Immunity Act (Article 10 of Title 24, Colorado Revised Statutes, as amended). The public liability insurance required by this Section of the Lease may be by blanket insurance policy or policies. The District, at its election, may provide for such public liability insurance, partially or wholly by means of a self-insurance fund as provided by applicable law, in compliance with the requirements hereof. Any such self-insurance shall be deemed to be insurance coverage under the Lease.

Any casualty and property damage insurance policy required by the Lease shall be so written or endorsed as to make losses, if any, payable to the District and the Trustee, as their respective interests may appear. All insurance policies issued pursuant to the Lease, or certificates evidencing such policies, shall be deposited with the Trustee. No employee of the District shall have the power to adjust or settle any casualty or property damage loss with respect to the Leased Property that reduces the value of the Leased Property, whether or not covered by insurance, without the prior written consent of the Trustee; except that losses not exceeding \$100,000 may be adjusted or settled by the District without the Trustee's consent. The Trustee shall have no responsibility for the monitoring, renewing, or receiving of the insurance policies, or the certificates evidencing such policies, or the documents pertaining thereto, except as provided in the Lease.

### **Granting of Easements**

As long as no Event of Nonappropriation or Event of Lease Default shall have happened and be continuing, the Trustee shall upon the request of the District, (a) grant or enter into easements, permits, licenses, party wall and other agreements, rights-of-way (including the dedication of public roads), and other rights or privileges in the nature of easements, permits, licenses, party wall and other agreements and rights of way with respect to any property or rights included in the Lease (whether such rights are in the nature of surface rights, sub-surface rights or air space rights), free from the Lease and any security interest or other encumbrance created thereunder; (b) release existing easements, permits, licenses, party wall and other agreements, rights-of-way, and other rights and privileges with respect to such property or rights, with or without consideration; and (c) execute and deliver any instrument necessary or appropriate to grant, enter into or release any such easement, permit, license, party wall or other agreement, right-of-way or other grant or privilege upon receipt of: (i) a copy of the instrument of grant, agreement, or release and (ii) a written application signed by the District Representative requesting such grant, agreement, or release and stating that such grant, agreement, or release will not materially impair the effective use or materially interfere with the operation of the Leased Property.

### **Damage, Destruction and Condemnation**

Damage, Destruction and Condemnation. If, during the Lease Term (a) the Leased Property shall be destroyed (in whole or in part), or damaged by fire or other casualty; or (b) title to, or the temporary or

permanent use of, the Leased Property or the estate of the District or the Trustee in the Leased Property is taken under the exercise of the power of eminent domain by any governmental body or by any person, firm, or entity acting under governmental authority; or (c) a breach of warranty or a material defect in the construction, manufacture, or design of the Leased Property becomes apparent; or (d) title to or the use of all or a portion of the Leased Property is lost by reason of a defect in title thereto; then the District shall be obligated to continue to pay Base Rentals and Additional Rentals pursuant to the Lease (subject to Article 6 of the Lease).

Obligation to Repair and Replace the Leased Property. The District and the Trustee, to the extent Net Proceeds are within their respective control, are required to cause such Net Proceeds of any insurance policies, performance bonds, or condemnation awards to be deposited in a separate trust fund. All Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement, or replacement of the Leased Property by the District, upon receipt of requisitions signed by the District Representative.

The District and the Trustee shall agree to cooperate and use their best reasonable efforts subject to the terms of the Indenture to enforce claims which may arise in connection with material defects in the construction, manufacture, or design of the Leased Property or otherwise. If there is a balance of any Net Proceeds allocable to the Leased Property remaining after such repair, restoration, modification, improvement, or replacement has been completed, this balance shall be used by the District, to: (a) add to, modify, or alter the Leased Property or add new components thereto, or (b) prepay the Base Rentals with a corresponding adjustment in the amount of Base Rentals payable under Exhibit C (Base Rentals Schedule) to the Lease or (c) accomplish a combination of (a) and (b).

Any repair, restoration, modification, improvement, or replacement of the Leased Property paid for in whole or in part out of Net Proceeds allocable to the Leased Property shall be the property of the District, subject to the Site Lease, the Lease, and the Indenture and shall be included as part of the Leased Property under the Lease.

Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification, improvement, or replacement of the Leased Property required under Section 10.2 of the Lease, the District may elect to:

(a) complete the work or replace such Leased Property (or portion thereof) with similar property of a value equal to or in excess of such portion of the Leased Property and pay as Additional Rentals, to the extent amounts for Additional Rentals which have been specifically appropriated by the District are available for payment of such cost, any cost in excess of the amount of the Net Proceeds allocable to the Leased Property, and the District agrees that, if by reason of any such insufficiency of the Net Proceeds allocable to the Leased Property, the District shall make any payments pursuant to the provisions of this paragraph, the District shall not be entitled to any reimbursement therefor from the Trustee, nor shall the District be entitled to any diminution of the Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the District for such purpose, payable under Article 6 of the Lease; or

(b) apply the Net Proceeds allocable to the Leased Property to the payment of the Purchase Option Price in accordance with Article 12 of the Lease, or an appropriate portion thereof. In the event of an insufficiency of the Net Proceeds for such purpose, the District shall, subject to the limitations of Section 6.1 of the Lease, pay such amounts as may be necessary to equal that portion of the Purchase Option Price which is attributable to the Leased Property for which Net Proceeds have been received (as certified to the Trustee by the District); and in the event the Net Proceeds shall exceed such portion of the Purchase Option Price, such excess shall be used as directed by the District in the same manner as set forth in Section 10.2 of the Lease; or

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

The above referenced election shall be made by the District within 90 days of the occurrence of an event specified in Section 10.1 of the Lease (Damage, Destruction and Condemnation). It is declared in the Lease to be the District's present intention that, if an event described in Section 10.1 of the Lease (Damage, Destruction and Condemnation) should occur and if the Net Proceeds shall be insufficient to pay in full the cost of repair, restoration, modification, improvement or replacement of the Leased Property, the District would use its best efforts to proceed under either paragraph (a) or paragraph (b) above; but it is also acknowledged that the District must operate within budgetary and other economic constraints applicable to it at the time, which cannot be predicted with certainty; and accordingly the foregoing declaration shall not be construed to contractually obligate or otherwise bind the District.

### **Substitution of Leased Property**

So long as no Event of Default or Event of Nonappropriation shall have occurred and be continuing, the District shall be entitled to substitute any improved or unimproved real estate (collectively, the "Replacement Property"), for any Leased Property then subject to the Site Lease, the Lease, and the Indenture, upon receipt by the Trustee of a written request of the District Representative requesting such release and substitution, provided that:

- i. such Replacement Property shall have an equal or greater value and utility (but not necessarily the same function) to the District as the Leased Property proposed to be released, as determined by a certificate from the District to that effect;
- ii. the fair market value of Replacement Property shall be not less than the fair market value of the Leased Property proposed to be released from the Lease and the Indenture, or, in the alternative, the fair market value of the Leased Property remaining after the proposed release shall be at least equal to the aggregate principal amount of the Outstanding Certificates. The fair market value of any improved or unimproved real property shall be determined by an M.A.I. appraisal report prepared by an independent real estate appraiser and submitted by the District to the Trustee; and
- iii. the execution and delivery of such supplements and amendments to the Site Lease, as applicable, the Lease, and the Indenture and any other documents necessary to subject any Replacement Property to be substituted for the portion of the Leased Property to be released to the lien of the Indenture.

The Trustee shall cooperate with the District in implementing the District's rights to release and substitute property pursuant to the provisions described above and shall execute any and all conveyances, releases, or other documents necessary or appropriate in connection therewith. The District agrees that any cash paid to the Trustee pursuant to the provisions described above shall be used to redeem or defease Outstanding Certificates.

### **Purchase Option**

The District has the option to purchase the Trustee's leasehold interest in the Leased Property on or after December 1, 2028, but only if an Event of Lease Default or an Event of Nonappropriation has not occurred and is then continuing. The District shall give the Trustee notice of its intention to exercise its option not less than forty- five (45) days in advance of the date of exercise and shall deposit the required moneys with the Trustee on or before the date selected to pay the Purchase Option Price. The Trustee may waive such notice or may agree to a shorter notice period in the sole determination of the Trustee.



### **Conditions for Purchase Option**

The Trustee shall transfer and release the Trustee's leasehold interests in the Leased Property to the District in the manner provided for in Section 12.3 of the Lease; provided, however, that prior to such transfer and conveyance, either:

(d) the District shall have paid the then applicable Purchase Option Price which shall equal the sum of the amount necessary to defease and discharge the Indenture as provided therein (i.e., provision for payment of all principal and interest portions of any and all Certificates which may have been executed and delivered pursuant to the Indenture shall have been made in accordance with the terms of the Indenture) plus any fees and expenses then owing to the Trustee; or

(e) the District shall have paid all Base Rentals set forth in Exhibit C (Base Rentals Schedule) to the Lease, for the entire maximum Lease Term, and all then current Additional Rentals required to be paid pursuant to the Lease.

At the District's option, amounts then on deposit in any fund held under the Indenture (except the Rebate Fund and excluding any other defeasance escrow funds) may be credited toward the Purchase Option Price.

### **Release of Portions of the Leased Property**

When the principal component of Base Rentals paid by the District, plus the principal amount of any Certificates redeemed through optional redemption, or the total principal amount of Certificates paid or deemed to be paid pursuant to Article VI of the Indenture, equals the amount set forth in Exhibit E to the Lease, the cost of the corresponding portion of the Leased Property set forth in Exhibit E (or of any property substituted for such portion of the Leased Property pursuant to any provision of the Lease) shall be deemed to have been fully amortized and the Trustee shall execute and deliver to the District all documents necessary to release such portion of the Leased Property from the provisions of the Site Lease and the Lease (or any property substituted for such portion of the Leased Property pursuant to any provision of the Lease) and the lien thereon granted to the Trustee pursuant to the Indenture; provided, however, that the fair value of the remaining Leased Property shall be at least equal to 100% of the aggregate principal amount of the Certificates Outstanding at the time of such release, as certified in writing by the District Representative. See "INTRODUCTION--Security for the Certificates; Termination of Lease - Release of Portion of Leased Property; Substitution of Leased Property."

Upon such release of a portion of the Leased Property, the Trustee shall execute and deliver to the District all documents necessary or appropriate to convey the Trustee's leasehold interest in such portion of the Leased Property to the District, free of all restrictions and encumbrances imposed or created by the Lease, the Site Lease or the Indenture, in substantially the manner described in "Conditions for Purchase Option" above. After such release and conveyance, the property so released and conveyed shall no longer be a part of the Leased Property for any purpose of the Lease, the Site Lease or the Indenture. The Trustee shall fully cooperate with the District in executing, delivering and recording, at the District's expense, such documents as may be necessary to effectuate the provisions described above.

### **Assignment by the Trustee; Replacement of the Trustee**

The Lease may not be assigned by the Trustee for any reason other than to a successor by operation of law or to a successor trustee under the Indenture or with the prior written consent of the District which consent shall not be unreasonably withheld. The Trustee will notify the District of any assignment to a successor by operation of law.

If an Event of Lease Default or Event of Nonappropriation has occurred, the Trustee may act as provided in the Lease, including exercising the remedies set forth in Section 14.2 of the Lease, without the prior written direction of the District.

### **Assignment and Subleasing by the District**

The Lease may not be assigned by the District for any reason other than by operation of law to a successor entity organized and created by full or partial consolidation or merger with another political subdivision of the State of Colorado. However, the Leased Property may be subleased, as a whole or in part, by the District, without the necessity of obtaining the consent of the Trustee or any owner of Certificates subject to each of the following conditions:

(a) The Leased Property may be subleased, in whole or in part, only to an agency or department of, or a political subdivision of, the State, or to another entity or entities with Approval of Special Counsel;

(b) The Lease, and the obligations of the District thereunder, shall, at all times during the Lease Term remain obligations of the District, and the District shall maintain its direct relationships with the Trustee, notwithstanding any sublease;

(c) The District shall furnish or cause to be furnished to the Trustee a copy of any sublease agreement; and

(d) No sublease by the District shall cause the Leased Property to be used for any purpose which would cause the District to violate its tax covenants in the Lease.

### **Events of Lease Default**

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

(a) failure by the District to pay any Base Rentals or Additional Rentals, which have been specifically appropriated by the District for such purpose, during the Initial Term or any Renewal Term, within five (5) Business Days of the date on which they are due; or

(b) subject to the holdover tenant provisions of the Lease, failure by the District to vacate or surrender possession of the Leased Property by March 1 of any Renewal Term in respect of which an Event of Nonappropriation has occurred; or

(c) failure by the District to observe and perform any covenant, condition, or agreement on its part to be observed or performed under the Lease, other than as referred to in (a) or (b) (other than a failure to comply with the District's continuing disclosure undertaking), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied is received by the District from the Trustee unless the Trustee agrees in writing to an extension of such time prior to its expiration; however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not withhold its consent to an extension of such time if, in the Trustee's reasonable judgment, corrective action can be instituted by the District within the applicable period and diligently pursued until the default is corrected; or

(d) failure by the District to comply with the terms of the Site Lease.

The foregoing provisions of the Lease are subject to the following limitations: (i) the District is obligated to pay the Base Rentals and Additional Rentals, which have been specifically appropriated by the District for such purpose, only during the Lease Term, except as otherwise expressly provided in the Lease; and (ii) if, by reason of Force Majeure, the District or the Trustee shall be unable in whole or in

part to carry out any agreement on their respective parts in the Lease other than the District's agreement to pay the Base Rentals and Additional Rentals, the District or the Trustee, as the case may be, shall not be deemed in default during the continuance of such inability. The District and the Trustee each agree, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the District or the Trustee, as the case may be, from carrying out their respective agreements; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the District.

### **Remedies on Default; Limitations on Remedies**

Remedies on Default. Whenever any Event of Lease Default has happened and is continuing beyond any applicable cure period, the Trustee may, or shall at the request of the owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as to costs and expenses as provided in the Indenture, without any further demand or notice, take one or any combination of the following remedial steps:

- (a) terminate the Lease Term and give notice to the District to vacate and surrender possession of the Leased Property, which vacation and surrender the District agrees to complete within sixty (60) days from the date of such notice; provided, in the event the District does not vacate and surrender possession on the termination date, the holdover provisions of the Lease shall apply; or
- (b) lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property; or
- (c) recover from the District:
  - (i) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the City for such purpose, which would otherwise have been payable under the Lease, during any period in which the District continues to occupy, use, or possess the Leased Property; and; (ii) Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the District for such purpose, which would otherwise have been payable by the District under the Lease during the remainder, after the District vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs; or
- (d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, the Lease and the Indenture.

The Trustee shall also be entitled, upon any Event of Lease Default, to any moneys in any funds or accounts created under the Indenture (except the Rebate Fund or any other defeasance escrow accounts).

Limitations on Remedies. A judgment requiring a payment of money may be entered against the District by reason of an Event of Lease Default only as to the District's liabilities described in paragraph (c) above. A judgment requiring a payment of money may be entered against the District by reason of an Event of Nonappropriation only to the extent that the District fails to vacate and surrender possession of the Leased Property as required by the Lease, and only as to the liabilities described in paragraph (c)(i) above. The remedy described in paragraph (c)(ii) above is not available for an Event of Lease Default consisting of failure by the District to vacate and surrender possession of the Leased Property by the March 1 following an Event of Nonappropriation.

## **No Remedy Exclusive; Waivers**

Subject to the limitations on remedies described in the preceding paragraph, no remedy conferred upon or reserved to the Trustee is exclusive, and every remedy is cumulative and in addition to every other remedy given under the Lease or existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default impairs any such right or power or is to be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

The Trustee may waive any Event of Lease Default under the Lease and its consequences. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. Payment of Base Rentals or Additional Rentals by the District shall not constitute a waiver of any breach or default by the Trustee under the Lease.

## **THE INDENTURE**

### **General**

The Indenture is being executed and delivered to provide for the execution, delivery, and payment of and security for the Certificates. The Certificates evidence proportionate interests in the right to receive Base Rentals under the Lease and other Revenues. The Indenture is being executed and delivered by the Trustee for the benefit of the Owners of the Certificates. The Trust Estate secures the payment of the principal of and interest on the Certificates.

The Certificates shall not constitute a mandatory charge or requirement of the District in any ensuing Fiscal Year beyond the current Fiscal Year, and shall not constitute or give rise to a general obligation or other indebtedness of the District or a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the District, within the meaning of any constitutional, home rule charter, or statutory debt provision or limitation. No provision of the Certificates shall be construed or interpreted as creating a delegation of governmental powers nor as a donation by or a lending of the credit of the District within the meaning of Sections 1 or 2 of Article XI of the Colorado Constitution. The execution and delivery of the Certificates shall not directly or indirectly obligate the District to renew the Lease from Fiscal Year to Fiscal Year or to make any payments beyond those appropriated for the District's then current Fiscal Year.

### **Application of Revenues and Other Moneys**

All Base Rentals payable under the Lease and other Revenues shall be paid directly to the Trustee. If the Trustee receives any other payments on account of the Lease, the Trustee shall immediately deposit the same as provided below.

Except as otherwise provided in the Lease, the Trustee shall deposit all Revenues and any other payments received in respect of the Lease, immediately upon receipt thereof, to the "2018 Certificates of Participation Base Rentals Fund" in an amount required to cause the aggregate amount on deposit therein to equal the amount then required to make the principal and interest payments due on the Certificates on the next Interest Payment Date. In the event that the Trustee receives Prepayments under the Lease, the Trustee shall apply such Prepayments to the Optional Redemption of the Certificates or portions thereof in accordance with the Indenture.

## **Funds and Accounts**

The Indenture provides for the creation and establishment of the various funds and accounts as described in the following paragraphs. The Trustee holds these funds and accounts in trust for the benefit of the Owners of the Certificates.

Base Rentals Fund. The Base Rentals Fund shall be used for the deposit of all Revenues, upon receipt by the Trustee, except as otherwise provided in the Lease. Moneys in the Base Rentals Fund shall be used solely for the payment of the principal of and interest on the Certificates whether on an Interest Payment Date, at maturity, or upon prior redemption, except as provided in the Indenture with respect to transfers that may be made to the Rebate Fund.

The Base Rentals Fund shall be in the custody of the Trustee. Base Rental payments are due and payable to the Trustee on or before each May 15 and November 15 annually. The Trustee shall withdraw sufficient funds from the Base Rentals Fund to pay the principal of and interest on the Certificates as the same become due and payable whether on an Interest Payment Date, at maturity, or upon prior redemption, to the extent of the money on deposit therein.

Rebate Fund. A special fund is created and established under the Indenture to be held by the Trustee, and to be designated the “2018 Certificates of Participation Rebate Fund” (the “Rebate Fund”). There shall be deposited into the appropriate account in the Rebate Fund investment income on moneys in any fund created under the Indenture (except defeasance escrows), to the extent necessary to comply with the provisions of the relevant Tax Certificate. In addition to the deposit of investment income as provided in the Indenture, there shall be deposited into the appropriate account in the Rebate Fund moneys received from the District as Additional Rentals for rebate payments pursuant to the Lease; moneys transferred to an account in the Rebate Fund from any other fund created pursuant to the Indenture; and all other moneys received by the Trustee when accompanied by directions not inconsistent with the Lease or the Indenture that such moneys are to be paid into an account of the Rebate Fund. The District will cause (or direct the Trustee to cause) amounts on deposit in the appropriate account in the Rebate Fund to be forwarded to the United States Treasury at the address and times provided in the Tax Certificate, and in the amounts calculated to ensure that the District’s rebate obligations are met, in accordance with the District’s tax covenants in the Lease. Amounts on deposit in the Rebate Fund shall not be subject to the lien of the Indenture to the extent that such amounts are required to be paid to the United States Treasury.

If, at any time after the Trustee receives instructions by the District to make any payments from the Rebate Fund, the Trustee determines that the moneys on deposit in an account of the Rebate Fund are insufficient for the purposes thereof, and if the Trustee does not receive Additional Rentals or cannot transfer investment income so as to make the amount on deposit in the appropriate account in the Rebate Fund sufficient for its purpose, the Trustee may transfer moneys to an account in the Rebate Fund from the Base Rentals Fund. Any moneys so advanced shall be included in the District’s estimates of Additional Rentals for the ensuing Fiscal Year pursuant to the Lease and shall be repaid to the fund from which advanced upon payment to the Trustee of such Additional Rentals. Upon receipt by the Trustee of an opinion of Special Counsel acceptable to the Trustee to the effect that the amount in an account of the Rebate Fund is in excess of the amount required to be therein pursuant to the provisions of the relevant Tax Certificate, such excess shall be transferred to the Base Rentals Fund.

The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report. The District may, at its own expense, retain an independent firm of professionals in such area to calculate such rebate amounts.

Notwithstanding the foregoing, in the event that the Lease has been terminated or the District has failed to comply with Section 11.5 thereof so as to make the amount on deposit in the appropriate account in Rebate Fund sufficient for its purpose, the Trustee shall make transfers of investment income or of

moneys from the above-described funds in such combination as necessary to make the required payments to the Department of Treasury

Costs of Execution and Delivery Fund. A special fund is created and established with the Trustee under the Indenture and denominated the “2018 Certificates of Participation Costs of Execution and Delivery Fund.” Upon the delivery of the Certificates there shall be deposited into the Costs of Execution and Delivery Fund from the proceeds of the Certificates the amount directed by the Indenture. Payments from the Costs of Execution and Delivery Fund shall be made by the Trustee upon receipt of a statement or a bill for the provision of Costs of Execution and Delivery of the Certificates approved in writing by the District Representative and (a) stating the payee, the amount to be paid and the purpose of the payment, and (b) certifying that the amount to be paid is due and payable, has not been the subject of any previous requisition and is a proper charge against the Costs of Execution and Delivery Fund.

Any moneys held in the Costs of Execution and Delivery Fund shall be invested by the Trustee in accordance with the Indenture. The Trustee shall transfer all moneys remaining in the Costs of Execution and Delivery Fund to the credit of the Base Rentals Fund upon the final payment of all Costs of Execution and Delivery, as certified in writing by the District Representative. Any amounts remaining in the Costs of Execution and Delivery Fund ninety (90) days after the execution and delivery of the Certificates shall be credited to the Base Rentals Fund or to pay costs of the Project.

Moneys to be Held in Trust. The ownership of the Base Rentals Fund, the Costs of Execution and Delivery Fund and all accounts within such Funds and any other fund or account created hereunder shall be held in trust by the Trustee for the benefit of the Owners of the Certificates; provided that moneys in the Rebate Fund shall be used only for the specific purpose described in “Rebate Fund” above.

### **Investment of Moneys**

All moneys held as part of the Base Rentals Fund, the Rebate Fund, the Costs of Execution and Delivery Fund, or any other fund or account created under the Indenture (other than any defeasance escrow accounts) shall be deposited or invested and reinvested by the Trustee, at the written direction of the District, in Permitted Investments; provided, however, that the Trustee shall make no deposits or investments of any fund or account created under the Indenture which shall interfere with or prevent withdrawals for the purpose for which the moneys so deposited or invested were placed in trust thereunder or for payment of the Certificates at or before maturity or interest thereon as required thereunder. The Trustee may make any and all such deposits or investments through its own investment department or the investment department of any bank or trust company under common control with the Trustee Except as otherwise provided in the Indenture, deposits or investments shall at all times be a part of the fund or account from which the moneys used to acquire such deposits or investments shall have come, and all income and profits on such deposits or investments shall be credited to, and losses thereon shall be charged against, such fund or account.

### **Events of Indenture Default**

Each of the following shall be an Event of Indenture Default:

- (a) Failure to pay the principal of or premium, if any, on any Certificate when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption;
- (b) Failure to pay any installment of interest on any Certificate when the same shall become due and payable;
- (c) the occurrence of an Event of Nonappropriation; or
- (d) the occurrence of an Event of Lease Default.

Upon the occurrence of any Event of Indenture Default, the Trustee shall give notice thereof to the Owners of the Certificates. The Trustee shall waive any Event of Nonappropriation which is cured by the District within thirty (30) days of the receipt of notice by the Trustee as provided in the Lease, by a duly effected Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term. The Trustee may waive any Event of Nonappropriation which is cured by the District within a reasonable time with the procedure described in the preceding sentence.

## **Remedies**

If any Event of Indenture Default occurs and is continuing, the Trustee may, or shall at the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as to costs and expenses as provided in the Indenture, without any further demand or notice, enforce for the benefit of the Owners of the Certificates each and every right of the Trustee as the lessee under the Site Lease and the lessor under the Lease. In exercising such rights of the Trustee and the rights given the Trustee under the Indenture, the Trustee may, or shall at the request of the owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as to costs and expenses as provided in the Indenture, take such action as, in the judgment of the Trustee, would best serve the interests of the Owners of the Certificates, including calling the Certificates for redemption prior to their maturity in the manner and subject to the provisions of Section 4.05 of the Indenture and exercising the Lease Remedies provided in the Lease; provided, however, that such action shall not include consequential or punitive damages against the District.

## **Legal Proceedings by Trustee; Owners may Direct Proceedings; Limitations on Actions by Owners**

Legal Proceedings by Trustee. If any Event of Indenture Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of all Outstanding Certificates and receipt of indemnity to its satisfaction, shall, in its capacity of Trustee hereunder:

(i) By mandamus, or other suit, action, or proceeding at law or in equity, enforce all rights of the Owners of the Certificates, including enforcing any rights of the Trustee in respect of the Trustee's leasehold interests in the Leased Property including its rights as lessor under the Lease and as lessee under the Site Lease and its rights under the Indenture and to enforce the provisions of the Indenture and any collateral rights hereunder for the benefit of the Owners of the Certificates; or

(ii) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of Certificates; or

(iii) Take any other action at law or in equity that may appear necessary or desirable to enforce the rights of the Owners of Certificates.

Discontinuance of Proceedings by Trustee. If any proceeding commenced by the Trustee on account of any Event of Indenture Default is discontinued or is determined adversely to the Trustee, then the Owners of Certificates shall be restored to their former positions and rights hereunder as though no such proceeding had been commenced.

Owners of Certificates May Direct Proceedings. The Owners of a majority in aggregate principal amount of Outstanding Certificates shall have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee hereunder, provided that such direction shall not be in conflict with any rule of law or with the Indenture or unduly prejudice the rights of minority Owners of Certificates.

Limitations on Actions by Owners of Certificates. No Owner of Certificates shall have any right to pursue any remedy hereunder unless:

- (i) the Trustee shall have been given written notice of an Event of Indenture Default;
  - (ii) the Owners of at least a majority in aggregate principal amount of all Outstanding Certificates shall have requested the Trustee, in writing, to exercise the powers hereinabove granted to or pursue such remedy in its or their name or names;
  - (iii) the Trustee shall have been offered indemnity satisfactory to it against fees, costs, expenses, and liabilities; and
  - (iv) the Trustee shall have failed to comply with such request within a reasonable time.
- Notwithstanding the provisions described above or any other provision of the Indenture, the obligation of the Trustee shall be absolute and unconditional to pay thereunder, but solely from the Revenues pledged under the Indenture, the principal of, premium, if any, and interest on the Certificates to the respective Owners thereof on the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payment.

#### **Application of Moneys in Event of Indenture Default**

Any moneys received, collected or held by the Trustee following an Indenture Event of Default (except for moneys held in the Rebate Fund or any other defeasance escrow account) shall be applied in the following order:

- (a) To the payment of the reasonable costs of the Trustee, including, but not limited to, its counsel fees, and disbursements of the Trustee, and the payment of its reasonable compensation, including any amounts remaining unpaid;
- (b) To the payment of interest then owing on the Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of interest ratably, without preference or priority of one Certificate over another or of any installment of interest over any other installment of interest; and
- (c) To the payment of principal or redemption price (as the case may be) then owing on the Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal or redemption price ratably, without preference or priority of one Certificate over another; and

The surplus, if any, shall be paid to the District.

#### **Duties of the Trustee; Other Provisions Related to the Trustee**

Duties of the Trustee. The Trustee accepts the provisions of the Site Lease, the Lease and the Indenture and accepts the trusts imposed upon it by the Indenture and agrees to perform said trusts, but only upon and subject to the express terms and conditions set forth in the Site Lease, the Lease and the Indenture, and no implied covenants or obligations shall be read into the Indenture, the Site Lease, or the Lease against the Trustee.



The Trustee covenants for the benefit of the Owners of the Certificates that the Trustee will observe and comply with its obligations under the Site Lease, the Lease, and the Indenture.

The Trustee shall at all times, to the extent permitted by law, defend, preserve and protect its interest in the Leased Property and the other property or property rights included in the Trust Estate and all the rights of the Owners under the Indenture against all claims and demands of all Persons whomsoever.

Before taking any action pursuant to the Indenture, the Trustee may require that satisfactory indemnity be furnished to it by the Certificate Owners for the reimbursement of all costs and expenses which it may incur and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state, or local statute, rule, law, or resolution related to the protection of the environment or hazardous substances, except liability which may result from its negligence or willful default, by reason of any action so taken.

Compensation. During the Lease Term, the Trustee shall be entitled to payment and reimbursement for its reasonable fees and expenses for its services rendered under the Indenture as and when the same become due and all expenses reasonably and necessarily made or incurred by the Trustee in connection with such services as and when the same become due, as provided in Section 6.2 of the Lease.

Notice of Default; Right to Investigate. The Trustee shall, within thirty (30) days after it receives notice thereof, give written notice by first class mail to the Owners of the Certificates of all Events of Indenture Default known to the Trustee and send a copy of such notice to the District, unless such defaults have been remedied. The Trustee shall not be deemed to have notice of any Event of Indenture Default unless it has actual knowledge thereof or has been notified in writing of such Event of Indenture Default by the District or the Owners of at least 25% in aggregate principal amount of the Outstanding Certificates. The Trustee may, however, at any time request the District to provide full information as to the performance of any covenant under the Lease; and, if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made an investigation into any matter related to the Site Lease, the Lease, and the Leased Property.

Obligation to Act on Defaults. If any Event of Indenture Default shall have occurred and be continuing of which the Trustee has actual knowledge or notice, the Trustee shall exercise such of the rights and remedies vested in it by the Indenture and shall use the same degree of care in their exercise as a prudent person would exercise or use in the circumstances in the conduct of his or her own affairs; provided, that if in the opinion of the Trustee such action may tend to involve extraordinary expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

Reliance on Requisition, etc. The Trustee may act on any written requisition, resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed or signed by the proper persons or to have been prepared and furnished pursuant to any of the provisions of the Indenture; and the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement.

The Trustee shall be entitled to rely upon opinions of Counsel and shall not be responsible for any loss or damage resulting from reliance in good faith thereon, except for its own negligence or willful misconduct.

Any action taken by the Trustee pursuant to the Indenture upon the request or authority or consent of any person who, at the time of making such request or giving such authority or consent is the Owner of any Certificate, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates delivered in exchange therefor or upon transfer or in substitution thereof.

### **Resignation and Removal of Trustee**

The Trustee may resign and be discharged of the trusts created by the Indenture by written resignation filed with the District not less than sixty (60) days before the date when it is to take effect; provided notice of such resignation is mailed by registered or certified mail to the Owner of each Outstanding Certificate at the address shown on the registration books. Such resignation shall take effect only upon the appointment of a successor Trustee. If no successor Trustee is appointed within sixty (60) days following the date designated for the resignation of the Trustee, the resigning Trustee may apply to a court of competent jurisdiction to appoint a successor Trustee. The rights of the Trustee to be held harmless, to insurance proceeds, or to other amounts due arising prior to the date of such resignation shall survive resignation.

Any Trustee may be removed at any time, after payment of all outstanding fees and expenses of the Trustee being so removed, by the District or by the Owners of a majority in principal amount of the Certificates then Outstanding, upon written notice being filed with the Trustee, the District and the Owner of each Outstanding Certificate at the address shown on the registration books. Such removal shall take effect only upon the appointment of a successor Trustee. The rights of the Trustee to be held harmless, to insurance proceeds or to other amounts due arising prior to the date of such removal shall survive removal.

### **Appointment of Successor Trustee; Merger of Trustee**

If the Trustee or any successor trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the District shall appoint a successor and shall cause a notice of such appointment to be mailed by registered or certified mail to the Owners of all Outstanding Certificates at the address shown on the registration books. If the District fails to make such appointment within thirty (30) days after the date notice of resignation is filed, the Owners of a majority in principal amount of the Certificates then Outstanding may do so. If Owners have failed to make such appointment within sixty (60) days after the date notice of resignation is filed, the Trustee may petition a court of competent jurisdiction to make such appointment.

Any successor trustee shall be a national or State bank with trust powers or a bank and trust company or a trust company, in each case having capital and surplus of at least \$50,000,000, if there be one able and willing to accept the trust on reasonable and customary terms.

Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any sale, merger or consolidation of its corporate trust business to which any Trustee under the Indenture shall be a party, shall be the successor trustee under the Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

### **Environmental Matters**

Any real property or interest in real property constituting any portion of the Trust Estate shall be subject to the following provisions:

(i) The Trustee's responsibilities for any interest in real property constituting any portion of the Trust Estate, prior to an Event of Indenture Default, shall be performed as Trustee on behalf of the Owners of the Certificates without any duty to monitor or investigate whether the real property constituting any portion of the Trust Estate complies with environmental laws or is subject to any Hazardous Substance.

(ii) Following an Event of Indenture Default, if the Trustee determines that the release, threatened release, use, generation, treatment, storage, or disposal of any Hazardous Substance on, under or about real property constituting any portion of the Trust Estate gives rise to any liability or potential liability under any federal, State, local or common law, or devalues or threatens to devalue such real property, the Trustee may take whatever action is deemed necessary by the Trustee to address the threatened or actual releases of Hazardous Substances, or to bring about or maintain such real property's compliance with federal, State, or local environmental laws and regulations.

### **Supplemental Indentures**

Amendments Not Requiring Certificate Owners' Consent. The Trustee may, with the written consent of the District, but without the consent of, or notice to, the Owners, enter into such indentures or agreements supplemental hereto, for any one or more or all of the following purposes:

- (a) to grant additional powers or rights to the Trustee;
- (b) to make any amendments necessary or desirable to obtain or maintain a rating from any Rating Agency rating the Certificates;
- (c) to authorize the execution and delivery of Additional Certificates for the purposes and under the conditions set forth in the Indenture;
- (d) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the Certificates; or
- (e) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity, or to correct or supplement any provision contained in the Indenture which may be defective or inconsistent with any other provisions contained in the Indenture or to make such other amendments to the Indenture which do not materially adversely affect the interests of the Owners of the Certificates.

### Amendments Requiring Certificate Owners' Consent.

(a) Exclusive of supplemental indentures and amendments covered by the Indenture, the written consent of the District and the consent of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, shall be required for any indenture or indentures supplemental hereto.

(b) Notwithstanding the foregoing, without the consent of the Owners of all the Certificates at the time Outstanding nothing contained in the Indenture shall permit, or be construed as permitting:

(i) A change in the terms of redemption or maturity of the principal amount of or the interest on any Outstanding Certificate, or a reduction in the principal amount of or premium

payable upon any redemption of any Outstanding Certificate or the rate of interest thereon, without the consent of the owner of such Certificate;

(ii) The deprivation of the owner of any Certificate then Outstanding of the lien created by the Indenture (other than as originally permitted thereby) without the consent of the Owner of such Certificate;

(iii) A privilege or priority of any Certificate or Certificates over any other Certificate or Certificates (except with respect to the possible subordination of Additional Certificates); or

(iv) A reduction in the aggregate principal amount of the Certificates required for consent to such supplemental indenture.

If at any time the District shall request the Trustee to enter into a supplemental indenture which requires the consent of the Certificate Owners, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed to the registered owners of the Certificates at the addresses last shown on the registration records of the Trustee. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Certificate Owners. If, within 60 days or such longer period as shall be prescribed by the District following the mailing of such notice, the required consents have been furnished to the Trustee as provided in the Indenture, no Certificate Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

#### **Amendment of the Lease and the Site Lease**

The Trustee and the District shall have the right to amend the Lease and the Site Lease, without consent of the Owners of the Certificates, for one or more of the following purposes:

(a) to add covenants of the Trustee or the District or to grant additional powers or rights to the Trustee;

(b) to make any amendments necessary or desirable to obtain or maintain a rating from any Rating Agency of the Certificates;

(c) in order to more precisely identify the Leased Property, including any substitutions, additions or modifications to the Leased Property as the case may be, as may be authorized under the Site Lease and the Lease;

(d) to make additions to the Leased Property, amend the schedule of Base Rentals and make all other amendments necessary for the execution and delivery of Additional Certificates in accordance with Section 2.08 of the Indenture;

(e) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the Certificates; or

(f) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any amendment thereto which may be

defective or inconsistent with any other provision contained therein or in the Indenture or in any amendment thereto or to make such other amendments to the Lease or the Site Lease which do not materially adversely affect the interests of the Owners of the Certificates.

If the Trustee or the District proposes to amend the Lease or the Site Lease in such a way as would materially adversely affect the interests of the Owners of the Certificates, the Trustee shall notify the Owners of the Certificates of the proposed amendment and may consent thereto only with the consent of the Owners of a majority in aggregate principal amount of the Outstanding Certificates; provided, that the Trustee shall not, without the unanimous consent of the Owners of all Outstanding Certificates, consent to any amendment which would (1) decrease the amounts payable in respect of the Lease, or (2) change the Base Rentals Payment Dates, or (3) change any of the prepayment provisions of the Lease.

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## APPENDIX C

### BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Certificates, 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 Standard & Poor's highest rating: AAA. 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants 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 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee, acting as registrar and paying agent, 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Certificates 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 Trustee 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, or the Trustee, 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 Trustee, 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 Certificates at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Certificates are required to be printed and delivered.

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

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



## **APPENDIX D**

### **FORM OF CONTINUING DISCLOSURE CERTIFICATE**

#### **ADAMS COUNTY FIRE PROTECTION DISTRICT, IN THE COUNTY OF ADAMS AND CITY AND COUNTY OF DENVER, COLORADO CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the Adams County Fire Protection District, in the County of Adams and City and County of Denver, Colorado (the “District”), in connection with its authorization, execution and delivery of a Lease Purchase Agreement, dated as of April 30, 2018 (the “Lease”), between ZB, National Association dba Zions Bank, solely in its capacity as trustee under the Indenture described herein (the “Trustee”), as lessor, and the District, as lessee, and the execution and delivery of the Certificates of Participation, Series 2018 in the aggregate principal amount of \$8,545,000 (the “2018 Certificates”) evidencing proportionate interests in the base rentals and other revenues under the Lease. The 2018 Certificates are being executed and delivered pursuant to an Indenture of Trust, dated as of April 30, 2018 (the “Indenture”), executed by the Trustee. The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the 2018 Certificates and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Material Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Participating Underwriter” shall mean the original underwriter of the 2018 Certificates required to comply with the Rule in connection with an offering of the 2018 Certificates.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

### SECTION 3. Provision of Annual Reports.

a. The District shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the District’s fiscal year of each year, commencing nine (9) months following the end of the District’s fiscal year ending December 31, 2018, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report. The information to be updated may be reported in any format chosen by the District; it is not required that the format reflected in the Official Statement be used in future years.

b. If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall file or cause to be filed with the MSRB, in a timely manner, a notice in substantially the form attached as Exhibit “A.”

c. The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(2) if the Dissemination Agent is other than the District, send written notice to the District at least forty-five (45) days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The District’s Annual Report shall contain or incorporate by reference the following:

a. A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, audited financial statements will be provided when and if available.

b. An update of the type of information identified in Exhibit “B” hereto, which is contained in the tables in the Official Statement with respect to the 2018 Certificates.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The District shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The District shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the events listed below with respect to the 2018 Certificates:

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults, if material;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers or their failure to perform;
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2018 Certificates, or other material events affecting the tax status of the 2018 Certificates;
- g. Modifications to rights of bondholders, if material;
- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution or sale of property securing repayment of the 2018 Certificates, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person;<sup>1</sup>

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<sup>1</sup> For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

m. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the 2018 Certificates; (ii) the date that the District shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the 2018 Certificates.

SECTION 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist the District in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the 2018 Certificates, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The District will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to

that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the 2018 Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Lease or the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the 2018 Certificates, and shall create no rights in any other person or entity.

DATE: April 30, 2018

ADAMS COUNTY FIRE PROTECTION  
DISTRICT, IN THE COUNTY OF ADAMS AND  
CITY AND COUNTY OF DENVER,  
COLORADO

By \_\_\_\_\_  
President of the Board, Adams County Fire  
Protection District

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**EXHIBIT "A"**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Adams County Fire Protection District, Adams County, and City and County of Denver, Colorado

Name of Issue: \$8,545,000 aggregate principal amount of Certificates of Participation, Series 2018, Evidencing Proportionate Interests in the Right to Receive Base Rentals and Other Revenues Under a Lease Purchase Agreement between ZB, National Association dba Zions Bank, as lessor, and the District, as lessee.

Date of Issuance: April 30, 2018.

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the 2018 Certificates as required by Section 11.6 of the Lease Purchase Agreement, dated as of April 30, 2018, and the Continuing Disclosure Certificate executed on April 30, 2018, by the District. The District anticipates that the Annual Report will be filed by \_\_\_\_\_, 20\_\_\_\_.

Dated: \_\_\_\_\_, \_\_\_\_\_

ADAMS COUNTY FIRE PROTECTION  
DISTRICT, IN THE COUNTY OF ADAMS AND  
CITY AND COUNTY OF DENVER,  
COLORADO

By: \_\_\_\_\_  
President of the Board, Adams County Fire  
Protection District

## **EXHIBIT “B”**

### **INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED**

Budget to Actual Comparison - District General Fund (*current year budget information found in audited financial statements only; no budget documents required to be filed*)  
General Fund-Statement of Revenues, Expenditures and Changes in Fund Balances  
History of Assessed Valuations and Mill Levies for the District  
Property Tax Collections in the District



## **APPENDIX E**

### **FORM OF OPINION OF SPECIAL COUNSEL**

April 30, 2018

Adams County Fire Protection District  
8055 Washington Street  
Denver, Colorado 80229

**\$8,545,000**

#### **CERTIFICATES OF PARTICIPATION, SERIES 2018**

**Evidencing Proportionate Interests in the Base Rentals and other Revenues under an  
Annually Renewable Lease Purchase Agreement, dated April 30, 2018,  
between ZB, National Association dba Zions Bank, as Trustee, as lessor,  
and the ADAMS COUNTY FIRE PROTECTION DISTRICT,  
(IN THE COUNTY OF ADAMS  
AND THE CITY AND COUNTY OF DENVER COLORADO), as lessee**

Ladies and Gentlemen:

We have acted as special counsel to the Adams County Fire Protection District (the "District"), in connection with its authorization, execution and delivery of the Site and Improvement Lease, dated as of April 30, 2018 (the "Site Lease"), between the District, as lessor, and ZB, National Association dba Zions Bank, solely in its capacity as trustee (the "Trustee") under the Indenture (as hereinafter defined), as lessee, and the Lease Purchase Agreement, dated as of April 30, 2018 (the "Lease"), between the Trustee, as lessor, and the District, as lessee. Certificates of Participation, Series 2018, dated April 30, 2018, in the aggregate principal amount of \$8,545,000 (the "Certificates"), are authorized under an Indenture of Trust, dated as of April 30, 2018 (the "Indenture"), executed and delivered by the Trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Site Lease, the Lease, and the Indenture. The Certificates evidence proportionate interests in the Base Rentals and certain other revenues paid under the Lease, as provided in the Certificates, the Lease and the Indenture.

In such capacity as special counsel, we have examined certified proceedings of the Board of Directors of the District, the Site Lease, the Lease, the Indenture, the Certificates, and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter.

Regarding questions of fact material to our opinions, we have relied upon the certified proceedings of the District, certifications of the Trustee, certifications of the underwriter of the Certificates, and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as special counsel that:

1. The Site Lease and the Lease have been duly authorized by the District and duly executed and delivered by authorized officials of the District and, assuming due authorization, execution, and delivery by the Trustee, constitute valid and binding obligations of the District. None of the Site Lease, the Lease, or the Certificates constitutes a general obligation, other indebtedness, or multiple fiscal year financial obligation of the District within the meaning of any constitutional, home rule charter, or statutory debt limitation. Notwithstanding the foregoing, the District's failure specifically to budget and appropriate funds to make payments due under the Lease for the ensuing Fiscal Year will extinguish the obligations of the District to pay Base Rentals and Additional Rentals beyond the then current Fiscal Year.

2. Assuming the due authorization, execution, and delivery of the Site Lease, the Lease, and the Indenture by the Trustee, and the due execution and delivery of the Certificates by the Trustee, the Certificates evidence valid and binding proportionate interests in the right to receive certain payments under the Lease.

3. The portion of the Base Rentals which is designated in the Lease as interest and paid as interest on the Certificates is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations beginning before January 1, 2018, and is excludable from Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof; except that we express no opinion as to the effect which any termination of the District's obligations under the Lease may have upon the treatment for federal or Colorado income tax purposes of any moneys received or paid under the Indenture subsequent to such termination. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the District's certified proceedings and in certain other documents and certain other certifications furnished to us.

The Certificates have been designated by the District as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code.

The opinions expressed in this opinion letter are subject to the following:

The rights of the owners of the Certificates and the enforceability of the Certificates, the Site Lease and the Lease are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In rendering the foregoing opinions, we are not opining upon matters relating to the corporate status of the Trustee, the power of the Trustee to execute or deliver the Site Lease, the Lease, the Indenture, or the Certificates, or the enforceability of the Site Lease, the Lease, the Indenture, or the Certificates against the Trustee.

In this opinion letter issued in our capacity as special counsel, we are opining only upon those matters set forth herein and we are not passing upon the accuracy, adequacy, or completeness of the Official Statement relating to the Certificates or any other statements made in connection with any offer or sale of the Certificates, or upon any federal or state tax consequences arising from the receipt or accrual of interest with respect to, or the rights and obligations under, the Site Lease, the Lease, or the Certificates, except those specifically addressed above, or upon any matters pertaining to the priority of any security instrument executed in connection with this transaction, the existence of any liens or other encumbrances on the Leased Property, the ownership of or proper description of any property included in the Leased Property, or any other real estate matters related to the Leased Property.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

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