This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MAY 18, 2016

NEW ISSUE
BOOK-ENTRY-ONLY

INSURED RATING: S&P Global Ratings: "AA"
INSURANCE: Assured Guaranty Municipal Corp.
UNDERLYING RATING: S&P Global Ratings: "AA"
(See "MISCELLANEOUS—Ratings")

In the opinion of Kutak Rock LLP, Special Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance by the County and the Trustee with certain covenants, the portion of the Base Rentals paid by the County which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates is excludable from gross income for federal and State of Colorado income tax purposes, and is not a specific preference item for purposes of the federal alternative minimum tax. See the caption "TAX MATTERS."

$20,910,000*
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2016
(Terry R. Harris Judicial Complex Project)
Evidencing Assignments of Interests in Payments to be made by
El PASO COUNTY, COLORADO
As Lessee Under a Lease Purchase Agreement

Dated: Date of Delivery **Due: December 1, as shown below**

The Certificates evidence assignments of proportionate undivided interests in rights to receive payments to be made by El Paso County, Colorado under an annually terminable Lease Purchase Agreement, dated as of March 15, 2007, as amended pursuant to the First Amendment to Lease Purchase Agreement, dated as of June 1, 2016, by and between El Paso County Facilities Corporation, a Colorado nonprofit corporation and El Paso County, Colorado. The Certificates will be executed and delivered pursuant to a Mortgage and Indenture of Trust, dated as of March 15, 2007, as supplemented by the First Supplemental Indenture of Trust, dated as of June 1, 2016, by and between U.S. Bank National Association, which is acting as trustee, and the Corporation. The Certificates will be fully registered and delivered in book-entry-only form and The Depository Trust Company will act as securities depository for the Certificates. Capitalized terms used on this cover page are defined in the Introduction to this Official Statement and in APPENDIX A. The Certificates mature, bear per annum interest and are priced or priced to yield as follows:

MATURITY SCHEDULE
CUSIP 283365[©1]

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	CUSIP[©1]	Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	CUSIP[©1]
2018	$1,405,000				2024	$1,760,000			
2019	1,460,000				2025	1,830,000			
2020	1,505,000				2026	1,905,000			
2021	1,565,000				2027	1,980,000			
2022	1,625,000				2028	2,060,000			
2023	1,695,000				2029	2,120,000			

The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by ASSURED GUARANTY MUNICIPAL CORP.

The Certificates are being issued to (i) refund a portion of the Certificates of Participation (Terry R. Harris Judicial Complex Project), Series 2007A, originally issued in the aggregate principal amount of $77,850,000; (ii) fund the costs of a reserve fund surety bond and the Policy; and (iii) pay the costs of issuance of the Certificates.

The net proceeds from the 2007A Certificates were used to (i) pay for the purchase by the Corporation of the Terry R. Harris Judicial Complex (the "Leased Property") from the County and (ii) finance the cost of certain improvement projects of the County. The Leased Property is being leased to the County from the Corporation pursuant to the Lease. The certificates are being issued on a parity with the unrefunded portion of the 2007A Certificates; provided, however, separate reserve accounts within the Reserve Fund secure each of the Certificates and the 2007A Certificates separately.

Neither the Lease nor the Certificates constitute a general obligation indebtedness or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of any constitutional or statutory limitation or requirement. None of the Lease, the Indenture or the Certificates directly or indirectly obligate the County to make any payments beyond those appropriated for any fiscal year in which the Lease shall 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 certain insurance policies and condemnation awards, from net proceeds from the liquidation or leasing of the Leased Property or from other amounts made available under the Indenture, the Certificates are payable during the Lease Term solely from Base Rentals to be paid by the County under the Lease. All payment obligations of the County under the Lease, including, without limitation, the obligation of the County to pay Base Rentals, are from year to year only and do not constitute a mandatory payment obligation of the County in any fiscal year beyond a fiscal year in which the Lease shall be in effect. The Lease is subject to annual renewal at the option of the County and will be terminated upon the occurrence of an Event of Nonappropriation or Event of Default. In such event, all payments from the County under the Lease will terminate, and the Certificates and the interest thereon will be payable from certain moneys, if any, held by the Trustee under the Indenture, and any moneys made available by action of the Trustee regarding the Leased Property.

The Certificates are subject to redemption as described herein.

This cover page contains certain information for quick reference only and is not a summary of the issue. Investors should read the Official Statement in its entirety to make an informed investment decision, giving particular attention to the section "RISK FACTORS."

The Certificates are offered when, as and if issued by the County, subject to the approval of legality and certain other matters by Kutak Rock LLP, as Special Counsel and subject to certain other conditions. Kutak Rock LLP has also been retained to assist the County in the preparation of this Official Statement. Certain legal matters will be passed upon for the County by Amy R. Folsom, Esq., County Attorney. George K. Baum has acted as financial advisor to the County in connection with the Certificates. The Certificates are expected to be available for delivery through the facilities of DTC on or about June __, 2016.

SELLING: _____, 2016, __:__ A.M. M.D.T.
MANNER OF SALE: (ELECTRONICALLY THROUGH PARITY)

This Official Statement is dated _____ __, 2016.

[1] The County takes no responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of owners of the Certificates.
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* Preliminary; subject to change.

El Paso County Facilities Corporation

Joseph A. Reich, Jr., President
Terry L. Storm, Vice President
Terry R. Harris, Secretary/Treasurer

El Paso County Board of Commissioners

Amy Lathen, Chair
Dennis Hisey, Vice Chair
Darryl Glenn, Commissioner
Sallie Clark, Commissioner
Peggy Littleton, Commissioner

County Officials

Henry Yankowski, County Administrator
Nicola Sapp, Chief Financial and Administrative Officer
Amy R. Folsom, County Attorney

Trustee

U.S. Bank National Association
Denver, Colorado

Financial Advisor

George K. Baum & Company
Denver, Colorado

Special Counsel

Kutak Rock LLP
Denver, Colorado

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

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

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Certificate Insurance" and "Exhibit G—Specimen Municipal Certificate Insurance Policy."

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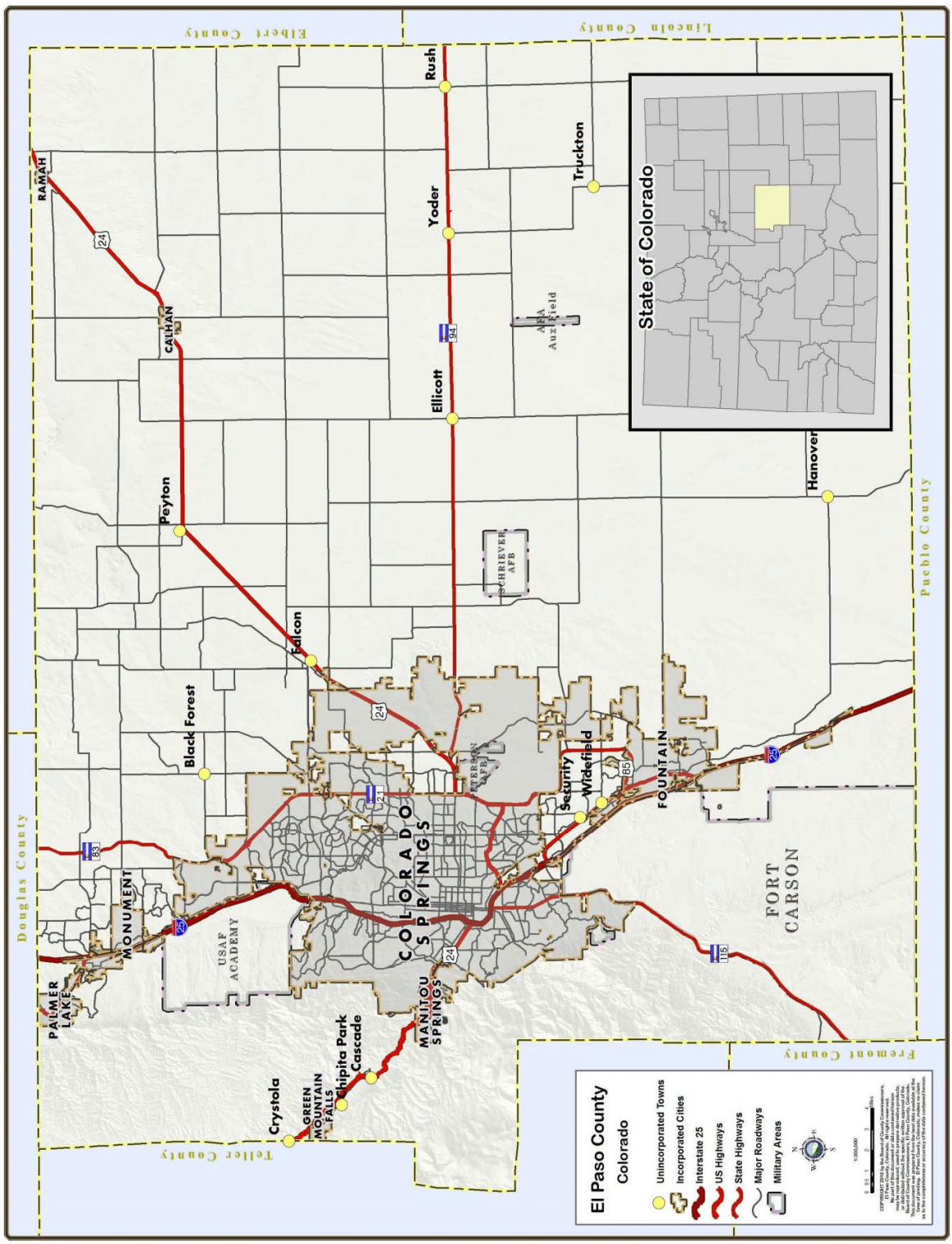
COUNTY MAP


El Paso County
Colorado
Unincorporated Towns
Incorporated Cities
Interstate 25
US Highways
State Highways
Major Roadways
Military Areas
State of Colorado
Elbert County
Lincoln County
Douglas County
Pueblo County
Teller County
Fremont County
COLORADO SPRINGS
FORT CARSON
USAF ACADEMY
PETERSON AFB
SCHRIEVER AFB
AFA Aux Field
MONUMENT
PALMER LAKE
MANITOU SPRINGS
Chipita Park
Cascade
GREEN MOUNTAIN FALLS
Crystola
Black Forest
Peyton
CALHAN
RAMAH
Falcon
Rush
Yoder
Truckton
Ellicott
Hanover
Security
Widefield
FOUNTAIN

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INTRODUCTION

This Official Statement is furnished to prospective purchasers of $20,910,000* Refunding Certificates of Participation (Terry R. Harris Judicial Complex Project), Series 2016, dated the date of their delivery (the "Certificates"), evidencing assignments of proportionate undivided interests in rights to receive payments to be made by El Paso County, Colorado (the "County") under an annually terminable Lease Purchase Agreement, dated as of March 15, 2007, as amended pursuant to the First Amendment to Lease Purchase Agreement, dated as of June 1, 2016 (the "Lease"), each by and between the El Paso County Facilities Corporation, a Colorado nonprofit corporation (the "Corporation"), as lessor, and the County, as lessee, for the purpose of (i) refunding a portion of the Certificates of Participation (Terry R. Harris Judicial Complex Project), Series 2007A, originally issued in the aggregate principal amount of $77,850,000 (the "2007A Certificates"); (ii) funding the costs of a reserve fund surety bond and the Policy (defined below); and (iii) pay the costs of issuance of the Certificates. The Certificates are being executed and delivered pursuant to a Mortgage and Indenture of Trust dated as of March 15, 2007, as supplemented pursuant to the First Supplemental Indenture of Trust, dated as of June 1, 2016 (the "Indenture"), each by and between the Corporation and U.S. Bank National Association, as trustee (the "Trustee"). The net proceeds from the 2007A Certificates were used to (i) pay for the purchase by the Corporation of the Terry R. Harris Judicial Complex and (ii) finance the cost of the certain improvement projects of the County (collectively, the "Leased Property"). The Leased Property is being leased to the County from the Corporation pursuant to the Lease. The Corporation has assigned its rights to receive payments under the Lease to the Trustee pursuant to the Indenture. See the caption "THE LEASED PROPERTY." The offering of the Certificates is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Certificates. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

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

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

The County..... The County was formed in 1861 and is a duly and regularly created, organized and existing political subdivision under the constitution and laws of the State of Colorado (the "State"). The County contains approximately 2,158 square miles in the south central Colorado Front Range area and includes the cities of Colorado Springs, Manitou Springs and Fountain, and the towns of Palmer Lake, Monument, Green Mountain Falls, Ramah and Calhan. With a 2014 population of 665,070, the County is the largest county, by population, in the State. See "THE COUNTY" and "COUNTY MAP."

The Corporation..... The Corporation is a Colorado nonprofit corporation formed on November 8, 1995 for the purpose, among others, of purchasing, leasing, or otherwise acquiring real property for lease to the County. In the Indenture, the Corporation assigns its rights and interests under the Lease (except certain rights to payment or reimbursement of certain fees and expenses) to the Trustee for the benefit of the Participants (defined below) with respect to the Certificates. The Corporation is not

* Preliminary; subject to change.

financially liable for, and will not make, any Lease payments; accordingly, neither the Participants nor the Beneficial Owners (as defined in APPENDIX A) will have the right to look to the Corporation for any payment of the Certificates, the interest thereon, or for any other payments. See "THE CORPORATION."

Purpose ..... The proceeds from the sale of the Certificates will be used for the purpose of (i) refunding a portion of the 2007A Certificates; (ii) funding the costs of a reserve fund surety bond and the Policy; and (iii) pay the costs of issuance of the Certificates See "THE CERTIFICATES—Application of Certificate Proceeds." The 2007A Certificates were issued to pay for the purchase by the Corporation of the Leased Property from the County and (ii) finance the cost of certain improvement projects of the County, some of which are not part of the Leased Property.

The Leased Property ..... The Leased Property consists of the Terry R. Harris Judicial Complex. The Leased Property is being leased to the County from the Corporation pursuant to the Lease. See "THE LEASED PROPERTY." Summaries of the Lease are provided in APPENDIX A.

The Certificates are payable from amounts which may be appropriated annually by the County to make rental payments to the Trustee pursuant to the Lease, from certain Net Proceeds of insurance policies or condemnation awards, if any, from interest earnings on moneys in certain funds and accounts or from Net Proceeds from the liquidation or leasing of the Leased Property, if any.

Security ..... The Certificates evidence assignments of proportionate undivided interests in the right to receive Revenues under the Lease. The Certificates will be issued on a parity with the unrefunded portion of the 2007A Certificates in the aggregate principal amount of $38,855,000*; provided, however, separate reserve accounts within the Reserve Fund secure each of the Certificates and the 2007A Certificates separately.

"Revenues" means (a) all amounts payable by or on behalf of the County with respect to the Leased Property pursuant to the Lease including, but not limited to, all Base Rentals, Purchase Option Prices, if any, and Net Proceeds, if any, but not including Additional Rentals other than Reserve Fund payments or deposits, payable thereunder; (b) any portion of the proceeds of the Certificates deposited with the Trustee in the Certificate Fund or the Reserve Fund; (c) any earnings on moneys on deposit in the Certificate Fund and the Reserve Fund; (d) all other revenues derived from the Lease, excluding Additional Rentals other than those constituting Reserve Fund payments; and (e) any other moneys to which the Trustee may be entitled for the benefit of the owners of the Certificates. As more fully set forth under the caption "DEFINITIONS" in APPENDIX A, the term "Base Rentals" generally means the amount payable by the County under the Lease during the Lease Term for the right to use the Leased Property (the schedule of payments of Base

* Preliminary; subject to change.

Rentals is designed to produce moneys sufficient to pay the Certificates), and the term "Additional Rentals" generally means the cost of maintenance and repair, insurance and utility charges with respect to the Leased Property, the reasonable fees and expenses of the Trustee, and certain other costs and charges payable by the County under the Lease. See "COUNTY FINANCIAL INFORMATION—Sales and Use Tax."

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

Neither the Certificates nor the Lease constitute a mandatory payment obligation in any Fiscal Year beyond a Fiscal Year for which the County has appropriated amounts to make payments under the Lease. The County may terminate its obligations under the Lease on an annual basis. The exercise by the County of its option to terminate its obligations under the Lease (which exercise is defined as an "Event of Nonappropriation") is determined by the failure of the Board of County Commissioners of the County (the "County Board") to specifically appropriate moneys sufficient to pay all Base Rentals and reasonably estimated Additional Rentals as provided in the Lease. Upon the occurrence of an Event of Nonappropriation or Event of Default (as defined herein), the Trustee is entitled to possession of the Leased Property, is to give notice to the County to vacate the Leased Property, may sell the Leased Property, or otherwise dispose of the Leased Property in such manner as may be determined by the Trustee to be in the best interests of the Owners, or exercise any other remedies available to the Trustee. See "THE CERTIFICATES—Security for the Certificates."

The County has the option to purchase the Leased Property in accordance with the Lease by paying the Purchase Option Price (as more particularly defined herein), generally equal to an amount sufficient to effect a defeasance of the Certificates, the 2007A Certificates, the Certificates and any Additional Certificates then Outstanding. See "THE LEASE" in APPENDIX A. The Trustee is required to use the Purchase Option Price to pay the principal of, premium (if any) and interest on such certificates.

The Corporation does not have any obligation to, and shall not, make any payment on the Certificates or pursuant to the Lease. The Lease requires the County to pay, all expenses, taxes, fees and costs associated with the Leased Property. There is no act or performance required by the Corporation, the failure of which will excuse the County from its

obligations under the Lease, including, but not limited to, its obligations to pay the Base Rentals.

Certificate Insurance..... Assured Guaranty Municipal Corp. ("AGM" or the "Certificate Insurer") has committed to issue, effective as of the date of issuance of the Certificates, a policy of insurance (the "Insurance Policy" or "Policy") guaranteeing the payment, when due, of the principal of and interest on the Certificates. The insurance extends over the life of the issue and cannot be canceled by AGM. Payment under the Policy is subject to the conditions described in "CERTIFICATE INSURANCE." A specimen of the Insurance Policy is attached as APPENDIX G to this Official Statement. See "CERTIFICATE INSURANCE."

Additional Certificates ..... The Indenture permits the issuance of additional certificates secured under the Indenture on a parity with the Certificates and the 2007A Certificates; provided, however, separate reserve accounts within the Reserve Fund secure each of the Certificates and the 2007A Certificates separately. Summaries of the Indenture are provided in APPENDIX A."

Payment Provisions ..... The Certificates mature and bear interest at the rates (computed on the basis of a 360-day year of twelve 30-day months) as set forth on the cover page hereof. Interest on the Certificates is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2016. Payments to Beneficial Owners will be made as described in "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM."

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

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

Prior Redemption..... The Certificates are subject to redemption as set forth in "THE CERTIFICATES—Redemption Provisions."

Registration and Denominations..... The Certificates will be issued in denominations of $5,000 or any integral multiple thereof.

Tax Status..... In the opinion of Kutak Rock LLP, Special Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance by the County and the Trustee with certain covenants, the portion of the Base Rentals paid by the County which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates is excludable from gross income for federal and State of Colorado income tax purposes, and is not a specific preference item for purposes of the federal alternative minimum tax. See the caption "TAX MATTERS."

Special Counsel has disclaimed any opinion regarding the tax status of the Certificates subsequent to the termination of the Lease. See "RISK FACTORS—Federal Securities Law and Tax Law Effects on the Certificates of an Event of Nonappropriation or an Event of Default."

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

Delivery Information..... The Certificates offered when, as, and if issued by the County, subject to the approving legal opinion of Special Counsel. It is expected that the Certificates will be available for delivery on or about June __, 2016, against payment therefor.

Exchange and Transfer..... While the Certificates remain in book-entry-only form, transfer of ownership by Beneficial Owners may be made as described under the caption "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM." In the event that DTC ceases to act as securities depository for the Certificates, the Indenture provides for the transfer of Certificates by the Registrar pursuant to specified terms and provisions.

Financial Statements ..... Appended hereto are the audited basic financial statements of the County as of and for the year ended December 31, 2014, being the most recent audited financial statements available. It is expected that the audited basic financial statements of the County as of and for the year ended December 31, 2015 will be available by June 15, 2016.

ALL OF THE SUMMARIES OF THE STATUTES, RESOLUTIONS, OPINIONS, CONTRACTS, AND AGREEMENTS DESCRIBED IN THIS OFFICIAL STATEMENT ARE SUBJECT TO THE ACTUAL PROVISIONS OF SUCH DOCUMENTS. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from: El Paso County Administration and Financial Services, located at 200 South Cascade Avenue, Suite 150, in Colorado Springs, Colorado 80903-2208, Telephone: (719) 520-6481.

THE CERTIFICATES

The maturities, principal amounts and interest rates for the Certificates are set forth on the cover page hereof. Provisions regarding payment of principal and interest, prior redemption, anticipated delivery and certain other matters are described in the "INTRODUCTION." The Certificates are being delivered pursuant to the Indenture. For a complete statement of the details and provisions of the Certificates, reference is made to the Lease and the Indenture, copies of which are available from the Underwriter prior to delivery of the Certificates. See "INTRODUCTION" and see "APPENDIX A—CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN TERMS OF THE LEASE AND THE INDENTURE."

Redemption Provisions

Pursuant to the Indenture, the Certificates are subject to redemption as described below.

Optional Redemption. Certificates maturing on or before December 1, 20__ shall not be callable for optional redemption prior to maturity, and the Certificates maturing on or after December 1, 20__, shall be callable for redemption prior to maturity, at the option of the County, in whole or in part, and if in part in such order of maturity as the County shall determine and by lot within any maturity in such manner as the Trustee shall determine, on December 1, 20__ and on any date thereafter at the redemption price (expressed as a percentage of principal amount) of 100%, plus accrued interest to the redemption date.

Extraordinary Optional Redemption. The Certificates shall be called for redemption, in whole, at a redemption price (expressed as a percentage of principal amount) of 100%, plus accrued interest to the redemption date, on any Interest Payment Date in the event of the exercise by the County of its option to purchase the Leased Property, as provided in the Lease, upon payment of the then applicable Purchase Option Price from moneys of the County not borrowed by the County or derived from any installment purchase or lease purchase financing by the County.

The Certificates shall be called for redemption, in whole, at a redemption price (expressed as a percentage of principal amount) of 100%, plus accrued interest to the redemption date, on any Interest Payment Date in the event of the exercise by the County of its option to purchase the Leased Property, as provided in the Lease, upon payment of the then applicable Purchase Option Price from moneys of the County not borrowed by the County or derived from any installment purchase or lease purchase financing by the County.

Notice of Redemption. Notice of the call for any redemption, identifying the Certificates or portions thereof to be redeemed and specifying the terms of such redemption, shall be given by the Trustee by mailing a copy of the redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption, to the registered owner of each Certificate to be redeemed, at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Certificates as to which no such failure has occurred. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Certificates called for redemption, which moneys are or will be available for redemption of Certificates, such notice will state that it is conditional upon the deposit of

the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

The Trustee shall pay to the registered owners of Certificates so redeemed, the amounts due on their respective Certificates, at the principal corporate trust office of the Trustee upon presentation and surrender of the Certificates. Redemption payments shall be accompanied by a written designation prepared by the Trustee stating the portion of the payment representing the unpaid principal amount of the Certificate immediately prior to the payment, the portion of the payment representing interest and the remaining portion, if any, which shall be designated and paid as a redemption premium.

All Certificates called for redemption will cease to bear interest after the specified redemption date, provided that sufficient funds for redemption are on deposit with the Trustee.

Application of Certificate Proceeds

The Certificates are being issued to (i) refund a portion of the 2007A Certificates eligible to be advance refunded under the Code, in the principal amount of $21,895,000*, Certificates of Participation (Terry R. Harris Judicial Complex Project), Series 2007A; (ii) fund the costs of a reserve fund surety bond and the Policy; and (iii) pay the costs of issuance of the Certificates. The net proceeds from the 2007A Certificates were used to (i) pay for the purchase by the Corporation of the Leased Property from the County and (ii) finance the cost of certain improvement projects of the County.

Refunding Plan. The Certificates are being issued for the purpose of refunding a portion of the Certificates of Participation (Terry R. Harris Judicial Complex Project), Series 2007A, originally issued in the aggregate principal amount of $77,850,000, and currently outstanding in the principal amount of $60,750,000 (as previously defined, the "2007A Certificates"). The portion of the 2007A Certificates maturing on and after December 1, 2018, in the principal amount of $21,895,000* (the "Refunded Certificates"), are being refunded with net proceeds of the Certificates. The Refunded Certificates bear interest at rates ranging from 4.00% to 4.50% per annum and are subject to optional redemption on December 1, 2017 (the "Redemption Date") at a price of 100% of the principal amount so redeemed, plus accrued interest to the date of redemption, without a redemption premium (the "Redemption Price"). A remaining portion of the 2007A Certificates in the aggregate principal amount of $38,855,000*, are not a part of the refunding.

Upon issuance of the Certificates, the proceeds of the Certificates, will be deposited into the Escrow Fund (the "Escrow Fund") created pursuant to the Indenture and a Refunding Escrow Agreement (the "Escrow Agreement") by and among the Corporation, the County and U.S. Bank National Association, as escrow agent thereunder (the "Escrow Agent"). The moneys in the Escrow Fund will be used by the Escrow Agent to acquire direct, noncallable obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America ("U.S. Government Obligations"), the maturing principal of and interest on which when due, together with cash held in the Escrow Fund, will be sufficient to pay the interest on the Refunded Certificates as the same become due and to redeem the Refunded Certificates on the Redemption Date at a price of par and accrued interest to the redemption date. The County, pursuant to a resolution adopted prior to the date of issuance of the Certificates, and the Corporation, pursuant to the Escrow Agreement, have provided irrevocable direction to the Escrow Agent, in its capacity as trustee for the Refunded Certificates, that the Refunded Certificates are to be called for redemption on the Redemption Date at the Redemption Price.

* Preliminary; subject to change.

A certified public accountant will deliver a report verifying (a) the adequacy of the maturing principal of and interest on the U.S. Government Obligations when due and the cash on deposit in the Escrow Fund will be sufficient to pay the maturing principal of and interest on the Refunded Certificates when due and the redemption price thereof on the Redemption Date, and (b) certain computations supporting the conclusion of Special Counsel that the Certificates are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Sources and Uses. The estimated source and uses of the proceeds of the Certificates and other legally available revenues of the County to be contributed to the refunding and defeasance of the Refunded Certificates is as follows.

Sources	
Par Amount of Certificates	
Net Original Issue Premium	
Total Sources	
Uses	
Deposit to Escrow Fund	
Certificate issuance costs, including, without limitation, title insurance, surety bond and Policy premium, and underwriting discount [1]	
Total Uses	

[1] See "MISCELLANEOUS—Underwriting."
Source: The Underwriter

Security for the Certificates

Generally. Each Certificate represents an undivided interest in the right to receive Lease Revenues and is payable solely from the Trust Estate in accordance with, and subject to the terms of the Indenture. The Trust Estate is defined to include: (a) all rights, title and interest of the Corporation in and to the Leased Property, subject only to Permitted Encumbrances, as defined in the Lease; (b) all right, title and interest of the Corporation in, to and under the Lease (but excluding certain rights of the Corporation); and (c) all Revenues and any other receipts received by or on behalf of the Corporation pursuant to the Lease, including, without limitation, (i) all Base Rentals; (ii) all Net Proceeds received pursuant to the Lease, if any; and (iii) all rights to enforce payments under the Lease when due or to otherwise enforce rights under the Lease for the benefit of the Certificate Owners (but excluding certain rights of the Corporation).

No provision of the Certificates, the Indenture or the Lease may be construed or interpreted (a) to directly or indirectly obligate the County to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (b) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of Article XI, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; or (c) as a delegation of governmental powers by the County. No directors, officers, employees, attorneys or agents of the County or the Corporation are subject to any pecuniary liability by virtue of the Certificates, the Indenture or the Lease.

Parity Certificates. The Certificates are being issued on a parity with the unrefunded portion of the 2007A Certificates in the outstanding aggregate principal amount of $38,855,000*; provided, however, separate reserve accounts within the Reserve Fund secure each of the Certificates and the 2007A Certificates separately.

Reserve Fund. The Indenture requires the establishment of a Reserve Fund, in which there will be established separate accounts for the 2007A Certificates and the Certificates. The reserve requirement for the 2007A Certificates is an amount equal to $5,895,375 and funded with a surety bond from Ambac Assurance Corporation ("Ambac"). The reserve requirement for the Certificates is an amount equal to one half of an amount equal to the least of (i) the maximum annual debt service on the Certificates for the then-current or any succeeding Fiscal Year, (ii) 125% of the average annual principal and interest requirements on the Certificates, or (iii) 10% of the original principal amount of the Certificates. The reserve account for the Certificates is to be funded with a surety bond from AGM. The Certificates will only be delivered upon the issuance of such Surety Bond. The premium on the AGM surety bond is to be fully paid at or prior to the issuance and delivery of the Certificates.

Base Rentals and Purchase Option Price. The Trustee has received an assignment in trust, for the benefit of the Owners of the Certificates, of the right of the Corporation to receive Base Rentals payable by the County under the Lease. The amount and timing of Base Rental payments are designed to provide sufficient moneys to the Trustee to pay the principal of and interest on the Certificates when due.

The Purchase Option Price, which is payable only if and when the County exercises its option to purchase the Leased Property, pursuant to the Lease, is designed to provide sufficient moneys to the Trustee. See APPENDIX A.

Funds Established Pursuant to the Indenture. The Indenture provides for the establishment of various funds, all of which will be in the custody of the Trustee. The funds in the custody of the Trustee include the Certificate Fund. See "THE INDENTURE—Funds and Accounts" in APPENDIX A for a more detailed description of the Funds established pursuant to the Indenture.

Certificate Fund. The Certificate Fund is to be used to pay the principal of and interest on the Certificates. Within the Certificate Fund are established the Principal Account and the Interest Account, into which will be deposited, among other things, Base Rentals paid by the County and designated as principal and interest, respectively.

Exercise of Remedies under Lease and Indenture. On December 31 following the occurrence of an Event of Nonappropriation and Nonrenewal or an Event of Default under the Lease, the Trustee is permitted to terminate the Lease Term. Following such termination of the Lease, the Trustee is permitted to sell the Leased Property, sublease the Leased Property or exercise its other rights or remedies under the Lease and the Indenture. See APPENDIX A. See "THE CERTIFICATES—Redemption Provisions" for a description of the terms on which the Certificates are subject to redemption upon the occurrence of an Event of Nonappropriation or an Event of Default under the Lease. See "RISK FACTORS—Results of a Termination of the Lease Term" for a description of the limited sources of payment of the Certificates after a termination of the Lease. For a description of the Leased Property, see "THE LEASED PROPERTY."

* Preliminary; subject to change.

The Trustee

U.S. Bank National Association, a national banking association organized under the laws of the United States, will serve as Trustee for the Certificates. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and does not assume any responsibility for the nature, completeness, contents or accuracy of the Official Statement.

The Trustee has no oversight responsibility, and is not accountable, for the use or application of the proceeds of such Certificates. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Certificates and makes no representation, and has reached no conclusions, regarding the value or condition of any assets pledged or assigned as security for the Certificates, the technical or financial feasibility of the Project, or the investment quality of the Certificates, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

Schedule of Base Rentals

Set forth below is a schedule of the Base Rentals to become due and payable in connection with the Certificates (assuming the County annually renews the Lease, which it is not obligated to do), including the principal and interest components thereof, and the payments of principal of and interest due on the 2007 Certificates. Base Rentals are payable by the County to the Trustee 15 days prior to the applicable June 1 or December 1 interest payment date. In the event of any partial redemption of Certificates prior to maturity, the Base Rentals are to be recalculated by the Trustee pursuant to the Indenture.

TABLE I
Debt Service Requirements [1]

Fiscal Year	Principal [*]	Interest	2007 Certificates [2,*]	Annual Total
2016	$		$ 4,078,175	
2017	--		4,940,600	
2018	1,405,000		3,511,850	
2019	1,460,000		3,510,100	
2020	1,505,000		3,507,100	
2021	1,565,000		3,505,700	
2022	1,625,000		3,508,825	
2023	1,695,000		3,507,000	
2024	1,760,000		3,510,225	
2025	1,830,000		3,513,050	
2026	1,905,000		3,510,250	
2027	1,980,000		3,506,825	
2028	2,060,000		3,510,288	
2029	2,120,000		3,508,012	
Total	$20,910,000		$51,128,000	

[1] Assumes no optional redemptions prior to maturity. Figures have been rounded.
[2] Includes principal and interest thereon for the unrefunded portion of 2007 Certificates.
[*] Preliminary; subject to change.
Source: The Underwriter

CERTIFICATE INSURANCE

Certificate Insurance Policy

Concurrently with the issuance of the Certificates, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Certificate Insurance Policy for the Certificates (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Certificates when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 29, 2015, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On December 8, 2015, Moody's published a credit opinion maintaining its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

On December 10, 2015, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Capitalization of AGM

At March 31, 2016, AGM's policyholders' surplus and contingency reserve were approximately $3,742 million and its net unearned premium reserve was approximately $1,530 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (filed by AGL with the SEC on February 26, 2016); and

(ii) The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 (filed by AGL with the SEC on May 5, 2016).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Certificates shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "CERTIFICATE INSURANCE—Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy

of the information regarding AGM supplied by AGM and presented under the heading "CERTIFICATE INSURANCE".

RISK FACTORS

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

Special and Limited Obligations

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

Right of the County to Terminate the Lease Annually

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

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

The obligations of the County under the Lease may be terminated on an annual basis by the County without any penalty, and there is no assurance that the County will renew the Lease. Accordingly, the likelihood that the Lease will continue in effect until the Certificates are paid is dependent upon certain factors which are beyond the control of the registered owners of the Certificates,

including, but not limited to (a) the continuing need of the County for the Leased Property and (b) the continued legal authority and ability of the County to generate sufficient funds from property taxes and other sources to pay obligations associated with the Lease and other obligations of the County. Payment of the principal of and interest on the Certificates in the event of an Event of Nonappropriation or an Event of Default with respect to the Lease will be dependent upon the ability of the Trustee to lease the Leased Property or the value of the Leased Property in a liquidation proceeding instituted by the Trustee. After a termination of the Lease and prior to any subsequent leasing or liquidation of the Leased Property, the Trustee must first offer to lease the Leased Property to the County on terms substantially similar to the Lease.

Results of a Termination of the Lease Term

In the event that the County shall not budget and appropriate, specifically with respect to the Lease, on or before December 31 of each year, moneys sufficient to pay all Base Rentals and the reasonably estimated Additional Rentals coming due for the ensuing Renewal Term, an "Event of Nonappropriation" shall be deemed to have occurred.

Upon a termination of the Lease Term by reason of an Event of Nonappropriation or an Event of Default, the County is required to vacate the Leased Property (a) by the end of the thirtieth day of the Fiscal Year in respect of which an Event of Nonappropriation occurs, or (b) within 30 days after notice of the Trustee, in the case of an Event of Default. The County may also terminate the Lease as a result of certain events described herein under the caption "THE LEASE—Damage, Destruction and Condemnation" in APPENDIX A. Upon the occurrence of an Event of Nonappropriation or an Event of Default, the Trustee is required to exercise the rights and remedies of a secured party with respect to the Equipment included in the Leased Property and foreclose on and repossess the Leased Property and either lease the Leased Property or liquidate the Leased Property. The Net Proceeds from the leasing or sale of the Leased Property, along with other moneys then held by the Trustee under the Indenture (with certain exceptions as provided in the Lease and the Indenture), may be used to redeem the Certificates, to the extent of such moneys. See the caption "THE CERTIFICATES—Redemption Provisions."

Before exercising any remedy described above, the Trustee, pursuant to the Lease, must offer to lease the Leased Property to the County upon substantially the same terms and conditions as set forth in the Lease, including, but not limited to, the schedule of Base Rentals attached to the Lease. If the County declines to execute a lease purchase agreement similar to the Lease within 30 days, the Trustee may proceed to exercise the remedies described herein.

The Leased Property is to be insured by policies of casualty and property damage insurance as described under the caption "THE LEASE—Insurance to Be Maintained for the Leased Property" in APPENDIX A. In the event of the damage to, destruction of, or the discovery of a defect in construction or manufacture with respect to, any of the Leased Property, and if the Net Proceeds from such insurance policies or certain other sources are insufficient to repair or replace such Leased Property, the County may terminate its obligations under the Lease with respect to such Leased Property by paying such Net Proceeds into the Certificate Fund. If the County should exercise its option to terminate the Lease with respect to the Leased Property in such an event, such Leased Property is required to be leased or liquidated by the Trustee and the proceeds thereof may be applied to the redemption of the Certificates. See the caption "THE CERTIFICATES—Redemption Provisions."

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

for payment upon the Corporation, the Trustee or the County. See the caption "THE CERTIFICATES—Redemption Provisions—*Extraordinary Optional Redemption*."

Operating Costs

In addition to the Base Rentals payable by the County under the Lease, the County is responsible for paying as Additional Rentals all costs relating to the operation and maintenance of the Leased Property and certain costs of repairing and replacing the Leased Property. The amount and timing of such costs could affect the willingness of the County to appropriate Base Rentals and could increase the risk of the occurrence of an Event of Default.

Enforceability of Remedies

A termination of the Lease Term as a result of an Event of Nonappropriation or an Event of Default will give the Trustee the right to possession of, and the right to lease or liquidate the Leased Property (subject to the requirement that the Trustee must first offer to lease the Leased Property to the County on terms substantially similar to the Lease), all in accordance with the provisions of the Lease and the Indenture. The enforceability of the Certificates, the Lease and the Indenture is subject to applicable bankruptcy laws, principles of equity affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State and its political subdivisions and judicial discretion. Because of the delays inherent in enforcing the remedies of the Trustee upon the Leased Property through the courts, a potential purchaser of the Certificates should not anticipate that the remedies of the Trustee are remedies which could be accomplished rapidly. Any delays in the ability of the Trustee to resolve its claim to the Leased Property in order to lease or liquidate any Leased Property may result in delays in the payment of the Certificates. Additionally, the Leased Property is subject to certain easements and covenants, conditions and restrictions that may affect the value of the Leased Property in the event the Trustee liquidates or leases the Leased Property pursuant to the terms of the Indenture and Lease.

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

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

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

Trustee's Limited Obligation

The Trustee has no assets or revenues available for payment of the Certificates other than its rights to Base Rentals and Additional Rentals under the Lease Purchase Agreement, its access to moneys

in the Certificate Fund (including the Surety Reserve Fund) and its other rights and interests under the Indenture and the Lease Purchase Agreement.

Tax and Securities Law Exemptions
Following Termination of the Lease Purchase Agreement

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

Casualty Risk

If all, substantially all, or any portion of the Leased Property is damaged or destroyed by any casualty, there is no assurance that casualty insurance proceeds and other available moneys of the County will be sufficient either to repair or replace the damaged or destroyed property or to pay the Certificates and any other Outstanding Certificates, if the Certificates are called for mandatory redemption as a result of such casualty. Although the County believes its casualty insurance coverages are adequate, there is no assurance that delays in the receipt of casualty insurance proceeds pertaining to the Leased Property or delays in the repair, restoration or replacement of property damaged or destroyed would not have a material adverse effect on the ability of the County to operate the Leased Property or upon its ability to make timely rental payment under the Lease Purchase Agreement.

Future Changes in Laws

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

THE CORPORATION

General Description

The Corporation was formed on November 8, 1995. The Corporation was incorporated as a nonprofit corporation under the laws of the State, in particular, the Colorado Nonprofit Corporation Act, Part 1 of Article 20 of Title 7, Colorado Revised Statutes (now the Colorado Revised Nonprofit Corporation Act, Part 1 of Article 121 of Title 7, Colorado Revised Statutes). The Corporation was primarily organized to serve as lessor for lease-purchase financings. More specifically, the Corporation was organized to acquire real estate, property and improvements for lease to the County and, upon the prior approval of a majority of the membership of the County Board, to borrow money and to become indebted and to execute and deliver bonds, notes or debentures to evidence such indebtedness, for the purpose of acquiring such real or personal property, constructing or installing such improvements, and for such other purposes as may be necessary to accomplish the objectives of the Corporation.

Pursuant to the Corporation's Articles of Incorporation, the Corporation has no members except the directors thereof; but members of the County Board are deemed members of the Corporation for the purpose of appointing and removing members of the Corporation's Board of Directors (the "Corporation Board"). The Corporation currently has offices located in the City of Colorado Springs, Colorado. The Corporation is governed by a three-member Corporation Board. The directors of the Corporation have no private or proprietary interest in the nonprofit corporation. The directors serve without compensation and no part of the Corporation's net earnings, if any, will ever inure to any director. The following table sets forth certain information regarding the current Corporation Board.

Corporation Board of Directors

Name, Office	Principal Occupation	Years of Service	Term Expires
Joseph A. Reich, Jr., President	Real Estate Developer	13	2017
Terry L. Storm, Vice President	CEO, Association of Realtors	5	2017
Terry R. Harris, Secretary/Treasurer	Retired	6	2017

Corporation's Limited Liability

The Corporation has entered into the Lease with the County to facilitate the refunding of the Refunded Certificates. The Corporation has assigned its rights and interests under the Lease (with certain exceptions) to the Trustee for the benefit of the registered owners of the Certificates. The Corporation is not liable for the payment of Base Rentals or Additional Rentals, and the registered owners of the Certificates have no right to look to the Corporation for any payments of the Certificates or for any other payments. In addition, the Corporation has no control over the expenditure of the proceeds of the Certificates.

THE CORPORATION IS NOT LIABLE FOR THE PAYMENT OF BASE RENTALS OR ADDITIONAL RENTALS, AND THE CERTIFICATE OWNERS HAVE NO RIGHT TO LOOK TO THE AUTHORITY FOR ANY PAYMENTS OF THE CERTIFICATES OR FOR ANY OTHER PAYMENTS. The Corporation does not have any obligation to, and shall not, make any principal and interest payments on the Certificates or pursuant to the Lease. Neither the Certificates, the Lease nor the Indenture represent a pecuniary obligation of the Corporation.

THE LEASED PROPERTY

The Terry R. Harris Judicial Complex

The Terry R. Harris Judicial Complex is operated by the County and consists of: (a) a 178,403 square foot, five-story judicial/office building, built in 1972 and renovated in 1990 and 1998, which is occupied by the 4th Judicial District Courts and the District Attorney, the Probation Office, the Sheriff's Court, and the Colorado Springs Police Court Liaison's Office, and contains 34 courtrooms and a cafeteria; (b) a 180,000 square foot, five-story judicial building/office building constructed in 2004 and renovated in 2006 and 2008, which includes a secure underground parking garage with 55 spaces, and is occupied by: County Civil Court, Court Care, Domestic Fast Track, First Appearance Center, Justice Services, Juvenile Courts, Probation, Security, Sheriff's headquarters, and Small Claims Court; and (c) a parking garage, located one block to the south of the Terry R. Harris Judicial Complex, which accommodates 775 parking spaces, and the County's Central Utilities Plant (which is not part of the Leased Property).

The Leased Property is located within a "campus" of other governmental buildings in downtown Colorado Springs, Colorado, that are owned or occupied either by the County or by the City of Colorado Springs. See the County Buildings Site Plan on the following page.

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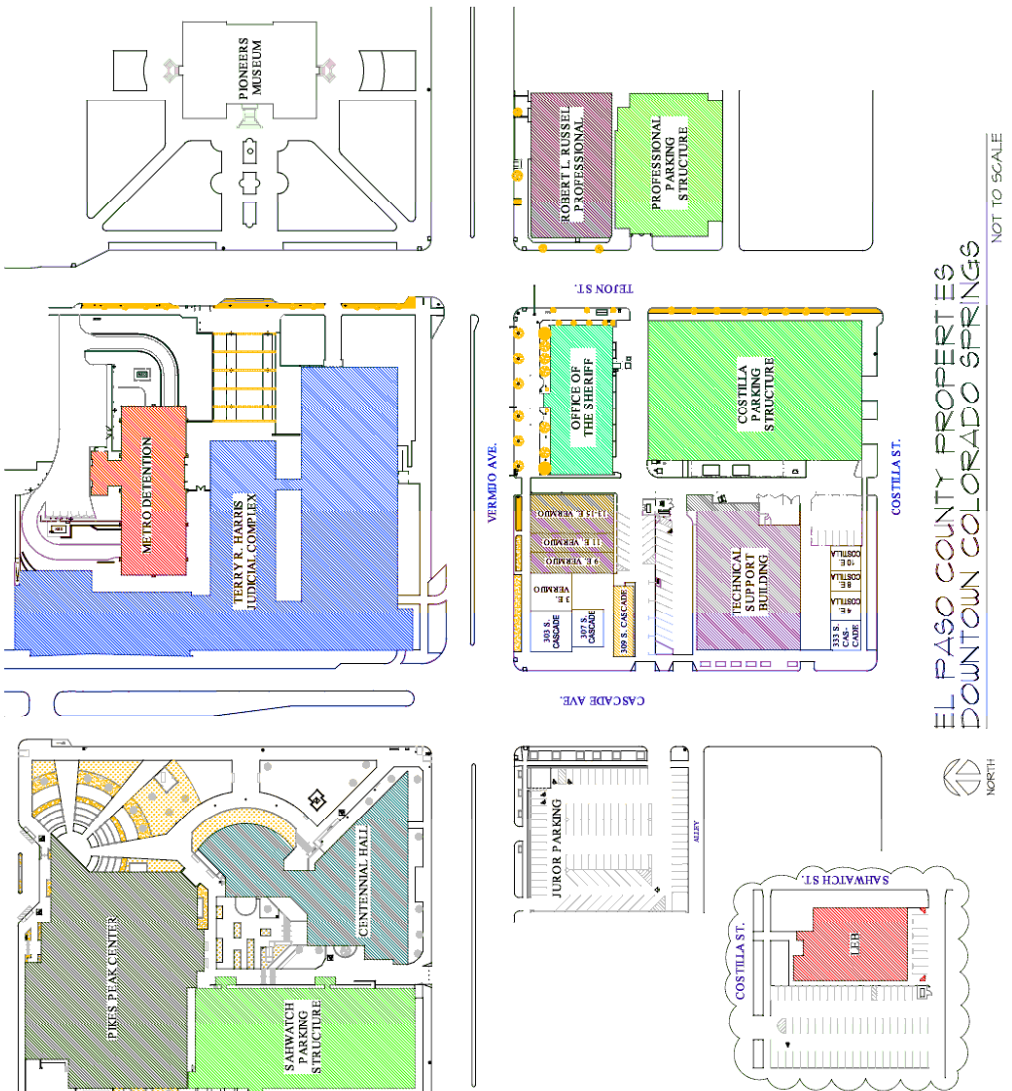
COUNTY BUILDINGS SITE PLAN



CENTENNIAL HALL
200 S. CASCADE AVE.
AUDITORIUM
BOARD OF COUNTY COMMISSIONERS
BUDGET
CLERK & RECORDER ADMINISTRATIVE OFFICES
ELECTION DEPARTMENT
MOTOR VEHICLE
RECORDING DEPARTMENT
COUNTY ADMINISTRATION
COUNTY ATTORNEY
ECONOMIC DEVELOPMENT
FINANCE
PUBLIC INFORMATION

METRO DETENTION FACILITY
210 S. TEJON ST.
BUREAU ADMINISTRATION
FINANCE DIVISION - FRAUD SECTION
CONTRACTS AND PROCUREMENT
COUNTY ATTORNEY'S OFFICE
HUMAN RESOURCES DIVISION
EL PASO COUNTY SHERIFF'S OFFICE
CIVIL DIVISION

OFFICE OF THE SHERIFF
27 E. VERMIJO AVE.
BUDGET AND FINANCE
CONCEALED HANDGUN PROGRAM
DISPATCH
HUMAN RESOURCES
INTERNAL AFFAIRS
INVESTIGATIONS DIVISION
OFFICE OF THE SHERIFF
PATROL DIVISION
RECORDS
RESEARCH AND DEVELOPMENT
SEX OFFENDER MANAGEMENT
TRAINING
VICTIM ASSISTANCE

PIKES PEAK CENTER
190 S. CASCADE AVE.
PERFORMING ARTS CENTER

PUBLIC PARKING
COSTILLA PARKING STRUCTURE
50 E. COSTILLA ST.

SAHWATCH PARKING STRUCTURE
225 S. SAHWATCH ST.

ROBERT L. RUSSEL PROFESSIONAL BUILDING
105 E. VERMIJO AVE.
DISTRICT ATTORNEY'S OFFICE
PUBLIC TRUSTEE

TECHNICAL SUPPORT BUILDING
325 S. CASCADE AVE.
FACILITIES MAINTENANCE
INFORMATION TECHNOLOGIES
INFRASTRUCTURE AND PLANNING
SECURITY AND PARKING

TERRY R. HARRIS JUDICIAL COMPLEX
270 S. TEJON ST.
CLERK OF COURT
COURT CLERK
DISTRICT AND COUNTY COURT DIVISIONS
DISTRICT ATTORNEY
FAST TRACK DOMESTIC VIOLENCE
VICTIM WITNESS
JUDICIAL ADMINISTRATION
JURY COMMISSIONER
MEDIATION (OFFICE OF DISPUTE RESOLUTION)
PROBATE COURT, DIVISION W
PUBLIC DEFENDER'S OFFICE
SELF HELP CENTER
(INFORMATION FORMS)
TRAFFIC COURT (FIRST APPEARANCE CENTER)

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THE COUNTY

The County is a body corporate and politic and a political subdivision of the State organized in 1861. The County contains approximately 2,158 square miles in the south central Colorado Front Range area and includes the cities of Colorado Springs, Manitou Springs and Fountain, and the towns of Palmer Lake, Monument, Green Mountain Falls, Ramah and Calhan. With a 2014 estimated population of 665,070 the County is the largest county, by population, in the State.

Governing Board

The County government consists of a five-person County Board elected by the voters of the County to four-year terms. The County Board serves as the legislative and policy-making body of the County government. The current County Board and the years in which their respective terms expire are as follows:

Name	Title	Term Expires
Amy Lathen	Chair	January 2017
Dennis Hisey	Vice Chair	January 2017
Darryl Glenn	Commissioner	January 2019
Sallie Clark	Commissioner	January 2017
Peggy Littleton	Commissioner	January 2019

The County Board acts by resolution, and in accordance with State law, has among its powers the following: to make such orders concerning property belonging to the County as it deems expedient; to examine and settle all accounts of receipts and expenses of the County; to build and keep in repair County buildings and to cause the same to be insured; to apportion and order the levying of taxes as provided by law, and to contract loans to erect necessary public buildings and to make or repair public roads or bridges, when so authorized by the legal voters of the County; to represent the County and have the care of County property and the management of the business and concerns of the County in all cases where no other provisions are made by law; to lay out, alter, or discontinue any County road; to grant licenses as prescribed by law; to acquire land or, lay out, construct, maintain, and repair airports and landing strips for aircraft, and to enter into leases and collect fees in relation to such airports; to provide for sanitary landfills; to enter into agreements with any municipality for the joint use and occupation of public buildings; to provide, in cooperation with other counties, agricultural extension services; to cooperate with rural fire fighting groups; to provide for ambulance service; to provide in the County budget for services for the aged; to appropriate moneys (other than ad valorem property taxes) to housing authorities; and to expend money for drainage facilities, curbs, gutters, sidewalks, and related structures.

Administration

While the County Board exercises the legislative and ultimate administrative power of the County, the daily operations of the County are conducted by its administrative employees. In addition to the County Board, six County officials are elected to four year terms of office. These include the assessor, clerk and recorder, coroner, sheriff, surveyor and treasurer. In addition, the County Board appoints the following individuals: the County Attorney and the County Administrator. The County Attorney is the Chief Legal Advisor to the County Board, the County-wide Elected Officials and to County Administration. The County Attorney, as delegated by the County Board, directs the operations of the County's Legal Services. The County Administrator is the Chief Administrative Advisor to the County Board and, as delegated by the County Board, directs the operations of all functions related to County Administrative Services and Human Services.

The following paragraphs summarize the background and experience of selected County administrative personnel.

County Administrator. The County Administrator is responsible to the County Board for the administration of all County affairs placed in his charge, including but not limited to, appoints, suspends, transfers and removes County employees, enforcing the resolutions and ordinances of the County, executing policies and directives of the County Board, facilitating the budget process, keeping the County Board apprised of financial conditions, reviewing actions subject to State law and County policies, collecting and preparing information for County Board meetings and attending all meetings, monitoring all departments, making recommendations on financial and departmental activity as appropriate and other such duties as may be prescribed by the County Board.

Henry Yankowski was appointed as the County Administrator in July 2015, having served as Interim County Administrator since June 2015. He had previously served in administrative leadership positions for a number of local governments and governmental agencies including: Engineering and Land Survey - State of New York; Chief Building Code Enforcement Official - Cary, North Carolina; PlansExaminer - Spotsylvania County, Virginia; Building Commissioner - Lynchburg, Virginia; South County Operations Manager - Sarasota County, Florida; Land Development Director - Chattanooga, Tennessee; and Executive Director of the Pikes Peak Regional Building Enterprise ("Regional Building") for the County. At Regional Building, Mr. Yankowski oversaw an organization that serves eight local governments and 15 school systems, encompassing an area in excess of 2,300 square miles with a population in excess of 600,000 and an average annual construction valuation in excess of $2 billion.

Mr. Yankowski has an extensive background in local government, leadership, management and economic development. Mr. Yankowski participated in research and advance preparations with the Economic Development Corporation and Chamber of Commerce in their successful efforts to bring new jobs to the area through the location or expansion of operations by Bal-Seal Corporation, DPIX, Verizon, Wal Mart Data Center, HP Data Center, Agilent Technologies and ACS, among others. He is a member of the Association of Colorado County Administrators, the Colorado City and County Management Association, and the Government Finance Officers Association.

Chief Financial and Administrative Officer. Nicola J. Sapp has served as the Chief Financial and Administrative Officer effective January 2016, and before that as County Budget Officer for the County since March of 2004, after serving previously as the Assistant Financial Services Director for the County. As the Chief Financial and Administrative Officer, her duties include all financial, budget, community and economic development, public information, procurement and benefits functions of the County. Prior to joining the County, she held professional positions with the City of Colorado Springs and public accounting firms primarily focusing on local nonprofit companies. She is a graduate of Colorado State University with a bachelor's degree in Accounting and minor in Business Administration.

During Ms. Sapp's tenure with the County, she has implemented numerous innovative solutions to budget challenges resulting in financial sustainability and upgraded County bond ratings. She is a member of the Government Finance Officers Association and currently serves on the Board of the Colorado Springs World Arena, the Colorado Springs Conservatory and as the Vice Chair of the El Paso County Retirement Board.

County Attorney. Amy R. Folsom joined the El Paso County Attorney's Office in 2009 and in 2012 was appointed El Paso County Attorney by the County Board. Ms. Folsom provides legal counsel and representation to the County Board and other elected County officials as well as to boards and commissions. Prior to joining the County Attorney's Office, she served as Deputy County Attorney for the 4th Judicial County of Colorado for 13 years. An attorney since 1995, Ms. Folsom holds a Bachelor's

Degree in Economics from the University of Notre Dame and Juris Doctorate from the University of Minnesota; her areas of emphasis include Civil Litigation, Defense and Employment Law.

Employees

The County has 2,551 full-time equivalent employees. The County has developed a comprehensive compensation package for its employees including a medical insurance plan to which the County contributes a portion of the premium costs. Additional benefits include disability income protection and group life insurance, vacation and sick leave, with worker's compensation and unemployment insurance and retirement plans provided in accordance with State law. Employee relations are characterized as "good."

Services Available to County Residents

The County provides a variety of services including public safety which includes the sheriff's department and a jail, highways and streets, public and environmental health and social services, public improvements, planning and zoning and general administration. Water, sanitation, police, fire protection, utilities, schools, medical and recreation services are provided to County residents by a variety of other public and private entities depending upon property location.

Capital Improvements Plan

The County's definition of major capital items and projects include only those that have a dollar value of $5,000 or more. The Community Investment Fund is used to account for major purchases, while minor capital purchases are typically funded out of the purchasing department's business unit. For the 2016 budget year, the County Board authorized funding the Community Investment Fund with an allocation of sales tax revenue totaling $11,802,348.

The County also annually budgets and spends funds on capital improvements for such things as parks and road construction and improvement. Such capital improvements typically are funded from the County's Road and Bridge Fund or the Conservation Trust Fund.

COUNTY FINANCIAL INFORMATION

Accounting Policies

The accounts of the County are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Such funds are segregated according to their intended purpose and are used to aid management in demonstrating compliance with finance-related legal and managerial requirement.

Financial operations are accounted for by the County's finance department. The Colorado Local Government Audit Law requires that an annual audit be made of the County's financial affairs at the end of the fiscal year. The audited financial statements must be filed with the County Board by June 30 of each year and with the State Auditor 30 days thereafter. Failure to file the audit report with the State Auditor may result in the withholding of the County's property tax revenues by the County Treasurer pending compliance. The County's audit for the year ended December 31, 2014 was performed by RubinBrown LLP, Certified Public Accountants & Business Consultants, Denver, Colorado, and is included in APPENDIX B hereto. Such financial statements represent the most current audited financial information available from the County.

Major Sources of County Revenue

The County receives revenues from a variety of sources. The majority of revenues in the General Fund in 2014 were derived from sales and use taxes, property taxes and charges for services. These sources of revenue are applied to County operations and maintenance, capital expenditures and debt service repayment. Additional sales and use tax revenue, property tax revenue and other revenue is deposited into special revenue funds of the County. The expenditure of certain of this revenue, or portions thereof, may be subject to restricted uses. No particular funds or sources of revenue are pledged to make Base Rental payments under the Lease. See "TABLE XII—General Fund Budget Summary and Comparison."

Sales and Use Tax

General. One of the largest sources of revenue to the County's General Fund is sales and use tax. In 2014, the County received $74,644,632 or approximately 43.0% of total General Fund revenue, and in 2015 the County received $72,580,633 (unaudited) or approximately 41.4% of total General Fund revenue from such source. The County has budgeted in 2016 to receive $72,108,410 or approximately 42.0% of total General Fund revenues from ad valorem property taxes.

The County's sales and use tax was approved by the voters of the County at an election held in 1987. Pursuant to the election, the County and Municipality Sales or Use Tax Act, Article 2 of Title 29, Colorado Revised Statutes, and a resolution of the County Board, there is imposed (a) a County-wide 1% sales tax upon all sales of tangible personal property at retail and the furnishing of services in the County, subject to exemptions which include but are not limited to sales of food for home consumption; machinery and machine tools; gas, electricity, etc. for residential use; and renewable energy components and (b) a County-wide 1% use tax on the use or consumption within the County of any construction and building materials purchased at retail and the storage, use or consumption within the County of any motor and other vehicles, purchased at retail on which registration is required. At the November 6, 2012 election, County electors approved an increase in the County's sales and use tax rate by $0.0023, initially expected to raise approximately $17 million annually, to directly fund the urgent public safety needs of the County as identified by the El Paso County Sheriff and set forth in the ballot question (the "Public Safety Tax"). For purposes of the sales tax, all retail sales are consummated at the retailer's place of business unless the tangible personal property sold is delivered by the retailer to a destination outside the limits of the County or to a common carrier for delivery to a destination outside the limits of the County.

The sales tax imposed is collected, administered and enforced by the State Department of Revenue in the same manner as the State sales tax. Sales taxes are collected by the vendor from the purchaser at the point of sale. The vendor is then responsible for remitting the sales taxes collected to the State Department of Revenue by the 20th day of each month following the collection of the tax. The Executive Director of the State Department of Revenue, at no charge, makes monthly distributions of the sales tax collections to the County. With certain exceptions, any use tax collected for permitted projects on building materials is collected, enforced and administered by the County through an Intergovernmental Agreement ("IGA") with the Pikes Peak Regional Building Department. Use tax collected on motor and other vehicles is collected by the County Clerk and Recorder's Office. Revenues from the sales and use tax are deposited in the County's General Fund and other funds.

Sales and Use Tax Collection History

The sales and use tax receipts by the County for the past five years, as well as year to date for 2016, are set forth in the following table. The Public Safety Tax became effective January 1, 2013. See "—Sales and Use Tax" above.

TABLE II
Sales and Use Tax Collection History

Budget Year	Sales and Use Tax Receipts [1]
2011	$ 69,390,336
2012	75,207,078
2013	96,630,332
2014	101,458,358
2015	108,105,470
2016 [2]	15,701,120

[1] As reported by the Colorado Department of Revenue.
[2] Receipts through February 29, 2016.
Source: El Paso County

TABLE III
Ten Largest Generators of Sales and Use Tax Revenue in 2015 [1]

Business Type	Sales and Use Tax Collected	Percent of Total [2]
Retail	$ 5,071,105	4.69%
Utility	2,177,908	2.01
Retail	2,093,296	1.94
Retail	1,886,229	1.74
Hotel	1,692,184	1.57
Telecom	1,547,956	1.43
Retail	1,509,210	1.40
Telecom	1,262,734	1.17
Retail	1,054,223	0.98
Car Dealership	935,967	0.87
Total	$19,230,812	17.80%

[1] Because of the confidential nature of the gross sales of the individual entities the identity of the vendors cannot be divulged.
[2] Based on total sales and use tax collections of $108,105,470 in 2015.
Source: El Paso County

Ad Valorem Property Taxes

General. Another large source of revenue to the County's General Fund is property taxes levied pursuant to State law. In 2014, the County received $29,266,912 or approximately 16.9% of total General Fund revenue, and in 2015 the County received $42,640,552 (unaudited) or approximately 24.3% of total General Fund revenue from such source. The County has budgeted in 2016 to receive $46,526,762 or approximately 27.1% of total General Fund revenues from ad valorem property taxes.

The County Board has the power, subject to constitutional and statutory guidelines, to certify a levy for collection of ad valorem taxes against all taxable property within the County. Property taxes are uniformly levied against the assessed valuation of all taxable property within the County. The property subject to taxation, the assessment of such property, and the property tax procedure and collections are discussed below.

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

Property Subject to Taxation. Both real and personal property located within the boundaries of the County, unless exempt, are subject to taxation by the County. Exempt property generally includes property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; charitable property; religious property; irrigation ditches, canals and flumes; household furnishings; personal effects; intangible personal property; inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; agricultural equipment which is used on the farm or ranch in the production of agricultural products; and non-profit cemeteries.

Assessment of Property. All taxable property is listed, appraised and valued for assessment as of January 1 of each year by the county assessor. The "actual" value, with certain exceptions, is determined by the county assessor annually based on a biennially recalculated "level of value" set on January 1 of each odd-numbered year. The "level of value" is ascertained for each two-year reassessment period from manuals and associated data prepared and published by the State property tax administrator for the eighteen-month period ending on the June 30 immediately prior to the beginning of each two-year reassessment period. For example, "actual" values for the 2015 levy/2016 collection year as well as the 2016 levy/2017 collection year were based on market data obtained from the period January 1, 2013–June 30, 2014. The "level of value" calculation does not change for even-numbered years. The classes of property the "actual" value of which is not determined by a level of value include oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals.

The assessed value of taxable property is then determined by multiplying the "actual" value (determined as described in the immediately preceding paragraph) times an assessment ratio. The assessment ratio of residential property is subject to change from year to year based on a constitutionally mandated requirement to keep the ratio of the assessed value of commercial property to residential property at the same level as it was in the property tax year commencing January 1, 1985 (the "Gallagher Amendment"). The Gallagher Amendment requires that statewide residential assessed values must be approximately 45% of the total assessed value in the State with commercial and other assessed values making up the other 55% of the assessed values in the State. In order to maintain this 45%/55% ratio, the commercial assessment rate is established at 29% of the actual value of commercial property (including vacant land and undeveloped lots) and the residential assessment rate fluctuates. The residential ratio has remained 7.96% since the 2003 levy year.

The Colorado Legislative Council Staff's "Focus Colorado: Economic and Revenue Forecast" dated December 21, 2015 (the "Forecast"), projects that the residential assessment ratio will decrease to 7.78% for the 2017 reassessment period.

Beginning in May of each year each county assessor hears taxpayers' objections to property valuations, and the county board of equalization hears assessment appeals. The assessor is required to complete the assessment roll of all taxable property no later than August 25 each year. The abstract of assessment prepared therefrom is reviewed by the State property tax administrator. Assessments are also

subject to review at various stages by the State board of equalization, the State board of assessment appeals and the State courts. Therefore, the County's assessed valuation may be subject to modification as a result of the review of such entities. In the instance of the erroneous levy of taxes, an abatement or refund must be authorized by the board of county commissioners; and in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year following the year in which the taxes were levied. Refunded or abated taxes are prorated among all taxing jurisdictions which levied a tax against the property.

Taxation Procedure. The assessed valuation and statutory "actual" valuation of taxable property within the County is required to be certified by the county assessor to the County no later than August 25 each year. Such value is subject to recertification by the county assessor prior to December 10. The County Board then determines a rate of levy which, when levied upon such certified assessed valuation, and together with other legally available revenues, will raise the amount required annually by the County for its General Fund and Certificate Redemption Fund to defray its expenditures during the ensuing fiscal year. In determining the rate of levy, the County Board must take into consideration the limitations on certain increases in property tax revenues as described in "—Constitutional Amendment Limiting Taxes and Spending" and "—Historical and Budgeted General Fund Financial Information—*Budget and Appropriation Procedure*" below. The County Board must certify the County's levy to the board of county commissioners no later than December 15.

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

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Taxes certified in 2015, for example, are being collected in 2016. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or two equal installments (not later than the last day of February and June 15) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of 1% per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16 of the collection year. The county treasurer collects current and delinquent property taxes, as well as any interest, penalties, and other requirements and remits the amounts collected on behalf of the County to the County on a monthly basis.

All taxes levied on real and personal property, together with any interest and penalties prescribed by law, as well as other costs of collection, until paid, constitute a perpetual lien on and against the taxed property. Such lien is on a parity with the liens of other general taxes. It is the county Treasurers' duty to enforce the collection of delinquent real property taxes by sale of the tax lien on such realty in December of the collection year and of delinquent personal property taxes by the distraint, seizure and sale of such property at any time after October 1 of the collection year. There can be no assurance, however, that the value of taxes, penalty interest and costs due on the property can be recovered by the county treasurer. Further, the treasurer may set a minimum total amount below which competitive bids will not be accepted, in which event property for which acceptable bids are not received will be set off to the county. Taxes on real and personal property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and canceled by the board of county commissioners.

Ad Valorem Property Tax Data

The County's mill levies and assessed valuation and mill levies from levy year 2010 to date are set forth in the following tables. See "—Ad Valorem Property Taxes—*Assessment of Property*" above

for a description of the assessment ratios for taxable property used in each of such years. See also "—Constitutional Amendment Limiting Taxes and Spending."

TABLE IV
Historical Mill Levies By Fund [1]

Fund	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
General Fund	4.612	3.109	3.844	4.141	7.384	7.461
Abatement	0.070	0.060	0.066	0.051	0.077	0.078
Road and Bridge	0.330	0.330	0.330	0.330	0.330	0.330
Social Services	0.000	0.000	0.000	0.000	0.000	0.000
Capital Expenditures	1.655	3.080	2.500	2.200	0.000	0.000
Self-Insurance	0.000	0.000	0.000	0.000	0.000	0.000
Retirement	0.870	1.018	0.923	0.992	0.000	0.000
Total	7.537	7.597	7.663	7.714	7.791	7.869

[1] Mill levies are presented based on levy/collection year.
Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, *2010-2014 State of Colorado Property Tax Annual Reports;* and the County

TABLE V
History of County's Assessed Valuation

Levy/Collection Year	Assessed Valuation	Increase or (Decrease)	Percent Change
2010/2011	$6,830,113,540	--	--
2011/2012	6,321,760,160	$(508,353,380)	(7.44)%
2012/2013	6,334,487,370	12,727,210	0.20
2013/2014	6,337,964,970	3,477,600	0.05
2014/2015	6,439,985,430	102,020,460	1.61
2015/2016	6,852,564,340	412,578,910	6.41

Sources: El Paso County Assessor's Office

TABLE VI
History of County General Fund Property Tax Levies and Collections

Levy/Collection Year	Total Taxes Levied	Current Tax Collections	Percent of Collections To Levy [1]	Collections in Subsequent Years [2]	Total Tax Collections	Total Tax Collections to Total Tax Levy
2010/2011	$29,956,511	$29,776,229	99.40%	$(40,581) [3]	$29,735,648	99.90%
2011/2012	18,010,412	17,870,639	99.22	78,939	17,949,578	99.66
2012/2013	22,332,783	22,222,512	99.51	52,071	22,274,583	99.74
2013/2014	29,396,268	29,266,912	99.56	9,229	29,276,141	99.59
2014/2015	42,805,385	42,640,552	99.61	54,337	42,694,889	99.74
2015/2016 [4]	53,922,839	--	--	--	--	--

[1] The above amounts do not include Treasurer's fees, windfall taxes, abatements or interest payable on abatements. Delinquent tax collections include late payment interest collected for current and prior year taxes.
[2] Delinquent tax collections net of refunds and abatements.
[3] A citizen that has paid for property taxes may request an abatement (refund) for the past two years plus the current year. When abatements pertaining to prior years' exceed the prior years' tax collections it will reflect as a negative amount in the "Collections for Subsequent Years" column.
[4] According to County officials, collection information for year-to-date 2016 are not currently available.
Source: El Paso County 2014 CAFR and the County

The following table sets forth the 2015 assessed and "actual" valuations of specific classes of property within the County. As shown below, residential properties account for the largest percentage of the assessed valuation and will accordingly account for the largest percentage of ad valorem property taxes levied by the County.

TABLE VII
2015 Assessed and "Actual" Valuation of Classes of Property in the County

Class	Assessed Valuation	Percent of Assessed Valuation	"Actual" Valuation	Percent of "Actual" Valuation
Residential	$3,902,943,020	56.96%	$49,031,947,487	82.88%
Commercial	1,796,376,510	26.21	6,194,401,759	10.47
Personal Property	416,406,500	6.08	1,435,884,483	2.43
State Assessed	318,472,400	4.65	1,098,180,690	1.86
Vacant Land	284,448,230	4.15	980,855,966	1.66
Industrial	117,354,990	1.71	404,672,379	0.68
Agricultural	14,205,740	0.21	4,119,665	0.01
Natural Resources	2,356,950	0.03	8,127,414	0.01
Total	$6,852,564,340	100.00%	$59,158,189,843	100.00%

Source: El Paso County Assessor's Office

Largest Property Taxpayers. Set forth in the following table are the largest property taxpayers within the County for the 2015 collection year as provided by the County Treasurer's Office. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below. The County's mill levy is applicable only to the assessed valuation of the real property of the taxpayers included in the table because the County Board has eliminated the County's portion of the business personal property tax, thus, taxes expected to be received

by the County from such taxpayers will be in proportion to the assessed valuations of the real property owned by such taxpayers. The total tax bill for each of the taxpayers listed is dependent upon the mill levies of the other taxing entities which overlap their properties.

TABLE VIII
Largest Property Taxpayers Within the County

Name	2015 Total Assessed Valuation [1]	Percent of Total Assessed Valuation [2]
Cellco Partnership	$ 80,326,100	1.17%
Qwest Corporation	68,100,900	0.99
Broadmoor Hotel Inc.	36,907,010	0.54
Wal-Mart Real Estate	28,462,930	0.42
Mountain View Electric Association	27,926,600	0.41
CV Patriot Springs LLC	26,254,500	0.38
DPIX	23,484,040	0.34
Colorado Interstate Gas Company	17,054,800	0.25
Federal Express Corporation	13,878,000	0.20
Palmer Center Ltd.	13,688,640	0.20
Total	$336,083,520	4.90%

[1] The County Board credits taxpayers with the County's share of the business personal property tax so the County's mill levy is not applicable to these amounts.
[2] The 2015 total assessed value figure of the County used in computing the above is $6,852,564,340.
Source: El Paso County Treasurer's Office

Overlapping Mill Levies. Numerous entities located wholly or partially within the County are authorized to levy taxes on property located within the County. According to the El Paso County Assessor's Office, there are currently 175 entities overlapping all or a portion of the County. As a result, property owners within the County are currently subject to various levies depending upon the location of their property. The following table sets forth a sample 2015 mill levy (for payment in 2016) attributable to taxpayers within the County. Additional taxing entities may overlap the County in the future. See also "DEBT STRUCTURE."

TABLE IX
Sample Total 2015 Mill Levy

Taxing Entity	2015 Mill Levy [1]
Colorado Springs (City of)	4.279
Harrison School District No. 2	36.414
Pikes Peak Library District	3.857
Southeastern Water Conservancy District	0.941
Sample Overlapping Mill Levy	45.491
The County	7.869
Sample Total Mill Levy	53.360

[1] One mill equals 1/10 of one cent. Mill levies certified in 2015 are for the collection of ad valorem property taxes in 2016.
Source: El Paso County Assessor's Office

Charges for Services

The County also receives charges for services as another source of revenue to the County's General Fund. Charges for services are classified as governmental fees, to include fees received from the following County departments among others, sheriff, treasurer, clerk, planning and building. In 2014 the County received $22,732,264, or approximately 13.1% of total General Fund revenue, and in 2015 the County received $21,368,651 (unaudited) or approximately 12.2% of total General Fund revenue from such source. The County has budgeted to receive $22,543,201 or approximately 13.1% of total General Fund revenues from such source in 2016.

Historical and Budgeted General Fund Financial Information

Fund Balance Policy. On December 17, 2015, the County revised its Fund Balance Policy ("Fund Balance Policy") to ensure a satisfactory level of unrestricted fund balance reserves (which includes committed, assigned, and unassigned funds), which amounts are to equal 0.5% budgeted property tax revenues, 10.0.% of budgeted sales and use tax revenues, and 5.0% of other budgeted general fund revenues. This policy would ensure a continued strong financial position within the County and also sets targets for restricted and unrestricted fund balances sufficient to permit the County to absorb an economic downturn without having to significantly reduce services or ask the County's citizens for emergency funding to cover the cost of necessary operating costs. According to County officials, the County has purposefully and strategically built up the general fund balance during the years of declining sales tax collection and have drawn down such reserves now that the County has seen consistent growth in sales tax revenues. The following table sets forth historical total General Fund balances for the past five years.

TABLE X
Historical General Fund Balance

	2010	2011	2012	2013	2014	2015 [1]
Fund Balance	$37,592,266	$33,171,285	$30,269,697	$34,379,659	$28,935,867	$37,638,085
Fund Balance as Percent of Revenue	35.91%	29.71%	25.55%	24.47%	16.66%	21.45%
Fund Balance as Percent of Expenditures	37.72%	28.57%	24.48%	25.20%	15.96%	22.55%

[1] Unaudited.
Source: El Paso County's 2014 CAFR and the County

Set forth hereafter is a five-year comparative statement of revenues, expenditures and changes in fund balances for the County's General Fund. The following information should be read together with the County's financial statements and accompanying notes set forth in APPENDIX B to this Official Statement. According to the County, fund balances are anticipated to remain stable and sustainable with no material fluctuations and sales and use tax, property tax and fee revenues are expected to continue to steadily increase.

TABLE XI
History of General Fund Revenues, Expenditures and Changes in Fund Balances

	2010	2011	2012	2013	2014	2015 (unaudited) [1]
Revenues:						
Taxes	$ 66,648,096	$ 72,538,477	$ 78,080,618	$ 95,634,184	$108,319,064	$119,688,565
Intergovernmental	15,088,974	14,097,332	13,562,199	14,657,958	30,061,365 [4]	19,914,440
Fees and Fines	845,649	766,805	519,762	456,956	586,491	636,484
Licenses and Permits	438,298	593,272	666,357	1,577,421	1,526,229	1,800,512
Charges for Services	16,983,753	20,050,011	21,875,436	23,250,063	22,732,264	22,759,428
Investment Earnings	355,584	204,616	80,632	169,207	220,140	332,890
Contributions	--	--	116,898	508,621	6,217,428	6,202,051
Miscellaneous	4,311,430	3,414,038	3,550,001	4,259,758	3,988,929	4,105,752
Total Revenues	104,671,784	111,664,551	118,451,903	140,514,168	173,651,910	175,440,122
Expenditures:						
Current						
General Government	33,596,468	36,786,730	40,459,508	40,137,647	59,143,342 [5]	57,947,072
Public Safety	55,436,240	70,641,743	72,073,703	81,038,873	97,266,185 [6]	89,767,014
Health and Welfare	3,267,908	3,379,717	3,771,065	3,744,921	11,167,398 [4]	10,634,395
Culture and Recreation	1,142,738	1,529,704	1,793,058	1,567,941	1,900,886	1,728,789
Auxiliary Services	356,624	415,880	455,906	491,187	544,147	532,362
Debt Service (principal and interest)	--	--	--	--	11,246	44,984
Capital Outlay	5,856,078	3,339,628	5,099,392	9,423,647	11,293,972	6,270,481
Total Expenditures	99,656,056	116,093,402	123,652,632	136,404,216	181,327,176	166,925,097
Excess of Revenues Over (Under) Expenditures	5,015,728	(4,428,851) [2]	(5,200,729)	4,109,952	(7,675,266)	8,515,025
Other Financing Sources (Uses)						
Sale of Capital Assets	57,962	7,870	2,299,141	10	102,804	187,193
Capital Lease Issuance	--	--	--	--	121,908	--
Operating Transfers In	78,202	--	--	--	--	--
Operating Transfers Out	(2,469,650)	--	--	--	--	--
Total	(2,333,486)	7,870	2,299,141	10	224,712	187,193
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Financing Uses	2,682,242	(4,420,981)	(2,901,588)	4,109,962	(7,450,554)	8,702,218
Fund Balances—January 1	34,910,024	37,592,266	33,171,285	30,269,697	36,386,421 [3]	28,935,867
Fund Balances—December 31	$ 37,592,266	$ 33,171,285	$ 30,269,697	$ 34,379,659	$ 28,935,867	$ 37,638,085

[1] Unaudited figures through December 31, 2015.

[2] Beginning in 2011, the County purposely budgeted for expenditures in excess of revenues in the General Fund with the intent to reduce the fund balance while ensuring a satisfactory level of unrestricted fund balance reserves to an amount to equal 20%-25% of unrestricted operating expenditures. See "—Fund Balance Policy" above.

[3] Fund balance as restated. Upon review of the various funds reported in the County's Comprehensive Annual Financial Report and to improve the County's financial reporting by reducing the number of funds reported, it was determined that the following funds should be accounted for in the General Fund: Retirement Contribution Fund, Economic Development Fund and Pikes Peak Workforce Center. In addition, Fleet Management is now accounted for in General Fund instead of Road and Bridge.

[4] According to the County, the increase in the intergovernmental revenues and general fund health and welfare categories is due primarily to the combining of funds between 2013 and 2014. The County combined the Pikes Peak Workforce Center (among other funds) into the General Fund to reduce the number of funds per the direction of GASB 54. The income for Pikes Peak Workforce Center goes into that intergovernmental line, and the expenses are shown in the Health and Welfare line. In addition, in 2014 significant revenues were recorded ($6.8 million) in the fire and flood recoveries, which was $5.4 million more than in 2013, and $4.2 million higher than 2015. The decrease in intergovernmental revenue from 2014 of $30.0 million to $19.9 in 2015 has to do with timing of collections of our Community Corrections program, the previously mentioned decrease in fire and flood recovery money, and a change in the way the County accounts for the cost allocation reimbursements from the federal government. The Health and Welfare line increase was all due to the Pikes Peak Workforce Center being consolidated into General Fund, which in 2015 is fairly consistent with 2014.

[5] According to the County, the increase in General Government is due primarily to the consolidation of other funds (Economic Development, Fleet, and Retirement Contribution funds) into General Fund. This will be consistent with 2015 (in 2014 it was $59.1 million, and in 2015 it is $58.0).

[6] According to the County, the increase in Public Safety is due primarily to the 0.23% sales tax increase (anticipated to raise $17 million) which was approved in 2012 and went into effect in 2013. In the first year of implementation, it was not all spent immediately as it took time to hire staff and buy infrastructure. The funds that were not spent rolled forward into 2014, where a majority of that fund balance was spent on the voter approved areas.

Sources: County Financial Statements for years ended December 31, 2010-2014 and the County

Budget and Appropriation Procedure. The County's budget is prepared on a calendar year basis as required by § 29-1-101, et seq., Colorado Revised Statutes. The budget must present a complete financial plan for the County, setting forth all estimated expenditures, revenues, and other financing sources for the ensuing budget year, together with the corresponding figures for the previous fiscal year.

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

Before the beginning of the fiscal year, the County Board must enact an appropriation resolution which corresponds with the budget. The income of the County must be allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution. Expenditures may not exceed the amounts appropriated, except in the case of an emergency or a contingency which was not reasonably foreseeable. Under such circumstances, the County Board may authorize the expenditure of funds in excess of the budget by a resolution adopted by a two-thirds vote of the County Board following proper notice. If the County receives revenues which were unanticipated or unassured at the time of adoption of the budget, the County Board may authorize the expenditure thereof by adopting a supplemental budget and appropriation resolution after proper notice and a hearing thereon. The transfer of budgeted and appropriated moneys within a fund or between funds may be accomplished only in accordance with State law. The County Board adopted the County's 2016 budget and appropriation resolution pursuant to the above described procedure and timely filed such budget.

The following table compares the County's adopted 2015 and 2016 General Fund budgets, with actual year-end unaudited results for 2015 and actual year-to-date unaudited results for 2016.

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TABLE XII
General Fund Budget Summary and Comparison

	2015 Budget (amended)	2015 Year-End Actual (unaudited)	2016 Budget (adopted)	2016 Year-to-Date Actual (unaudited) [2]
Revenues:				
Sales and Use Taxes [1]	$ 69,570,298	$ 72,580,633	$ 72,108,410	$ 6,237,029
Property Taxes	43,092,437	42,640,552	46,526,762	18,232,807
Other Taxes	4,547,380	4,467,381	3,384,252	590,020
Intergovernmental	26,754,300	19,914,440	18,034,693	2,279,428
Fees and Charges for Service	21,295,232	25,196,424	22,543,201	3,548,779
Investment Earnings	51,250	332,890	51,250	63,125
Miscellaneous	9,392,133	10,307,803	8,913,167	860,162
Total Revenues	174,703,030	175,440,123	171,561,735	31,811,350
Expenditures:				
Personnel	110,755,443	107,378,597	112,456,926	16,531,235
Operating	63,323,318	55,840,013	64,073,246	9,438,540
Capital	6,652,842	3,706,488	1,049,841	906,076
Total Expenditures	180,731,603	171,049,867	177,580,013	26,875,851
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,028,573)	8,515,025	(6,018,278)	4,935,499
Other Financing Sources (Uses):				
Sale of Capital Assets	148,782	187,192	--	51,246
Total Other Financing Sources (Uses)	148,782	187,192	--	51,246
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(5,879,791)	8,702,218	(6,018,278)	4,986,745
Beginning Fund Balance	28,935,867	28,935,867	31,321,660	37,638,085
Ending Fund Balance	$23,056,076	$37,638,085	$25,303,382	$42,624,830

[1] Represents General Fund sales and use taxes collections only. Sales and use taxes dedicated to other funds including the Department of Human Services Fund and Self Insurance Fund are not included herein. Sales tax collections are received from the State two months after the actual collections.
[2] Unaudited figures through February 29, 2016. According to County officials, these are the most recent figures available.
Source: El Paso County Financial Services Department

Beginning with the budgeting process for the 2010 budget, the County implemented a savings strategy where only those absolutely critical needs are addressed and any other requested increases that are not vital to the mission are denied. Furthermore, the County proceeded with very conservative revenue projections and incorporated spending restrictions within administrative operations. This included not filling frozen positions unless a restricted/dedicated funding source could be identified to fund the position. Using very strategic budgeting and responsible fiscal management of current funds, the County has been able to build its available operational reserve.

Retirement Plan

All permanent, full-time employees of El Paso County are eligible to participate in the El Paso County Retirement Plan (the "Retirement Plan), a cost-sharing multiple-employer defined benefit plan.

The Retirement Plan has five participating employers and provides benefits to members at retirement or disability, or to their beneficiaries in the event of death. The County Board of Retirement is the administrator and has the authority to establish and amend benefit provisions of the Retirement Plan. The Retirement Plan implemented GASB Statement 67 as of January, 2014.

The County and covered employees are each required by County resolution to contribute 8.0% of the employees' annual salary to the Retirement Plan. The contribution requirements of Plan members and the County are established and may be amended by the County Board of Retirement. The County's contributions to the Plan for the years ended December 31, 2014 was $9,155,964, equal to the required match. See Note D, subnote 3, to the County's 2014 audited financial statements attached hereto as APPENDIX B.

Deposit and Investment of County Funds

State statutes set forth requirements for the deposit of County funds in eligible depositaries and for the collateralization of such deposited funds. See also Note C, subnote 1 to the County's audited financial statements appended to this Official Statement. The County also may invest available funds in accordance with applicable State statutes.

Constitutional Amendment Limiting Taxes and Spending

On November 3, 1992, Colorado voters approved an amendment to the Colorado Constitution, which is commonly referred to as the Taxpayer's Bill of Rights, or TABOR, and now constitutes Section 20 of Article X of the Colorado Constitution. TABOR imposes various limits and new requirements on the State and all Colorado local governments which do not qualify as "enterprises" under TABOR (each of which is referred to in this section as a "governmental unit"). Any of the following actions, for example, now requires voter approval in advance: (a) any increase in a governmental unit's spending from one year to the next in excess of the rate of inflation plus a "growth factor" based on (i) for the State, the percentage change in State population, (ii) for a school district, the percentage change in student enrollment, and (iii) for any other local government, the net percentage change in actual value of all real property from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property; (b) any increase in the real property tax revenues of a local governmental unit (not including the state) from one year to the next in excess of inflation plus the appropriate "growth factor" referred to in (a) above; (c) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, extension of an expiring tax or a tax policy change directly causing a net tax revenue gain; and (d) except for refinancing bonded indebtedness at a lower interest rate or adding new employees to existing pension plans, creation of any multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. Elections on such matters may only be held on the same day as a state general election, at the governmental unit's regular biennial election or on the first Tuesday in November of odd numbered years, and must be conducted in accordance with procedures described in TABOR.

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

the deficiency." The preferred interpretation of TABOR shall, by its terms, be the one that reasonably restrains most the growth of government.

Risk Management

In the opinion of the County's Risk Manager, the County's present insurance coverage (including its self-insurance program) is adequate and customary for similar entities insuring similar operations and assets. However, in light of generally rising insurance costs for public entities, there can be no assurance that the County will continue to maintain this level of coverage. See the County's financial statements appended hereto.

DEBT STRUCTURE

Required Elections

TABOR requires that, except for refinancing bonded debt at a lower interest rate, the County must have voter approval in advance for the creation of any multiple-fiscal year direct or indirect County debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. For a discussion of TABOR see "COUNTY FINANCIAL INFORMATION—Constitutional Amendment Limiting Taxes and Spending."

Revenue Obligations

The County has the power to issue revenue bonds, subject to the election requirements described above in "—Required Elections." As of the date of this Official Statement, the County does not have any outstanding revenue obligations.

General Obligation Debt

Pursuant to statute, the total outstanding indebtedness of the County, with the exception of any indebtedness incurred in supplying water, may not exceed 3.0% of the statutory actual value of taxable property within the County. The County does not have any outstanding general obligation debt as of the date of this Official Statement, nor does the County anticipate any in the near future.

Estimated Overlapping General Obligation Debt. Certain public entities wholly or partially overlapping the County are authorized to incur general obligation debt, and to the extent that properties within the County are also within such overlapping public entities such properties will be liable for an allocable portion of such debt. For purposes of this Official Statement, the percentage of each entity's outstanding debt chargeable to County property owners is calculated by comparing the assessed valuation of the portion overlapping the County to the total assessed valuation of the overlapping entity. The following table sets forth the estimated overlapping general obligation debt chargeable to properties within the County as of the date of this Official Statement. The County is not responsible for payment of any of the indebtedness shown in the following table. Although the County has attempted to obtain accurate information as to the outstanding debt of the entities which overlap the County, it does not warrant its completeness or accuracy as there is no central reporting entity which is responsible for compiling this information.

TABLE XIII
Computation of Overlapping Debt

Overlapping Entity	General Obligation Debt	Percentage Applicable to El Paso County	Amount Applicable to El Paso County
Special Districts:			
4-Way Ranch Metropolitan District No. 1	$ 2,975,000	100.00%	$ 2,975,000
Banning Lewis Ranch Metro #2	10,920,000	100.00	10,920,000
Banning Lewis Ranch Metro #3	10,075,000	100.00	10,075,000
Barnes & Powers North BID	3,615,000	100.00	3,615,000
Barnes & Powers South BID	615,000	100.00	615,000
Bent Grass Metropolitan District	800,000	100.00	800,000
Black Forest Fire Protection District	1,085,000	100.00	1,085,000
Briargate Center BID	2,470,000	100.00	2,470,000
Cathedral Pines Metropolitan District	4,765,000	100.00	4,765,000
Central Marksheffel Metropolitan District	11,880,000	100.00	11,880,000
Colorado Centre Metropolitan District	12,241,496	100.00	12,241,496
Colorado Springs Briargate GID	8,530,000	100.00	8,530,000
Colorado Springs Marketplace at Austin Bluffs GID	2,500,000	100.00	2,500,000
Colorado Springs Spring Creek GID	1,230,000	100.00	1,230,000
Constitution Heights Metropolitan District	5,041,000	100.00	5,041,000
Copper Ridge Metropolitan District	3,885,000	100.00	3,885,000
Cuchares Ranch Metropolitan District	5,205,000	100.00	5,205,000
Cumberland Green Metropolitan District	5,700,000	100.00	5,700,000
Falcon Highlands Metropolitan District	11,920,000	100.00	11,920,000
First and Main BID	1,495,000	100.00	1,495,000
First and Main BID #2	3,995,000	100.00	3,995,000
First and Main North BID	1,688,505	100.00	1,688,505
Flying Horse Metropolitan District No. 2	13,235,000	100.00	13,235,000
Flying Horse Metropolitan District No. 3	5,895,000	100.00	5,895,000
Garden Valley Water and Sanitation District [1]	166,258	100.00	166,258
Glen Metropolitan District No. 1	1,950,000	100.00	1,950,000
Gold Hill Mesa Metropolitan District No. 2	9,302,000	100.00	9,302,000
Interquest North BID	6,255,000	100.00	6,255,000
Lorson Ranch Metropolitan District #1	22,167,927	100.00	22,167,927
Lowell Metropolitan District	7,515,000	100.00	7,515,000
Meridian Ranch Metropolitan District	38,570,000	100.00	38,570,000
Mesa Ridge Metropolitan District No. 2	3,970,000	100.00	3,970,000
Misty Acres Metropolitan District [1]	3,000,000	100.00	3,000,000
Park Water District [1]	100,000	100.00	100,000
Powers and Woodmen BID	1,750,000	100.00	1,750,000
Security Water District	9,030,000	100.00	9,030,000
Southeastern Colorado Water Conservancy District [1]	30,081,351	68.42	20,581,660
Stetson Ridge Metropolitan District No. 2	1,740,000	100.00	1,740,000
Stetson Ridge Metropolitan District No. 3	4,990,000	100.00	4,990,000
Triview Metropolitan District	43,990,000	100.00	43,990,000
Upper Cottonwood Creek Metropolitan District No. 2	2,155,000	100.00	2,155,000
Waterview Metropolitan District	3,420,000	100.00	3,420,000
Wildwood Ridge Metropolitan District	105,000	100.00	105,000
Woodmen Road Metropolitan District	15,495,000	100.00	15,495,000
Woodmen Heights Metropolitan District No. 1-3	30,442,680	100.00	30,442,680
Subtotal of Special Districts			358,456,526
School Districts:			
Academy #20	112,849,342	100.00	112,849,342
Cheyenne Mountain #12	54,140,000	100.00	54,140,000
Colorado Springs #11	132,830,000	100.00	132,830,000
Edison #54-JT	355,000	56.66	201,143
Ellicott #22	1,110,000	100.00	1,110,000
Falcon #49	12,305,000	100.00	12,305,000
Fremont/Florence RE-2	18,450,000	4.36	804,420
Hanover School District #28	5,330,000	100.00	5,330,000
Harrison #2	38,810,000	100.00	38,810,000
Lewis Palmer #38	63,755,000	100.00	63,755,000
Manitou Springs #14	3,445,000	100.00	3,445,000
Miami-Yoder 60J	1,360,000	84.84	1,153,824
Peyton #23J	2,100,000	97.16	2,040,360
Widefield #3	2,735,000	100.00	2,735,000
Subtotal of School Districts			431,509,089
Total			$789,965,615

[1] Represents a contractual obligation of the entity.

Sources: El Paso County Assessor's Office and Individual Entities

Current Debt Ratios. The County does not have any outstanding general obligation debt, therefore no debt ratios have been included herein.

Leases and Other Financial Obligations

The County has the authority (i) to enter into types of financial obligations which do not extend beyond the current fiscal year and (ii) to enter into installment or lease option contracts, subject to annual appropriation, for the purchase of property or capital equipment without prior electoral approval as described above in "—Required Elections."

Certificates of Participation. The principal amounts of the County's present certificate of participation obligations, upon issuance of the Certificates, are set forth below:

TABLE XIV
Outstanding Certificates of Participation

Issue	Principal Amount Outstanding [1]
Certificates of Participation, Series 2004	$ 1,805,000
Certificates of Participation, Series 2007A	38,855,000 *
Certificates of Participation, Series 2008	2,005,000
Certificates of Participation, Series 2010A	47,545,000
Certificates of Participation, Series 2010B	2,980,000
Refunding Certificates of Participation, Series 2011A	31,415,000
Refunding and Improvement Certificates of Participation, Series 2012	9,205,000
Refunding Certificates of Participation, Series 2016	20,910,000 *
Total	$154,720,000 *

[1] Upon issuance of the Certificates.
* Preliminary; subject to change.

Capital Lease. As of the date of this Official Statement the County had the following capital leases is outstanding.

JDE System Capital Lease. In 2014, the County entered into a lease agreement as lessee for financing the JDE System Extradata Machines with Oracle America Inc. As of the date of this Official Statement the lease is outstanding in the principal amount of $3,378,062.

Mass Spectrometer Capital Lease. In 2014 the County entered into a lease agreement as lessee for financing a Mass Spectrometer for the Coroner's Office with the University of Colorado at Colorado Springs. As of the date of this Official Statement the lease is outstanding in the principal amount of $66,902.

LEGAL MATTERS

Sovereign Immunity

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

The Governmental Immunity Act provides that sovereign immunity does not apply to injuries occurring as a result of certain specified actions or conditions. In general, public entities will be held liable for willful and wanton acts or omissions or willful and wanton acts or omissions of its public employees which occurred during the performance of their duties and within the scope of their employment. However, if a plaintiff can meet the burden of proof required to show that any one of the exceptions specified in the Governmental Immunity Act applies, 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 was not willful and wanton, and which occur during the performance of their duties and within the scope of their employment. The maximum amounts that may be recovered under the Governmental Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of $350,000; and (b) for an injury to two or more persons in any single occurrence, the sum of $990,000, except in such instance, no person may recover in excess of $350,000. Suits against both the County and a public employee do not increase such maximum amounts which may be recovered. The County may not be held liable either directly or by indemnification for punitive or exemplary damages. In the event that the County is required to levy an ad valorem property tax to discharge a settlement or judgment, such tax may not exceed a total of 10 mills per annum for all outstanding settlements or judgments.

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

Pending and Threatened Litigation

The County is a party to several legal proceedings involving claims for injuries of individuals, damage to property, violations of civil rights, and use of excessive force, among other things. The County Attorney states that as of the date hereof, to the best of her knowledge, belief, and information, no litigation of any nature is now pending or threatened against the County which, if determined adversely to the County, would be expected to have a material adverse effect upon the County's ability to comply with its obligations under the Lease.

Legal Representation

Legal matters incidental to the authorization, issuance and delivery of the Certificates, and with respect to the treatment of interest thereon for purposes of federal and State income taxation, are subject to the approval of validity by Kutak Rock LLP, as Special Counsel. In addition Kutak Rock LLP has been retained to advise the County concerning, and has assisted the County in the preparation of, this Official Statement. Certain legal matters will be passed upon for the County by Amy R. Folsom, Esq., as County Attorney.

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

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

TAX MATTERS

Generally

In the opinion of Kutak Rock LLP, Special Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants by the County and the Trustee, the portion of the Base Rentals paid by the County which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates, is excludable from gross income for federal income tax purposes, and interest on the Certificates is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described in the preceding sentence assumes the accuracy of certain representations and compliance by the County and the Trustee with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Certificates. Failure to comply with such requirements could cause interest on the Certificates to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Certificates. The County has covenanted in the Lease and the Tax Compliance Certificate executed and delivered in connection with the issuance of the Certificates and the Trustee has covenanted in the Indenture to comply with such requirements. Special Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Certificates, and has expressed no opinion as to the effect of any termination of the County's obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for federal income tax purposes of any moneys received by the Owners of the Certificates subsequent to such termination.

Notwithstanding Special Counsel's opinion that the portion of the Base Rentals paid by the County which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates, is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

In addition, the accrual or receipt of such interest may otherwise affect the federal income tax liability of the owners of the Certificates. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Special Counsel has expressed no opinion regarding any such consequences. Purchasers of the Certificates, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Certificates.

In the opinion of Special Counsel, under existing State statutes, to the extent the portion of the Base Rentals paid by the County which is designated and paid as interest, as provided in the Lease, and

received by the Owners of the Certificates, is excludable from gross income for federal income tax purposes, such portion of the Base Rentals paid by the County which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates, is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. Special Counsel has expressed no opinion regarding other tax consequences arising with respect to the Certificates under the laws of the State or any other state or jurisdiction, and has expressed no opinion as to the effect of any termination of the County's obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for State income tax purposes of any moneys received by the Owners of the Certificates subsequent to such termination.

Original Issue Premium

The Certificates (collectively, the "Premium Certificates") are being sold at a premium. An amount equal to the excess of the issue price of a Premium Certificates over its stated redemption price at maturity constitutes premium on such Premium Certificates. An amount equal to the excess of the issue price of a Premium Certificate over its stated redemption price at maturity constitutes premium on such Premium Certificate. A purchaser of a Premium Certificate must amortize any premium over such Premium Certificate's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Certificates callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Certificate is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Certificate prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Certificates should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Certificate.

Backup Withholding

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

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Certificates. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Certificates or the market value thereof would be impacted thereby. Purchasers of the Certificates should consult their tax advisors

regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Special Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Certificates, and Special Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

MISCELLANEOUS

Ratings

S&P Global Ratings ("S&P") is expected to assign the Certificates the rating set forth on the cover page based upon the Policy to be issued concurrently with the delivery of the Certificates by AGM. In addition, S&P has assigned an underlying rating to the Certificates based upon its rating of the Certificates without regard to the delivery of the Policy. S&P has assigned a stable outlook to each rating. Such ratings reflect only the view of such rating agency. Any explanations of the significance of such ratings should be obtained S&P at 55 Water Street, New York, New York 10041-0003.

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

Undertaking To Provide Ongoing Disclosure

In connection with its issuance of the Certificates, the County Board will execute a Continuing Disclosure Undertaking, a form of which is attached hereto as APPENDIX C, wherein it will agree for the benefit of the owners and beneficial owners of the Certificates to provide certain annual financial information relating to the County and to provide notices of occurrence of material events set forth in Rule 15c2-12 promulgated by the Securities and Exchange Commission.

The County failed to timely file certain of its previous continuing disclosure undertakings under Rule 15c2-12 during the past five years, including, but not limited to, the timely filing of its audited and unaudited financial statements, certain operating data and its failure to file such required information.

Financial Advisor

George K. Baum & Company is employed as financial advisor to the County to render certain professional services including advising the County concerning the plan of financing for the Certificates and assisting in the preparation of this Official Statement.

Underwriting

The Certificates were purchased at competitive sale on _____, 2016, by _____ named on the cover page hereof (the "Underwriter"), for a price equal to $_____ plus accrued interest to the date of their delivery to the Underwriter.

Registration of Certificates

Registration or qualification of the offer and sale of the Certificates (as distinguished from registration of the ownership of the Certificates) is not required under the federal Securities Act of 1933,

as amended, the Colorado Securities Act, as amended, pursuant to an exemption from registration provided in said act. THE COUNTY ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE CERTIFICATES FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE CERTIFICATES MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

Interest of Certain Persons Named in this Official Statement

The legal fees to be paid to Special Counsel are contingent upon the sale and delivery of the Certificates.

Independent Auditors

The basic financial statements of the County as of and for the year ended December 31, 2014, included in this Official Statement, have been audited by independent auditors, RubinBrown LLP, Certified Public Accountants & Business Consultants, Denver, Colorado, as stated in their report appearing therein.

Additional Information

Copies of statutes, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports and documents described in this Official Statement are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from sources set forth in the Introduction hereto.

Official Statement Certification

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

EL PASO COUNTY, COLORADO

By /s/
Chair, Board of County Commissioners

APPENDIX A

CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN TERMS OF THE LEASE AND THE INDENTURE

This Appendix includes definitions of some of the terms used in this Official Statement, the Lease and the Indenture and summaries of certain provisions of the Lease and the Indenture. Reference is hereby made to the actual provisions of the Lease and the Indenture for a complete recital of the definitions used in and terms of the Lease and the Indenture. Copies of the Lease and the Indenture may be obtained from the Trustee or the County or, during the period of the offering, from George K. Baum & Company, as described in "INTRODUCTION" in the body of the Official Statement.

DEFINITIONS

Set forth below are the definitions of some of the terms used in this Official Statement, the Lease and the Indenture. Reference is hereby made to the actual provisions of the Lease and the Indenture for a complete recital of the terms defined therein.

"*Additional Certificates*" means the 2016 Certificates and any Additional Certificates executed and delivered pursuant to the Indenture.

"*Additional Rentals*" means the cost of all (a) reasonable expenses and fees of the Trustee and the Corporation related to the performance of the provisions of the Lease or any Security Document related to the Leased Property, or otherwise incurred at the request of the County, (b) taxes, if any, insurance premiums, utility charges, maintenance, upkeep, repair, improvement and replacement in respect of the Leased Property, (c) payments or deposits in the Reserve Fund and the Rebate Fund, (d) payments to the Certificate Insurer as a result of draws on amounts available under the Surety Bond, and (e) all other charges and costs (together with all interest and penalties that may accrue thereon in the event that the County shall fail to pay the same) which the County assumes or agrees to pay under the Lease. Additional Rentals do not include Base Rentals.

"*Base Rental Payment Dates*" means May 15 and November 15 of each Fiscal Year.

"*Base Rentals*" means the payments payable by the County during the Lease Term pursuant to the Lease, which constitute the payments payable by the County for and in consideration of the right to use the Leased Property during the Lease Term.

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

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

"*Certificate Fund*" means the fund created under the Indenture.

"*Certificate Insurer*" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company, or any successor thereto as the issuer of the Policy of Insurance with respect to the Certificates.

"*Certificates*" means (a) when referring to the financial terms or other terms specific to the Certificate Insurer or the 2007 Certificates as set forth in the Original Indenture, the 2007 Certificates, and (b) in all other provisions, the 2007 Certificates, the 2016 Certificates and any Additional Certificates.

"*Code*" means the Internal Revenue Code of 1986, as amended and the Treasury regulations promulgated thereunder.

"*Construction Fund*" means the fund created under the Indenture.

"*Costs of the Project*" means all costs and expenses in connection with the Original Judicial Building Renovation Project, including without limitation:

(a) obligations incurred or assumed for labor, materials and equipment;

(b) the cost of performance and payment bonds and of insurance of all kinds (including without limitation title insurance) that may be necessary or appropriate;

(c) the costs of engineering, architectural and other professional and technical services, including obligations incurred or assumed for preliminary design and development work, test borings, surveys, estimates and plans and specifications;

(d) administrative costs incurred prior to the completion date of the Original Judicial Building Renovation Project (the "Completion Date"), including supervision of construction and installation as well as the performance of all of the other duties required by or consequent upon the Original Judicial Building Renovation Project; including, without limitation, costs of preparing and securing all Project Documents, architectural, engineering and other professional and technical fees, legal fees and expenses, appraisal fees, independent inspection fees, auditing fees, and advertising expenses;

(e) administrative costs of execution and delivery of the Certificates, including the initial compensation and expenses of the Trustee, any financial advisor's fees and expenses in connection with the execution and delivery of the Certificates, costs for the Policy of Insurance for the Certificates, any fees or expenses of the Corporation prior to the Completion Date, any legal fees and expenses, any underwriter's discount or placement agent's fee, costs incurred in obtaining ratings from rating agencies, if any, costs of publication, printing and engraving, accountants' fees and recording and filing fees and expenses, legal and otherwise;

(f) all costs which are required to be paid under the terms of any Project Contract;

(g) all costs which are considered to be a part of the costs of the Original Judicial Building Renovation Project in accordance with generally accepted accounting principles;

(h) all costs necessary or desirable for the purpose of more specifically identifying or providing for the maintenance of or services for the Leased Property;

(i) payments to the Reserve Fund to the extent necessary to establish or maintain the Reserve Requirement; and

(j) any and all other costs necessary to effect the acquisition, construction, equipping and financing of the Original Judicial Building Renovation Project to the extent the same are

permitted by the laws of the State and will not adversely affect the exclusion from gross income for federal income tax purposes of the designated interest component of Base Rentals.

"*Corporation*" means El Paso County Facilities Corporation, a nonprofit corporation duly organized and existing under the laws of the State of Colorado.

"*County*" means El Paso County, Colorado.

"*Defeasance Securities*" means any one or more of the investments described in subparagraphs (a) or (b) under the definition of Permitted Investments following if and to the extent that such investments are permitted under the laws of the State for funds of the County. Defeasance Securities must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

"*Equipment*" means (a) those items of equipment, machinery and related property included in the Leased Property, if any, and the Lease; (b) any other equipment, machinery and related property included in the Leased Property; and (c) any items of equipment, machinery and related property acquired in replacement or substitution for the Leased Property, less equipment, machinery and related property released from the Lease, or damaged, destroyed or condemned.

"*Event of Default*" means one or more events of default under the Lease.

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

"*First Amendment to Lease*" means the First Amendment to Lease, dated as of May 1, 2016, by and between the Corporation and the Trustee.

"*First Supplemental Indenture*" means the First Supplemental Mortgage and Indenture of Trust, dated as of May 1, 2016, by and between the Corporation and the Trustee.

"*Fiscal Year*" means the fiscal year of the County, which currently begins on January 1 of each year and ends on December 31 of each year, or any other fiscal year of the County in the event the fiscal year of the County shall be modified.

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

"Guaranty Agreement" means the Guaranty Agreement dated as of March 15, 2007 between the County and the Certificate Insurer.

"*Interest Payment Date*" means June 1 and December 1 of each calendar year, commencing June 1, 2007.

"*Indenture*" means the Original Indenture, the First Supplemental Indenture, and any further supplements or amendments thereto.

"*Investment Instructions*" means (a) the Investment Instructions delivered to the Trustee upon the original delivery of the Certificates and (b) any subsequent Investment Instructions, amending or superseding such Investment Instructions, accompanied by an opinion of Bond Counsel addressed to the County and the Trustee, substantially to the effect that such amendments or modifications of the original Investment Instructions will not cause the interest paid or to be paid on the Certificates to be or become includible in gross income for purposes of federal income taxation.

"*Lease*" means the Original Lease, the First Amendment to Lease, and any further amendments thereto.

"*Leased Property*" means the Sites, Buildings, Equipment and other property described in Exhibit B to the Lease.

"*Lease Purchase Agreement Balance*" means the Outstanding principal amount of the Certificates.

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

"*Lease Term*" means the time during which the County is the lessee of the Leased Property under the Lease, including the Original Term and all Renewal Terms; certain provisions of the Lease survive the termination of the Lease Term.

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

"Original Judicial Building Renovation Project" means the asbestos remediation and other renovations to the County Judicial Building in El Paso County, Colorado being financed with a portion of the proceeds of the Certificates.

"*Original Indenture*" means the Mortgage and Indenture of Trust, dated as of March 15, 2007, by and between the Corporation and the Trustee.

"*Original Lease*" means the Lease Purchase Agreement, dated as of March 15, 2007, by and between the Corporation and the County.

"Original Term" means the portion of the Lease Term that terminates on December 31, 2007.

"*Outstanding*" means, with respect to the Certificates, all Certificates executed and delivered under the Indenture as of the time in question, except:

(a) Certificates cancelled or which shall have been surrendered to the Trustee for cancellation;

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

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

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

Any provision of subparagraphs (a) through (d) above to the contrary notwithstanding, in the event that the principal of and/or interest on a Certificate is paid by the Certificate Insurer pursuant to the Policy of Insurance, such Certificate shall remain Outstanding for purposes of the Indenture, not be defeased or otherwise satisfied.

"*Owner*" or "*owner*" or "*registered owner*" of a Certificate means the registered owner of any Certificate as shown in the registration records of the Trustee.

"*Permitted Encumbrances*" means, as of any particular time: (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pending contest pursuant to the provisions of the Lease; (b) the Lease, the Indenture, the Easement Agreements, the Subordination Agreement, any condominium declaration regarding the Leased Property, and the Security Documents; (c) utility, access and other easements and rights of way, restrictions and exceptions which an Authorized Officer of the County certifies will not interfere with or impair the Leased Property, including rights or privileges in the nature of easements; (d) any financing statements filed to perfect security interests pursuant to the Lease, the Indenture or the Security Documents; (e) any encumbrance represented by financing statements in forms appropriate to perfect purchase money security interests given by the Corporation in any of the Leased Property; (f) existing easements, covenants, restrictions, liens and encumbrances (if any) to which title to the Leased Property was subject when conveyed to the Corporation and which do not interfere in any material way with the Leased Property; and (g) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Leased Property and as do not render the title unmarketable.

"*Policy of Insurance*" means the Financial Guaranty Insurance Policy issued by the Certificate Insurer insuring the payment when due of principal of and interest on the Certificates as provided therein.

"*Project Contract*" means any contract entered into by the County regarding the the Original Judicial Building Renovation Project (including, without limitation, contracts with construction contractors, vendors, architects, engineers and other consultants).

"*Project Documents*" means the following: (a) plans, drawings and specifications for the Original Judicial Building Renovation Project, when and as they are approved by the County, including change orders, if any, as provided in the Lease; (b) any necessary permits for any Project Contract, including any building permits and certificates of occupancy; (c) the Project Contracts; (d) policies of title, public liability, property and workmen's compensation insurance, or certificates thereof, as required by the Lease with respect to any part of the Original Judicial Building Renovation Project; (e) performance and

payment bonds with respect to any Project Contract; and (f) any and all other documents executed by or furnished to the County in connection with the Original Judicial Building Renovation Project or any Project Contract.

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

"Renewal Term" means any optional renewal of the Lease Term for the next Fiscal Year by the County as provided in the Lease.

"*Reserve Fund*" means the fund created under the Indenture.

"*Reserve Requirement*" means (a) the amount of $5,895,375 initially deposited into the Reserve Fund pursuant to the Indenture for the benefit of the 2007 Certificate Owners; and (b) the amount of $_____ for the benefit of the 2016 Certificate Owners.

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

"Surety Bond" means the surety bond issued by Ambac Assurance guaranteeing certain payments into the Reserve Fund with respect to the Certificates as provided therein and subject to the limitations set forth therein.

"*Security Document*" means the Indenture, the Easement Agreements, the Subordination Agreement, any condominium declaration regarding the Leased Property, any other deed of trust or mortgage, security instrument, financing statements, if any, and any other instruments or documents providing security for the Owners of the Certificates.

"*Tax Compliance Certificate*" means the certificate signed by the County relating to the application of the requirements of Sections 103 and 141-150 of the Code to the Certificates.

"*Trustee*" means U.S. Bank National Association.

"*2007 Certificates*" means the Certificates of Participation, Series 2007, which have been executed and delivered pursuant to the Original Indenture.

"*2007 Reserve Account*" means the account established for the benefit of the 2007 Certificate Owners in the Reserve Fund.

"*2016 Certificate Insurance Policy*" means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due.

"*2016 Certificate Insurer*" means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

"*2016 Certificates*" means the Certificates of Participation, Series 2016, which have been executed and delivered pursuant to the First Supplemental Indenture.

"*2016 Reserve Account*" means the account established for the benefit of the 2016 Certificate Owners in the Reserve Fund.

THE LEASE

The following is a summary of certain provisions of the Lease. References are hereby made to the actual Lease for a complete recital of its terms.

Lease Term

The Lease Term is to commence as of March 20, 2007. The Lease Term consists of the Original Term, which will continue through the last day of the current Fiscal Year of the County, and additional Renewal Terms, each of which will coincide with the County's next succeeding Fiscal Year, except that the final Renewal Term, if any, will terminate on December 1, 2029. Each Renewal Term becomes effective solely at the option of the County, as evidenced by the specific annual appropriation by the County of sufficient funds to make payment of the Base Rentals and reasonably estimated Additional Rentals payable during such next succeeding Renewal Term. The terms and conditions of the Lease during any Renewal Term will be the same as the terms and conditions during the Original Term, except that the Base Rentals will be as specified in the Lease for that Renewal Term.

The Lease Term, including the Original Term and all Renewal Terms, may not exceed the weighted average useful life of the Leased Property. If the Lease involves both real property and other property, the cost of such real property will be amortized over a period not exceeding its weighted average useful life, and the cost of such other property will be separately amortized over a period not exceeding its weighted average useful life.

The Lease Term will terminate upon the earliest of any of the following events: (a) the expiration of the Original Term or any Renewal Term of the Lease during which there occurs an Event of Nonappropriation (which is not thereafter waived); (b) the purchase by the County of the Leased Property, upon payment of the Purchase Option Price, and discharge of the Indenture, as more fully provided in the Lease; (c) an Event of Default and a termination of the Lease Term by the Trustee; or (d) December 1, 2029 which date constitutes the last day of the final Renewal Term of the Lease, or such later date as all Base Rentals and Additional Rentals required under the Lease shall be paid.

Termination of the Lease Term will terminate all unaccrued obligations of the County under the Lease, and will terminate the rights of the County to possession of the Leased Property under the Lease

(except to the extent of any holdover provisions and any conveyance to the County pursuant to the Lease); but all other provisions of the Lease, including all obligations of the County accrued prior to such termination and all obligations of the Trustee with respect to the owners of the Certificates and the receipt and disbursement of funds and all rights and remedies of the Trustee, shall be continuing until the Indenture is discharged, as provided in the Indenture.

Base Rentals and Additional Rentals

The Base Rentals and Additional Rentals constitute currently budgeted expenditures of the County. The obligations of the County under the Lease are from year to year only and do not constitute a mandatory payment obligation of the County in any Fiscal Year beyond a Fiscal Year in which the Lease is in effect. No provision of the Lease shall be construed or interpreted as creating a general obligation indebtedness or a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever of the County within the meaning of any constitutional or statutory debt limitation. Neither the Lease nor the execution and delivery of the Certificates directly or indirectly obligates the County to make any payments of Base Rentals or Additional Rentals beyond the funds legally available for any Fiscal Year in which the Lease shall be in effect.

Under the Lease, the County is required to pay Base Rentals directly to the Trustee on the Base Rental Payment Dates during the Original Term and any Renewal Term, in the amounts specified in the Lease. The amount of Base Rentals otherwise payable will be reduced by an amount equal to the moneys on deposit at such time in the Certificate Fund. A portion of each payment of Base Rentals represents the payment of interest as set forth in the Lease.

The Lease also requires the County to pay Additional Rentals during the Original Term and any Renewal Term. The Additional Rentals are to be paid by the County on a timely basis directly to the person or entity to which such Additional Rentals are owed; any payments into the Reserve Fund are to be made to the Trustee.

The County may, at any time during the Lease Term, pay the then applicable Purchase Option Price related to the Leased Property, for the purpose of terminating the Lease and purchasing the Leased Property. Certificates will be redeemed on the first Interest Payment Date on which the Certificates may be redeemed following the payment of such Purchase Option Price.

The Base Rentals and, if paid, the Purchase Option Price, are payable directly to the Trustee at its principal corporate trust office. The County is not to withhold any Base Rentals or Additional Rentals (with certain exceptions as to Additional Rentals as provided in the Lease) pending final resolution of any dispute, or to assert any right of set-off or counterclaim against its obligation to make those payments.

Nonappropriation

If the Board of Commissioners of the County does not specifically budget and appropriate, on or before the last day of each Fiscal Year, moneys to pay all Base Rentals and reasonably estimated Additional Rentals for the next ensuing Renewal Term, or if the Trustee receives written notice from the Board of Commissioners of the County that the Lease will not be renewed, an Event of Nonappropriation shall be deemed to have occurred under the Lease. The Trustee shall also declare an Event of Nonappropriation on any earlier date on which the Trustee receives specific written notice from the County that the Lease will be terminated. The Trustee shall, at the direction of the Certificate Insurer or may, with the consent of the Certificate Insurer, waive any Event of Nonappropriation which is cured by the County within a reasonable time if in the judgment of the Trustee such waiver is in the best interest of the Owners of the Certificates, and the Trustee shall waive any Event of Nonappropriation which is cured

by the County, within 10 days of the giving of notice by the Trustee as provided in the Lease, by inclusion in a duly enacted appropriation resolution (a) by specific line item, amounts authorized and directed to be used to pay all Base Rentals and (b) sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Fiscal Year. An Event of Nonappropriation shall also be deemed to have occurred (subject to waiver by the Trustee as described above) if, during the Original Term or any Renewal Term, (i) any Additional Rentals shall become due which were not included in the then current budget of the County, or which exceed the amount included in such budget, and (ii) the County does not specifically budget and appropriate moneys sufficient to pay such Additional Rentals within 45 days after the date on which such Additional Rentals are due.

If an Event of Nonappropriation occurs, the County will not be obligated to make payment of the Base Rentals or Additional Rentals or any other payments provided for in the Lease which accrue after the last day of the Original Term or Renewal Term during which such Event of Nonappropriation occurs; provided, however, that the County will continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the County continues to occupy, use or retain possession of the Leased Property, beginning with the first day of the Fiscal Year in respect of which the Event of Nonappropriation occurs. The County is obligated to vacate or surrender possession of the Leased Property by the thirtieth day of the Fiscal Year in respect of which an Event of Nonappropriation occurs. Upon the occurrence of an Event of Nonappropriation, the Trustee will be entitled to all moneys then held under the Indenture (except the Rebate Fund), including the Reserve Fund, for the benefit of the Owners. After the thirtieth day of the Fiscal Year in respect of which an Event of Nonappropriation occurs, the Trustee may, with the consent of the Certificate Insurer, and shall, at the direction of the Certificate Insurer, proceed to exercise all or any Lease Remedies. All property, funds and rights acquired by the Trustee upon the termination of the Lease by reason of an Event of Nonappropriation, less any moneys due and owing to the Trustee, will be held by the Trustee for the benefit of the owners of the Certificates as set forth in the Indenture.

No Encumbrances

Pursuant to the Lease, the County is required not to allow any mechanic's or other lien, except for Permitted Encumbrances, to exist with respect to the Leased Property. The County may, on prior notice to the Trustee, in good faith contest such mechanic's or other lien filed or established against the Leased Property, and permit the items so contested to remain undischarged during the period of such contest and any appeal therefrom unless the Trustee shall notify the County that by nonpayment of any such items the Corporation's title to the Leased Property or the lien on the Leased Property pursuant to the Indenture or the Security Documents will be materially endangered, or the Corporation's interest in the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the County shall promptly pay, satisfy and discharge such unpaid items. The Corporation and the County are also prohibited under the Lease from creating any mortgage, pledge, lien, charge, encumbrance or claim with respect to the Leased Property, except Permitted Encumbrances.

Maintenance and Modification of Leased Property

Pursuant to the Lease, at all times during the Lease Term the County will maintain, preserve and keep all portions of the Leased Property or cause the Leased Property to be maintained, preserved and kept in good repair, working order and condition and the County will from time to time make or cause to be made all necessary and proper repairs; provided, however, that in the event of damage, destruction or condemnation, and in the event that Net Proceeds from insurance or other sources are insufficient to repair the Leased Property, the obligation to repair the Leased Property, at the option of the County, may be waived by depositing the Net Proceeds of insurance policies, performance bonds or condemnation awards made available by the event, into the Certificate Fund. Neither the Corporation, the Trustee nor

any of the owners of the Certificates will have any responsibility in any of these matters or for the making of any additions, modifications or replacements to the Leased Property.

The County will have the privilege of making substitutions, additions, modifications and improvements to any portion of the Leased Property at its own cost and expense, and the same will be the property of the Corporation, subject to the Lease, the Indenture and Security Documents and will be included under the terms of the Lease, the Indenture and the Security Documents. Any substitutions, additions, modifications and improvements will not in any way damage the Leased Property or cause it to be used for purposes other than lawful governmental or proprietary functions of the County (except to the extent of subleasing permitted under the Indenture); and provided further, that the Leased Property, as improved or altered, upon completion of such substitutions, additions, modifications and improvements, shall be of a value of the Leased Property immediately prior to any of these actions.

Insurance to be Maintained for the Leased Property

The County shall, at its own expense, cause casualty and/or property insurance to be carried and maintained with respect to the Leased Property in an amount equal to the principal amount of the Certificates then Outstanding or the replacement cost of the Leased Property, whichever is greater. Each such insurance policy may have a deductible clause or self-insured retentions in an amount determined by the Board of County Commissioners. The Leased Property, or any portion thereof, may be insured under a blanket insurance policy or policies which insure not only such Leased Property, but other property as well, as long as such blanket insurance policies comply with the requirements of the Lease. The provisions of the required property insurance policies are required to show the Corporation and the Trustee as mortgagee/trustee and/or loss payee and/or additional insureds and to make losses exceeding the deductible or self-insured retention, if any, payable to the County, the Trustee, and the Corporation as their interests may appear. If the County shall insure similar properties by self-insurance, the County, at its election, may provide for property insurance with respect to the Leased Property by means of a self-insurance fund so long as the County provides an annual certification to the Trustee and the Certificate Insurer that the reserves therein are adequate as determined by the County's insurance consultant or actuary.

Upon the execution and delivery of the Lease, the County is required, at its own expense, to cause public liability insurance, including (a) blanket contractual liability or specific contractual liability insurance for the Lease and (b) public officials errors and omissions coverage to be carried and maintained in connection with the Leased Property, as appropriate, in amounts not less than the limits of liability per occurrence set by the Colorado Governmental Immunity Act, as the same may be amended from time to time, to a $1,000,000 annual aggregate, for claims to which the defense of sovereign immunity applies. All such policies shall show the County, its officers and employees, the Corporation and the Trustee as additional insureds. The public liability insurance may be by a blanket insurance policy or policies.

Upon the execution and delivery of the Lease, the County shall, at its own expense, cause worker's compensation insurance to be procured and maintained covering the County's employees working in or on the Leased Property. Such insurance, if issued by a private carrier, shall contain a provision that such coverage shall not be cancelled without 45 days' prior written notice to the County, the Corporation and the Trustee. The worker's compensation insurance may be by blanket insurance policy or policies. If the County insures against similar risks by self insurance, the County, at its election, may in lieu of obtaining policies for casualty and/ or property, public liability and worker's compensation insurance coverage provide one or more such coverage by an actuarially established self-insurance fund so long as the County provides an annual certification to the Trustee and the Certificate Insurer that the reserves therein are adequate as determined by, in the case of public liability and worker's compensation

insurance, the County's insurance consultant or actuary, and in the case of casualty and/or property insurance, and independent insurance consultant or actuary.

Damage, Destruction and Condemnation

If, during the Lease Term (i) the Leased Property or any portion thereof shall be destroyed, in whole or in part, or damaged by fire or other casualty; or (ii) title to, or the temporary or permanent use of, the Leased Property or any portion thereof or the estate of the County, the Corporation or the Trustee in the Leased Property or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; or (iii) a breach of warranty or a material defect in construction, manufacture or design of the Leased Property or any portion thereof shall become apparent; or (iv) title to or the use of all or any portion of the Leased Property should be lost by reason of a defect in title; then the County unless it elects to proceed under any of its options described in (a), (b) and (c) below, is required to continue to pay Base Rentals and Additional Rentals and to take certain actions to repair and replace the Leased Property.

The County and the Trustee, except as otherwise provided below, are required to cause the Net Proceeds of any insurance policies or condemnation awards with respect to the Leased Property or Net Proceeds received as a consequence of defaults under Project Contracts for the Leased Property, to be deposited in the Construction Fund, if received before the applicable Completion Date, or if received thereafter, to be deposited in a separate trust fund held by the Trustee; and all Net Proceeds so deposited are to be applied to the prompt repair, restoration, modification, improvement or replacement of the Leased Property by the County as specified in the Lease. The balance of any Net Proceeds remaining after the repair, restoration, modification, improvement or replacement has been completed are to be deposited in the Certificate Fund.

If the Net Proceeds are insufficient to pay in full the cost of any such repair, restoration, modification, improvement or replacement of the Leased Property (or a portion thereof), the County may elect, within 90 days of the occurrence of an event specified in (i) through (iv) above, any of the following options:

(a) commence and thereafter complete the work or replace such Leased Property (or portion thereof) with similar property of a value equal to or in excess of such Leased Property or portion thereof and pay any cost in excess of the Net Proceeds, in which case the County agrees that it will not be entitled to any reimbursement from the Corporation, the Trustee or the owners of the Certificates or to any diminution of the Base Rentals or Additional Rentals;

(b) apply such Net Proceeds to the payment of the Purchase Option Price, in which case, if the Net Proceeds are insufficient to pay the Purchase Option Price, the County shall pay such amounts as are necessary to equal the Purchase Option Price, and if the Net Proceeds exceed the Purchase Option Price, such excess shall be retained by the County; or

(c) if the County 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 County's right to cure, the Trustee may pursue remedies available to it following an Event of Nonappropriation.

The County has agreed that any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such Net Proceeds will be the property of the Corporation, subject to the Indenture, and will be included as part of the Leased Property subject to the Lease.

Granting of Easements

So long as no Event of Nonappropriation or Event of Default is occurring, and so long as the Lease shall not be terminated as described herein under the caption "Damage, Destruction and Condemnation," the Corporation and the Trustee are authorized to grant and release easements and similar interests in the Leased Property, free from the lien of the Indenture, the Lease and the Security Documents, upon application by the County stating that such grant or release will not impair the effective use of or interfere with the operation of the Leased Property.

Conveyance of Leased Property to County

The Corporation's interest in the Leased Property will be transferred to the County (a) upon payment by the County of the then applicable Purchase Option Price; (b) upon payment by the County of all Base Rentals for the Original Term and all Renewal Terms and all then current Additional Rentals, in which case the Corporation shall transfer and convey such Leased Property to the County; or (c) upon the discharge of the Indenture as provided therein.

Assignment of Lease

The rights of the Corporation under the Lease, including rights to receive and enforce payments and other obligations under the Lease, except certain rights of the Corporation to indemnification and payment of its attorney's fees, have been assigned to the Trustee pursuant to the Indenture. The Lease may not be assigned by the County. However, the Leased Property may be subleased, as a whole or in part, by the County but without the necessity of obtaining the consent of the Corporation, the Trustee or any owner of the Certificates; subject, however, to each of the following conditions:

(a) the Leased Property may be subleased, in whole or in part, only to an agency or department or political subdivision of the State, or to another entity or entities if, in the opinion of nationally recognized bond counsel acceptable to the Trustee, such sublease will not impair the exclusion from gross income for purposes of federal income taxation of the interest on the Certificates;

(b) the Lease, and the obligations of the County thereunder, shall, at all times during the Original Term and any Renewal Term, remain obligations of the County, and the County shall maintain its obligations to the Corporation and the Trustee, notwithstanding any sublease;

(c) the County shall furnish or cause to be furnished to the Trustee a copy of any sublease agreement; and

(d) no sublease by the County shall cause the Leased Property to be used for any purpose which would adversely affect the exclusion from gross income for purposes of federal income taxation of any interest on the Certificates, or which would violate the Constitution or laws of the State.

Events of Default

Any of the following will be an "Event of Default" under the Lease:

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

(b) failure by the County to vacate or surrender possession of the Leased Property by the thirtieth day of the Fiscal Year in respect of which an Event of Nonappropriation occurs; or

(c) failure by the County to observe and perform any of its covenants, conditions or agreements, other than as referred to in (a) or (b) above, for a period of 30 days after written notice, specifying the failure and requesting that it be remedied, is given to the County by the Trustee, unless the Trustee shall agree in writing to an extension of time prior to expiration of the 30-day period; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not withhold their consent to an extension of time if corrective action is instituted by the County within the applicable time period and diligently pursued until the default is corrected; such consent of the Trustee shall not be unreasonably withheld; or

(d) the County (i) files a petition or application seeking reorganization, or protection under federal bankruptcy law, or other debtor relief under the laws of the State, or (ii) is the subject of such a petition or application which is not contested by the County, or otherwise dismissed or discharged, within 60 days.

The foregoing provisions concerning Events of Default are subject to the following limitations: (A) the County shall be obligated to pay Base Rentals and Additional Rentals only during the Original Term or current Renewal Term, except as otherwise expressly provided in the Lease; and (B) if, by reason of events specified in the Lease as events of Force Majeure, the County is unable in whole or in part to carry out any agreement on its part, other than the obligations to pay Base Rentals and Additional Rentals as specified in the Lease, the County will not be deemed in default during the continuance of such inability. The County agrees, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the County from carrying out its agreement, except that the settlement of strikes, lockouts and other industrial disturbances will be entirely within the discretion of the County.

Remedies Under the Lease

If an Event of Default has occurred and is continuing, the Trustee may terminate the Lease Term and give notice to the County to vacate and surrender the Leased Property within 30 days of such notice. The Trustee may proceed to take possession of the Leased Property as described above, and take one or any combination of the following additional remedial steps:

(a) In the event that the Trustee deems such action to be in the best interests of the owners of the Certificates, the Trustee may lease the Leased Property or any portion thereof or sell any interest the Trustee or the Corporation may have in any Leased Property.

(b) The Trustee may recover from the County:

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

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

(c) The Trustee may take whatever action at law or in equity appears necessary or desirable to enforce its rights in and to the Leased Property under the Lease, the Indenture and the Security Documents.

A judgment requiring a payment of money may be entered against the County by reason of an Event of Default only as to the liabilities described in subparagraph (b) above. A judgment requiring a payment of money may be entered against the County by reason of an Event of Nonappropriation only to the extent that the County fails to vacate and surrender possession of the Leased Property as required by the Lease, and only as to the liabilities described in subparagraph (b)(i) above. Notwithstanding anything else set forth in the Lease, any Event of Default consisting of a failure by the County to vacate and surrender possession of the Leased Property within 30 days following notice of an Event of Nonappropriation shall not result in any liability for Base Rentals or Additional Rentals under subparagraph (b)(ii) above.

The Trustee may waive an Event of Default under the Lease under certain circumstances as provided in the Lease, with the consent of the Certificate Insurer. The exercise of any remedies by the Trustee under the Lease is subject to the limitations and requirements of the Indenture.

The exercise of any remedies by the Trustee under the Lease is subject to the limitations and requirements of the Indenture, including the right of the Certificate Insurer to direct, or consent to the exercise of, such remedies under certain circumstances if the Certificate Insurer is in compliance with its payment obligations under the Policy of Insurance.

Amendments and Modifications

Except as otherwise provided in the Lease or the Indenture, the Lease may not be amended without the written consent of the Trustee and the Certificate Insurer, as provided in the Indenture.

Indemnification

To the fullest extent permitted by law, the County shall indemnify the Trustee and the Corporation and any of their directors, members, officers, employees or agents and save them harmless against any liability resulting from acts or omissions of the County and will indemnify the Trustee from acts or omissions of the Corporation or any of its directors, members, officers, employees or agents in connection with any acts taken pursuant to the Lease as it relates to the County and the Leased Property. The County shall also indemnify the Trustee and the Corporation and their directors, members, officers, employees or agents against all claims arising from (a) the conduct, management, operation or use of, or from any work or thing done on, the Leased Property during the Lease Term; (b) any condition of the Leased Property; (c) any act of negligence of the County or of any of its agents, contractors or employees or any violation of law by the County or breach of any covenant or warranty by the County; and (d) the incurrence of any cost or expense in connection with the Original Judicial Building Renovation Project in excess of the moneys available therefor in the Construction Fund.

Rights of the 2007 Certificate Insurer

Notwithstanding any other provision of the Lease or the Indenture, so long as the 2007 Certificate Insurer is not in default under the Policy of Insurance, (i) the 2007 Certificate Insurer, acting alone, shall have the right to direct all remedies upon the occurrence of an Event of Nonappropriation or an Event of Default, (ii) the consent of the 2007 Certificate Insurer shall be required for the initiation or approval of any action that requires consent of the registered owners of the 2007 Certificates, (iii) the 2007 Certificate Insurer shall have the right to institute any suit, action or proceeding at law or in equity under the same terms as an Owner of the 2007 Certificates in accordance with the applicable provisions of the Lease and the Indenture and (iv) there shall be no acceleration of the payment of the 2007 Certificates without the consent of the 2007 Certificate Insurer.

In the event that the 2007 Certificate Insurer is in default under the Policy of Insurance or the Policy of Insurance is no longer in effect, all references to the 2007 Certificate Insurer shall be of no effect.

Rights of the 2016 Certificate Insurer relating to the 2016 Reserve Policy

The County shall repay, subject to annual appropriation therefor, as Additional Rentals, any draws under the 2016 Reserve Policy, and all related reasonable expenses incurred by 2016 Certificate Insurer and shall pay, subject to annual appropriation therefor, as Additional Rentals, interest thereon from the date of payment by 2016 Certificate Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2016 Certificates and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as 2016 Certificate Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by 2016 Certificate Insurer, with the same force and effect as if the County had specifically designated such extra sums to be so applied and 2016 Certificate Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to 2016 Certificate Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are

made to 2016 Certificate Insurer on account of principal due, the coverage under the 2016 Reserve Policy will be increased by a like amount, subject to the terms of the 2016 Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the 2016 Certificates (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the debt service reserve fund established for the 2016 Certificates (the "2016 Reserve Account") shall be transferred to the debt service fund for payment of debt service on 2016 Certificates before any drawing may be made on the 2016 Reserve Policy or any other credit facility credited to the 2016 Reserve Account in lieu of cash ("Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the 2016 Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the 2016 Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the 2016 Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

Rights of the 2016 Certificate Insurer

Subject to the terms and conditions of the Original Lease with respect to the rights of the Certificate Insurer, which control, the Corporation and the County agree in the Indenture as follows:

(a) The County shall permit the 2016 Certificate Insurer to discuss the affairs, finances and accounts of the County or any information the 2016 Certificate Insurer may reasonably request regarding the security for the 2016 Certificates with appropriate officers of the County and will use commercially reasonable efforts to enable the 2016 Certificate Insurer to have access to the facilities, books and records of the County on any business day upon reasonable prior notice.

(b) The County hereby covenants and agrees, to the extent it may lawfully do so, that so long as any of the Obligations remain outstanding and unpaid, the County will not exercise the power of condemnation with respect to the Leased Property. The County further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the County should fail or refuse to abide by such covenant and condemns the Leased Property, the appraised value of the Leased Property shall not be less that the greater of (i) if such 2016 Certificates are then subject to redemption, the principal and interest components of the 2016 Certificates outstanding through the date of their redemption, or (ii) if such 2016 Certificates are not then subject to redemption, the amount necessary to defease such 2016 Certificates to the first available redemption date in accordance with the Trust Agreement.

(c) The County shall not have the right to terminate agreements for default by the respective counterparties.

(d) The County may only contest taxes, assessments, utility and other such charges with respect to the Leased Property upon notice to the 2016 Certificate Insurer and must pay such taxes, assessments, utility and other charges if requested to do so by the 2016 Certificate Insurer.

The County's financial obligations with respect to the 2016 Certificate Insurer are subject to appropriation by the County therefor.

THE INDENTURE

Payment of Certificates

Pursuant to the Indenture, the Corporation has assigned certain of its rights under the Lease, including all rights to receive Revenues, to the Trustee, for the benefit of the Certificate Owners. Principal of, premium, if any, and interest on the Certificates are payable solely from the Revenues as provided in the Lease and the Indenture. The Revenues, when, as and if received by the Trustee, are to be held in trust for the payment of the principal of, premium, if any, and interest on the Certificates.

Funds and Accounts

The Indenture provides for the establishment of various funds and accounts, the principal ones of which are described in the following paragraphs. Except as otherwise provided in the Lease and the Indenture, the Trustee will hold all funds and accounts as trustee for the Certificate Owners. Any income from the investment of the funds will be applied as provided in the Indenture.

Certificate Fund. The Certificate Fund will consist of the Interest Account and the Principal Account. The Trustee will withdraw funds from the Certificate Fund to pay the principal of and interest on the Certificates as the same become due and payable.

Reserve Fund. The Indenture requires the deposit into the Reserve Fund of the amount of the Reserve Requirement on the date of the initial execution and delivery of the Certificates. The Surety Bond initially will be deposited in the Reserve Fund in satisfaction of the Reserve Requirement. Any moneys held in the Reserve Fund are to be invested and reinvested by the Trustee in Permitted Investments. The income from these investments is to be deposited as follows: (a) to the Reserve Fund until the amount on deposit (including the Surety Bond) equals the Reserve Requirement; (b) upon the direction of the County, to the Construction Fund until the earlier of March 19, 2010 or completion of the Original Judicial Building Renovation Project, for payment of the Costs of the Project; and (c) all remaining income derived from the investment of the Reserve Fund shall be deposited in the Interest Account of the Certificate Fund.

Moneys held in the Reserve Fund are to be applied to any of the following purposes:

(a) to the payment of the principal and interest on the Certificates, as the same become due, to the extent of any deficiency in the Certificate Fund;

(b) at the option of the Trustee and with the consent of the Certificate Insurer, subsequent to an Event of Nonappropriation or an Event of Default, to the payment of any cost or expense necessary to preserve or protect the Leased Property or the interest of the Trustee or the Certificate Owners therein, or necessary to make any repairs or modifications to the Leased Property in preparation for the leasing or sale thereof, as the Trustee may deem to be in the best interests of the Certificate Owners; but only to the extent that amounts in the Reserve Fund constitute cash of the County;

(c) in the event that the Certificates are to be redeemed subsequent to an Event of Nonappropriation or an Event of Default, to the redemption of the Certificates then Outstanding

and the payment of interest thereon; but only to the extent that amounts in the Reserve Fund constitute cash of the County;

(d) in the event the County exercises its option to purchase the Leased Property and terminate the Lease upon payment of the Purchase Option Price, to the County, or at the option of the County, as a reduction of the Purchase Option Price, but only to the extent that amounts in the Reserve Fund constitute cash of the County; or

(e) at the option of the County, in reduction of the final payment of Base Rentals payable by the County under the Lease and, to the extent moneys in the Reserve Fund exceed the final payment of Base Rentals, to the next preceding payment or payments of Base Rentals, but only to the extent that amounts in the Reserve Fund constitute cash of the County.

Whenever the amount on deposit in the Reserve Fund is less than the Reserve Fund Requirement by reason of the application of moneys for a purpose set forth in paragraph (a) above, the County is required to (x) deposit in the Reserve Fund, on or before the last date of the Fiscal Year during which moneys from the Reserve Fund are so applied, an amount not less than the amount required to bring the total amount on deposit in the Reserve Fund to the Reserve Requirement or (y) reimburse the Certificate Insurer pursuant to the terms of the Guaranty Agreement so that the Surety Bond is reinstated in an amount which, together with any cash or Permitted Investments then in the Reserve Fund, will be sufficient to restore the amount on deposit in the Reserve Fund to the Reserve Requirement.

The Trustee is to create separate accounts within the Reserve Fund for the payment of the 2007 Certificates and the 2016 Certificates, respectively.

Construction Fund. A portion of the proceeds of the Certificates shall be deposited into the Construction Fund for disbursement to the County to pay Costs of the Project in accordance with the terms of the Indenture and the Lease.

Rebate Fund. The Indenture creates the Rebate Fund. The Rebate Fund shall be expended in accordance with the provisions of the Indenture and the Investment Instructions. The County shall make or cause to be made all requisite rebate calculations and remit the resulting rebate amount to the Trustee for further deposit into the Rebate Fund. The Trustee shall make deposits to and disbursements from the Rebate Fund in accordance with the Investment Instructions and the Tax Compliance Certificate. The Trustee shall invest the Rebate Fund pursuant to said Investment Instructions and shall deposit income from said investments immediately upon receipt thereof in the Rebate Fund, all as set forth in the Investment Instructions. The Investment Instructions may be superseded or amended by new Investment Instructions drafted by, and accompanied by an opinion of, Bond Counsel addressed to the County and the Trustee to the effect that the use of said new Investment Instructions will not cause the interest on the Certificates to be includible in the gross income of the recipients thereof for purposes of federal income taxation. The County may employ, at its expense, a designated agent to calculate the amount of deposits to and disbursements from the Rebate Fund based upon information furnished by the County and the Trustee. The Trustee may rely conclusively upon and shall be fully protected from all liability in relying upon the County's or its agent's determinations, calculations, instructions and certifications required by this Section and the Trustee shall have no responsibility to independently make any calculations or determination or to review the County's or its agent's determinations, calculations, instructions and certifications required by this Section. The County shall remit to the Trustee the rebate deposit described in the Investment Instructions. If a withdrawal from the Rebate Fund is permitted as a result of the computation described in the Investment Instructions, the amount withdrawn shall be deposited in the Certificate Fund. Record of the determinations required by this Section and the Investment Instructions must be retained by the County and the Trustee until six years after the final retirement of the Certificates.

Not later than 60 days after November 30, 2011 and every five years thereafter, the Trustee on behalf of the County shall pay to the United States of America 90% of the amount required to be on deposit in the Rebate Fund as of such payment date. No later than 60 days after the final retirement of the Certificates, the Trustee on behalf of the County shall pay to the United States of America 100% of the amount required to be on deposit in the Rebate Fund which shall remain in effect for such period of time as is necessary for such final payment to be made. Each payment required to be paid to the United States of America pursuant to this Section shall be filed with the Internal Revenue Service Center, Ogden Submission Processing Center, Ogden, Utah 84201. Each payment shall be accompanied by a copy of the Internal Revenue Form 8038-T and a statement summarizing the determination of the amount to be paid to the United States of America. The County reserves the right, in all events, to pursue such remedies and procedures as are available to it in order to assert any claim of overpayment of any rebated amounts.

Nonpresentment of Certificates

If any Certificate is not presented for payment when due and if funds sufficient to pay such Certificate shall have been made available to the Trustee for the benefit of the registered owner thereof, it will be the duty of the Trustee to hold such funds without liability for interest, for the benefit of the registered owner of such Certificate who shall be restricted exclusively to such funds for any claim of whatever nature on or with respect to such Certificate.

Additional Certificates

So long as the Lease Term remains in effect and no Event of Nonappropriation or Event of Default has occurred and is continuing, one or more series of Additional Certificates (the "Additional Certificates") may be executed and delivered, with the consent of the Certificate Insurer, to provide funds to pay any one or more of the following: (a) refunding all or any of the Outstanding Certificates and Additional Certificates; (b) completing the Original Judicial Building Renovation Project in excess of the amount available therefore in the Construction Fund; (c) making any modifications or improvements to the Leased Property as the County may deem necessary or desirable; and (d) paying costs of the execution and delivery and sale of the Additional Certificates, any deposit to the Reserve Fund that is required due to an increase in the Reserve Requirement, and other costs reasonably related to the purpose for which the Additional Certificates are being executed and delivered.

Each of the Additional Certificates will evidence an assignment of a proportionate undivided interest in rights to receive payments under the Lease, with the Certificates originally executed and delivered and all other series of Additional Certificates, if any, without preference, priority or distinction of any Certificates or Additional Certificates over any other.

The Indenture provides that Additional Certificates shall in all cases be executed and delivered at fixed interest rates.

Amounts Remaining in Funds

Upon a discharge and a defeasance of the Indenture in accordance with the provisions thereof, any amounts remaining in the Certificate Fund, the Reserve Fund, the Construction Fund, or otherwise held by the Trustee pursuant to the Lease, are to be paid to the County.

Investment of Moneys

Any moneys held as part of any fund or account created under the Indenture will be invested or deposited by the Trustee, at the direction of the County, in Permitted Investments.

Events of Default and Remedies

Any of the following will be an "Event of Default" under the Indenture:

(a) default in the payment of 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 redemption;

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

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

Remedies on Default

If any Event of Default occurs and is continuing, the Trustee may enforce for the benefit of the registered owners of the Outstanding Certificates each and every right granted to it as the assignee or grantee of the Lease and Security Documents. In exercising such rights and the rights given the Trustee under the Indenture, the Trustee is to take such action as directed solely by the Certificate Insurer, or in the event that payments under the Policy of Insurance shall be insufficient to pay the principal of and interest on the Certificates when due, as in the judgment of the Trustee, would best serve the interests of the owners of the Outstanding Certificates, including calling the Outstanding Certificates for redemption prior to their maturity and exercising the Lease Remedies provided in the Lease.

If any Event of Default has occurred and is continuing, the Trustee shall, if directed by the Certificate Insurer, or, in the event that payments under the Policy of Insurance shall be insufficient to pay the principal of and interest on the Certificates when due, in its discretion may, and shall, upon the written request of the registered owners of a majority in aggregate principal amount of all Outstanding Certificates and receipt of indemnity to its satisfaction, in its own name:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the registered owners of the Outstanding Certificates, including enforcing any rights under the Lease or the Security Documents and to enforce the provisions of the Indenture and any collateral rights thereunder for the benefit of the registered owners of the Outstanding Certificates; or

(b) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the registered owners of the Outstanding Certificates. If the Certificate Insurer is not meeting its payment obligations under the Policy of Insurance when due, the owners of a majority in aggregate principal amount of the 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, provided that such direction is not in conflict with any law or with the Indenture.

No owner of Certificates shall have any right to pursue any remedy unless:

(a) the Trustee shall have been given written notice of an Event of Default which affects such owner;

(b) 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 granted to the Trustee or pursue such remedy in its name;

(c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities;

(d) the Trustee shall have failed to comply with such request within a reasonable time; and

(e) the consent of the Certificate Insurer has been obtained (unless the Certificate Insurer is not meeting its payment obligations under the Policy of Insurance).

Application of Moneys in Event of Default

Any moneys received by the Trustee as a result of action taken to remedy an Event of Default under the Indenture shall be applied in the following order:

(a) to the payment of the expenses of the Trustee, including counsel fees, and disbursements of the Trustee and to the payment of its reasonable compensation;

(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;

(c) to the payment of principal or redemption price (as the case may be) then owing on the Outstanding Certificates, and in case such moneys 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 Outstanding Certificate over another;

(d) to reimburse the Certificate Insurer for any amounts it may have expended due to such Event of Default or due to indemnification of the Trustee; and

(e) to the payment of costs and expenses of the Corporation, including counsel fees, incurred in connection with the Event of Default.

Obligations and Liabilities of Trustee

The Indenture contains provisions limiting the duties and liabilities of the Trustee. No provision of the Lease or the Indenture requires the Trustee to incur any financial liability in the performance of any of its duties under the Lease or the Indenture, or in the exercise of any of its rights or powers under the Lease or the Indenture, if it has reasonable grounds for believing that repayment of the funds or adequate indemnity against the risk or liability is not reasonably assured to it. The Trustee is not liable for any payments to be made under the Lease or the Indenture or with respect to any Certificate, except to the extent of Revenues actually held by the Trustee pursuant to the Indenture.

During the Lease Term, the County is required to cause the Trustee to be paid compensation as specified in the Lease, and to reimburse the Trustee for all of its reasonable expenses incurred in the performance of its duties under the Lease and the Indenture.

The Indenture provides that the Trustee may resign and become discharged from its duties under the Indenture, by notice in writing given to the County, to the Certificate Insurer and to the Corporation not less than 60 days before the resignation is to take effect. The resignation will take effect only upon the appointment of a successor qualified to act under the Indenture. Also, the Indenture provides for the removal of the Trustee from its duties under the Indenture by the registered owners of not less than a majority in aggregate principal amount of the Certificates then Outstanding or by the Certificate Insurer for any breach of the trusts set forth in the Indenture.

Supplemental Indentures and Amendments of Lease

The Trustee and the Corporation may, with the written consent of the County, but without the consent of or notice to the Certificate Owners, enter into supplemental indentures or agreements for any one or more or all of the following purposes:

(a) to grant additional powers or rights to the Trustee;

(b) to cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in the Indenture, or to make any provisions with respect to matters arising under the Indenture or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Certificate Owners;

(c) to subject to the Indenture additional revenues, properties or collateral;

(d) to amend or modify the description of the real property and improvements; provided, however, that such amendment or modification shall not materially adversely affect the interests of the Certificate Owners;

(e) in connection with the execution and delivery of Additional Certificates;

(f) to preserve or protect the exclusion from gross income, for federal income tax purposes, of interest on the Certificates;

(g) as may be required by the provisions of the Lease or the Indenture;

(h) in order to more precisely identify the Leased Property or to add additional improvements or properties acquired in accordance with the Lease or the Indenture; or

(i) as necessary in order to implement the Lease.

Except for the supplemental indentures described in the preceding paragraph, the Indenture requires that notice be given and that the consent of the County, the Certificate Insurer (so long as the Certificate Insurer is not in default under the Policy of Insurance), and the registered owners of a majority (or in certain cases 100%) in aggregate principal amount of the Certificates at the time Outstanding be obtained for any supplemental indenture.

The Corporation and the Trustee may, without the consent of or notice to the Certificate Owners, consent to any amendment, change or modification of the Lease as may be required: (a) by the provisions of the Lease or the Indenture; (b) for the purpose of curing any ambiguity, or curing, correcting or supplementing any defect or omission or inconsistent provision contained in the Lease, or to make any provisions with respect to matters arising under the Lease or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Certificate Owners; (c) in

order to more precisely identify the Leased Property or to add additional improvements or properties acquired in accordance with the Lease and the Indenture; (d) in connection with the execution and delivery of Additional Certificates; (e) to add covenants of the County; (f) in order to preserve or protect the exclusion from gross income for federal income tax purposes of interest evidenced by the Certificates; or (g) to amend or modify the description of the real property and improvements constituting the Leased Property, but such amendment or modification shall not materially adversely affect the interests of the Certificate Owners.

Except for the amendments described in the preceding paragraph, neither the Corporation nor the Trustee is permitted to consent to any other amendment of the Lease without giving notice and obtaining the written approval or consent of the registered owners of not less than a majority in aggregate principal amount of the Certificates at the time Outstanding.

Rights of the 2007 Certificate Insurer

(a) Notwithstanding any other provision of the Lease or the Indenture, so long as the 2007 Certificate Insurer is not in default under the Policy of Insurance, (i) the 2007 Certificate Insurer, acting alone, shall have the right to direct all remedies upon the occurrence of an Event of Nonappropriation or an Event of Default, (ii) the consent of the 2007 Certificate Insurer shall be required for the initiation or approval of any action that requires consent of the registered owners of the 2007 Certificates, (iii) the 2007 Certificate Insurer shall have the right to institute any suit, action or proceeding at law or in equity under the same terms as an Owner of the 2007 Certificates in accordance with the applicable provisions of the Lease and the Indenture and (iv) there shall be no acceleration of the payment of the 2007 Certificates without the consent of the 2007 Certificate Insurer.

(b) In the event that the 2007 Certificate Insurer is in default under the Policy of Insurance or the Policy of Insurance is no longer in effect, all references to the 2007 Certificate Insurer shall be of no effect.

Rights of the 2016 Certificate Insurer Regarding 2016 Reserve Policy

(a) If the County shall fail to pay any costs of the Policy Costs in accordance with the requirements of the Lease, the 2016 Certificate Insurer will be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture, and subject to the rights of the 2016 Certificate Insurer, other than (i) acceleration of the maturity of the 2016 Certificates or (ii) remedies which would adversely affect owners of the 2016 Certificates.

(b) The County is to include any Policy Costs then due and owing 2016 Certificate Insurer in the calculation of the additional bonds test and the rate covenant in the Indenture.

(c) The Indenture requires the Trustee to ascertain the necessity for a claim upon the 2016 Reserve Policy in accordance with the provisions of the Lease and to provide notice to 2016 Certificate Insurer in accordance with the terms of the 2016 Reserve Policy at least five business days prior to each date upon which interest or principal is due on the 2016 Certificates. Where deposits are required to be made by the County with the Trustee to the debt service fund for the 2016 Certificates more often than semi-annually, the Trustee shall be instructed to give notice to 2016 Certificate Insurer of any failure of the County to make timely payment in full of such deposits within two business days of the date due.

Rights of the 2016 Certificate Insurer

Subject to the terms and conditions of the Original Indenture with respect to the rights of the Certificate Insurer, which control, the Corporation and the Trustee agree in the Indenture as follows:

(a) The prior written consent of the 2016 Certificate Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the 2016 Reserve Account. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the 2016 Reserve Account shall be applied solely to the payment of debt service due on the 2016 Certificates.

(b) The 2016 Certificate Insurer shall be deemed to be the sole holder of the 2016 Certificates for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the 2016 Certificates insured by it are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each 2016 Certificate, the Trustee and each Owner of the 2016 Certificates appoint the 2016 Certificate Insurer as their agent and attorney-in-fact and agree that the 2016 Certificate Insurer may at any time during the continuation of any proceeding by or against the County or the Corporation under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Owner of the 2016 Certificates delegate and assign to the 2016 Certificate Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner of the 2016 Certificates in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Owner of the 2016 Certificates shall expressly include mandamus.

(c) The maturity of 2016 Certificates insured by the 2016 Certificate Insurer shall not be accelerated without the consent of the 2016 Certificate Insurer and in the event the maturity of the 2016 Certificates is accelerated, the 2016 Certificate Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the County or the Corporation) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the 2016 Certificate Insurer's obligations under the 2016 Certificate Insurance Policy with respect to such 2016 Certificates shall be fully discharged.

(d) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the 2016 Certificate Insurer. No grace period shall be permitted for payment defaults.

(e) The 2016 Certificate Insurer shall be included as a third party beneficiary to the Indenture.

(f) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of 2016 Certificates to be redeemed shall be subject to the approval of the 2016 Certificate Insurer. The exercise of any provision of the Indenture which permits the purchase of 2016 Certificates in lieu of redemption shall require the prior written approval of the 2016 Certificate Insurer if any 2016 Certificate so purchased is not cancelled upon purchase.

(g) Any amendment, supplement, modification to, or waiver of, the Indenture or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of Owner of the 2016 Certificates or adversely affects the rights and interests of the 2016 Certificate Insurer shall be subject to the prior written consent of the 2016 Certificate Insurer.

(h) Unless the 2016 Certificate Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Construction Fund, if any, shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the 2016 Certificates.

(i) The rights granted to the 2016 Certificate Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the 2016 Certificate Insurer in consideration of its issuance of the 2016 Certificate Insurance Policy. Any exercise by the 2016 Certificate Insurer of such rights is merely an exercise of the 2016 Certificate Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owner of the 2016 Certificates and such action does not evidence any position of the 2016 Certificate Insurer, affirmative or negative, as to whether the consent of the Owner of the 2016 Certificates or any other person is required in addition to the consent of the 2016 Certificate Insurer.

(j) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the 2016 Certificate Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the 2016 Certificate Insurer, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the 2016 Certificates unless the 2016 Certificate Insurer otherwise approves.

To accomplish defeasance, the County or the Corporation shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the 2016 Certificate Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the 2016 Certificates in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the 2016 Certificate Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the 2016 Certificates are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the 2016 Certificates; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the County, the Corporation, the Trustee and 2016 Certificate Insurer. The 2016 Certificate

Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

2016 Certificates shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

(k) Amounts paid by the 2016 Certificate Insurer under the 2016 Certificate Insurance Policy shall not be deemed paid for purposes of the Indenture and the 2016 Certificates relating to such payments shall remain Outstanding and continue to be due and owing until paid by the County or the Corporation in accordance with the Indenture and the Lease. The Indenture shall not be discharged unless all amounts due or to become due to the 2016 Certificate Insurer have been paid in full or duly provided for.

(l) Each of the Corporation and Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

(m) Claims Upon the 2016 Certificate Insurance Policy and Payments by and to the 2016 Certificate Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the 2016 Certificates due on such Payment Date, the Trustee shall give notice to the 2016 Certificate Insurer and to its designated agent (if any) (the "2016 Certificate Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the 2016 Certificates due on such Payment Date, the Trustee shall make a claim under the 2016 Certificate Insurance Policy and give notice to the 2016 Certificate Insurer and the 2016 Certificate Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the 2016 Certificates and the amount required to pay principal of the 2016 Certificates, confirmed in writing to the 2016 Certificate Insurer and the 2016 Certificate Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the 2016 Certificate Insurance Policy.

The Trustee shall designate any portion of payment of principal on 2016 Certificates paid by the 2016 Certificate Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of 2016 Certificates registered to the then current Owner of the 2016 Certificates, whether DTC or its nominee or otherwise, and shall issue a replacement 2016 Certificate to the 2016 Certificate Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement 2016 Certificate shall have no effect on the amount of principal or interest payable by the Corporation on any 2016 Certificate or the subrogation rights of the 2016 Certificate Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the 2016 Certificate Insurer into the Policy Payments Account (defined below) and the allocation of such

funds to payment of interest on and principal of any 2016 Certificate. The 2016 Certificate Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the 2016 Certificate Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owner of the 2016 Certificates referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the 2016 Certificate Insurance Policy in trust on behalf of Owner of the 2016 Certificates and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owner of the 2016 Certificates in the same manner as principal and interest payments are to be made with respect to the 2016 Certificates under the sections hereof regarding payment of 2016 Certificates. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Corporation agrees to pay to the 2016 Certificate Insurer (i) a sum equal to the total of all amounts paid by the 2016 Certificate Insurer under the 2016 Certificate Insurance Policy (the "2016 Certificate Insurer Advances"); and (ii) interest on such 2016 Certificate Insurer Advances from the date paid by the 2016 Certificate Insurer until payment thereof in full, payable to the 2016 Certificate Insurer at the Late Payment Rate per annum (collectively, the "2016 Certificate Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2016 Certificates and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Corporation hereby covenants and agrees that the 2016 Certificate Insurer Reimbursement Amounts are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the 2016 Certificates.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a 2016 Certificate payment date shall promptly be remitted to the 2016 Certificate Insurer.

(n) The 2016 Certificate Insurer shall, to the extent it makes any payment of principal of or interest on the 2016 Certificates, become subrogated to the rights of the recipients of such payments in accordance with the terms of the 2016 Certificate Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Corporation to the 2016 Certificate Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(o) The Corporation shall pay or reimburse the 2016 Certificate Insurer any and all charges, fees, costs and expenses that the 2016 Certificate Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the

Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the 2016 Certificate Insurer to honor its obligations under the 2016 Certificate Insurance Policy. The 2016 Certificate Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document.

(p) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the issuer or rebate only after the payment of past due and current debt service on the 2016 Certificates and amounts required to restore the 2016 Reserve Account to the Reserve Requirement.

(q) The 2016 Certificate Insurer shall be entitled to pay principal or interest on the 2016 Certificates that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the County or the Corporation (as such terms are defined in the 2016 Certificate Insurance Policy) and any amounts due on the 2016 Certificates as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the 2016 Certificate Insurer has received a Notice of Nonpayment (as such terms are defined in the 2016 Certificate Insurance Policy) or a claim upon the 2016 Certificate Insurance Policy.

(r) The notice address of the 2016 Certificate Insurer is: Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director — Surveillance, Re: Policy No. _____, Telephone: (212) 974-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(s) The 2016 Certificate Insurer shall be provided with the following information by the Trustee, as the case may be:

(i) Annual audited financial statements within 180 days after the end of the County's fiscal year (together with a certification of the County that it is not aware of any default or Event of Default under the Indenture), and the County's annual budget within 30 days after the approval thereof together with such other information, data or reports as the 2016 Certificate Insurer shall reasonably request from time to time;

(ii) Notice of any draw upon the 2016 Reserve Account within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of 2016 Certificates;

(iii) Notice of any default known to the Trustee or County within five Business Days after knowledge thereof;

(iv) Prior notice of the advance refunding or redemption of any of the 2016 Certificates, including the principal amount, maturities and CUSIP numbers thereof;

(v) Notice of the resignation or removal of the Trustee and 2016 Certificate Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(vi) Notice of the commencement of any proceeding by or against the County or Corporation commenced under the United States Bankruptcy Code or any other

applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the 2016 Certificates;

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(ix) All reports, notices and correspondence to be delivered to Owner of the 2016 Certificates under the terms of the Related Documents.

(t) The 2016 Certificate Insurer shall have the right to receive such additional information as it may reasonably request from the Trustee, the County and the Corporation.

(u) The Trustee shall notify the 2016 Certificate Insurer of any failure of the County to provide notices, certificates and other information under the transaction documents.

(v) Notwithstanding satisfaction of the other conditions to the issuance of Additional Certificates set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the 2016 Reserve Account is fully funded at the Reserve Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the 2016 Certificate Insurer.

(w) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the 2016 Certificates or the rights of the Owner of the 2016 Certificates, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no 2016 Certificate Insurance Policy.

(x) No contract shall be entered into or any action taken by which the rights of the 2016 Certificate Insurer or security for or sources of payment of the 2016 Certificates may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the 2016 Certificate Insurer.

(y) If the 2016 Certificates are issued for refunding purposes, there shall be delivered an opinion of Bond Counsel addressed to the 2016 Certificate Insurer (or a reliance letter relating thereto), or a certificate of discharge of the trustee for the Refunded Certificates, to the effect that, upon the making of the required deposit to the escrow, the legal defeasance of the Refunded Certificates shall have occurred. If the Refunded Certificates are insured by Assured Guaranty Municipal Corp., at least three business days prior to the proposed date for delivery of the Policy with respect to the Refunding Certificates, the 2016 Certificate Insurer shall also receive (1) the verification letter, of which the 2016 Certificate Insurer shall be an addressee, by an independent firm of certified public accountants which is either nationally recognized or otherwise acceptable to the 2016 Certificate Insurer, of the adequacy of the escrow established to provide for the payment of the Refunded Certificates in accordance with the terms and provisions of the Escrow Deposit Agreement, and (ii) the form of an opinion of Bond Counsel addressed to the 2016 Certificate Insurer (or a reliance letter relating thereto) to the effect that the Escrow Deposit

Agreement is a valid and binding obligation of the parties thereto, enforceable in accordance with its terms (such Escrow Deposit Agreement shall provide that no amendments are permitted without the prior written consent of the 2016 Certificate Insurer). An executed copy of each of such opinion and reliance letter, if applicable, or Trustee's discharge certificate, as the case may be, shall be forwarded to the 2016 Certificate Insurer prior to delivery of the 2016 Certificates.

(z) Any interest rate exchange agreement ("Swap Agreement") entered into by the County or the Corporation shall meet the following conditions: (i) the Swap Agreement must be entered into to manage interest costs related to, or a hedge against (a) assets then held, or (b) debt then outstanding, or (iii) debt reasonably expected to be issued within the next twelve (12) months, and (ii) the Swap Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. Unless otherwise consented to in writing by the 2016 Certificate Insurer, any uninsured net settlement, breakage or other termination amount then in effect shall be subordinate to debt service on the 2016 Certificates and on any debt on parity with the 2016 Certificates. Neither the County nor the Corporation shall terminate a Swap Agreement unless it demonstrates to the satisfaction of the 2016 Certificate Insurer prior to the payment of any such termination amount that such payment will not cause either the County or the Corporation to be in default under the Related Documents, including but not limited to, any monetary obligations thereunder. All counterparties or guarantors to any Swap Agreement must have a rating of at least "A-" and "A3" by Standard & Poor's ("S&P") and Moody's Investors Service ("Moody's"). If the counterparty or guarantor's rating falls below "A-" or "A3" by either S&P or Moody's, the counterparty or guarantor shall execute a credit support annex to the Swap Agreement, which credit support annex shall be acceptable to the 2016 Certificate Insurer. If the counterparty or the guarantor's long term unsecured rating falls below "Baal" or "BBB+" by either Moody's or S&P, a replacement counterparty or guarantor, acceptable to the 2016 Certificate Insurer, shall be required.

APPENDIX B

AUDITED BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

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RubinBrown LLP
Certified Public Accountants
& Business Consultants

1900 16th Street
Suite 300
Denver, CO 80202

T 303.698.1883
F 303.777.4458

W rubinbrown.com
E info@rubinbrown.com

Independent Auditors' Report

Board of County Commissioners
El Paso County
Colorado Springs, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of El Paso County, Colorado (the County), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County'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 did not audit the financial statements of the El Paso County Retirement Plan, which is reported as the pension trust fund, and the financial statements of the El Paso County Housing Authority, which represents 69% of assets, 80% of net position and 4% of revenues of the discretely presented component units. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the El Paso County Retirement Plan and the El Paso County Housing Authority, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the El Paso County Retirement Plan and the El Paso County Housing Authority were not audited in accordance with *Government Auditing Standards*. 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, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County as of December 31, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matters

As discussed in Note D-3, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans,* effective January 1, 2014. Our opinion was not modified with respect to this matter.

As discussed in Note A-4I to the financial statements, certain activity reported in special revenue funds was restated to be reported in the General Fund and the Other Post Employment Benefit liability was removed from the Self Insurance Fund to be reported in the government-wide financial statements. Accordingly, amounts reported as General Fund, Road and Bridge, Other Governmental Funds fund balance and the Self Insurance Service Fund Net Position as of January 1, 2014, have been restated to change the financial reporting of these activities. 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, budgetary comparison schedules and the schedule of funding progress, on pages 19 - 31, 79 - 87 and 88, respectively, 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 and other auditors 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 County's basic financial statements. The combining and individual fund financial statements and schedules; the Local Highway Finance Report; the Schedule of EBT Authorizations, Warrant Expenditures, Total Expenditures and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules; the Local Highway Finance Report and the Schedule of EBT Authorizations, Warrant Expenditures and Total Expenditures 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above and the reports of the other auditors, the combining and individual fund financial statements and schedules; the Local Highway Finance Report and the Schedule of EBT Authorizations, Warrant Expenditures and Total Expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2015 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

RubinBrown LLP

May 28, 2015

Management's Discussion and Analysis

(Un-audited)

El Paso County's (the "County") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the County's financial activity, (c) identify changes in the County's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

The discussion and analysis of El Paso County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2014. Please read it in conjunction with the County's financial statements, which begin on page 32, as well as the transmittal letter.

Financial Highlights

- The County's total assets and deferred outflows of resources decreased $3.5 million in comparison to 2013. A majority of this decrease is in the cash and investments area with a planned decrease of $6.1 million.

- The County's total liabilities and deferred inflows of resources remained relatively unchanged from 2013, decreasing only $0.3 million.

- In comparing the 2014 Statement of Activities to 2013, general tax revenues increased $4.6 million. The most significant portion of this increase is a $3.9 million increase in sales tax collections. This increase was projected in the 2014 budget.

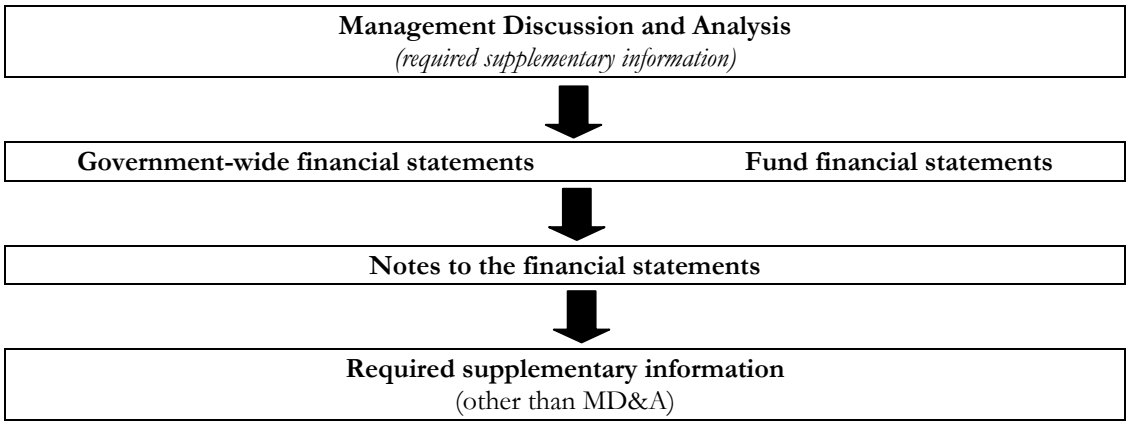
- Governmental expenditures increased $7.3 million in comparison to 2013. The County continued to use conservative budget and spending practices during 2014. Public Safety expenditures increased $11.9 million, as the County spent restricted, voter approved Public Safety Sales Taxes and funded fire and flood recovery projects.

- The County's total governmental fund balance decreased $1.7 million during 2014. This was due to small increases in Road and Bridge, Human Services, Capital Funds and planned spending into General Fund.

- The County made changes in how they accounted for funds in 2014. Several funds which used to be separate non-major special revenue funds are now accounted for in the General Fund. The funds which were moved into General Fund are Economic Development, Fleet Management, Retirement Contribution and Pikes Peak Workforce Center.

Using this Annual Report

The following graphic is provided to outline the composition of the financial statements.



This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

These two government-wide statements report the County's net position and how it has changed. You can think of the County's net position, the difference between assets and liabilities, as one way to measure the County's financial health, or financial position.

- Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the County is improving or deteriorating, respectively.

- To assess the overall financial health of the County, you will need to consider additional non-financial factors, such as changes in the County's property tax base and the condition of the County's roads.

The government-wide financial statements of the County are divided into three categories:

- ***Governmental activities*** **-** Most of the County's basic services are included here, such as sheriff, public works, health and welfare, auxiliary services and general administration. Taxes and intergovernmental revenues finance most of these activities.

- ***Business-type activities*** **-** The County charges fees to customers to help it cover the costs of certain services it provides. The County's Solid Waste Management is included here.

- ***Component units -*** The County includes four other entities in its report:

    - The El Paso County Retirement Plan exists for the purpose of being a cost sharing, multiple-employer benefit plan for all full-time employees.

    - The El Paso County Facilities Corporation exists as a nonprofit corporation under the laws of the State of Colorado which was organized to acquire real estate, property and improvements for lease to the County and, upon the prior approval of a majority of the memberships of the Board of County Commissioners of the County, to borrow money and to become indebted and to execute and deliver bonds, notes, and debentures to evidence such indebtedness, for the purpose of acquiring such real personal property, constructing or installing such improvements, and for such other purposes as may be necessary to accomplish the objectives of the Corporation.

    - El Paso County Public Health is a quasi-municipal organization organized by authority of State Statutes and Resolution of the County Commissioners.

    - The El Paso County Housing Authority was established by the Commissioners and exists in order to help promote availability of decent, safe, and sanitary dwelling accommodations in the County to low-income families.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds-not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

- The Board of County Commissioners establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has three types of funds:

Governmental funds - Most of the County's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.

Proprietary funds - Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

- Enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows. El Paso County's Enterprise fund consists of Solid Waste Management.

- Internal Service funds are used to report activities that provide supplies and services for the County's other programs and activities. El Paso County's only internal service fund is the Self Insurance Internal Service Fund.

Fiduciary funds - The County is the trustee, or fiduciary for other assets that, because of a trust arrangement, can be used only for the trust's beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) concerning El Paso County's General Fund, Road and Bridge Fund, and Human Services Fund Budget to Actual information, a Budget-to-GAAP Reconciliation, as well as a schedule of funding progress for the OPEB benefits to our employees. The combining statements are presented immediately following the RSI.

Financial Analysis of the County as a Whole

The **General Fund** is the County's primary operating fund, accounting for all financial resources of the general government, except those required to be accounted for in other funds. At the end of the current fiscal year, the unrestricted (committed, assigned and unassigned) fund balance of the General Fund was $13.1 million. This is $7.8 million lower than 2013 due to El Paso County's planned spending into fund balance during 2014 and the completion of several projects which were committed and assigned funds as of December 2013. The unrestricted fund balance is 11.5% of 2015 budgeted unrestricted operating expenditures, which is less than the approved Fund Balance Policy, due to planned spending into fund balance in order to address operations during the leanest of years for the County. In compliance with the County's approved fund balance policy, the 5-year budget projections increase the unrestricted fund balance level to the minimum required in the policy. Also included in General Fund Restricted Fund Balance is a reserve of $5.8 million which is restricted under state law (TABOR - Taxpayers Bill of Rights) as an emergency reserve. The remaining amount of the fund balance is restricted funds unavailable for the Board to appropriate other than their designated purposes.

The **Road and Bridge Fund** accounts for construction and maintenance of County roads and bridges financed by property taxes, highway user fees, and other revenues restricted to use on roads and bridges. At the end of the current fiscal year, the unrestricted (committed and assigned) fund balance of the Road and Bridge Fund was $6.7 million, which is $0.5 million less than 2013. The fund had increased expenditures for capital projects which were postponed from 2013 to 2014 due to reassignment of resources to respond to the Black Forest Fire and several flooding events in 2013.

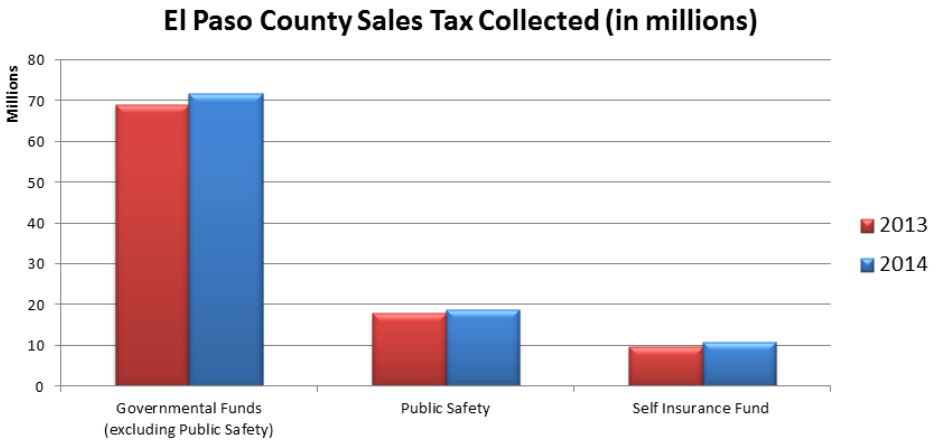
The **Human Services Fund** accounts for the federal and state public welfare programs administered by the County and financed by grants, intergovernmental reimbursements, and sales taxes. There was a $1.5 million increase to fund balance due to conservative budget practices. Revenue in the Human Services Fund increased $6.5 million in 2014 as a result of additional grants and allocations from the State of Colorado and increased Medicaid funding from the Affordable Care Act.

The **Capital Project Fund** accounts for financial resources to be used for the acquisition or construction of major capital projects other than those financed by proprietary funds. $16.1 million of the $16.5 million fund balance is held in escrow, restricted externally to be used only for payments on our annual lease obligations. $430,410 is assigned for construction projects scheduled to be completed in 2015. The Capital Project Fund balance increased $1.5 million from 2013 due to capital lease revenue, which is a long term liability.

Sales Tax Revenue in the governmental funds can appear to change significantly from year to year depending on how much sales and use tax revenue is allocated to our Internal Service Fund, which is not shown in the Government Wide financial statements.

Sales Tax Revenue - Below is a table showing total sales tax collections for the County as a whole:

(in millions)	2014	2013
Governmental Funds (excluding Public Safety)	$ 71.9	$ 69.1
Public Safety	18.8	17.9
Self Insurance Fund	10.9	9.7
Total Sales and Use Tax	$ 101.6	$ 96.7



Please see Schedule 10, Sales and Use Tax Collections by State Category in the Statistical Section of this report for more information.

Net Position - The County's combined net position was $334.7 million in 2014. Looking at the net position and net expenses of governmental and business-type activities separately, however, two very different stories emerge. The following focuses on the net position and changes in net position of the County's governmental and business-type activities.

El Paso County's Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 132.5	$ 130.2	$ 0.7	$ 0.6	$ 133.1	$ 130.8
Capital assets	527.4	533.0	1.3	1.3	528.7	534.3
Total assets	659.9	663.2	2.0	1.9	661.8	665.1
Deferred outflows of resources						
Deferred loss on refunding	1.9	2.1	-	-	1.9	2.1
Total deferred outflows of resources	1.9	2.1	-	-	1.9	2.1
Long-term debt outstanding	254.5	260.2	-	-	254.5	260.2
Other liabilities	29.4	25.0	0.1	0.1	29.5	25.1
Total liabilities	283.9	285.2	0.1	0.1	284.0	285.3
Deferred inflows of resources						
Deferred revenue-property taxes	45.1	44.1	-	-	45.1	44.1
Total deferred inflows of resources	45.1	44.1	-	-	45.1	44.1
Net position:						
Net investment in capital assets	378.6	378.8	1.3	1.3	379.9	380.1
Restricted	32.8	23.2	-	-	32.8	23.2
Unrestricted	(78.6)	(66.0)	0.6	0.5	(78.0)	(65.5)
Total net position	$ 332.8	$ 336.0	$ 1.9	$ 1.8	$ 334.7	$ 337.8

For detailed information please see the Statement of Net Position on page 33.

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation to the fund financial statements.

Net Results of Activities - which will affect (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital - which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital - which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt, which will not change the net investment in capital assets.

Spending of Non-Borrowed Current Assets on New Capital - which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase net investment in capital assets.

Principal Payment on Debt - which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation - which will reduce capital assets and net investment in capital assets. The net position of the County's governmental activities was $332.8 million for 2014. The largest portion of the County's net position, $378.6 million, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens. Since all of these assets are tied up as capital, they are not available to finance day-to-day operations. Restricted net position of $32.8 million have limited purposes so are also not available to finance day-to-day operations. A portion of restricted net position is the TABOR requirement to maintain an "emergency reserve" in the amount of 3% of "fiscal year spending less debt service." This reserve can be used to meet any emergency except those caused by economic conditions, revenue shortfalls, and salary or fringe benefits increases. Accordingly, the amount of this emergency "reserve" at December 31, 2014 is $5.8 million.

The unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Unrestricted net position shows a $78.6 million deficit at the end of the year. The largest portions of this deficit are the Other Post Employment Benefits (OPEB) liability of $77.3 million that we are required to show as well as the compensated absences liability of $17.7 million. The County pays its OPEB and compensated absences annually on a "Pay-as-you-go" basis. Removing the OPEB and compensated absences liabilities from the unrestricted net position results in a $16.3 million unrestricted balance.

Changes in net position - The County's total governmental revenues were $284.1 million for 2014. Approximately 11.7% of the County's revenues come from charges for services, 34.9% from operating and capital grants, 15.3% from property taxes, 32.0% from sales taxes (after $10.9 million has been eliminated through the Internal Service Fund); and 6.1% from other taxes and revenues. The total cost of all governmental programs and services was $287.3 million. The ending net position decreased from 2013 by $3.2 million or 0.93%.

Changes in El Paso County's Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program revenues						
Charges for services	$ 33.2	$ 36.3	$ 1.0	$ 1.0	$ 34.2	$ 37.3
Operating grants	84.6	70.9	0.1	-	84.7	70.9
Capital grants	14.5	9.6	-	-	14.5	9.6
General revenues						
Property taxes	43.6	43.6	-	-	43.6	43.6
Sales tax	90.8	87.0	-	-	90.8	87.0
Other taxes	17.1	16.2	-	-	17.1	16.2
Other revenues	0.3	0.3	-	-	0.3	0.3
Total revenue	284.1	263.9	1.1	1.0	285.2	264.9
EXPENSES						
General government	68.2	58.2	-	-	68.2	58.2
Public safety	102.4	90.5	-	-	102.4	90.5
Public works	34.5	44.1	-	-	34.5	44.1
Health and welfare	70.8	69.7	-	-	70.8	69.7
Culture and recreation	3.4	3.3	-	-	3.4	3.3
Auxiliary services	0.6	0.5	-	-	0.6	0.5
Outside agencies	-	5.9	1.0	1.0	1.0	6.9
Interest on long term debt	7.4	7.7	-	-	7.4	7.7
Total expenses	287.3	279.9	1.0	1.0	288.3	280.9
Increase (decrease) in net position before transfers	(3.2)	(16.0)	0.1	-	(3.1)	(16.0)
Increase (decrease) in net position	(3.2)	(16.0)	0.1	-	(3.1)	(16.0)
Ending Net Position	$ 332.8	$ 336.0	$ 1.9	$ 1.8	$ 334.7	$ 337.8

Governmental Activities

There are eight basic impacts on revenues and expenses as reflected below.

Revenues:

Economic Condition - which can reflect a declining, stable or growing economic environment and has a substantial impact on property, sales, or other tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/Decrease in Board approved fees - the County Commissioners have significant authority to impose and periodically increase/decrease fees.

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) - certain recurring revenues (state revenue sharing, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year to year comparison.

Market affects Investment Income - the County's investment portfolio is managed using a variety of maturities and the market condition may cause investment income to fluctuate as a result.

Expenses:

Introduction of New Programs - within the functional expense categories, individual programs may be added or deleted to meet changing community needs.

Change in Authorized Personnel - changes in services demand or decisions to outsource services may cause the Commissioners to increase/decrease authorized staffing.

Salary increases (cost of living, merit and market place adjustment) - the ability to attract and retain trained and educated resources requires the County to strive to approach a competitive salary range position in the marketplace.

Inflation - while overall inflation appears to be reasonably modest, the County is a major consumer of certain commodities such as chemicals and supplies, fuels, and parts. Some functions may experience unusual commodity specific increases.

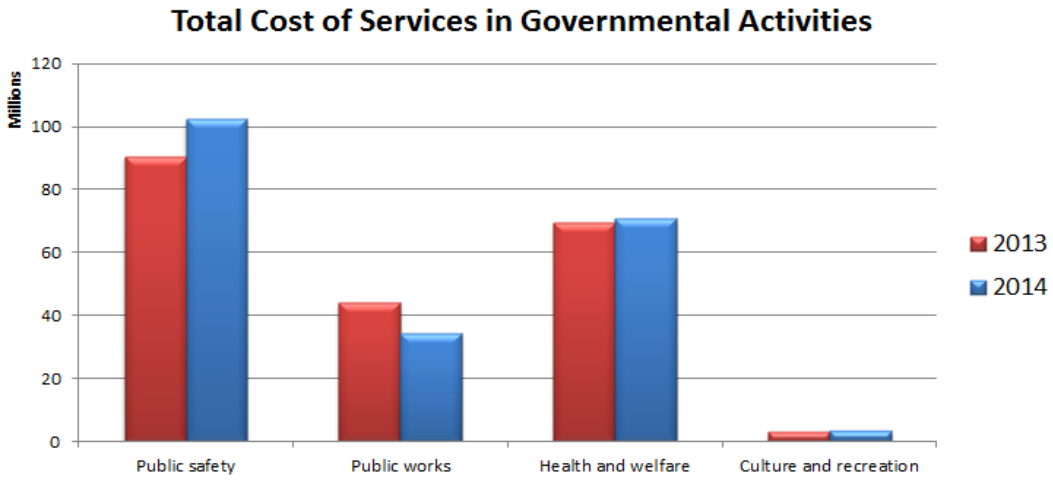
The table below presents the cost of each of the County's four largest programs - public safety, public works, health and welfare and culture and recreation - as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

Some of the cost was paid by those who directly benefited from the programs, or other governments and organizations that subsidized certain programs with grants and contributions.

Net Cost of El Paso County's Governmental Activities
(in millions)

	Total Cost of Services		Net Cost (Revenue) of Services	
	2014	2013	2014	2013
Public safety	$ 102.4	$ 90.5	$ 84.0	$ 72.1
Public works	34.5	44.1	19.0	33.8
Health and welfare	70.8	69.7	16.9	21.2
Culture and recreation	3.4	3.3	1.1	0.1
Total	$ 211.1	$ 207.6	$ 121.0	$ 127.2

When comparing 2014 to 2013, Public Safety total cost of services increased $11.9 million due to expenditures of a voter approved Public Safety sales tax. $6.1 million of the decrease in Public Works total cost of services is due to moving Fleet services into General Government, where it used to be reflected in Public Works.



Financial Analysis of the County's Funds

At the end of the County's year, governmental funds reported a fund balance of $56.8 million. This is a decrease from 2013 of $1.7 million. Included in this year's total change in fund balance was a $1.7 million increase in the Road and Bridge Fund, a $1.5 million increase in the Human Services Fund, and a $1.5 million increase in the Capital Projects Fund. The General Fund decreased by $7.5 million. The overall decrease in governmental funds is largely due to the completion of projects started in 2013 and planned spending into the General Fund balance to balance the 2014 budget.

El Paso County Budgetary Highlights

Over the course of the year, the El Paso County Commissioners revised the County's General Fund Budget with a total of 154 resolutions for a net increase of $36,012,515. The largest budget resolutions follow and total $30,764,019. The remaining resolutions combined total is $5,248,496.

- Resolution 14-105 and 14-162 were approved in the amount of $16,424,429 to reappropriate to 2014 projects in process that were not yet completed and for purchases that have been ordered but not yet received. These purchases and projects were scheduled to be completed in 2014.

- Resolution 14-124 was approved in the amount of $2,194,500 from the U.S. Department of Agriculture, Natural Resources Conservation Service (NRCS) along with the State of Colorado Department of Public Safety, Division of Homeland Security and Emergency Management, to be used for flood mitigation and recovery for emergency watershed protection projects.

- Resolution 14-177 was approved in the amount of $1,938,682 from the U.S. Department of Agriculture, Natural Resources Conservation Service (NRCS), to be used for emergency watershed protection measures to relieve hazards and damages created by the 2012 Waldo Canyon Fire.

- Resolution. 15-174 was approved in the amount of $1,627,647 to adjust various General Fund budgets for items that were unanticipated earlier in the fiscal year during the 2014 Original Adopted Budget process.

- Resolution 14-219 was approved in the amount of $1,499,449 from the State of Colorado Department of Public Safety, Division of Homeland Security and Emergency Management, for the Presidential Disaster Declaration of the September 11, 2013 flooding.

- Resolution 14-122 was approved in the amount of $922,060 from the State of Colorado Department of Public Safety, Division of Homeland Security and Emergency Management, for the Presidential Disaster Declaration of the 2013 Black Forest Fire.

- Resolution 14-397 was approved to appropriate $897,953 from the Public Safety Tax Fund Balance to the Restricted Public Safety Tax budget.

- Resolution 14-100 was approved in the amount of $870,000 from fees collected by the Sheriff's Office from inmates assigned to the Work Release Program, which is pursuant to authorization from the State Legislature in C.R.S. 18-1.3-106 to assist in relieving overcrowding conditions at the Criminal Justice Center.

- Resolution 14-289 was approved to appropriate $850,000 to include the Sheriff's Office Commissary Program as a restricted business unit within the General Fund.

- Resolutions 14-225 and 14-392 were approved in the amount of $820,200 for a Detoxification Services Contract between Aspenpointe Health Network and the Sheriff's Office, to provide detoxification services for the El Paso County Sheriff's Office Social Detoxification Program.

- Resolution 14-99 was approved for $748,200 for Intergovernmental Agreements with the United States Department of Homeland Security, Immigration and Customs Enforcement (ICE), to the Sheriff's Office Budget, for the housing of ICE detainees.

- Resolution 14-101 was approved in the amount of $615,000 to the Sheriff's Office budget from various local organizations for the Gateway Through the Rockies Program to provide effective education and therapeutic programming, re-entry support and employment work experience through community based partnerships.

- Resolution 14-434 was approved in the amount of $512,250 to the Community Service/Parks Division budget from Great Outdoors Colorado (GOCO) for the acquisition of Wedgewood Farms Open Space.

- Resolution 14-223 was approved in the amount of $423,649 from a Detoxification Services Contract with Memorial Health System and the Sheriff's Office, to provide detoxification services for the El Paso County Sheriff's Office Social Detoxification Program.

- Resolution 14-104 was approved for $420,000 for applicant fees collected by the Sheriff's Office for the Concealed Handgun Permit Program (CHP).

General Fund Budget-to-Actuals

Due to conservative spending practices, the County ended the year underspending budgeted general fund expenditures by $18.3 million. A majority of the underspending was reappropriated to the 2015 general fund budget to enable the County to finish projects it started in 2014, which were not completed by December 2014. Resolution 15-108 and 15-135 reappropriated $13,651,957 to the 2015 budget. The projects reappropriated consisted of the renovation of a new public safety building from the voter approved increased sales tax revenue and several fire and flood recovery projects.

In the revenue area, the County projected and budgeted for a 3.0% increase in sales and use taxes. Actual collections were 5.1% higher than 2013, resulting in a $2.0 million positive variance with the budget. Charges for services ended the year $3.0 million lower than budgeted. A significant portion of this variance is attributable to decreased fees collected in the Clerk and Recorder's Office due to decreased recording of documents and a decrease in public trustee fees due to less foreclosure filings.

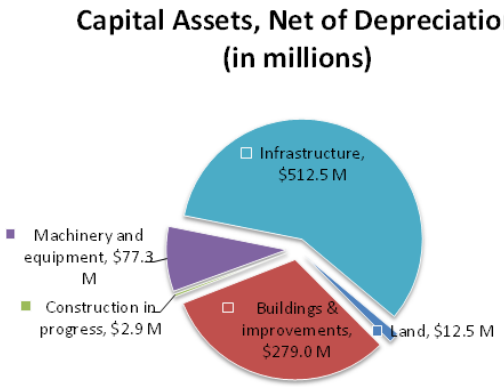
Capital Assets and Debt Administration

Capital Assets

At the end of 2014, the County had invested $884.2 million in a broad range of capital assets, including land, buildings, equipment, infrastructure, park facilities, etc. This table presents capital balances related to governmental funds and internal service funds.

El Paso County Capital Assets
(in millions)

	Governmental Activities	
	2014	2013
Land	12.5	12.5
Construction in progress	2.9	6.0
Buildings & improvements	279.0	271.1
Machinery and equipment	77.3	72.0
Infrastructure	512.5	497.0
Total	$ 884.2	$ 858.6



El Paso County's investments in capital assets for its governmental and business-type activities as of December 31, 2014, amounts to $528.7 million (see Note C3). This investment in capital assets includes land, buildings and systems, improvement, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events during 2014 included the following:

- Road & Bridge Infrastructure projects of $2,542,251 completed and $2,543,150 additional in construction in progress.
- $2,792,977 was expended for various land and building renovation and improvements.
- $4,331,360 was expended for repurposing and major improvements to 3755 Mark Dabling building. This property was acquired in 2013 through the Public Safety Sales Tax Initiative for the benefit of the Emergency Services Division.

Reconciliation of Capital Asset Schedules

	Amount	Explanation
$	884,252,667	Total capital including Governmental & Internal Services Funds
	15,454,101	Capital not Depreciated - Governmental & Internal Services Funds
	511,929,119	Capital net of Depreciation - Governmental & Internal Services Funds
	527,383,220	
	15,454,101	Capital not Depreciated - Governmental & Internal Services Funds
	868,798,566	Total Capital to Depreciate - Governmental & Internal Services Funds
	884,252,667	Total before Depreciation
	(356,869,447)	Depreciation
	527,383,220	Net of Depreciation
	884,078,089	Capital Assets Governmental Only
	174,578	Internal Services Fund Capital Assets
$	884,252,667	

Information on El Paso County's capital assets can be found in the notes to the financial statements of this report in Note C3.

Long-term Debt

During 2014, El Paso County had a reduction in long-term debt accounts of $39.7 million and additions of $36.5 million resulting in a net reduction of $3.2 million. Additional information about El Paso County's long-term debt is presented in the notes to the financial statements, particularly Note C.5A.

There have not been any significant changes subsequent to December 31, 2014 to report.

Contacting the County's Financial Management

The purpose of this financial report is to provide the County's citizens, taxpayers, customers, investors, and creditors with a general overview of its finances and to show its accountability for the money it receives. If you have questions about this report or the reports of the component units, or need additional financial information, contact the County Budget Administration's Finance Division, at El Paso County, 200 S. Cascade Ave., Suite 30, Colorado Springs, Colorado 80903. An electronic copy of this report can be found on the County's website http://adm.elpasoco.com/BudgetAdministration/Finance/Pages/default.aspx.

El Paso County Fair

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EL PASO COUNTY, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	El Paso County Public Health	The El Paso County Housing Authority
ASSETS					
Cash and investments	$ 22,861,893	$ 424,465	$ 23,286,358	$ 2,735,762	$ 5,923,055
Receivables					
Property taxes	45,084,159	-	45,084,159	-	-
Accounts	2,300,767	241,727	2,542,494	3,273	4,805,719
Intergovernmental	35,656,770	-	35,656,770	2,041,758	-
Accrued interest	30	-	30	-	48,747
Inventories	3,324,625	-	3,324,625	-	-
Prepaid expenses	490,979	-	490,979	-	-
Restricted cash and investments	16,114,934	-	16,114,934	-	-
Note Receivable	6,663,546	-	6,663,546	-	-
Capital assets, not depreciated	15,454,101	-	15,454,101	-	-
Capital assets, net of accumulated depreciation	511,929,119	1,285,181	513,214,300	43,209	-
Total assets	659,880,923	1,951,373	661,832,296	4,824,002	10,777,521
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	1,942,298	-	1,942,298	-	-
Total deferred outflows of resources	1,942,298	-	1,942,298	-	-
LIABILITIES					
Internal balances	(2,434)	2,434	-	-	-
Accounts payable	8,104,229	22,846	8,127,075	118,421	18,304
Due to other governments	2,298,824	-	2,298,824	216,109	-
Interest payable	632,648	-	632,648	-	-
Accrued liabilities	4,395,705	6,797	4,402,502	218,185	104
Unearned revenue	1,635	-	1,635	425,966	-
Noncurrent liabilities					
Due within one year	13,945,195	7,104	13,952,299	481,388	-
Due in more than one year	254,529,522	58,058	254,587,580	597,419	-
Total liabilities	283,905,324	97,239	284,002,563	2,057,488	18,408
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	45,084,159	-	45,084,159	-	-
Total deferred inflows of resources	45,084,159	-	45,084,159	-	-
NET POSITION					
Net investment in capital assets	378,589,179	1,285,181	379,874,360	43,209	-
Restricted for:					
TABOR	5,814,320	-	5,814,320	285,884	-
Clerk & Recorder projects	167,692	-	167,692	-	-
Public Safety	5,771,098	-	5,771,098	-	-
Culture and Recreation projects	2,800,627	-	2,800,627	-	-
Public Works	282,182	-	282,182	-	-
Debt Service	16,114,934	-	16,114,934	-	-
Other Projects	1,915,749	-	1,915,749	-	-
Unrestricted	(78,622,043)	568,953	(78,053,090)	2,437,421	10,759,113
Total net position	$ 332,833,738	$ 1,854,134	$ 334,687,872	$ 2,766,514	$ 10,759,113

The accompanying notes are an integral part of this statement.

EL PASO COUNTY, COLORADO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: El Paso County Public Health	Component Units: The El Paso County Housing Authority
Primary government:									
Governmental activities:									
General government	$ 68,213,731	$ 25,107,711	$ 16,241,388	$ 932,285	$ (25,932,347)	$ -	$ (25,932,347)	$ -	$ -
Public safety	102,380,666	6,008,910	12,402,051	7,928	(83,961,777)	-	(83,961,777)	-	-
Public works	34,466,675	1,170,633	762,690	13,560,840	(18,972,512)	-	(18,972,512)	-	-
Health and welfare	70,758,066	156,654	53,707,277	-	(16,894,135)	-	(16,894,135)	-	-
Culture and recreation	3,432,589	785,649	1,492,542	23,556	(1,130,842)	-	(1,130,842)	-	-
Auxiliary services	568,875	-	40,200	-	(528,675)	-	(528,675)	-	-
Interest on long-term debt	7,436,929	-	-	-	(7,436,929)	-	(7,436,929)	-	-
Total governmental activities	287,257,531	33,229,557	84,646,148	14,524,609	(154,857,217)	-	(154,857,217)	-	-
Business-type activities:									
Solid waste management	998,704	1,034,755	21,635	-	-	57,686	57,686	-	-
Total Business-type activities	998,704	1,034,755	21,635	-	-	57,686	57,686	-	-
Total primary government	288,256,235	34,264,312	84,667,783	14,524,609	(154,857,217)	57,686	(154,799,531)	-	-
Component units:									
Public Health	24,856,444	5,989,446	18,655,138	-				(211,860)	-
Housing Authority	414,857	869,770	-	-				-	454,913
Total component units	$ 25,271,301	$ 6,859,216	$ 18,655,138	$ -	-	-	-	(211,860)	454,913
General revenues:									
Taxes:									
Property taxes					43,584,455	-	43,584,455	-	-
Sales taxes					90,841,733	-	90,841,733	-	-
Specific ownership tax					5,162,327	-	5,162,327	-	-
Highway users tax					11,767,130	-	11,767,130	-	-
Investment earnings					319,970	233	320,203	2,262	126,955
Miscellaneous revenue					-	-	-	75,068	-
Total general revenues and transfers					151,675,615	233	151,675,848	77,330	126,955
Change in net position					(3,181,602)	57,919	(3,123,683)	(134,530)	581,868
Net position - January 1					336,015,340	1,796,215	337,811,555	2,901,044	10,177,245
Net position - December 31					$ 332,833,738	$ 1,854,134	$ 334,687,872	$ 2,766,514	$ 10,759,113

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

EL PASO COUNTY, COLORADO
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2014

	Major Funds				Non-Major Fund	
	General Fund	Road and Bridge	Human Services	Capital Projects	Conservation Trust	Total Governmental Funds
ASSETS						
Cash and investments	$ 11,816,854	$ 5,907,045	$ 138,221	$ 455,448	$ 789,418	$ 19,106,986
Taxes receivable	43,092,437	1,991,722	-	-	-	45,084,159
Accounts receivable	2,169,298	41,346	1,574	-	-	2,212,218
Advances to other funds	1,500,000	-	-	-	-	1,500,000
Due from other funds	1,640,908	479,401	2,000,000	-	4,778	4,125,087
Due from other governments	26,853,169	1,272,504	7,470,766	8,540	-	35,604,979
Inventories	1,425,909	1,898,716	-	-	-	3,324,625
Prepaid items	240,162	-	-	-	-	240,162
Restricted cash and investments	-	-	-	16,114,934	-	16,114,934
Total assets	88,738,737	11,590,734	9,610,561	16,578,922	794,196	127,313,150
LIABILITIES						
Accounts payable	5,186,584	308,322	1,986,332	33,578	16,322	7,531,138
Accrued wages	3,386,780	277,308	701,298	-	22,005	4,387,391
Advances from other funds	-	-	1,500,000	-	-	1,500,000
Due to other funds	8,135,434	34,186	1,562,413	-	-	9,732,033
Due to other governments	-	25,475	2,273,349	-	-	2,298,824
Unearned revenue	1,635	-	-	-	-	1,635
Total liabilities	16,710,433	645,291	8,023,392	33,578	38,327	25,451,021
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue-property taxes	43,092,437	1,991,722	-	-	-	45,084,159
Total deferred inflows of resources	43,092,437	1,991,722	-	-	-	45,084,159
FUND BALANCES:						
Nonspendable	1,666,071	1,898,716	-	-	-	3,564,787
Restricted	14,126,448	282,182	1,587,169	16,114,934	755,869	32,866,602
Committed	4,429,589	338,253	-	-	-	4,767,842
Assigned	6,438,541	6,434,570	-	430,410	-	13,303,521
Unassigned	2,275,218	-	-	-	-	2,275,218
Total fund balances	28,935,867	8,953,721	1,587,169	16,545,344	755,869	56,777,970
Total liabilities, deferred inflows of resources, and fund balances	$ 88,738,737	$ 11,590,734	$ 9,610,561	$ 16,578,922	$ 794,196	$ 127,313,150

The accompanying notes are an integral part of this statement.

EL PASO COUNTY, COLORADO
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2014

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

Fund balances - total governmental funds	$	56,777,970
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		527,229,951
Internal service funds are used by management to charge the costs of the self insurance program to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		2,671,312
The portion of interest receivable that is not available to pay for current period expenditures and, therefore, is not reported in the funds.		30
Long-term note receivable from other governments for long-term capital lease.		6,663,546
Deferred outflows of resources are not available resources and, therefore are not reported in the funds.		1,942,298
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The details of this difference are as follows:		
Accrued interest payable		(632,648)
Compensated absences payable		(17,698,061)
Certificates of Participation payable		(158,315,000)
Capital leases payable		(4,607,822)
Unamortized premium		(4,112,672)
Unamortized debt discount		184,216
OPEB Liability		(77,269,382)
Net position - governmental activities	$	332,833,738

The accompanying notes are an integral part of this statement.

EL PASO COUNTY, COLORADO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Major Funds				Non-Major Fund	
	General Fund	Road and Bridge Fund	Human Services Fund	Capital Projects Fund	Conservation Trust	Total Governmental Funds
REVENUES						
Property taxes	$ 29,266,912	$ 1,939,123	$ -	$ 12,378,420	$ -	$ 43,584,455
Sales taxes	74,644,632	-	16,197,101	-	-	90,841,733
Specific ownership taxes	4,407,520	754,807	-	-	-	5,162,327
Highway user taxes	-	11,767,130	-	-	-	11,767,130
Intergovernmental	30,061,365	1,342,163	46,091,395	839,383	1,284,957	79,619,263
Fees and fines	586,491	-	-	-	-	586,491
Licenses and permits	1,526,229	-	-	-	-	1,526,229
Charges for services	22,732,264	667,685	150,154	4,129,888	-	27,679,991
Investment earnings	220,140	114	-	100,309	362	320,925
Contributions	6,217,428	-	35,631	-	-	6,253,059
Miscellaneous	3,988,929	502,947	-	3,041	-	4,494,917
Total revenues	173,651,910	16,973,969	62,474,281	17,451,041	1,285,319	271,836,520
EXPENDITURES						
Current:						
General government	59,143,342	-	-	1,181,231	-	60,324,573
Public safety	97,266,185	-	-	-	-	97,266,185
Public works	-	11,929,523	-	-	-	11,929,523
Health and welfare	11,167,398	-	60,644,191	-	-	71,811,589
Culture and recreation	1,900,886	-	-	-	1,254,659	3,155,545
Auxiliary services	544,147	-	-	-	-	544,147
Debt service:						
Principal	10,947	-	-	8,166,346	-	8,177,293
Interest and other charges	299	-	-	7,874,520	-	7,874,819
Capital outlay	11,293,972	2,433,091	250,640	3,202,107	-	17,179,810
Total expenditures	181,327,176	14,362,614	60,894,831	20,424,204	1,254,659	278,263,484
Excess (deficiency) of revenues over (under) expenditures	(7,675,266)	2,611,355	1,579,450	(2,973,163)	30,660	(6,426,964)
OTHER FINANCING SOURCES (USES)						
Capital lease issuance	121,908	-	-	4,496,861	-	4,618,769
Sale of capital assets	102,804	-	-	-	-	102,804
Total other financing sources (uses)	224,712	-	-	4,496,861	-	4,721,573
Net change in fund balances	(7,450,554)	2,611,355	1,579,450	1,523,698	30,660	(1,705,391)
Fund balances - January 1, Restated	36,386,421	6,342,366	7,719	15,021,646	725,209	58,483,361
Fund balances - December 31	$ 28,935,867	$ 8,953,721	$ 1,587,169	$ 16,545,344	$ 755,869	$ 56,777,970

The accompanying notes are an integral part of this statement.

EL PASO COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

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

Net change in fund balances - total governmental funds	$ (1,705,391)
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 and reported as depreciation expense. The details of this difference are as follows:	
Capital outlay	17,179,810
Depreciation	(35,338,400)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. The details of this difference are as follows:	
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	13,071,367
In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	(549,021)
The issuance of long-term debt (e.g., leases, certificates of participation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums and discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:	
Debt issued or incurred:	
Accrued interest payable	21,772
Principal repayments on Certificates of Participation	6,910,000
Amortization of debt premium	348,616
Amortization of discount	(14,170)
Deferred loss on Certificates of Participation	(149,408)
Issuance of capital leases	(4,618,769)
Payment of capital leases as a reduction of long term debt	1,267,292
Capital lease activity	17,422
Some revenues and expenses 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.	
The detail of those revenues/expenses follow:	
Compensated absences	(1,265,473)
Accrued interest receivable	(955)
Capital lease receivable activity	(617,345)
Decrease (Increase) in OPEB liability	1,590,037
Internal service funds are used by management to charge the costs of the self insurance program to individual funds. The net revenue of certain activities of internal service funds are reported with governmental activities.	671,014
Change in net position - governmental activities	$ (3,181,602)

The accompanying notes are integral part of this statement.

EL PASO COUNTY, COLORADO
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Business-type Activities Non-Major Enterprise Fund Solid Waste Management	Governmental Activities- Self Insurance Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	$ 424,465	$ 3,754,907
Accounts receivable	241,727	88,549
Intergovernmental receivable	-	51,791
Due from other funds	-	5,651,255
Prepaid expenses	-	250,817
Total current assets	666,192	9,797,319
Noncurrent assets:		
Capital assets, net of accumulated depreciation	1,285,181	153,269
Total assets	1,951,373	9,950,588
LIABILITIES		
Current liabilities:		
Accounts payable	22,846	573,090
Accrued Wages	6,797	8,314
Claims payable	-	2,943,621
Due to other funds	2,434	41,875
Compensated absences	7,104	-
Total current liabilities	39,181	3,566,900
Noncurrent liabilities:		
Claims payable	-	3,712,376
Compensated absences	58,058	-
Total noncurrent liabilities	58,058	3,712,376
Total liabilities	97,239	7,279,276
NET POSITION		
Investment in capital assets	1,285,181	153,269
Unrestricted	568,953	2,518,043
Total net position	$ 1,854,134	$ 2,671,312

The accompanying notes are an integral part of this statement.

EL PASO COUNTY, COLORADO
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities Non-Major Enterprise Funds Solid Waste Management	Governmental Activities Self Insurance Internal Service Funds
Operating revenues		
Charges for services	$ 1,034,755	$ 17,968,786
Operating expenses		
Insurance premiums	4,575	3,498,310
Claim settlements	-	22,096,062
Depreciation	44,128	4,324
Administration and operations	950,001	2,617,785
Total operating expenses	998,704	28,216,481
Operating income (loss)	36,051	(10,247,695)
Non-operating revenues/expenses		
Sales Tax	-	10,918,709
Investment earnings	233	-
Contributions	21,635	-
Total non-operating revenues / expenses	21,868	10,918,709
Change in net position	57,919	671,014
Net position - January 1, Restated	1,796,215	2,000,298
Net position - December 31	$ 1,854,134	$ 2,671,312

The accompanying notes are an integral part of this statement.

EL PASO COUNTY, COLORADO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities Non-Major Solid Waste Management Enterprise Funds	Governmental Activities Self Insurance Internal Service Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from:			
Customers	$ 1,018,421	$ -	$ 1,018,421
Interfund services provided	20,446	15,408,455	15,428,901
Cash payments to or on behalf of:			
Employees	(324,482)	(25,594,372)	(25,918,854)
Suppliers - operating	(372,265)	(1,572,244)	(1,944,509)
Customers		(77,543)	(77,543)
Interfund services used	(273,486)	-	(273,486)
Net Cash Provided (Used) by Operating Activities	68,635	(11,835,704)	(11,767,069)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Sales Taxes received	-	10,918,709	10,918,709
Contributions	21,635	-	21,635
Net Cash Flows Provided by Noncapital Financing Activities	21,635	10,918,709	10,940,344
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	233	-	233
Net Cash Flows Provided by Investing Activities	233	-	233
Net Increase (Decrease) in Cash and Cash Equivalents	90,503	(916,995)	(826,492)
Cash and cash equivalents - January 1	333,962	4,671,902	5,005,864
Cash and cash equivalents - December 31	424,465	3,754,907	4,179,372
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	36,051	(10,247,695)	(10,211,644)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	44,128	4,324	48,452
(Increase) decrease in assets			
Receivable	(16,333)	(64,610)	(80,944)
Due from other funds	20,446	(2,595,769)	(2,575,323)
Intergovernmental receivables	-	(12,933)	(12,933)
Prepaid expenses	-	(150,817)	(150,817)
Increase (decrease) in liabilities			
Accounts payable	(20,606)	193,302	172,696
Accrued liabilities	-	1,003,056	1,003,056
Due to other funds	(710)	35,437	34,727
Compensated absences	5,659	-	5,659
Net Cash Provided (Used) by Operating Activities	$ 68,635	$ (11,835,704)	$ (11,767,069)

The accompanying notes are an integral part of this statement.

EL PASO COUNTY, COLORADO
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Private-Purpose Trust Fund	Pension Trust - El Paso County Retirement Plan	Agency Funds
ASSETS			
Cash and cash equivalents	$ 246,557	$ 13,467,805	$ 29,623,333
Investments			
Equities:			
Domestic equities and equity funds	-	148,573,672	-
International equity funds	-	45,989,059	-
Fixed income:			
Fixed income funds	-	62,757,441	-
Corporate securities	-	109,732	-
Fund of hedge funds	-	16,579,068	-
Real estate funds	-	43,805,028	-
Total investments	-	317,814,000	-
Receivables			
Securities sold	-	519,026	-
Interest and dividends	-	43,866	-
Other	-	32,944	42,627
Total receivables	-	595,836	42,627
Capital assets - net	-	555,614	-
Total assets	246,557	332,433,255	29,665,960
LIABILITIES			
Payable for securities purchased	-	556,603	-
Accounts payable and accrued liabilities	-	234,660	-
Due to other governments	-	-	9,023,980
Escrow deposits held by Trustee	-	-	976,667
Funds due to bondholders	-	-	120,342
Other	-	-	19,544,971
Total liabilities	-	791,263	29,665,960
NET POSITION			
Held in trust for pension benefits and other purposes	$ 246,557	$ 331,641,992	$ -

The accompanying notes are an integral part of this statement.

EL PASO COUNTY, COLORADO
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

	Private-Purpose Trust Funds	Pension Trust - El Paso County Retirement Plan
ADDITIONS		
Contributions:		
Employers	$ -	$ 10,321,799
Employees	-	10,389,283
Total contributions	-	20,711,082
Charges for services	74,486	-
Other income	-	16,083
Investment earnings:		
Net appreciation in fair value of investments	-	18,911,263
Interest and dividend income	-	3,556,063
Total investment earnings	-	22,467,326
Less investment expenses	-	(886,013)
Net investment income	-	21,581,313
Total additions	74,486	42,308,478
DEDUCTIONS		
Outside agencies	3,551	-
Benefits	-	22,947,736
Refunds	-	1,812,170
Administrative expenses	-	589,681
Total deductions	3,551	25,349,587
Change in net position	70,935	16,958,891
Net position - January 1	175,622	314,683,101
Net position - December 31	$ 246,557	$ 331,641,992

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies

1. Reporting entity

El Paso County, Colorado (County) is governed by an elected five-member commission. As required by accounting principles generally accepted in the United States of America (US GAAP), these financial statements present the County and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units is combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a single column in the basic financial statements. Each blended and discretely presented component unit has a December 31 year-end.

El Paso County is not considered a component unit on any other financial reports.

Blended component units

El Paso County Retirement Plan
This is a cost-sharing, multiple-employer defined benefit plan as defined in State Statute for all full-time employees of the County. The Commissioners appoint two of the five members of the governing board, two members are employees of participating employers elected by participants, and the fifth member is the County Treasurer. The County and the employees of the County contribute over 90 percent of the funds in the plan.

El Paso County Facilities Corporation
This is a nonprofit corporation under the laws of the State of Colorado that was organized to acquire real estate, property and improvements for lease to the County, and upon the prior approval of a majority of the membership of the Board of County Commissioners, to borrow money and to become indebted and to execute and deliver bonds, notes or debentures to evidence such indebtedness, for the purpose of acquiring such real or personal property, constructing or installing such improvements, and for such other purposes as may be necessary to accomplish the objectives of the Corporation. Members of the Board of County Commissioners are deemed members of the Corporation for the purpose of appointing and removing members of the Corporation's Board of Directors. The Facilities Corporation does not publish separate financial statements.

Discretely presented component units

El Paso County Public Health
This is a quasi-municipal organization organized by authority of State Statutes and Resolution of the County Commissioners. According to State Statutes, the Commissioners appoint the governing board. Additionally, the County appropriates significant funds to the department's operations. The El Paso County Public Health administers public health services for El Paso County residents.

El Paso County Housing Authority
The El Paso County Housing Authority was established by the Commissioners in order to help promote availability of decent, safe, and sanitary dwelling accommodations in the County to low-income families. The Commissioners appoint the five-member governing board and can impose its will on the Authority through its ability to appoint, hire, reassign, or dismiss those persons responsible for the day-to-day operations of the Authority. The Authority administers El Paso County's low-income housing program.

Financial statements of the County's component units may be obtained from the County's Budget Administration, Finance Division.

2. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate *component units* for which the primary government is financially accountable. Indirect costs are not allocated in the government-wide statement of activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

3. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, with exception of the agency funds whose resources are not available for use by the County. Revenues are recorded when earned, and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. The County considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, sales taxes, and interest are susceptible to accrual. Accruals are reported net of allowances for non-collectibles. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Road and Bridge Fund* is a special revenue fund that accounts for construction and maintenance of County roads and bridges and drainage financed by property taxes, highway users' fees, and other revenues restricted to use on roads and bridges.

The *Human Services Fund* is a special revenue fund that accounts for the federal and state public welfare programs administered by the County and financed by grants, intergovernmental reimbursements, and property taxes.

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Additionally, the County reports the following fund types:

Special revenue funds account for the proceeds of specific revenue sources other than for major capital projects that are legally restricted to expenditures for specified purposes. The County's non-major funds are:

The *Conservation Trust Fund* accounts for lottery revenue received from the State of Colorado, which is restricted to use for the development and maintenance of parks, trails, open space, and other recreational purposes.

Enterprise funds account for activities for which a fee is charged to external users for goods or services. The County's non-major enterprise fund is:

The *Solid Waste Management Fund* was established by the Board of County Commissioners to collect tipping fees at privately owned landfills within the County. The funds will be appropriated to pay for operational service information and equipment needed for solid waste disposal sites within the County.

Internal service funds account for operations that provide services to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

Because El Paso County is essentially self-insured, the *Self-Insurance Fund* was established to account for the accumulation and allocation of costs associated with insurance claims and administration costs.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the El Paso County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The *Pension Trust Fund* is accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The pension trust fund accounts for the assets of the El Paso County Retirement Plan.

Private-Purpose Trust Funds are used to account for resources collected from developers of new subdivisions to provide for the purchase and development of additional parks and for distribution to school districts.

The *School's Trust Fund* is used to account for resources from developers of new subdivisions and the distribution of these resources to local school districts.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds.

Treasurer's Agency Fund accounts for the receipt and disbursement of all revenues received by the Treasurer for the County and all other taxing entities in the County, as well as the receipt, investment, and disbursement of all other revenues received by the County.

Public Trustee Agency Fund was established to account for expenditures for the Public Trustee's Office. The Public Trustee is appointed by the Governor of Colorado for a four-year term. This office administers foreclosures including issuance of Public Trustee deeds, cure of default and lien redemptions.

Rancho Colorado Agency Fund bonds were issued to finance infrastructure improvements such as roads, drainage facilities, and water/sanitation facilities.

Falcon Vista Acquisition Fund was established in 2008 and bonds were issued to finance acquisition, construction and installation of certain public improvements within the Falcon Vista Fund subdivision.

Public Improvement District Number 1 (PID#1) was established in 2011 as part of the implementation of the El Paso County 2030 Major Transportation Corridor Plan (MTCP). PID#1 is authorized to fund the costs of the public

improvements using revenues derived from a mill levy, road impact fee revenues collected by El Paso County, proceeds of bonds, revenues received from other PIDs organized to implement the MTCP Program and any other legally available funds.

Public Improvement District Number 2 (PID#2) was established in 2011 as part of the implementation of the El Paso County 2030 Major Transportation Corridors Plan (MTCP). PID#2 is authorized to fund the costs of public improvements using revenues derived from the mill levy, proceeds of debt issued by the District, and any other legally available funds provided that such revenues are pledged or otherwise transferred to District No. 1 to be applied to the MTCP Program by said District.

Public Improvement District Number 3 (PID#3) was established in 2011 as part of the implementation of the El Paso County 2030 Major Transportation Corridors Plan (MTCP). PID#3 is authorized to fund the costs of public improvements using revenues derived from the mill levy, proceeds of debt issued by the District, and any other legally available funds, provided that such revenues are pledged or otherwise transferred to District No. 1 to be applied to the MTCP Program by said District. There has been no financial activity to report for 2014.

Pioneer Village Roads Improvement District was established in 2013 to provide for the maintenance and upgrading of public roads within the boundaries of the District. Pioneer Village Roads Public Improvement District is authorized to fund the costs of public improvements using revenues derived from a mill levy and any other legally available funds. There was no financial activity to report for 2014.

Stratmoor Valley Street Light Public Improvement District was established in 2013 to provide street lighting of the public roads within the boundaries of the District. Stratmoor Valley Street Light Improvement District is authorized to fund the costs of public improvements using revenues derived from a mill levy and any other legally available funds. There was no financial activity to report in 2014.

Sheriff Agency Funds are used to account for funds collected for and disbursed from the Inmate Trust Fund, the Civil Trust Fund and the Confidential Informant Trust Fund.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales or services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

4. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

A. Deposits and investments

Deposits consist of cash equivalent accounts, interest and non-interest bearing bank accounts. The County's investment policy limits the investments to the following securities:

A. U.S. Treasury Obligations
B. Federal Agency and Instrumentality Securities
C. Time Certificates of Deposits (CDs)
D. Negotiable Certificates of Deposit
E. Corporate Bonds
F. Municipal Bonds: General Obligations and Revenue Obligations
G. Commercial Paper
H. Eligible bankers Acceptances
I. Local Government Investments Pools (LGIP)
J. Repurchase Agreements and Reverse Repurchase Agreements
K. Deposits in State or Nationally Chartered Depository Institutions

Additionally, the El Paso County Retirement Plan's (a component unit) investments authorized by Colorado statutes also include the following:

1. Corporate notes, bonds, and debentures
2. Railroad equipment trust certificates
3. Real property
4. Loans secured by first mortgages or deeds of trust on real property
5. Participating agreements with life insurance companies
6. Equity securities subject to certain limitations

The Retirement Plan cash and investments consist of cash and cash equivalent accounts, U.S. government securities, corporate bonds and debentures, common stocks, open-end equity mutual funds, international bonds, and securities lending collateral. Investments are stated at fair value.

The Retirement Plan includes investments in foreign currencies, which means changes in the exchange rate could adversely affect the fair value of an investment.

For purposes of the statement of cash flows, the County considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Original maturity is the original maturity to the County.

Except for nominal petty cash funds, all of the cash and investments for the County funds are in the custody of the County Treasurer. Except when otherwise required by trust agreements, the operating cash of all funds is pooled into various bank accounts. Interest income is allocated to funds on the basis of each fund's participation in the pool. Cash in excess of operating requirements is invested in U.S. government securities, local government investment pools, and interest-bearing bank accounts.

B. Receivables and payables

Outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Property taxes attach an enforceable lien on property. On or before May 1st, the Assessor sends Notice of Valuation for real property. Not later than December 15th, the Clerk certifies levy to the County Commissioners as of January 1st of the coming year. Taxes are payable in two installments on February 28th and June 15th, or in one installment due April 30th. The El Paso County Treasurer bills and collects property taxes for the County and the other taxing authorities within the County. Collections for other districts are accounted for in the Treasurer's agency funds.

C. Inventories and prepaid items

Inventories are valued at cost using the first-in, first-out method. Inventories of the General Fund consist primarily of supplies held for consumption and expendable parts and are considered expenditures when used. Inventories of the Road and Bridge Fund consist of expendable parts and supplies held for consumption and are considered expenditures when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

D. Restricted assets

Certain proceeds from the County's capital expenditures fund Certificates of Participation, as well as certain resources set aside for their repayment, are restricted because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The construction fund accounts are used to report those proceeds of Certificates of Participation issuances that are restricted for use in construction. The total of those accounts as of December 31, 2014, was $4,266,064. The certificate fund accounts are used to segregate resources accumulated for debt service payments over the next twelve months. The total of those accounts as of December 31, 2014, was $11,848,870.

E. Capital assets

Capital assets, which include: property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The standard depreciation method is used for all assets. Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects. Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building	40
Improvements other than buildings	25
Infrastructure	1-50
Vehicles	4-8
Furniture & fixtures	5
General equipment	8-15

F. Deferred inflows/outflows of resources

In addition to assets, the statement of financial 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 then. The County only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on 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. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow 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. The County only has one item that qualifies for reporting in this category. It is the unavailable revenue from property taxes reported in the governmental funds balance sheet and also in the government-wide statement of net position. Deferred revenue for property taxes results from the accrual of property taxes levied but not due until the following year. This revenue will be recognized in the year it is due and payable.

G. Compensated absences

It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick pay benefits, which will be paid to employees upon separation from County service. All compensated absences liabilities are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

H. Long-term obligations

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Certificate of Participation premiums and discounts are deferred and amortized over the life of the Certificates of Participation using the effective interest method. Certificates of Participation are reported net of the applicable premium or discount. Issuance costs are reported as expenses when the debt is issued.

I. Restatement of beginning net position and fund balance

In 2014, the County reviewed its fund reporting policy. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* calls for a review of accounting funds and fund definitions. A principle of governmental accounting and financial reporting state that "only the minimum number of funds consistent with legal and operating requirements should be established." In addition, the Statement clarifies that the general fund should be used to account for and report all financial resources not accounted for and reported in another fund. As major funds, the Road and Bridge Fund, Human Service Fund and the Capital Projects Fund must be reported separately. In addition, State Statute requires that the Conservation Trust Fund be reported separately.

Upon review of the various funds reported in the County's Comprehensive Annual Financial Report and to improve the County's financial reporting by reducing the number of funds reported, it was determined that the following funds should be accounted for in the General Fund: Retirement Contribution Fund, Economic Development Fund and Pikes Peak Workforce Center. In addition, Fleet Management is now accounted for in General Fund instead of Road & Bridge.

In addition, the County reviewed their accounting principle with regard to the Other Postemployment Benefit (OPEB) liability that was recorded in the Self Insurance Fund, an internal service fund. The County's OPEB plan is a pay-as-you-go plan and there are no assets in a Trust to separately state in a fiduciary fund. Because the OPEB plan is a separate liability from the internal Self Insurance Fund, the County determined that it is preferable to record the liability and its increases or decreases directly in the government-wide statement of net position and statement of activities.

The resulting changes to net position and fund balance are listed below:

Governmental Funds Balance Sheet	
General Fund	
Fund balance at 12/31/2013	$ 34,379,659
Funds accounted for in General Fund (GASB 54)	
Economic Development	367,348
Fleet Management	881,056
Retirement Contribution	758,358
Pikes Peak Workforce Center	-
Restated balance for General Fund	36,386,421
Road and Bridge Fund	
Fund Balance at 12/31/2013	7,223,422
Accounted for in General Fund (GASB 54)	
Fleet Management	(881,056)
Restated balance for Road and Bridge Fund	6,342,366
Other Governmental Funds	
Fund balance at 12/31/2013	1,850,915
Accounted for in General Fund (GASB 54)	
Retirement Contribution	(758,358)
Economic Development	(367,348)
Pikes Peak Workforce Center	-
Restated balance for Other Governmental Funds	$ 725,209

Non-Major Governmental Funds
Combining Balance Sheet

Retirement Contribution Fund

Fund balance at 12/31/2013	$	758,358
Accounted for in General Fund (GASB 54) Retirement Contribution		(758,358)
Restated balance for Retirement Contribution Fund		-

Economic Development Fund

Fund Balance at 12/31/2013		367,348
Accounted for in General Fund (GASB 54) Economic Development		(367,348)
Restated balance for Economic Development Fund		**-**

Pikes Peak Workforce Center Fund

Fund balance at 12/31/2013		-
Accounted for in General Fund (GASB 54) Pikes Peak Workforce Center		-
Restated balance for Pikes Peak WorkForce Center Fund	$	-

Proprietary Funds
Statement of Net Position

Self Insurance Internal Service Fund

Fund balance at 12/31/2013	$	(76,859,121)
OPEB Liability - change in accounting principle		78,859,419
Restated net position for Self Insurance Internal Service Fund	$	2,000,298

Note B – Stewardship, Compliance, and Accountability

1. *Budgetary Information*

Budgets are adopted on a basis consistent with US GAAP for all government funds. Proprietary funds, Falcon Vista and Rancho Colorado, adopt budgets using the modified accrual basis of accounting, which is not US GAAP for those fund types. Annual appropriated budgets are adopted for all governmental funds, proprietary funds, Local Improvement Districts, Public Improvement District #1, Public Improvement District #2 and Pioneer Village Roads Improvement District. All annual appropriations lapse at fiscal year end. Budgets are not presented for the Public Trustee Agency Fund or the other Agency funds because these are funds collected and held on behalf of others. In addition, budget is not presented for the Pension Trust because these funds are also collected on behalf of others and the Trust issues separately stated financial statements.

Appropriations in governmental funds are encumbered upon issuance of purchase orders, contracts, or other forms of legal commitments. While appropriations lapse as of the end of the fiscal year, the succeeding year's budget ordinance specifically provides for the re-appropriation of year-end encumbrances. Encumbrances outstanding as of December 31, 2014 do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The County's managers may make transfers of appropriations within a fund. Transfers of appropriations between funds require the approval of the Board of County Commissioners. The legal level of budgetary control is the fund level.

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

A. Public hearings are conducted by the County to obtain taxpayer comments.

B. Prior to December 31, the budget is legally enacted through passage of an appropriation resolution.

C. Any revisions that alter the total expenditures of any fund must be approved by the County Commissioners by passage of a resolution.

D. The Road and Bridge Fund budgets expenditures using the natural classifications. Therefore, a difference arises between the fund financial statements reflecting expenditures under US GAAP, under which salary expenditures may be part of capital outlay expenditures, and the budget to actual schedules reflecting expenditures in their natural classifications.

E. No fund had excesses of expenditures over appropriations for the year ended December 31, 2014.

2. *Management use of estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. *Fund Balance*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. As of December 31, 2014, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of County Commissioners. The Board of County Commissioners is the highest level of decision-making authority. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of County Commissioners.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but which are intended to be used for specific purposes. Under the Board of County Commissioners' adopted policy, only the Board of County Commissioners or the County Administrator and Budget Officer, are authorized to assign amounts for specific purposes.

Unassigned – all other spendable amounts.

The Board of County Commissioners adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year-end to be at least equal to 20 – 25 percent of the subsequent year's unrestricted General Fund operating expenditures. The minimum unrestricted fund balance required for 2014 is $22,737,996, which is more than the unassigned fund balance reflected in the unrestricted fund balance categories. A majority of the difference is due to planned spending into fund balance to balance the 2014 budget. Budgeting for 2015 and forward takes into account that unrestricted fund balance needs to be built back up.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed unless Board of County Commissioners or the authorized assignor has provided otherwise in its commitment or assignment activities.

Note C – Detailed Notes on All Funds

1. Deposits and investments

Cash and Investments	Amount
Cash and investments	$ 23,286,358
Restricted cash and investments	16,114,934
Fiduciary cash and equivalents	43,337,695
Fiduciary investments	317,814,000
Total cash and investments	$ 400,552,987

The County's cash and investments consist of the following on December 31, 2014:

	Treasurer's Agency Funds	Primary Government Restricted Cash & Investments	Public Trustee	Retirement Plan	PID - 1	PID - 2	Sheriff Agency Funds	Total
Petty cash	$ 85,633	$ -	$ 300	$ -	$ -	$ -	$ -	$ 85,933
Cash deposits	15,524,208	-	1,593,554	13,467,805	-	-	535,714	31,121,281
Money Market accounts	5,042,822	-	-	-	-	-	-	5,042,822
Local government investment pool	15,216,739	-	-	-	159,962	10,837	-	15,387,538
Investments	14,986,479	16,114,934	-	317,814,000	-	-	-	348,915,413
	$ 50,855,881	$ 16,114,934	$ 1,593,854	$ 331,281,805	$ 159,962	$ 10,837	$ 535,714	$ 400,552,987

Restricted cash and investments are held by U.S. Bank and pertain to Certificate of Participation reserve funds. The balance of $16,114,934, includes cash equivalents of $3,590,555, various Guaranteed Investment Contracts of $11,860,173 rated A2, Aaa and Baa1 by Moody, and $664,206 in other investments that are not rated.

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories which are determined by state regulators. All banks used by the County for depository and investments are on the approved list. Deposit amounts in excess of Federal insurance levels must be collateralized. PDPA allows institutions to create a single collateral pool for all public funds which is maintained by another institution or held in trust for all uninsured public deposits. The market value of the collateral must be at least equal to 102% of uninsured deposits.

At December 31, 2014, the El Paso County's cash deposits had a bank balance of $18,592,206. Of the bank balance, $912,216 was covered by federal depository insurance. The remainder of the bank balance, $17,679,990, was collateralized with securities held by the pledging financial institution and covered by eligible collateral as determined by the PDPA.

There are several accounts included in the Treasurer's Agency Fund that are held under the custodianship of the El Paso County Treasurer. The transactions within these accounts occur outside of the oversight of the Finance Division of the Budget Administration Department.

Investments

The investment program is operated in conformance with federal, state and other legal requirements as well as in accordance with Colorado Revised Statutes, specifically C.R.S. 24-75-601.

The County uses the "prudent person" standard which is applied in the context of managing an overall portfolio. The standard states that investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Credit Risk – Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. In order to mitigate credit risk, the County diversifies the investment portfolio through limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities), limiting investment in securities that have higher credit risks, investing in securities with varying maturities, and continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs) or money market funds to ensure that appropriate liquidity is maintained in order to meet ongoing obligations. The County's investment policy limits the investments to the following securities:

A. U.S. Treasury Obligations
B. Federal Agency and Instrumentality Securities
C. Time Certificates of Deposits (CDs)
D. Negotiable Certificates of Deposit
E. Corporate Bonds
F. Municipal Bonds: General Obligations and Revenue Obligations
G. Commercial Paper
H. Eligible bankers Acceptances
I. Local Government Investments Pools (LGIP)
J. Repurchase Agreements and Reverse Repurchase Agreements
K. Deposits in State or Nationally Chartered Depository Institutions

Interest Rate Risk – Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The County mitigates risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. The County further recognizes that certain types of securities, including variable rate securities, securities with principal pay downs prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environment, and therefore, adopts the following strategies to control and mitigate its exposure to market risk.

L. Liquidity funds will be held in investment instruments maturing within one year at the time of purchase.
M. Longer term/core funds will be defined as funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5 years and will be invested in higher quality and liquid securities.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy requires all securities to be in the name of the county Treasurer and securities must be deposited in a safekeeping account at an authorized county depository institution or at an eligible security dealer.

Concentration Risk - Concentration risk is the risk of exposure to loss that can result from failing to diversify investments. The County's investment policy directs the Treasurer to diversify securities held in the investment portfolio to minimize the risk of losses from an excessive concentration of securities from a single issuer, with similar maturities, or (excepting Treasury securities) in similar categories.

Primary Government (including Fiduciary Funds held by Treasurer)

		Investment Maturities		
Investment Type for Primary Government	Fair Value	Up to 120 Days	121 Days to 5 Years	Credit Rating
U.S. Treasuries	$ 9,687,826	$ -	$ 9,687,826	US Govt Guar
Instrumentality				
Federal National Mortgage Association (FNMA)	1,107,007	-	1,107,007	AA+/Aaa
Fannie Mae	1,524,296	-	1,524,296	AA+/Aaa
Freddie Mac	729,654	-	729,654	AA+/Aaa
Corporate Bonds	1,937,697	-	1,937,697	AA- to AAA
Money Market funds	5,042,822	-	5,042,822	AAAm
ColoTrust	14,272,726	14,272,726		AAAm
Total Investments controlled by the County	$ 34,302,028	$ 14,272,726	$ 20,029,302	

Blended Component Unit Retirement Plan– Cash and Investments

The Retirement Plan (Plan) has a bank balance of $7,864,872 on deposit with a banking institution at December 31, 2014. Of the bank balance, $250,000 is insured by the Federal Deposit Insurance Corporation at December 31, 2014. In addition, $5,602,933 was held by various money managers in banking institutions at December 31, 2014. The uninsured balances are collateralized with securities held by the banking institutions but not in the Plan's name.

Investments held by Retirement Plan (Fiduciary Fund):	**Fair Value**	**Credit Rating**	**Effective Duration**
Domestic stocks and equity mutual funds	$ 148,573,672	*	
International stocks and equity mutual funds	45,989,059	*	
Fixed Income Investments:			
Fixed income funds	62,757,441	AA- through B	4
Corporate securities	109,732	Unrated	
Real estate funds	43,805,028	*	
Fund of hedge funds	16,579,068	*	
	$ 317,814,000		

*These investments are not rated.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. Unless expressly permitted by the Board, the effective duration of any fixed income portfolio shall not exceed 120% of the effective duration of the broad market benchmark included in the instructions to the portfolio manager.

Blended Component Unit - Retirement Plan Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of December 31, 2014, none of the Plan's investments were denominated in currencies other than the United States dollar.

Component Units – El Paso County Public Health and El Paso County Housing Authority

El Paso County Public Health

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 the 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. On December 31, 2014, the Department had bank deposits of $1,295,772 collateralized with securities held by the financial institution's agent but not in the Department's name.

Cash and Investments held by El Paso County Public Health and El Paso County Housing Authority

	El Paso County Public Health	El Paso County Housing Authority	Credit Rating	Maturity Date
Petty Cash	$ 5,170	$ -	*	
Cash deposits	1,615,780	2,306,078	*	Demand
Local government investment pool	1,114,812	1,899,079	AAAm	Demand
U.S. Treasuries	-	1,324,205	*	2014
Government National Mortgage Association (GNMA)	-	393,693	AAA	2033
Repurchase Agreement	-	-	*	
	$ 2,735,762	$ 5,923,055		

* These investments are not rated.

2. *Property taxes*

The County is permitted to levy taxes on the assessed valuation for general governmental services. The combined tax rate to finance general governmental services for the year ended December 31, 2014, was 7.791 mills. The County's assessed valuation for 2014 was $6,439,985,430. Therefore, the County could collect $50,173,937 for 2014 taxes. Instead, the Board of County Commissioners eliminated the County's entire portion of business personal property tax. The property taxes collectible in 2015 total $45,084,159.

3. *Capital assets*

Capital asset activity for the year ended December 31, 2014, was as follows:

	Balance January 1, 2014	Increases	Decreases	Balance December 31, 2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 12,539,305	$ -	$ (2,470)	$ 12,536,835
Art	-	86,000	-	86,000
Construction in progress	6,032,109	1,089,760	(4,290,603)	2,831,266
Total capital assets, not being depreciated	18,571,414	1,175,760	(4,293,073)	15,454,101
Capital assets, being depreciated:				
Buildings	208,879,919	-	(85,955)	208,793,964
Improvements other than buildings	62,232,620	8,466,880	(474,880)	70,224,620
Machinery and equipment	72,000,476	9,355,030	(4,040,805)	77,314,701
Infrastructure	496,941,663	15,523,618	-	512,465,281
Total capital assets, being depreciated	840,054,678	33,345,528	(4,601,640)	868,798,566
Less accumulated depreciation for:				
Buildings	(60,411,424)	(5,110,704)	41,313	(65,480,815)
Improvements other than buildings	(10,433,542)	(2,629,351)	175,732	(12,887,161)
Machinery and equipment	(51,484,803)	(6,584,836)	3,858,535	(54,211,104)
Infrastructure	(203,272,535)	(21,017,832)	-	(224,290,367)
Total accumulated depreciation	(325,602,304)	(35,342,723)	4,075,580	(356,869,447)
Total capital assets, being depreciated, net	514,452,374	(1,997,195)	(526,060)	511,929,119
Governmental activities capital assets, net	$ 533,023,788	$ (821,435)	$ (4,819,133)	$ 527,383,220

$174,578 of capital assets and $21,309 of accumulated depreciation for Self-Insurance, an internal service fund, are included in this note.

	Balance January 1, 2014	Increases	Decreases	Balance December 31, 2014
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	$ -	$ -	$ -	$ -
Capital assets, being depreciated:				
Buildings	1,599,936	-	-	1,599,936
Improvements other than buildings	83,365	-	-	83,365
Machinery and equipment	17,426	-	-	17,426
Total capital assets, being depreciated	1,700,727	-	-	1,700,727
Less accumulated depreciation for:				
Buildings	(326,685)	(40,000)	-	(366,685)
Improvements other than buildings	(31,679)	(3,334)	-	(35,013)
Machinery and equipment	(13,054)	(794)	-	(13,848)
Total accumulated depreciation	(371,418)	(44,128)	-	(415,546)
Total capital assets, being depreciated, net	1,329,309	(44,128)	-	1,285,181
Business-type activities capital assets, net	$ 1,329,309	$ (44,128)	$ -	$ 1,285,181

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	**Amount**
General government	$ 7,300,515
Public safety	5,285,749
Public works	22,447,501
Health and welfare	24,787
Culture and recreation	279,482
Veteran's services	366
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	4,324
Total depreciation expense - governmental activities:	35,342,724
Business-type activities:	
Solid waste management	44,128
Total depreciation expense - business-type activities:	$ 44,128

4. *Inter-fund receivables and payables:*

The composition of inter-fund balances as of December 31, 2014, is as follows:

Due to/from other funds:

Receivable Funds	**Payable Funds**	**Amount**
General	Road and Bridge	$ 34,186
	Human Services	1,562,413
	Non-Major Internal Service	41,875
	Non-Major Enterprise	2,434
		1,640,908
Road and Bridge	General	479,401
		479,401
Human Services	General	2,000,000
		2,000,000
Non-Major Governmental	General	4,778
		4,778
Non-Major Internal Service	General	5,651,255
		5,651,255
	Total	$ 9,776,342

Inter-fund balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Resolution No. 13-501 authorizes the advancement of funds for cash flow purposes from the General Fund to the Department of Human Services. As of December 31, 2014 Human Services had an advance of $1,500,000.

5. *Long-term debt*

A. Changes in long-term liabilities

The following is a summary of changes in long-term liabilities of the County for the year ended December 31, 2014.

Governmental activities:	Beginning balance 1/1/2014	Additions	Reductions	Ending balance 12/31/2014	Due within one year
Certificates of participation	$ 165,225,000	$ -	$ (6,910,000)	$ 158,315,000	$ 7,855,000
Issuance discount	(198,386)	-	14,170	(184,216)	(14,170)
Plus Issuance premium	4,461,288	-	(348,616)	4,112,672	348,616
Total certificates of participation	169,487,902	-	(7,244,446)	162,243,456	8,189,446
Capital leases	1,256,345	4,618,769	(1,267,292)	4,607,822	1,162,858
OPEB	78,859,419	804,488	(2,394,525)	77,269,382	-
Claims Payable	5,658,294	20,047,013	(19,049,310)	6,655,997	2,943,621
Compensated absences	16,432,588	10,994,936	(9,729,464)	17,698,060	1,649,270
Governmental activities Long-term liabilities	271,694,548	36,465,206	(39,685,037)	268,474,717	13,945,195
Business-Type Activities:					
Compensated absences	$ 60,304	$ 16,158	$ (11,300)	$ 65,162	$ 7,104

For compensated absences, the General fund normally liquidates 77 percent and the Human Services, Road and Bridge and Conservation Trust funds normally liquidate 14 percent, 8 percent and 1 percent, respectively. The Business-Type activities compensated absences are liquidated by the Solid Waste Management fund. Capital leases and certificates of participation are liquidated by the Capital Projects Fund.

B. Certificates of participation

During 2004, the County, through the El Paso County Facilities Corporation, issued $6,970,000 in Certificates of Participation, Series 2004, which were dated June 15, 2004. The 2004 certificates carry interest rates ranging from 3.00% to 4.60% and mature December 1, 2004, through December 1, 2018. Interest payments are due June 1 and December 1. Principal payments are due December 1.

During 2007, the County, through the El Paso County Facilities Corporation, issued $77,850,000 in Certificates of Participation, Series 2007A, which were dated March 15, 2007. The 2007A certificates carry interest rates ranging from 4.00% to 5.50% and mature December 1, 2007, through December 1, 2029. Interest payments are due June 1 and December 1. Principal payments are due December 1.

During 2008, the County, through the El Paso County Facilities Corporation, issued $2,500,000 in Certificates of Participation, Series 2008, which were dated December 15, 2008. The 2008 certificates carry interest rates ranging from 4.00% to 6.50% and mature December 1, 2011 through December 1, 2029. Interest payments are due June 1 and December 1. Principal payments are due December 1.

During 2010, the County, through the El Paso County Facilities Corporation, issued $55,925,000 in Certificates of Participation, Series 2010, which were dated September 30, 2010. The 2010A was for $47,545,000 and the Series 2010B was for $8,380,000. The 2010A certificates carry interest rates ranging from 3.59% to 5.81% and mature December 1, 2017, through December 1, 2036. The 2010B certificates carry interest rates ranging from 2.25% to 5.00% and mature December 1, 2011 through December 1, 2016. Interest payments are due June 1 and December 1. Principal payments are due December 1.

During 2011, the County, through the El Paso County Facilities Corporation, issued $32,820,000 Refunding Certificates of Participation series 2011A, which were dated July 20, 2011 and refund the Certificates of Participation Series 2002B. The 2011A certificates carry interest rates ranging from 2.75% to 5.25% and mature December 1, 2011 through December 1, 2027. The refunded Certificates Series 2002B will become due and payable, in accordance with their terms, until December 1, 2012 at which time all of the remaining 2002B Certificates shall mature or be redeemed at a redemption price. Interest payments are due June 1 and December 1. Principal payments are due December 1.

During 2012, the County, through the El Paso County Facilities Corporation, issued $12,010,000 in Certificates of Participation Series 2012, which were dated December 15, 2012. The Series 2012 Certificates carry interest rates ranging from 3.00% to 5.00% and mature December 21, 2023. Interest payments are due June 1 and December 1 of each year. Principal payments are due December 1.

Capital lease obligations

In 2014, the County entered into a lease agreement as lessee for financing the JDE System with Oracle America Inc. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. The first payment on this capital lease is due February 2015. A portion of the assets acquired through this capital lease are intangible in nature, physical assets acquired this year are as follows:

Asset:		**Governmental Activities**
Oracle Project - JDE System Exadata Machines	$	351,996
Less: Accumulated Depreciation		(35,200)
Net	$	316,796

The following schedule reflects debt service requirements for the capital lease as of December 31, 2014:

Date	**Interest**	**Principal**	**Total Payment Amount**
February 2015	$ 29,463	$ 1,118,799	$ 1,148,262
February 2016	33,254	1,115,008	1,148,262
February 2017	22,277	1,125,985	1,148,262
February 2018	11,192	1,137,069	1,148,261
Total	$ 96,186	$ 4,496,861	$ 4,593,047

This year, the County entered into another lease agreement as lessee for financing a Mass Spectrometer for the Coroner's Office with the University of Colorado at Colorado Springs. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. The equipment is valued at $121,908 and has an eight-year estimated useful life. This year, $7,619 was included in depreciation expense. In 2014 a payment of $10,947 including interest of $299 was made on this capital lease.

Asset:	**Governmental Activities**
Mass Spectrometer	$ 121,908
Less: Accumulated Depreciation	(7,619)
Net	$ 114,289

The following schedule reflects debt service requirements for this capital lease as of December 31, 2014:

Date	**Interest**	**Principal**	**Total Payment Amount**
2015	$ 926	$ 44,059	$ 44,985
2016	492	44,492	44,984
2017	82	22,410	22,492
Total	$ 1,500	$ 110,961	$ 112,461

C. Summary of debt service requirements

The following schedule reflects debt service requirements to maturity for certificates of participation as of December 31, 2014:

	Governmental Activities Certificates of Participation	
December 31,	Principal	Interest
2015	$ 7,855,000	$ 6,729,227
2016	8,210,000	6,289,912
2017	8,560,000	5,933,455
2018	8,940,000	5,561,202
2019	8,655,000	5,197,787
2020-2024	47,450,000	20,342,175
2025-2029	46,160,000	9,916,710
2030-2034	13,135,000	3,257,062
2035-2038	9,350,000	589,590
	$ 158,315,000	$ 63,817,120

D. Operating leases

El Paso County has entered into a number of operating leases which contain cancellation provisions and are subject to annual appropriations. For the reporting period, rent payments approximated $4,642,810 for all types of leases. These expenditures were made primarily from the General, Self Insurance and Human Services funds.

E. Conduit debt obligations

From time to time, the County has issued the following types of conduit debt: mortgage bonds and mortgage revenue refunding bonds to assist low- to middle-income residents in purchasing single family residences; exempt facility bonds for residential rental projects to be occupied by low- to middle-income residents and owned by private-sector entities; industrial revenue bonds to provide financial assistance to private-sector entities to promote industry and develop trade or other economic activity; and qualified 501(c)(3) bonds to provide financial assistance to non-profits for the acquisition and construction of eligible facilities. The various bonds are secured by investments under Indentures of Trust, loans that finance the projects, property, loan guarantees, and/or letters of credit.

The various bonds are payable solely from certain revenues and receipts pledged under the Indentures of Trust, payments received on underlying mortgage loans, and payments received pursuant to loan agreements. These bonds do not constitute the debt or indebtedness of the County, nor is the County obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2014, the bonds had an estimated aggregate principal amount payable of $146,792,192.

In 2014, the County issued conduit debt as follows:

On February 4, 2014, El Paso County adopted a resolution authorizing the issuance of up to $5,500,000 of Multifamily Housing Revenue Bonds (The Residence at Village Green Project) and on April 11, 2014, bonds were issued in the amount of $5,250,000.

On December 18, 2014 El Paso County adopted a resolution authorizing the issuance of up to $8,000,000 of Improvement and Refunding Revenue Bonds (Rocky Mountain Health Care Services Project), and on December 31, 2014, bonds were issued in the amount of $5,500,000 with an additional issuance anticipated in early 2015.

6. *Fund Balance Designation*

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories and the following table provides detail of each category of fund balance.

	General Fund	Road & Bridge	Human Services	Capital Expenditure Fund	Other Governmental Funds	Total
Nonspendable:						
Inventories	$ 1,425,909	$ 1,898,716	$ -	$ -	$ -	$ 3,324,625
Prepaid items	240,162	-	-	-	-	240,162
	1,666,071	1,898,716	-	-	-	3,564,787
Restricted:						
TABOR	5,814,320	-	-	-	-	5,814,320
Clerk & Recorder Projects	167,692	-	-	-	-	167,692
Public safety grants and other Projects	5,771,098	-	-	-	-	5,771,098
Small Area/Developer funds		282,182	-	-	-	282,182
Culture and Recreation Projects	2,044,758	-	-	-	755,869	2,800,627
Social Services	-	-	1,587,169	-	-	1,587,169
Debt Service	-	-	-	16,114,934	-	16,114,934
Other Projects	328,580	-	-	-	-	328,580
	14,126,448	282,182	1,587,169	16,114,934	755,869	32,866,602
Committed:						
Public Safety	258,566	-	-	-	-	258,566
Clerk's Projects	1,671,063	-	-	-	-	1,671,063
Capital Projects	-	-	-	-	-	-
Road & Bridge	-	338,253	-	-	-	338,253
Culture and Recreation Projects	132,293	-	-	-	-	132,293
Retirement Contributions	71,971	-	-	-	-	71,971
Debt Service Payments	2,275,980	-	-	-	-	2,275,980
Other	19,716	-	-	-	-	19,716
	4,429,589	338,253	-	-	-	4,767,842
Assigned:						
Subsequent Year's Expenditures	-	-	-	314,956	-	314,956
Capital Projects	-	-	-	115,454	-	115,454
Public Safety	3,098,944	-	-	-	-	3,098,944
Public Work Projects	300,000	6,434,570	-	-	-	6,734,570
Other Projects	3,039,597	-	-	-	-	3,039,597
	6,438,541	6,434,570	-	430,410	-	13,303,521
Unassigned:	2,275,218	-	-	-	-	2,275,218
Total fund balance	$ 28,935,867	$ 8,953,721	$ 1,587,169	$ 16,545,344	$ 755,869	$ 56,777,970

Note D – Other Information

1. *Risk management*

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; health claims of employees; and natural disasters. The County established the Self-Insurance Fund (internal service fund) to account for and finance its uninsured risks of loss. Under this program, the fund provides coverage up to a maximum of $100,000, $600,000, $250,000 and $225,000 for each property damage claim, each workers' compensation claim, each liability claim, and each health claim, respectively. The limit of coverage on the liability claims is $1,000,000. The County purchases commercial insurance for claims in excess of coverage provided by the fund and for all various other risks of loss.

All funds of the County participate in the program and make payments to the funds based on estimates of the amounts needed to pay prior- and current-year claims. Claims liabilities of $6,655,997 that are reported in the Self-Insurance Fund at December 31, 2014, are based on the requirements of Governmental Accounting Standards Board Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. The present value of the estimated outstanding losses is the amount of money, discounted for anticipated investment income, required to meet unpaid claims. It is calculated based on a 2.0% yield on investments, as provided by the County.

Changes in the claims liability amounts in 2014 and 2013 were:

	Balance 1/1/14	Claims and Changes in Estimates	Claim Payments	Balance 12/31/14
Self-Insurance Fund	$ 5,658,294	$ 20,047,013	$ 19,049,310	$ 6,655,997

	Balance 1/1/13	Claims and Changes in Estimates	Claim Payments	Balance 12/31/13
Self-Insurance Fund	$ 4,957,930	$ 18,555,920	$ 17,855,556	$ 5,658,294

Amounts reflected represent current claims for self-funded medical claims, wellness accounts, flexible spending accounts, Worker's Compensation and other Liability claims totaling $2,943,621. The long-term portion represents claims pertaining to ongoing Worker's Compensation and Liability claims totaling $3,712,376.

2. *Contingencies*

A Litigation

There is no current pending litigation in which the County is involved that is expected to result in material judgments against the County. All pending litigation is being vigorously defended. The potential settlement amounts are inestimable and it is the opinion of management that the potential outcome of such matters would not have a significant effect on the financial position of the County if disposed of unfavorably.

B Grants

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to grantor agencies for

expenditures disallowed under the terms of the grant. Based upon prior experience, the County management believes such disallowances, if any, will be immaterial.

C TABOR

In November 1992, the people of the State of Colorado passed an amendment to the State's Constitution (Article X, Section 20) known as the Taxpayer's Bill of Rights (TABOR), which was effective December 31, 1992. TABOR's intended purpose was to reasonably restrain most of the growth of government by imposing spending and revenue limits on the state and any local government, excluding enterprises. Provisions of TABOR require, among other things, that:

- Each district shall reserve for use in declared emergencies 3% or more of its fiscal year spending (as defined by TABOR) excluding bonded debt service.
- If revenue from sources not excluded from fiscal year spending exceeds the limits prescribed by TABOR in dollars for that fiscal year, the excess shall be refunded in the next fiscal year unless voters approve a revenue change as an offset.
- Revenue collected, kept, or spent illegally since four full fiscal years before an individual or class action enforcement suit is filed shall be refunded with 10% annual simple interest from the initial conduct.
- With minor exceptions, advance voter approval is required for any new tax, tax rate increase, mill levy above that for the prior year or creation of any multiple fiscal years direct or indirect district debt or other financial obligation without certain cash reserve amounts.

The County believes it complies with the provisions of TABOR. However, many of its provisions will most likely be interpreted by the judicial system and those interpretations could differ from those of the County. Based upon the County's interpretation of TABOR for 2014, the County does not exceed the fiscal year spending limit. Appropriate action will be taken if necessary upon final determination.

3. *El Paso County Retirement Plan*

A Plan description

All permanent, full-time employees of El Paso County are eligible to participate in the El Paso County Retirement Plan (the Plan), a cost-sharing multiple-employer defined benefit plan. The Plan has five participating employers. The Plan provides benefits to members at retirement or disability, or to their beneficiaries in the event of death. The El Paso County Board of Retirement is the administrator and has the authority to establish and amend benefit provisions of the Plan. The Plan implemented GASB Statement 67 as of January, 2014. The Plan issues a publicly available financial report that includes financial statements and required supplementary information, including the required six-year trend information, for the Plan. That report may be obtained by writing to the El Paso County Retirement Plan, 2880 International Cir., Suite N030, Colorado Springs, Colorado 80910, or by calling (719) 520-7490. The report may also be found at www.epcretirement.org.

B Summary of significant accounting policies

Basis of accounting

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which employee services are performed. The employers' contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method used to value investments

Marketable securities are stated at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the Plan year; investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and ask price.

C Funding policy

The County and covered employees are each required by County Resolution to contribute 8.0 percent of the employees' annual salary to the Plan. The contribution requirements of Plan members and the County are established and may be amended by the El Paso County Board of Retirement. The County's contributions to the Plan for the years ended December 31, 2014, 2013, and 2012, were $9,155,964 (8.0 percent contribution rate), $7,871,502, and $7,655,286 (7.5 percent contribution rate), respectively, equal to the required match each year.

4. *Other post employment benefit (OPEB)*

Plan Description

The County contributes to and administers a single employer defined benefit post employment health care plan referred to as the Medical Benefits Trust Fund (MBTF) to provide medical benefits to eligible retired County employees and their beneficiaries. Authority was established by approval of a resolution adopted by the Board of County Commissioners (BoCC) to create the MBTF fund on December 15, 2004. The BoCC has the authority to amend the contributions and terms of the MBTF at will.

The monthly premium rates and County subsidy rates are shown in the table below:

EPO Medical Plan				
Years of Service	**Elected/Appointed Officials**	**Retired after 2004**	**Retired prior to 2004**
Less than 4 Years	$ 620.95 to 1,743.98	-	-
4 Years or more			
County Subsidy	310.48 to 620.95	-	-
Less than 8 Years	-	$ 620.95 to 1,743.98	-
Retire between 2004-2014			
County Subsidy	-	341.52 to 620.95	-
Less than 10 Years	-	-	$ 620.95 to 1,743.98
Retire prior to 2004			
County Subsidy	-	-	332.21 to 552.65

PPO 65+ Medical Plan - Medicare Eligible		
Years of Service	**Monthly Plan Cost**	**County Subsidy**
Individual	$ 299.00	$ -
Less than 8 Years	-	-
8 - 14 Years	-	164.45
15 - 19 Years	-	224.25
20+ Years	$ -	$ 299.00

Elected and Appointed Officials - PPO 65+ Medicare Eligible				
Years of Service	**Monthly Plan Cost**		**County Subsidy**	
Individual	$	299.00	$	-
Less than 4 Years		-		-
4 - 7 Years		-		149.50
8 or more Years	$	-	$	299.00

Funding Policy

The contribution requirements for plan members and their employers are established annually by the Employee Benefits Committee. The required contributions are based on pay-as-you-go financing. Plan member contributions are also determined from monthly premiums.

Annual OPEB cost and net OPEB obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45 implemented proactively. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal annual costs and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, and the amount actually contributed to the plan, and changes in the County's net OPEB obligation to MBTF:

Annual Required Contribution (ARC)	$	10,734,415
Interest on Net OPEB Obligation		3,266,410
Adjustment to ARC		(13,196,337)
Annual OPEB Cost		804,488
Contributions Made		(2,394,525)
Increase in Net OPEB Obligation		(1,590,037)
NET OPEB - Beginning of Year		78,859,419
NET OPEB - End of Year	$	77,269,382

In calculating the plan liabilities and expenses, two key assumptions are the discount rate and the future medical inflation. A discount rate of 4.67% was assumed based on the average Moody's Aa corporate bond yield for the valuation period, down from 3.91% used in the last valuation. This rate is used to determine today's value of future expected benefit payments or subsidies. An initial annual medical inflation rate of 8.0% was used in the valuation. The inflation rate was graded down to 5.0% per year over a number of years. This is down from 8.5% used in the last valuation due to a review of the County's historical trend rates and the implementation of the Reach Your Peak wellness program. These rates reflect that the growth in health care costs is expected to moderate over time. The percent of eligible employees assumed to enroll in the retiree medical plan was reduced to 59% from 90%.

The mortality table was updated to match the 2010 pension valuation mortality rates.

As the retiree medical plan is not funded, asset growth or asset rate of return is not required. We used the discount rate of 4.67% to determine the present value of future benefits. This rate is based on the Moody's Aa corporate

bond yield. Amortization was calculated using a level dollar amount versus a level percent of salary. Hence, an assumption regarding salary increases was not necessary.

The county's subsidy level is based on the plan, the year of retirement and the years of service upon retirement. Both the cost of coverage and the County's subsidy are projected to increase at the health care cost trend rate shown below. No change in benefits and subsidy level was assumed. No changes in assumptions in the determination of County subsidy as a percentage of the total cost other than future trend increases.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the preceding two years were as follows:

		Percentage of Annual OPEB	
Fiscal Year End	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	$ 13,567,749	13%	$ 67,684,940
12/31/2013	13,367,272	16%	78,859,419
12/31/2014	804,488	298%	77,269,382

Funded status and funded progress

The funded status of the plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
01/01/2014	$ -	$ 114,895,686	$ 114,895,686	0.0%	$ 119,618,797	96%

Actuarial Assumptions and Methods

Valuation Date	01/01/2014
Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	30 years – Open
Actuarial Assumptions	
Discount Rate	4.67%
Long-term rate of return	4.91%
Health Care Cost Trend Rate:	
2014	8.0%
2015	7.0%
2016	6.0%
2017	5.0%
2018 and later	5.0%
Annual Medical Inflation Rate	8.0%
General Inflation Rate	Not Used

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results

are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective, and, as such, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. Projections of benefits for financial reporting purposes do not explicitly incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

The schedule of funding progress, presented in the Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

5. *Jointly governed organizations*

Pikes Peak Regional Building Department (PPRBD) – The County, in conjunction with the City of Colorado Springs, City of Fountain, City of Manitou Springs, Town of Green Mountain Falls, Town of Monument and Town of Palmer Lake has created the Pikes Peak Regional Building Department. The PPRBD's board is composed of three members, one appointed by the County, one appointed by the City of Colorado Springs, and one appointed by the other cities and towns together.

During 2003, Certificates of Participation of $17,245,000 were issued to finance a building project for PPRBD. In 2012, the 2003 Series COP were refinanced by the Refunding and Improvement Certificates of Participation Series 2012. PPRBD continued into the lease agreement with the County to make lease payments that will pay the debt service on the Certificates of Participation. The County is not obligated for repayment of the Certificates of Participation beyond the resources provided by the lease agreement with PPRBD.

The El Paso County Emergency Service Authority (ESA) - The ESA was established in 2014 between the City of Fountain and El Paso County (after the dissolution of the El Paso County Emergency Service Agency at the end of March 2014) to provide for uniform ambulance service in El Paso County, Colorado. It is the goal of the ESA to provide excellent emergency medical and ambulance transport services to citizens and visitors throughout El Paso County.

The ESA is a 12-member board made up of EMS and first-responder professionals, physicians, elected officials and citizens, offering broad-based representation. Currently, the board includes two emergency room physicians, four fire district representatives, one paramedic, three elected officials, a citizen representative and a senior citizen representative.

The ESA is not considered a Component Unit and is, therefore, not included in the County's Reporting entity. The County does not invest in the ESA and it is intended that the ESA administer its fees to recover all its expenses.

The Fourth Judicial District Special Investigation Fund - This fund was established and governed by the El Paso County Sheriff's Department, the Teller County Sheriff's Department, the Colorado Springs Police Department, and the District Attorney's Office for the Fourth Judicial District of Colorado to account for money received from public nuisance seizures and is legally separate from the County. The funds are used for special investigations of organized crime, white-collar crime, and other illegal activity.

6. *Pikes Peak Rural Transportation Authority (PPRTA)*

On November 2, 2004, the Pikes Peak Rural Transportation Authority was established by the voters in the four governments. The PPRTA was authorized to collect a one-percent sales tax to fund transportation and transit improvements. Fifty-five percent of the money would fund a voter-approved list of capital projects, 35% would be used for additional maintenance (such as street overlays and pothole patching), and 10% would be used to expand the Springs Transit bus system.

The voters approved the collection of the 55% capital projects funds for a ten-year period ending December 31, 2014.

In November 2012, nearly 80% of the voters in the region (including those in Ramah, which had joined the RTA in 2009) approved a ten-year extension for capital projects, from 2015 to 2024.

7. *Construction and other significant commitments*

At year-end, there were projects under construction with commitments of:

December 31, 2014 Projects	Spent to Date	Amount to Complete Project in 2015
Sheriff's Office Projects	$ 855,520	$ 62,610
Office of Emergency Managements Projects	154,643	200,292
IT Data Programs and Equipment Projects	232,517	373,556
Parks Projects		
Rainbow Falls	75,653	349,348
EPC Fairgrounds	28,832	131,382
UTE Pass	-	40,000
WildFire Management - Fox Run Regional Park	-	51,000
Total Construction Commitments	$ 1,347,165	$ 1,208,188

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APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Agreement (this "Agreement") is executed and delivered, as of _____ __, 2016, by and between El Paso County, Colorado (the "County") and U.S. Bank National Association, as Dissemination Agent, in connection with the issuance of $_____ aggregate principal amount of Refunding Certificates of Participation, Series 2016 (the "Certificates"). The Certificates are authorized pursuant to the Mortgage and Indenture of Trust, dated as of March 15, 2007, as amended by a First Amendment to Mortgage and Indenture of Trust, dated as of June 1, 2016 (the "Indenture"), by and between the Corporation and U.S. Bank National Association, as trustee thereunder (the "Trustee"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Indenture.

In consideration of the issuance of the Certificates by the County and the purchase of such Certificates by the owners thereof, the County hereby covenants and agrees as follows:

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

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

"*Agreement*" means the obligations of the County pursuant to Sections 4, 5 and 6.

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

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

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

"*Commission*" means the Securities and Exchange Commission.

"*Dissemination Agent*" means any Dissemination Agent designated as such in writing by the County and which has filed with the County a written acceptance of such designation, and such agent's successors and assigns.

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

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

"*Material Event*" means the occurrence of any of the events with respect to the Certificates set forth in Exhibit II.

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

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Participating Underwriter*" means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Certificates.

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

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

"*State*" means the State of Colorado.

Section 3. CUSIP Number/Final Official Statement. The final CUSIP [1, ©] of the Certificates is 283365 ___. The final Official Statement relating to the Certificates is dated _____ __, 2016 (the "Final Official Statement").

Section 4. Annual Financial Information Disclosure. Subject to Section 10 of this Agreement, the County hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I) by the County's delivery of such Annual Financial Information and Audited Financial Statements to the MSRB within by the next September 30th immediately following the completion date of the County's fiscal year.

The County is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified to the Holders and the 2016 Certificate Insurer.

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

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

Section 5. Material Events Disclosure. Subject to Section 10 of this Agreement, the County hereby covenants that it will disseminate in a timely manner, not in excess of 10 Business Days after the occurrence of the event, Material Events Disclosure to the MSRB in Prescribed Form to the Holders and the 2016 Certificate Insurer. Notwithstanding the foregoing, notice of optional or unscheduled

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

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redemption of any Certificates or defeasance of any Certificates need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Holders of the Certificates pursuant to the Ordinance. From and after the Effective Date, the County is required to deliver such Material Events Disclosure in the same manner as provided by Section 4 of this Agreement.

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

Section 7. Consequences of Failure of the County to Provide Information. The County shall give notice in a timely manner, not in excess of 10 Business Days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the County to comply with any provision of this Agreement, the Holders of any Certificate may seek specific performance by court order to cause the County to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture or any other agreement, and the sole remedy under this Agreement in the event of any failure of the County to comply with this Agreement shall be an action to compel performance.

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

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

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

(iii) The amendment or waiver does not materially impair the interests of the Holderss of the Certificates, as determined either by parties unaffiliated with the County or the County (such as the Trustee) or by an approving vote of the Holders Representative or of the Holderss of the Certificates holding a majority of the aggregate principal amount of the Certificates (excluding Certificates held by or on behalf of the County or its affiliates) at the time of the amendment; or

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

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

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

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

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

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

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

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

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"*Annual Financial Information*" means financial information and operating data exclusive of Audited Financial Statements as set forth below of the type appearing or incorporated by reference in Tables II, III, IV, V, VI, VIII, X, XII and XIV in the Final Official Statement.

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

Annual Financial Information will be provided to the MSRB by the next September 30th immediately following the last day of the County's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 Business Days after availability to the County.

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

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

EXHIBIT II

EVENTS WITH RESPECT TO THE CERTIFICATES FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies

2. Nonpayment-related defaults, if material

3. Unscheduled draws on debt service reserves reflecting financial difficulties

4. Unscheduled draws on credit enhancements reflecting financial difficulties

5. Substitution of credit or liquidity providers, or their failure to perform

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security

7. Modifications to rights of security holders, if material

8. Certificate calls, if material, and tender offers

9. Defeasances

10. Release, substitution or sale of property securing repayment of the securities, if material

11. Rating changes

12. Bankruptcy, insolvency, receivership or similar event of the County[*]

13. The consummation of a merger, consolidation or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material

14. Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent, if material.

[*] This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County 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 County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

APPENDIX D

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

Population

The following table sets forth population statistics for the City of Colorado Springs (the "City"), El Paso County (the "County") and the State of Colorado (the "State").

Population

Year	City of Colorado Springs	Percent Change	El Paso County	Percent Change	Colorado	Percent Change
1970	135,060	--	235,972	--	2,207,259	--
1980	215,105	59.3%	309,424	31.1%	2,889,964	30.9%
1990	281,140	30.7	397,014	28.3	3,294,394	14.0
2000	360,890	28.4	516,929	30.2	4,301,261	30.6
2010	416,427	15.4	622,263	20.4	5,029,196	16.9
2014 [1]	443,965	6.6	665,070	6.9	5,353,471	6.5

[1] Estimate.

Sources: U.S. Department of Commerce, Bureau of the Census and Colorado Division of Local Government, Demography Section

Income

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

Median Household Effective Buying Income [1]

	2012	2013	2014	2015	2016
El Paso County	$43,276	$42,643	$47,638	$49,011	$50,771
Colorado	43,515	43,718	47,469	49,949	52,345
United States	41,253	41,358	43,715	45,448	46,738

[1] As of January 1.
Source: The Nielsen Company, *Site Reports*, 2012-2016

Percent of Households by Household Income Groups—2016 [1]

	Less Than $25,000	$25,000-$49,999	$50,000-$99,999	$100,000-$149,999	$150,000 or more
El Paso County	19.65%	29.70%	34.28%	11.52%	4.84%
Colorado	20.38	27.70	33.85	11.61	6.45
United States	24.81	28.82	31.30	9.45	5.62

[1] As of January 1. Totals may not equal 100% due to rounding.
Source: The Nielsen Company, *Site Reports*, 2016

Per Capita Personal Income

	2010	2011	2012	2013	2014
El Paso County	$38,363	$39,942	$40,611	$40,541	$41,945
Colorado	41,877	44,349	46,402	46,746	48,869
United States	40,277	42,453	44,266	44,438	46,049

Source: Colorado Division of Local Government, Demographic Section and the Bureau of Economic Analysis

Housing Stock

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

Housing Units

	2000	2010	Percent Change	2014 [1]
Colorado Springs (City of)	148,690	179,607	20.8%	185,041
El Paso County	202,428	252,852	24.9	261,832

[1] Estimate.
Source: U.S. Department of Commerce, Bureau of the Census and the Colorado Department of Local Affairs

Building Permit Activity

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

History of Estimated Building Activity in El Paso County

	Single-family		Multi-Family		Commercial/Industrial	
Year	**Permits**	**Valuation**	**Permits**	**Valuation**	**Permits**	**Valuation**
2011	1,399	$ 496,585,288	193	$106,115,419	98	$180,398,197
2012	2,216	801,352,986	197	108,456,822	157	125,710,535
2013	2,688	1,079,909,778	174	104,505,202	161	82,322,775
2014	2,433	1,032,039,203	204	153,369,996	150	111,786,836
2015	2,739	1,131,190,529	250	148,732,268	91	163,657,199
2016 [1]	1,087	464,618,016	120	59,360,213	90	65,185,848

[1] Building permits issued through April 30, 2016.
Source: Pikes Peak Regional Building Department

Foreclosure Activity

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

History of Foreclosures

Year	**Number of Foreclosures Filed**	**Percent Change**
2011	3,461	--
2012	3,364	(2.80)%
2013	1,861	(44.68)
2014	1,825	(1.93)
2015	1,470	(19.45)
2016 [1]	549	--

[1] Foreclosures filed through April 30, 2016.
Source: El Paso County Public Trustee's Office

Retail Sales

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

Retail Sales

Year	City of Colorado Springs	Percent Change	El Paso County	City as % of County	Colorado
2010	$11,497,546,431	--	$13,327,512,156	86.3%	$143,670,319,384
2011	11,944,487,280	3.9%	13,923,884,852	85.8	154,697,942,972
2012	12,493,019,233	4.6	14,547,072,582	85.9	164,387,648,458
2013	13,438,634,114	7.6	15,610,574,591	86.1	172,784,033,081
2014	14,292,713,573	6.4	16,663,648,399	85.8	182,374,956,947
2015 [1]	6,449,061,305	--	7,643,809,724	84.4	87,097,250,453

[1] Retail sales through June 30, 2015.
Source: State of Colorado, Department of Revenue, *Sales Tax Statistics, 2010-2015*

Employment

The following tables set forth employment statistics by industry for the County and the most recent historical labor force estimates for the Colorado Springs Metropolitan Statistical Area ("MSA") and the County.

Total Business Establishments and Employment—El Paso County

	Third Quarter 2014		Third Quarter 2015		Quarterly Change	
Industry [1]	Units	Average Employment	Units	Average Employment	Units	Average Employment
Agriculture, forestry, fishing and hunting	37	244	46	366	9	122
Mining	27	102	31	90	4	(12)
Utilities	14	450	17	453	3	3
Construction	1,655	14,037	1,762	14,830	107	793
Manufacturing	505	11,931	507	11,613	2	(318)
Wholesale trade	790	4,993	832	5,177	42	184
Retail trade	1,822	30,122	1,868	31,211	46	1,089
Transportation and warehousing	292	3,819	325	4,029	33	210
Information	289	6,755	307	6,512	18	(243)
Finance and insurance	1,013	11,653	1,030	11,663	17	10
Real estate and rental and leasing	1,031	4,021	1,130	4,264	99	243
Professional and technical services	3,225	21,914	3,462	22,928	237	1,014
Management of companies and enterprises	140	1,127	148	1,096	8	(31)
Administrative and waste services	1,142	18,196	1,183	19,170	41	974
Educational services	332	4,113	343	4,033	11	(80)
Health care and social assistance	1,855	28,645	1,918	30,303	63	1,658
Arts, entertainment, and recreation	261	4,967	269	5,042	8	75
Accommodation and food services	1,242	27,974	1,284	29,567	42	1,593
Other services, except public administration	1,356	9,857	1,466	10,584	110	727
Non-classifiable	40	36	31	77	(9)	41
Government	254	45,755	256	45,971	2	216
Total	17,322	250,714	18,215	258,979	893	8,265

[1] Information provided herein reflects only those employers who are subject to State unemployment insurance law.
Source: Colorado Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW) Colorado

Labor Force Estimates

	Colorado Springs MSA		Colorado	
Year	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed
2011	307,563	9.1%	2,736,079	8.4%
2012	307,220	8.8	2,759,437	7.9
2013	308,180	7.8	2,780,536	6.8
2014	308,141	6.0	2,815,200	5.0
2015	307,936	4.6	2,828,529	3.9
2016 [1]	318,909	3.9	2,851,164	3.3

[1] Labor force estimate through February 29, 2016.
Source: State of Colorado, Division of Employment and Training, Labor Market Information, *Colorado Labor Force Review*

Set forth in the following table are the major area employers in the Colorado Springs area. No independent investigation has been made of, and there can be no representation as to, the stability or financial condition of the companies listed below, or the likelihood that such companies will maintain their status as major employers in the area.

Selected Major Employers in the Colorado Springs Area

Firm	Product or Service	Estimated Number of Employees
Fort Carson Army Base	Military installation	31,800
Peterson Air Force Base	Military installation	11,917
Schriever Air Force Base	Military installation	7,647
United States Air Force Academy	Air Force Base/higher education	7,583
School District #11 Colorado Springs	Education	3,978
School District #20 Air Academy	Education	3,226
Memorial Hospital – UC Health	Healthcare	3,146
Penrose-St. Francis Health Services	Healthcare	2,833
Colorado Springs (City of)	Government	2,300
El Paso County	Government	2,100

Source: El Paso County 2014 Comprehensive Annual Financial Report

Tourism

Tourism has played an important part in the area's economy. Major tourist attractions in the area include the United Sates Air Force Academy, Pikes Peak, Cave of the Winds, Seven Falls, Garden of the Gods, Royal Gorge, the Broadmoor Hotel and the United States Olympic Training Center.

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APPENDIX E

FORM OF SPECIAL COUNSEL OPINION

_____ __, 2016

$_____
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2016
(Terry R. Harris Judicial Complex Project)
Evidencing Assignments of Interests in
Payments to be made by
El PASO COUNTY, COLORADO
As Lessee Under a Lease Purchase Agreement

We have acted as Special Counsel in connection with the execution and delivery of that certain Lease Purchase Agreement, dated as of March 15, 2007 (the "Original Lease"), as amended by the First Amendment to the Lease Purchase Agreement, dated as of June 1, 2016 (the "Amendment to the Lease" and together with the Original Lease, the "Lease"), each by and between the El Paso County Facilities Corporation, as lessor (the "Corporation"), and El Paso County, Colorado, as lessee (the "County"), and the execution and delivery of the above-captioned Refunding Certificates of Participation (the "Certificates"). The Certificates are authorized pursuant to the Mortgage and Indenture of Trust, dated as of March 15, 2007 (the "Original Indenture"), as supplemented by the First Supplement to Mortgage and Indenture of Trust dated as of June 1, 2016 (the "First Supplemental Indenture" and together with the Original Indenture, the "Indenture"), each by and between the Corporation and U.S. Bank National Association, as trustee (the "Trustee"). The Certificates evidence assignments of proportionate undivided interests in rights to receive certain revenues under the Lease.

The Certificates are executed and delivered in the aggregate principal amount of $_____ and are dated, bear interest at the rates and mature on the dates provided in the Indenture. The registered owners of the Certificates are entitled to receive payments, as provided in the Certificates and the Indenture, from the Base Rentals (as defined in the Lease) payable by the County under the Lease, which payments include portions designated as interest and principal as provided in the Lease. The Certificates are executed and delivered solely as fully registered Certificates in the denomination of $5,000 or any integral multiple thereof. The Certificates are subject to redemption prior to maturity in the manner and upon the terms set forth therein and in the First Supplemental Indenture.

Proceeds of the Certificates will be used by the Corporation to refund a portion of the Certificates of Participation, Series 2007A (the "2007 Certificates") and pay the costs of issuance of the Certificates (collectively, the "Project"). The net proceeds from the 2007 Certificates were used to finance and refinance the Terry H. Harris Judicial Complex (the "Leased Property"). The Leased Property is being leased to the County from the Corporation pursuant to the Lease. Under the Lease, the County has agreed to pay the Base Rentals, if moneys are specifically budgeted and appropriated therefor. Pursuant to the Indenture, the Corporation has assigned its rights under the Lease (with certain exceptions) to the Trustee for the benefit of the registered owners of the Certificates.

The Certificates are payable solely from the sources described in the Lease, including the Base Rentals to be paid by the County to the Corporation under the Lease (collectively, the "Revenues"), and in the Indenture. Neither the Lease nor the Certificates shall constitute a mandatory payment obligation of the County in any ensuing fiscal year beyond a fiscal year for which the County has appropriated

amounts to make payments under the Lease, nor directly or indirectly obligate the County beyond such fiscal year, nor constitute or give rise to a general obligation indebtedness or a direct or indirect indebtedness or other financial obligation whatsoever of the County within the meaning of any constitutional or statutory provision.

We have examined the Constitution and the statutes of the State of Colorado (the "State"), as interpreted by judicial decisions, and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials furnished to us without undertaking to verify the same by independent investigation.

We have examined an executed Certificate and have found it to be in proper legal form.

Based upon an examination of the aforementioned documents, it is our opinion as Special Counsel that:

1. The County is a political subdivision validly organized and existing under the Constitution and laws of the State with full power and authority to consummate all transactions contemplated by the Lease.

2. The Lease has been duly authorized by the County and duly executed and delivered by authorized officials of the County and, assuming due execution thereof by the Corporation, constitute the legal, valid and binding obligations of the County enforceable against the County in accordance with their respective terms, subject to any applicable bankruptcy, insolvency, moratorium or other laws or principles of equity affecting the enforcement of creditors' rights generally and liens securing such rights.

3. Assuming due execution of the Lease by the Corporation, and due execution of the Certificates by the Trustee, the Certificates evidence legal, valid and binding assignments of proportionate undivided interests in rights to receive Revenues pursuant to the Lease, which rights are enforceable in accordance with the terms of the Lease, subject to any applicable bankruptcy, insolvency, moratorium or other laws or principles of equity affecting the enforcement of creditors' rights generally and liens securing such rights.

4. Under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance by the County and the Trustee with certain covenants, the portion of the Base Rentals paid by the County which is designated and paid as interest (the "Interest Component"), as provided in the Lease, and received by the Owners of the Certificates is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence assume the accuracy of certain representations and compliance by the County and the Trustee with certain covenants (the "Covenants and Restrictions") designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the execution and delivery of the Certificates. Failure to comply with such Covenants and Restrictions could cause interest on the Certificates to be included in gross income retroactive to the date of execution and delivery of the Certificates, or could otherwise adversely affect such opinions. Notwithstanding our opinion that the Interest Component is not a specific preference item for purposes of the federal alternative minimum tax, we are further of the opinion that the Interest Component will be included in the adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). The accrual or receipt of the Interest Component may otherwise affect

the federal income tax liability of the owners of the Certificates. The extent of these other tax consequences will depend upon such owner's particular tax status or other items of income or deduction. We express no opinion with respect to such consequences. We also express no opinion for federal or State income tax purposes as to any moneys received in payment of or in respect to the Certificates subsequent to termination of the obligations of the County under the Lease by reason of an Event of Nonappropriation or an Event of Default.

5. Under existing State statutes, to the extent the portion of the Base Rentals paid by the County which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates, is excludable from gross income for federal income tax purposes, such portion of the Base Rentals paid by the County which is designated and paid as interest, as provided in the Lease, and received by the Owners of the Certificates, is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. We express no opinion regarding other tax consequences arising with respect to the Certificates under the laws of the State of Colorado or any other state or jurisdiction, and we express no opinion as to the effect of any termination of the County's obligations under the Lease, under certain circumstances as provided in the Lease, upon the treatment for State income tax purposes of any moneys received by the Owners of the Certificates subsequent to such termination.

In rendering the foregoing opinions, we are not passing upon the matters of the corporate status of the Corporation, the power of the Corporation to execute and deliver the Lease or the Indenture, the power of the Trustee to execute and deliver the Certificates, or the enforceability of the Lease against any party other than the County. As to the foregoing matters, the original purchaser of the Certificates has received certificates of even date herewith of the County, the Trustee and the Corporation. We express no opinion as to the ability of the County to apply amounts on deposit in any particular fund or account of the County for the purpose of making payments under the Lease. In addition, we express no opinion as to the sufficiency of the legal description in the Lease or the Indenture. We also express no opinion as to the creditworthiness or financial condition of the County or as to the adequacy or sufficiency of any information provided to any person in connection with the offering or sale of any of the Certificates.

This opinion speaks only as of its date and is limited to the statutes, regulations, rulings and judicial decisions in effect on such date. Our engagement as Special Counsel with respect to the transaction referred to herein ends on the date of this letter and we assume no further responsibilities or duties with respect to such engagement.

Very truly yours,

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APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

The information in this appendix concerning The Depository Trust Company ("DTC") and DTC's book-entry-only system has been obtained from DTC, and the County and the Financial Advisor take no responsibility for the accuracy thereof.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation & Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial

ownership. DTC has no knowledge of the actual Beneficial Owners of Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping accounts of their holdings on behalf of their customers.

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

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

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

Redemption proceeds, distributions, and dividend payments on the Certificates are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or 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, the Trustee or County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the responsibility of the County or 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.

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

DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the County or the Trustee. Under such

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

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

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APPENDIX G

SPECIMEN MUNICIPAL CERTIFICATE INSURANCE POLICY

[attached]

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

SPECIMEN

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

SPECIMEN

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)