

NEW ISSUE
BOOK-ENTRY ONLYWATER RATINGS: S&P: "AA+"
Fitch: "AA+"
WASTEWATER RATINGS: S&P: "AA-"
Fitch: "AA"
See "RATINGS"

In the opinion of Butler Snow LLP, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, interest on the 2025 Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2025 Bonds (the "Tax Code"), interest on the 2025 Bonds is not a specific preference item for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations) and interest on the 2025 Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax law in effect on the date of delivery of the 2025 Bonds as described herein. See "TAX MATTERS."

\$86,280,000*

CITY OF ARVADA, COLORADO
WATER ENTERPRISE REVENUE BONDS
SERIES 2025

\$14,595,000*

CITY OF ARVADA, COLORADO
WASTEWATER ENTERPRISE REVENUE BONDS
SERIES 2025

Dated: Date of Delivery

Due: December 1, as shown herein

The City's Water Enterprise Revenue Bonds, Series 2025 (the "Water Bonds") and Wastewater Enterprise Revenue Bonds, Series 2025 (the "Wastewater Bonds," and together with the Water Bonds, the "2025 Bonds") are issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof. The 2025 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which is acting as the securities depository for the 2025 Bonds. Purchases of the 2025 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2025 Bonds. See "THE 2025 BONDS--Book-Entry Only System." The 2025 Bonds bear interest at the rates set forth below, payable on December 1, 2025, and semiannually thereafter on each June 1 and December 1, to and including the maturity dates shown on the inside cover page, by check or draft mailed to the registered owner of the 2025 Bonds, initially Cede & Co. The principal of the 2025 Bonds will be payable upon presentation and surrender at UMB Bank, n.a., Denver, Colorado, or its successor as the Paying Agent for the 2025 Bonds. See "THE 2025 BONDS."

The maturity schedule for each series of the 2025 Bonds appears on the inside cover page of this Official Statement.

Each series of the 2025 Bonds is subject to redemption prior to maturity at the option of the City as described in "THE 2025 BONDS--Redemption Provisions." At the option of the winning bidder, each series of the 2025 Bonds may also be subject to mandatory sinking fund redemption.

The 2025 Bonds are being issued by the City to: (i) provide funds to extend, better, otherwise improve and equip its water system (the "Water System") and its wastewater system (the "Wastewater System"), respectively; and (ii) pay the costs of issuing the 2025 Bonds. See "SOURCES AND USES OF FUNDS."

The Water Bonds are special, limited obligations of the City payable solely from the Water Net Pledged Revenues (defined herein), which are primarily comprised of amounts derived from the City's operation of the Water System. The Wastewater Bonds are special, limited obligations of the City payable solely from the Wastewater Net Pledged Revenues (defined herein), which are primarily comprised of amounts derived from the City's operation of the Wastewater System.

The 2025 Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the applicable Net Pledged Revenues on a parity with the City's outstanding parity lien bonds (described herein) and any parity lien bonds to be issued in the future. See "SECURITY FOR THE WATER BONDS" and "SECURITY FOR THE WASTEWATER BONDS." **The 2025 Bonds do not constitute a general obligation of the City. Owners of the 2025 Bonds may not look to any other funds or accounts other than those specifically pledged by the City to the payment of the applicable series of 2025 Bonds.**

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

The 2025 Bonds are offered when, as, and if issued by the City and accepted by the initial purchaser, subject to the approval of legality of the 2025 Bonds by Butler Snow LLP, Denver, Colorado, Bond Counsel, and the satisfaction of certain other conditions. Butler Snow LLP also has acted as disclosure counsel to the City in connection with the Official Statement. Certain legal matters will be passed upon for the City by the City Attorney. Stifel, Nicolaus & Company, Incorporated, Denver, Colorado, is acting as Municipal Advisor to the City. It is expected that the 2025 Bonds will be available for delivery through the facilities of DTC on or about July 9, 2025.*

* Subject to change.

MATURITY SCHEDULES*

\$86,280,000*

**CITY OF ARVADA, COLORADO
WATER ENTERPRISE REVENUE BONDS
SERIES 2025**

(CUSIP© 6-digit issuer number: _____)

Maturing (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP© Issue Number	Maturing (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP© Issue Number
2025	\$ 530,000				2040	\$ 2,710,000			
2026	1,370,000				2041	2,845,000			
2027	1,440,000				2042	2,990,000			
2028	1,510,000				2043	3,140,000			
2029	1,585,000				2044	3,295,000			
2030	1,665,000				2045	3,460,000			
2031	1,745,000				2046	3,635,000			
2032	1,835,000				2047	3,825,000			
2033	1,925,000				2048	4,025,000			
2034	2,025,000				2049	4,235,000			
2035	2,125,000				2050	4,460,000			
2036	2,230,000				2051	4,690,000			
2037	2,340,000				2052	4,940,000			
2038	2,460,000				2053	5,195,000			
2039	2,580,000				2054	5,470,000			

\$14,595,000*

**CITY OF ARVADA, COLORADO
WASTEWATER ENTERPRISE REVENUE BONDS
SERIES 2025**

(CUSIP© 6-digit issuer number: _____)

Maturing (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP© Issue Number	Maturing (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP© Issue Number
2025	\$ 90,000				2040	\$ 460,000			
2026	230,000				2041	480,000			
2027	245,000				2042	505,000			
2028	255,000				2043	530,000			
2029	270,000				2044	560,000			
2030	280,000				2045	585,000			
2031	295,000				2046	615,000			
2032	310,000				2047	645,000			
2033	325,000				2048	680,000			
2034	345,000				2049	715,000			
2035	360,000				2050	755,000			
2036	380,000				2051	795,000			
2037	395,000				2052	835,000			
2038	415,000				2053	880,000			
2039	435,000				2054	925,000			

* Subject to change.

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USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2025 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2025 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the City. The City maintains an internet website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2025 Bonds.

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

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2025 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the City, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2025 Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2025 Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The 2025 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE 2025 BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE INITIAL PURCHASER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2025 BONDS, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2025 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CITY OF ARVADA, COLORADO

City Council

Lauren Simpson, Mayor
Randy Moorman, Mayor Pro-Tem
Shawna Ambrose, Councilmember
Sharon Davis, Councilmember
Bob Fifer, Councilmember
John Marriott, Councilmember
Brad Rupert, Councilmember

City Administration

Don Wick, City Manager
Bryan Archer, Director of Finance
Debra Nielson, Deputy Director of Finance
Rachel Morris, City Attorney
Jacqueline Rhoades, Director of Infrastructure

REGISTRAR AND PAYING AGENT

UMB Bank n.a.
Denver, Colorado

BOND AND DISCLOSURE COUNSEL

Butler Snow LLP
Denver, Colorado

MUNICIPAL ADVISOR

Stifel, Nicolaus & Company, Incorporated
Denver, Colorado

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

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

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OFFICIAL STATEMENT

\$86,280,000*
CITY OF ARVADA, COLORADO
WATER ENTERPRISE REVENUE BONDS
SERIES 2025

\$14,595,000*
CITY OF ARVADA, COLORADO
WASTEWATER ENTERPRISE REVENUE BONDS
SERIES 2025

INTRODUCTION

General

This Official Statement, which includes the cover page, the inside cover page and the appendices, is furnished by the City of Arvada, Colorado (the “City”), a political subdivision of the State of Colorado (the “State”), to provide information about the City and (i) its \$86,280,000* Water Enterprise Revenue Bonds, Series 2025 (the “Water Bonds”), and (ii) its \$14,595,000* Wastewater Enterprise Revenue Bonds, Series 2025 (the “Wastewater Bonds,” and together with the Water Bonds, the “2025 Bonds”). The 2025 Bonds will be issued pursuant to separate ordinances (the “Bond Ordinances”) finally adopted by the City Council of the City (the “City Council”) on May 20, 2025. See Appendix B - Summary of Certain Provisions of the Bond Ordinances.

The terms of the Bond Ordinances are substantially similar. Accordingly, unless specifically identified, terms are applicable to each of the Bond Ordinances and both series of 2025 Bonds.

The offering of the 2025 Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2025 Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, the inside cover page and the appendices, is unauthorized. Unless otherwise provided, capitalized terms used herein are defined in Appendix B hereto.

The Issuer

The City was incorporated as a municipality in 1904 and exists under the laws of the State and a home rule charter (the “Charter”) adopted in 1963. The City is a suburban community located approximately ten miles northwest of the City and County of Denver, Colorado (“Denver”). The City encompasses approximately 38 square miles; the majority of the City is located in Jefferson County, Colorado (“Jefferson County”) and a small portion is located in

* Subject to change.

Adams County, Colorado (“Adams County,” and together with Jefferson County, the “Counties”). The City is served by Interstate Highways 70 and 76 (running east-west) and State Highways 72, 93 and 121 (running north-south). According to the United States Census Bureau, the City’s estimated population as of December 2023 was approximately 121,414. See “THE CITY.”

Authority for Issuance

The 2025 Bonds are issued pursuant to the Charter, the Supplemental Public Securities Act (Title 11, Article 57, Part 2, Colorado Revised Statutes (“C.R.S.”)), Title 37, Article 45.1, C.R.S., and the Bond Ordinance.

The 2025 Bonds; Prior Redemption

The 2025 Bonds are issued solely as fully registered certificates in the denomination of \$5,000, or any integral multiple thereof. The 2025 Bonds initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which is acting as the securities depository for the 2025 Bonds. Purchases of the 2025 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2025 Bonds. See “THE 2025 Bonds--Book-Entry Only System.” The 2025 Bonds mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page hereof. The payment of principal and interest on the 2025 Bonds is described in “THE 2025 Bonds--Payment Provisions.”

The 2025 Bonds of each series are subject to redemption prior to maturity at the option of the City as described in “THE 2025 Bonds--Redemption Provisions.” At the option of the winning bidder, each series of the 2025 Bonds may also be subject to mandatory sinking fund redemption. See the Official Notice of Public Sale dated June 17, 2025.

Purpose

The Water Bonds are being issued by the City to: (i) provide funds to extend, better, otherwise improve and equip its water system (the “Water System”); and (ii) pay the costs of issuing the Water Bonds. See “SOURCES AND USES OF FUNDS--The Water Project.”

The Wastewater Bonds are being issued by the City to: (i) provide funds to extend, better, otherwise improve and equip its wastewater system (the “Wastewater System”); and (ii) pay the costs of issuing the Wastewater Bonds. See “SOURCES AND USES OF FUNDS--The Wastewater Project.”

Security for the Water Bonds

General. The Water Bonds are special, limited obligations of the City. The principal of, interest on and premium, if any, on the Water Bonds are payable solely from the Net Pledged Revenues. The Water Bond Ordinance defines “Water Net Pledged Revenues” as the Water Gross Pledged Revenues remaining after the payment of the Operation and Maintenance Expenses of the Water System. See Appendix B for a more detailed definitions of the System and Operation and Maintenance Expenses.

The Water Bond Ordinance defines “Water Gross Pledged Revenues” means all income from rates, fees, tolls and charges and tap fees, or any combination thereof, but not special assessments, for the services furnished by, or the direct or indirect connection with, or the use of, or any commodity from the Water System, including without limiting the generality of the foregoing, minimum charges, charges for the availability of service, disconnection fees, reconnection fees and reasonable penalties for any delinquencies, and all income or other realized gain, if any, from any investment of Water Gross Pledged Revenues and of the proceeds of securities payable from Water Net Pledged Revenues (except income or other gain from any investment of moneys held in an escrow fund or account for the defeasance of securities payable from the Water Net Pledged Revenues or any other similar fund) to the extent not required to be rebated to the federal government; provided however, that there shall be excluded from Water Gross Pledged Revenue: ad valorem property taxes; any moneys borrowed and used for providing Capital Improvements; any money and securities, and investment income therefrom, in any refunding fund, escrow account, or similar account, pledged to the payment of any bonds or other obligations; and any moneys received as grants or appropriations from the United States, the State or other sources, the use of which is limited or restricted by the grantor or donor to the provision of Capital Improvements (defined in Appendix B) or for other purposes resulting in the general unavailability thereof, except to the extent any such moneys shall be received as payments for the use of the Water System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom. Water Gross Pledged Revenues shall also include amounts on deposit in a rate stabilization fund. Water Gross Pledged Revenues excludes any refund of rates, tolls and charges due to others.

The Water Bond Ordinance defines “Water Operation and Maintenance Expenses” to mean, generally, all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Water System as may be determined by the City, except as limited by contract or otherwise limited by law. Water Operation and Maintenance Expenses do not include depreciation, and do not include certain other items. The complete definition of Operation and Maintenance Expenses is found in Appendix B - Summary of Certain Provisions of the Bond Ordinance--Certain Definitions.

Special, Limited Obligations. The Water Bonds do not constitute a general obligation of the City. Owners of the Water Bonds may not look to any other funds or accounts other than those specifically pledged by the City to the payment of the Water Bonds. The Water Bonds do not constitute an indebtedness nor a debt of the City, the State or any political subdivision thereof within the meaning of any applicable charter, constitutional or statutory provision or limitation; nor shall they be considered or held to be general obligations of the City. The full faith and credit of the City is not pledged to the payment of the Water Bonds.

Lien Priority. The Water Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Water Net Pledged Revenues on a parity with the lien of the City’s Water Enterprise Revenue Bonds, Series 2022 (the “2022 Water Bonds”), currently outstanding in the aggregate principal amount of \$46,645,000. Upon the satisfaction of certain conditions set forth in the Water Bond Ordinance, the City may issue additional obligations that have a lien on the Water Net Pledged Revenues that is on a parity with the lien thereon of the Water Bonds and the 2022 Water Bonds (“Additional Parity Water Bonds”). The Water Bonds and any Additional Parity Water Bonds are sometimes referred to herein as “Parity Water Bonds.” See “SECURITY FOR THE WATER BONDS--Additional Parity Bonds.”

The City currently expects to issue approximately \$300 million in Additional Parity Water Bonds through 2029 to finance additional Water System projects.

Security for the Wastewater Bonds

General. The Wastewater Bonds are special, limited obligations of the City. The principal of, interest on and premium, if any, on the Wastewater Bonds are payable solely from the Net Pledged Revenues. The Wastewater Bond Ordinance defines “Wastewater Net Pledged Revenues” as the Wastewater Gross Pledged Revenues remaining after the payment of the Operation and Maintenance Expenses of the Wastewater System. See Appendix B for a more detailed definitions of the System and Operation and Maintenance Expenses.

The Wastewater Bond Ordinance defines “Wastewater Gross Pledged Revenues” means all income from rates, fees, tolls and charges and tap fees, or any combination thereof, but not special assessments, for the services furnished by, or the direct or indirect connection with, or the use of, or any commodity from the Wastewater System, including without limiting the generality of the foregoing, minimum charges, charges for the availability of service, disconnection fees, reconnection fees and reasonable penalties for any delinquencies, and all income or other realized gain, if any, from any investment of Wastewater Gross Pledged Revenues and of the proceeds of securities payable from Wastewater Net Pledged Revenues (except income or other gain from any investment of moneys held in an escrow fund or account for the defeasance of securities payable from the Wastewater Net Pledged Revenues or any other similar fund) to the extent not required to be rebated to the federal government; provided however, that there shall be excluded from Wastewater Gross Pledged Revenue: ad valorem property taxes; any moneys borrowed and used for providing Capital Improvements; any money and securities, and investment income therefrom, in any refunding fund, escrow account, or similar account, pledged to the payment of any bonds or other obligations; and any moneys received as grants or appropriations from the United States, the State or other sources, the use of which is limited or restricted by the grantor or donor to the provision of Capital Improvements (defined in Appendix B) or for other purposes resulting in the general unavailability thereof, except to the extent any such moneys shall be received as payments for the use of the Wastewater System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom. Wastewater Gross Pledged Revenues shall also include amounts on deposit in a rate stabilization fund. Wastewater Gross Pledged Revenues excludes any refund of rates, tolls and charges due to others.

The Wastewater Bond Ordinance defines “Wastewater Operation and Maintenance Expenses” to mean, generally, all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Wastewater System as may be determined by the City, except as limited by contract or otherwise limited by law. Wastewater Operation and Maintenance Expenses do not include depreciation, and do not include certain other items. The complete definition of Operation and Maintenance Expenses is found in Appendix B - Summary of Certain Provisions of the Bond Ordinance--Certain Definitions.

Special, Limited Obligations. **The Wastewater Bonds do not constitute a general obligation of the City. Owners of the Wastewater Bonds may not look to any other funds or accounts other than those specifically pledged by the City to the payment of the Wastewater Bonds. The Wastewater Bonds do not constitute an indebtedness nor a debt of the City, the State or any political subdivision thereof within the meaning of any applicable charter, constitutional or statutory provision or limitation; nor shall they be considered or**

held to be general obligations of the City. The full faith and credit of the City is not pledged to the payment of the Wastewater Bonds.

Lien Priority. The Wastewater Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Wastewater Net Pledged Revenues on a parity with the lien of the City's Enterprise Wastewater Revenue Bonds, Series 2022 (the "2022 Wastewater Bonds"), currently outstanding in the aggregate principal amount of \$46,360,000. Upon the satisfaction of certain conditions set forth in the Wastewater Bond Ordinance, the City may issue additional obligations that have a lien on the Wastewater Net Pledged Revenues that is on a parity with the lien thereon of the Wastewater Bonds and the 2022 Wastewater Bonds ("Additional Parity Wastewater Bonds"). The Wastewater Bonds and any Additional Parity Wastewater Bonds are sometimes referred to herein as "Parity Wastewater Bonds." See "SECURITY FOR THE WASTEWATER BONDS--Additional Parity Bonds."

The City currently expects to issue approximately \$42 million of Additional Parity Wastewater Bonds for Wastewater System projects in 2027.

Professionals

Butler Snow LLP, Denver, Colorado, has acted as Bond Counsel in connection with the execution and delivery of the 2025 Bonds and also has acted as special counsel to the City in connection with this Official Statement. The fees of Butler Snow LLP will be paid only at closing from the proceeds of the 2025 Bonds. Certain legal matters will be passed on by the City Attorney. Stifel, Nicolaus & Company, Incorporated, is acting as the City's Municipal Advisor in connection with the 2025 Bonds. See "MUNICIPAL ADVISOR." UMB Bank n.a., Denver, Colorado, will act as the registrar and paying agent for the 2025 Bonds (the "Registrar" and "Paying Agent"). Forvis Mazars, LLP, independent certified public accountants, Denver, Colorado, has audited the basic financial statements of the City attached hereto as Appendix A. See "INDEPENDENT AUDITORS."

Tax Status

In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, interest on the 2025 Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2025 Bonds (the "Tax Code"), interest on the 2025 Bonds is not a specific preference item for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations), and interest on the 2025 Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax law in effect on the date of delivery of the 2025 Bonds as described herein. See "TAX MATTERS."

Continuing Disclosure Undertaking

The City will execute a continuing disclosure certificate at the time of the closing for the 2025 Bonds (the "Disclosure Certificate"). The Disclosure Certificate will be executed for the benefit of the beneficial owners of the 2025 Bonds and the City will covenant in the Bond

Ordinance to comply with its terms. The Disclosure Certificate will provide that so long as the 2025 Bonds remain outstanding, the City will provide the following information to the Municipal Securities Rulemaking Board, acting through its Electronic Municipal Market Access (“EMMA”) system: (i) annually, audited financial statements; (ii) annually, certain financial information and operating data; and (iii) notice of the occurrence of certain listed events; all as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix E.

Forward-Looking Statements

This Official Statement, particularly (but not limited to) the information contained under the headings “CERTAIN RISK FACTORS,” “SOURCES AND USES OF FUNDS--The Water Project,” “SOURCES AND USES OF FUNDS--The Wastewater Project,” “WATER SYSTEM FINANCIAL INFORMATION--Budget Summaries and Comparisons,” “WASTEWATER SYSTEM FINANCIAL INFORMATION--Budget Summaries and Comparisons,” “WATER SYSTEM FINANCIAL INFORMATION--Management Summary of Material Trends” and “WASTEWATER SYSTEM FINANCIAL INFORMATION--Management Summary of Material Trends” contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be material and could impact the availability of Net Pledged Revenues to pay debt service on the 2025 Bonds.

Additional Information

This introduction is only a brief summary of the 2025 Bonds and the Bond Ordinance, a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the 2025 Bonds, the Bond Ordinance, the Water Project, the Wastewater Project, the Water System, the Wastewater System and the City are included in this Official Statement. All references herein to the 2025 Bonds, the Bond Ordinance and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the City and the Municipal Advisor at the following addresses:

City of Arvada, Colorado
8101 Ralston Road
Arvada, Colorado 80002
Attn: Director of Finance
Telephone: (720) 898-7123

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

CERTAIN RISK FACTORS

The purchase of the 2025 Bonds involves special risks and the 2025 Bonds may not be appropriate investments for all types of investors. Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below, which, among other factors discussed herein, could affect the payment of debt service on the 2025 Bonds and could affect the market price of the 2025 Bonds to an extent that cannot be determined at this time. *The following does not purport to be an exhaustive listing of risks and other considerations that may be relevant to investing in the 2025 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of such risks.* 2025 Bonds Are Limited Obligations

General. **The 2025 Bonds constitute special, limited obligations of the City.** The principal of and interest on the 2025 Bonds is payable solely from and secured by an irrevocable pledge of the applicable Net Pledged Revenues, together with certain interest income and other amounts as provided in the applicable Bond Ordinance. Each series of the 2025 Bonds constitutes an irrevocable pledge of the applicable Net Pledged Revenues on a parity with the lien thereon of any Additional Parity Bonds issued pursuant to the related Bond Ordinance. See “SECURITY FOR THE BONDS.”

The 2025 Bonds do not constitute a general obligation of the City, and the City cannot levy any general ad valorem tax to pay the 2025 Bonds. Owners of the 2025 Bonds may not look to any City funds or accounts other than those specifically pledged by the City to the payment of the 2025 Bonds. See “SECURITY FOR THE BONDS.”

The ability of the City to meet its payment obligations under the Bond Ordinances will depend upon the ability of the Systems to generate sufficient Gross Pledged Revenues to meet such obligations, the Systems’ operating expenses, debt service on other debt or obligations, extraordinary costs or expenses that may occur and other costs and expenses. If the Systems, or any material portion thereof, were to become inoperable due to damage, destruction, or environmental restriction or if the City should lack raw water or lack treatable water due to contamination, drought, flood or other catastrophe, the City may be unable to generate adequate revenues of the Systems. If the Gross Revenues at any time are not sufficient to make such payments and deposits, the City covenants in the Bond Ordinances that it will increase such rates, fees, tolls, and charges to an extent which will ensure such payments and deposits (the “Rate Maintenance Covenant”). See “SECURITY FOR THE BONDS--Rate Covenant” and “THE WATER SYSTEM.”

Accordingly, investors should be aware that future revenues and expenses of the City will be subject to conditions that may differ materially from current conditions to an extent that cannot be determined at this time.

No Mortgage Secures the 2025 Bonds. The payment of the 2025 Bonds is not secured by an encumbrance, mortgage or other pledge of property of the City, except for the Net Pledged Revenues and other moneys pledged for the payment of the Bond Requirements (defined herein) of the 2025 Bonds. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the 2025 Bonds. See “SECURITY FOR THE BONDS--Limited Obligations.”

Additional Bonds

Under the Bond Ordinance, the City is permitted to incur other debt payable on a parity with the lien of each series of the 2025 Bonds. See “SECURITY FOR THE WATER BONDS--Additional Bonds” and See “SECURITY FOR THE WASTEWATER BONDS--Additional Bonds” Debt service on all Parity Bonds of the City will be payable from the applicable Net Pledged Revenues on a pro-rata basis. Accordingly, to the extent that future obligations are issued on a parity with the lien of either series of 2025 Bonds, the security for the applicable series of 2025 Bonds may be diluted.

The City currently expects to issue approximately \$300 million of Additional Parity Water Bonds for Water System projects through 2029. The City also currently expects to issue approximately \$42 million of Additional Parity Wastewater Bonds for Wastewater System projects in 2027.

Factors That May Cause Insufficiency of Expected Revenues

Revenues Dependent on System Operations. The 2025 Bonds are payable solely from the applicable Net Pledged Revenues. If the Water System and/or the Wastewater System (or any portion of those systems) were to become inoperable due to damage, destruction, or environmental restriction or, in the case of the Water System, if the City should lack raw water or lack treatable water due to contamination, drought, depletion of aquifers or any other reason, if the City has inadequate storage or transmission facilities, if the City is unable to increase rates and charges for any reason or if the City incurs unanticipated expenses or reduced revenues for any other reason, the City may be unable to generate adequate Net Pledged Revenues to pay debt service on the 2025 Bonds.

The components of the Net Pledged Revenue which constitute traditional user fees and tap fees are subject to fluctuation and certain risks. The generation of Net Pledged Revenues is dependent upon several factors outside the City’s control, such as the economy, natural disasters, pandemics, collections of service charges and tap fees from customers, continued growth (or lack thereof) and changes in law.

Inflation. As with other utility providers across the nation, inflation is a current consideration. Inflation may cause customers to have difficulty paying all of their expenses, including utility bills. The City has assistance programs in place to help customers who are struggling to pay their bills. Nonetheless, should significant numbers of customers be unable to timely pay their bills, Net Pledged Revenues may be negatively impacted.

Drought; Conservation; Wildfire. The City experiences drought conditions from time to time and routinely plans for a 100-year drought. Among other factors, as with other utilities in the arid west/Front Range of Colorado, potable water comes from snowpack. A significantly poor snowpack can result in poor storage conditions, which can lead to drought impacts. The City monitors this annually. The City has implemented a Drought Plan. Activation of the Drought Plan may result in watering limitations or increased conservation measures, which could reduce the amount of water treated and sold by the City and therefore could reduce the Net Pledged Revenues generated by the System.

The impacts of climate change may impact water sales revenues in the future for utilities in the arid west, including the City. The Front Range of Colorado has been experiencing

hot and dry summers, with variable spring/fall temperatures. Staff is monitoring this over the long term to identify any impacts to revenues. Hot, dry summers may increase the likelihood of drought and related conservation measures, which could decrease Net Pledged Revenues. Similarly, cooler and wetter spring and fall seasons may decrease irrigation usage, which may in turn result in lower Net Pledged Revenues.

Larger and more destructive wildfires have become more frequent in Colorado in recent years, including wildfires in watersheds and developed areas. These events also could result in a reduction in Net Pledged Revenues to an extent that cannot be determined at this time.

The City, the Arvada Fire Protection District (the “Fire District”), and Jefferson County have previously and continue to collaborate to protect the community from wildfire. The City also collaborates with homeowner associations to create buffer zones around developed and undeveloped areas. The City and the Fire District are currently collaborating to develop a Community Wildfire Protection Plan (“CWPP”), which will enable the City and the Fire District to further expand and enhance mitigation efforts while also providing additional resources for individual homeowners and homeowners associations to support their mitigation efforts. The City and the Fire District plan an extensive public education campaign associated with the CWPP to inform residents on risks and mitigation strategies. The City also plans to support multiple neighborhoods who have requested grant funds for education and mitigation efforts. The City’s Emergency Management function collaborates ongoing with Jefferson County and several local organizations such as watershed partnerships to promote and coordinate mitigation efforts, including working with City and County Public Works crews (as well as crews from the local utility) to integrate mitigation efforts into their activities. Efforts also include extensive coordination among fire protection and emergency management agencies on response plans and exercises to minimize the impact of a wildfire and protect the water sources. Finally, the City has been working regionally to identify, discuss and support mitigation techniques and strategies to manage watershed wildfires. Despite these efforts, it is possible that future wildfires may impact existing or future development to an extent that cannot be determined at this time. Additionally, if watersheds are impacted by wildfire, water quality will become extremely difficult and costly to treat. One of the significant benefits of the Arvada WTP replacement project will be the ability to handle raw water impacted by wildfires in the watershed.

Although the City may increase rates and charges without restriction in response to lower usage, it is not possible to predict at this time whether any rate increases can or will be implemented in time to pay debt service on the 2025 Bonds in any given fiscal year.

Water Quality, Environmental and Other Regulatory Requirements

General. In operating the Water System and the Wastewater System and participating in the Metro Water Recovery system (“Metro,” formerly known as Metro Wastewater Reclamation District), the City also may be subject to various environmental regulations that could subject the City to increased operating costs or capital expenditures. Such increased costs could reduce the amount of the applicable Net Pledged Revenues available to pay debt service on the 2025 Bonds.

Water System. The Water System is subject to numerous federal and State regulatory requirements. Those regulations have changed multiple times over the last few years and are subject to further change at any time. Public drinking water systems like the Water System

are regulated by the Environmental Protection Agency; the Colorado Department of Public Health and Environment (“CDPHE”) has the authority to enforce drinking water quality standards. Water quality standards imposed by the federal government or the State may affect the water available to the City and implementation of those standards or enforcement by CDPHE could result in increased costs associated with water treatment operations of the City. In addition, failure to comply with regulatory changes, or the inability to comply with them in a timely manner could cause portions of the System to become unavailable. Any disruption of service could negatively impact Water Net Pledged Revenues.

In October 2024, the City completed the initial water service line inventory to identify the existence of lead service lines, meeting the federal deadline in the Lead and Copper Rule Improvements. In its ongoing water service line investigation, the City has found that the City-owned system does not have any lead lines and to date, the City has not found any customer-owned lead service lines. Several customer-owned galvanized service lines have been identified and the City now mandates that any lead or pre-1960 galvanized service line must be replaced. The City has a comprehensive Lead Service Line Replacement Program. The City is also working on optimizing corrosion control treatment to reduce corrosion and maintain compliance with regulatory requirements of the Lead and Copper Rule. The City anticipates complying with the recently promulgated Per- and Polyfluoroalkyl Substances (PFAS) Rule, and is prepared to address additional treatment needs if they arise. In addition, proposed rules regarding microbial and disinfection byproducts and perchlorate are likely to be enacted in the near future. It is possible that these rules may impact future process projects.

In operating the System, the City also may be subject to future environmental regulations that could subject the City to increased operating costs or capital expenditures. Such increased costs could reduce the amount of Water Net Pledged Revenues available to pay debt service on the Water Bonds.

State Legislative Actions. In its 2024 session, the Colorado General Assembly (the “Legislature”) has passed legislation designed to increase housing density near transit lines and eliminating minimum parking requirements near transit hubs. This legislation applies to communities around the State, including home-rule municipalities such as the City. In May 2025, the Governor signed an executive order to withhold certain State grants from municipalities that do not comply with the requirements of the legislation. Implementation of the legislation could have the effect of increasing the population of the City beyond its current planning parameters and beyond its ability to serve new residents. If that occurs, the City may be required to issue additional water and wastewater bonds to expand services.

The City, along with five other home rule municipalities, has filed suits against the State for violating home rule rights. It is unknown when that litigation will proceed or what the outcome of it will be.

Water Supply Contract

General. The City obtains approximately 75% of its treatable water pursuant to two perpetual contracts with the Denver Water Board (“Denver Water”). See “THE WATER SYSTEM--Water Supply.” Although Denver Water is obligated by these contracts to provide that amount of water annually even in periods of drought, the City is required to implement all drought water restrictions implemented by Denver Water. In addition, Denver Water may deliver less

water in the case of an actual failure of the water supply due to inadequate runoff or an occurrence beyond the reasonable control of Denver Water. Should Denver Water not deliver the water required by the contracts, the Water System may be unable to provide sufficient service to its customers and Water Net Pledged Revenues may be negatively impacted.

The Gross Reservoir Project. In 2022, Denver Water broke ground on the Gross Reservoir expansion project to provide expanded water storage to serve its customers, including the City. The Gross Reservoir expansion project is currently involved in litigation in federal court. The U.S. District Court for Colorado recently invalidated the project's primary permit, directing the Army Corps of Engineers to restart the permitting process. The court also issued an injunction to stop construction, which has since been lifted, allowing construction to proceed. Despite the ongoing construction, the judge is requiring that permitting be redone before the reservoir can be filled. It is unclear at this time whether any of the court's orders will be appealed. If the Gross Reservoir expansion project is halted permanently, or if Denver Water is not allowed to fill the completed reservoir, the City's long-term water supply may be negatively impacted. The City is closely monitoring these legal developments and potential implications to the City.

Construction Risks

General. Construction of the Water Project and the Wastewater Project will be financed in part with the net proceeds of the Bonds. There is no assurance that either project can be completed with the available funds or within the budget anticipated by the City. Any increases in the costs of the projects could have the impact of increasing capital expenditures in the Water Fund and/or Wastewater Fund on the current projects, which could have the effect of delaying other necessary capital projects.

Additionally, normal contingencies generally involved with the construction of any facility, such as natural disasters, labor difficulties, including the inability to attract a sufficient workforce to work on the Project, unanticipated engineering or structural problems, soil issues, rockslides, environmental issues, difficulties in obtaining materials or sharp increases in the price of materials, a shortened construction season due to weather conditions, and economic conditions in general may cause delays resulting in increased costs. Further, if the Project is not completed for any reason, or is downsized or partially completed, the Project may not generate sufficient Project Revenues to pay debt service.

Tariffs. The imposition of tariffs or the increase in existing tariffs could significantly increase the cost of imported goods, including steel required for construction of the Water Project and the Wastewater Project, potentially leading to higher construction prices and increasing the risk that the projects cannot be completed within budget. The imposition of tariffs could also disrupt the global supply chain and require the City to identify and use alternative supplies and/or suppliers, if any exist. In March 2025, the Trump administration imposed a 25% tariff on all steel and aluminum imports to the United States; in June 2025 that tariff was increased to 50% on imports from most nations. The administration has threatened additional tariffs on imported steel and aluminum imports from Canada in response to retaliatory tariffs imposed by Canada on American goods. The administration has also imposed tariffs on other imported goods from various countries; in some cases the tariffs have been announced and then reduced, canceled or delayed. It is impossible to predict what tariffs will be imposed by the United States or upon what goods and/or countries; however, investors should be aware that the costs of construction could increase significantly from those currently anticipated.

Delay in Enforcement of Liens

The City has the statutory authority to enforce payment of its rates and charges through liens on the real property of delinquent ratepayers. However, foreclosure of real property liens is a time-consuming and burdensome remedy. The delays involved in foreclosure could substantially delay the collection of Gross Pledged Revenues by the City. In addition, proceeds realized from the sale of real property, if any, may not be sufficient to cover the delinquent rates and charges after the payment of any senior liens on the property.

Limitations on Remedies Available to Owners of 2025 Bonds

No Acceleration. There is no provision for acceleration of maturity of the principal of the 2025 Bonds in the event of a default in the payment of principal or interest on the 2025 Bonds. Consequently, remedies available to the owners of the 2025 Bonds may have to be enforced from year to year.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the 2025 Bonds and the obligations incurred by the City in issuing the 2025 Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations, which could result in a federal lien on the Net Pledged Revenues which is superior to the lien thereon of the 2025 Bonds; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2025 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

No Trustee. There is no bond trustee or similar person or entity to monitor or enforce the provisions of the Bond Ordinance on behalf of the Owners of the 2025 Bonds, and therefore the Owners should be prepared to enforce such provisions themselves if the need to do so ever arises.

Secondary Market

There is no guarantee that a secondary market for the 2025 Bonds will be developed or maintained by the initial purchasers of the 2025 Bonds (the "Initial Purchasers") or others. Thus, prospective investors should be prepared to hold their 2025 Bonds to maturity.

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The Water Bonds. The City expects to apply the proceeds of the Water Bonds in the following manner:

Water Bonds - Sources and Uses of Funds

<u>Sources</u>	<u>Amount</u>
Par amount of Water Bonds	
Plus/(less): net original issue premium/(discount)	
Total	
<u>Uses</u>	
The Water Project	
Water costs of issuance (including underwriting discount)	
Total	

Source: The Municipal Advisor.

The Wastewater Bonds. The City expects to apply the proceeds of the Wastewater Bonds in the following manner:

Wastewater Bonds - Sources and Uses of Funds

<u>Sources</u>	<u>Amount</u>
Par amount of Wastewater Bonds	
Plus/(less): net original issue premium/(discount)	
Total	
<u>Uses</u>	
The Wastewater Project	
Wastewater costs of issuance (including underwriting discount)	
Total	

Source: The Municipal Advisor.

General Information Regarding Water and Wastewater Capital Planning

The City's infrastructure team has spent the last several years preparing for and implementing investments in operations and infrastructure as part of the City's ongoing commitment to continue to provide reliable water, wastewater, and stormwater drainage services to the community. This preparation has included discussion and approval of the annual Capital Improvement Program budget, and discussions and workshops with the City Council related to the water, wastewater, and stormwater master planning efforts from December 2020 through today.

This work supports the 2024-2030 City Council Strategic Plan (the "Strategic Plan"), which states that "the community depends on a well-maintained foundation of water, wastewater and stormwater facilities." The Strategic Plan calls for updated master plans for water, wastewater and stormwater, as well as implementation plans and sustainable financial strategies

recommendations. The City team's recent master planning work is now being implemented in both the Water and Wastewater Funds. The team is addressing a combination of aging infrastructure, and infrastructure needed to meet planned development.

The City team regularly updates a list of project priorities that are needed to either replace aging infrastructure and/or improve infrastructure to meet planned development needs. The City reviews and updates this list regularly, and the list is the basis for the 2025-2034 CIP found in the City's latest budget book. See "THE WATER SYSTEM--Water System Capital Improvements" and "THE WASTEWATER SYSTEM--Wastewater System Capital Improvements."

In March 2022, City staff presented an analysis outlining risks of system failures and alternatives to address those risks. At this time, the City does not have cash and technical resources to accelerate delivery of all capacity-related projects. Annually, through the budget process, options are discussed with the City Council including raising additional revenue through increases to rates, service fees and tap fees, scheduling capital investment projects, issuing bonds, and pacing planned development. Based on feedback from the City Council, the City team provides financial scenarios and options to City Council. City staff recommendations for 2025 water, wastewater and stormwater rates, fees and charges were adopted by the City Council in November 2024. The 2025 rates, fees and charges schedules adopted by City Council provide sufficient revenues to pay the principal and interest payments for the 2025 Bonds.

The Water Project

General. The existing potable Water System lacks resiliency and has reached the end of its useful life for many components. The City has identified approximately \$390 million of bond projects over the next 10 years (including the 2025 Water Bond projects). Those projects are targeted for replacement and resiliency of the Water System. Additionally, the City is partnering with Denver Water to increase raw water total supply through the Gross Reservoir Expansion Project. With Denver Water's completion of the Gross Reservoir Expansion Project, the City anticipates having sufficient raw water to provide water supply at build-out in drought conditions. However, as described in "CERTAIN RISK FACTORS--Water Supply Contract - The Gross Reservoir Project," the Gross Reservoir expansion project is currently involved in active litigation in two federal courts. Construction of the project is currently proceeding, but an injunction against construction could be reinstated.

With the planned treatment projects, the City anticipates having sufficient resiliency to treat raw water impacted by fire or severe flooding. The proposed treatment projects are expected to position the City to meet near-term demand and easily phase additional capacity to meet future demands (i.e., not overbuilding now). With the planned repair, replace, and rehabilitation projects, the City anticipates replacing existing capacity that has reached or exceeded end of useful life. These projects are expected to be funded with existing City funds and with the proceeds of the 2022 Water Bonds, the Water Bonds and the planned Additional Parity Water Bonds.

2025 Bond Water Projects. The Water Project to be funded with the proceeds of the Water Bonds is expected to be comprised of the City's share of the remaining construction costs for the Gross Reservoir Expansion Project. In 2022, Denver Water broke ground on the Gross Reservoir expansion project to provide expanded water storage to serve its customers, including the City. The additional water anticipated to be provided by this project is planned to allow the City to meet its currently planned buildout population. The City is a 1/6 participant in the Gross Reservoir project;

its share of the remaining construction costs is currently expected to be approximately \$65.4 million, including approximately \$600,000 for delivery infrastructure to deliver water from the Gross Reservoir to the City's water treatment plants.

The City Council has the discretion to change or reallocate the projects to be funded with the proceeds of the 2025 Water Bonds. If construction on Gross Reservoir is halted for any reason (see "CERTAIN RISK FACTORS--Water Supply Contract"), the City will fund other planned Water System capital projects with proceeds of the Water Bonds. See "THE WATER SYSTEM--Water System Capital Improvement Program" for a description of other planned Water System capital projects.

The Wastewater Project

General. The Project includes two trunk line programs, the North Trunk Line ("NTL") Program and the Central Ralston Trunk ("CRT") Program. These projects are intended to address aging infrastructure while also providing additional capacity to meet planned development. The City has performed sensitivity analysis on flow estimates and possible impacts to pipe sizing to ensure this. The City began the North Trunk Program (the "NTL program") and the Central Ralston Trunk Program ("CRT program") with the proceeds of the 2022 Wastewater Bonds and will continue those projects with the proceeds of the 2025 Wastewater Bonds.

With the NTL program, the City anticipates sufficient sanitary sewer capacity to serve build-out flow for the entirety of the area served by the interceptor. The NTL program is ongoing and is expected to be completed in 2029. The portions of the NTL program to be funded with wastewater bond proceeds, including the 2025 Wastewater Bonds, total approximately \$85.3 million in 2025 dollars (previously completed phases are not included in these totals).

With the CRT program, the City anticipates sufficient sanitary sewer capacity to serve build-out flow for the entirety of the area served by the interceptor. The Central Ralston Trunk Program is ongoing and is expected to be completed in 2028. The portions of the CRT program to be funded with wastewater bond proceeds from 2025-2029, including the 2025 Bonds, total approximately \$16.0 million in 2025 dollars (previously completed phases are not included in these totals).

2025 Projects. The City currently expects that the proceeds of the 2025 Wastewater Bonds will be used to fund individual phases of the NTL and CRT programs. The City currently anticipates issuing Additional Parity Wastewater Bonds in 2027 to finish the NTL and CRT programs.

The City Council has the discretion to change or reallocate the projects to be funded with the proceeds of the 2025 Wastewater Bonds. See "THE WASTEWATER SYSTEM--Wastewater System Capital Improvement Program" for a description of other planned Wastewater System capital projects.

THE 2025 BONDS

General Description

The 2025 Bonds are special limited obligations of the City, will be dated as of their date of delivery and will mature and bear interest as shown on the inside cover page of this Official Statement. The 2025 Bonds will be issued in fully registered form and initially will be registered in the name of “Cede & Co.,” as nominee for DTC. Purchases by beneficial owners of the 2025 Bonds (“Beneficial Owners”) are to be made in book-entry only form in the principal amount of \$5,000 or any integral multiple thereof. Payments to Beneficial Owners are to be made as described below in “Book-Entry Only System” and Appendix C hereto.

For a complete statement of the details and conditions of the 2025 Bonds, reference is made to the applicable Bond Ordinance and the applicable Sale Certificate (defined in Appendix B hereto) for the 2025 Bonds, copies of which are available from the sources listed in “INTRODUCTION--Additional Information.”

Payment Provisions

The 2025 Bonds mature and bear interest as set forth on the inside cover page of this Official Statement. Interest on the 2025 Bonds (calculated based on a 360-day year consisting of twelve 30-day months) is payable semiannually on June 1 and December 1, commencing December 1, 2025. Interest on the 2025 Bonds is payable by the Paying Agent on or before the interest payment date (or if such day is not a business day, on the next succeeding business day) to the registered owner thereof, at the address appearing on the registration records kept by the Paying Agent at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding an interest payment date (the “Record Date”). Any interest not timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. The Special Record Date and the date fixed for payment of the defaulted interest shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest and notice of the Special Record Date and the date fixed for payment of the defaulted interest will be given to the registered owners of the 2025 Bonds not less than ten days prior to the Special Record Date by first class mail. The principal of and premium, if any, on the 2025 Bonds will be payable at maturity upon presentation and surrender at the principal corporate trust office of the Paying Agent. If any 2025 Bond is not paid upon presentation at maturity, it will continue to draw interest at the interest rate borne by the 2025 Bond until the principal is paid in full. All such payments will be made in lawful money in the United States of America without deduction for any service charges of the Paying Agent.

Notwithstanding the foregoing, payments of the principal of and interest on the 2025 Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the Owner of the 2025 Bonds. Disbursement of such payments to DTC’s Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of DTC’s Participants and the Indirect Participants, as more fully described herein. See “Book-Entry Only System” below.

Redemption Provisions*

Optional Redemption.* The 2025 Bonds of each series maturing on or before December 1, ____, are not subject to redemption at the option of the City prior to maturity. The 2025 Bonds of each series maturing on and after December 1, ____, will be subject to redemption prior to their respective maturities, at the option of the City, in whole or in part, in integral multiples of \$5,000, from such maturities as are selected by the City, and if less than all of the 2025 Bonds of a maturity are to be redeemed, the 2025 Bonds of such maturity are to be selected by lot (giving proportionate weight on the 2025 Bonds in denominations larger than \$5,000), on December 1, ____, or on any date thereafter, at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date without a redemption premium.

Mandatory Sinking Fund Redemption - Water Bonds.* The Water Bonds maturing on December 1, ____ (the "Water Term Bonds"), are subject to mandatory sinking fund redemption at a price equal to the principal amount so redeemed, plus accrued interest to the redemption date. Water Term Bonds subject to mandatory sinking fund redemption shall be selected by lot in such manner as the Paying Agent shall determine (giving proportionate weight to Water Term Bonds in denominations larger than \$5,000).

As a sinking fund for the redemption of the Water Term Bonds maturing on December 1, ____, the City will deposit into the Water Bond Fund sufficient funds, together with other amounts on deposit in the Water Bond Fund, to redeem (after credit as provided in the Water Bond Ordinance) the Water Term Bonds maturing on December 1, ____, on the dates and in the principal amounts shown below:

Redemption Date (December 1)	Principal Amount
---------------------------------	---------------------

On or before the thirtieth day prior to each such sinking fund payment date, the Paying Agent shall proceed to call the Water Term Bonds (or any Water Term Bond or Water Term Bonds issued to replace such Water Term Bonds) for redemption from the sinking fund on the next December 1 and give notice of such call without further instruction or notice from the City.

At its option, to be exercised on or before the sixtieth day next preceding each such sinking fund Redemption Date, the City may (a) deliver to the Paying Agent for cancellation Water Term Bonds subject to mandatory sinking fund redemption on such date in an aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Water Term Bonds of the maturity and interest rate subject to mandatory sinking fund redemption on such date, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Paying Agent and not theretofore applied as a credit against any sinking fund redemption obligation. Each Water Term Bond so delivered or previously redeemed will be credited by the Paying Agent at the principal amount thereof against the obligation of the City on such sinking fund date and such sinking fund obligation will be accordingly reduced. The City will on or before the sixtieth day next preceding each sinking fund Redemption Date furnish the Paying Agent with its certificate indicating whether or not and to

* Subject to change.

what extent the provisions of (a) and (b) of the first sentence of this paragraph are to be availed with respect to such sinking fund payment. Failure of the City to deliver such certificate shall not affect the Paying Agent's duty to give notice of sinking fund redemption as described above.

Mandatory Sinking Fund Redemption - Wastewater Bonds.* The Wastewater Bonds maturing on December 1, ____ (the "Wastewater Term Bonds"), are subject to mandatory sinking fund redemption at a price equal to the principal amount so redeemed, plus accrued interest to the redemption date. Wastewater Term Bonds subject to mandatory sinking fund redemption shall be selected by lot in such manner as the Paying Agent shall determine (giving proportionate weight to Wastewater Term Bonds in denominations larger than \$5,000).

As a sinking fund for the redemption of the Wastewater Term Bonds maturing on December 1, ____, the City will deposit into the Wastewater Bond Fund sufficient funds, together with other amounts on deposit in the Wastewater Bond Fund, to redeem (after credit as provided in the Wastewater Bond Ordinance) the Wastewater Term Bonds maturing on December 1, ____, on the dates and in the principal amounts shown below:

Redemption Date (December 1)	Principal Amount
---------------------------------	---------------------

On or before the thirtieth day prior to each such sinking fund payment date, the Paying Agent shall proceed to call the Wastewater Term Bonds (or any Wastewater Term Bond or Wastewater Term Bonds issued to replace such Term Bonds) for redemption from the sinking fund on the next December 1 and shall give notice of such call without further instruction or notice from the City.

At its option, to be exercised on or before the sixtieth day next preceding each such sinking fund Redemption Date, the City may (a) deliver to the Paying Agent for cancellation Wastewater Term Bonds subject to mandatory sinking fund redemption on such date in an aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Wastewater Term Bonds of the maturity and interest rate subject to mandatory sinking fund redemption on such date, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Paying Agent and not theretofore applied as a credit against any sinking fund redemption obligation. Each Wastewater Term Bond so delivered or previously redeemed will be credited by the Paying Agent at the principal amount thereof against the obligation of the City on such sinking fund date and such sinking fund obligation will be accordingly reduced. The City will on or before the sixtieth day next preceding each sinking fund Redemption Date furnish the Paying Agent with its certificate indicating whether or not and to what extent the provisions of (a) and (b) of the first sentence of this paragraph are to be availed with respect to such sinking fund payment. Failure of the City to deliver such certificate shall not affect the Paying Agent's duty to give notice of sinking fund redemption as described above.

Notice of Redemption. Notice of optional or mandatory redemption shall be given by the Paying Agent in the name of the City by sending a copy of such notice by first-class, postage prepaid mail, not more than sixty nor less than thirty days prior to the Redemption Date to each

* Subject to change.

Owner at his address as it last appears on the registration books kept by the Paying Agent; but neither failure to give such notice nor any defect therein shall affect the redemption of any 2025 Bond. Such notice shall identify the 2025 Bonds to be so redeemed (if less than all are to be redeemed) and the Redemption Date, and shall further state that on such Redemption Date there will become and be due and payable upon each 2025 Bond so to be redeemed, at the principal office of the Paying Agent, the principal amount thereof, accrued interest to the Redemption Date, and the stipulated premium, if any, and that from and after such date interest will cease to accrue. Notice having been given in the manner described above, the 2025 Bond or 2025 Bonds so called for redemption shall become due and payable on the Redemption Date so designated; and upon presentation thereof at the principal office of the Paying Agent, the Paying Agent will pay the 2025 Bond or 2025 Bonds so called for redemption. No further interest shall accrue on the principal of any such 2025 Bond called for redemption from and after the Redemption Date, provided sufficient funds are deposited with the Paying Agent and available on the Redemption Date.

Notwithstanding the provisions described above, any notice of redemption shall either (a) contain a statement that the redemption is conditioned upon the receipt by the Paying Agent on or before the Redemption Date of funds sufficient to pay the redemption price of the 2025 Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the Owners of the 2025 Bonds called for redemption in the same manner as the original redemption notice was mailed, or (b) be given only if funds sufficient to pay the redemption price of the 2025 Bonds so called for redemption are on deposit with the Paying Agent in the applicable fund or account.

Defeasance

If, when the applicable 2025 Bonds shall be paid in accordance with their terms (or payment of the applicable 2025 Bonds has been provided for in the manner set forth in the following paragraph), then the applicable Bond Ordinance and all rights granted thereunder shall thereupon cease, terminate and become void and be discharged and satisfied.

Payment of any Outstanding 2025 Bond shall, prior to the maturity or Redemption Date thereof, be deemed to have been provided for within the meaning and with the effect described in this “Defeasance” section if (a) in case said 2025 Bond is to be redeemed on any date prior to its maturity, the City shall have given to the Paying Agent in form satisfactory to it irrevocable instructions to give on a date in accordance with the provisions of the applicable Bond Ordinance, notice of redemption of such 2025 Bond on said Redemption Date, such notice to be given in accordance with the provisions of the applicable Bond Ordinance, (b) there shall have been deposited with the Paying Agent or a Trust Bank either moneys in an amount which shall be sufficient, and/or Federal Securities which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Paying Agent or Trust Bank at the same time, shall be sufficient to pay when due the Bond Requirements due and to become due on said 2025 Bond on and prior to the Redemption Date or maturity date thereof, as the case may be, and (c) in the event said 2025 Bond is not by its terms subject to redemption within the next sixty days, the City shall have given the Paying Agent in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to the applicable Bond Ordinance, a notice to the Owner of such 2025 Bond that the deposit required by (b) above has been made with the Paying Agent or Trust Bank and that payment of said 2025 Bond has been provided for

in accordance with the Bond Ordinance and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the Bond Requirements of said 2025 Bond. Neither such securities nor moneys deposited with the Paying Agent or Trust Bank as described in this paragraph or principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Bond Requirements of said 2025 Bond; provided any cash received from such principal or interest payments on such Federal Securities deposited with the Paying Agent or other Trust Bank, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities of the type described in (b) of this paragraph maturing at times and in amounts sufficient to pay when due the Bond Requirements to become due on said 2025 Bond on or prior to such Redemption Date or maturity date thereof, as the case may be. At such time as payment of a 2025 Bond has been provided for as described above, such 2025 Bond shall no longer be secured by or entitled to the benefits of the applicable Bond Ordinance, except for the purpose of any payment from such moneys or securities deposited with the Paying Agent or other Trust Bank.

Tax Covenant

In each Bond Ordinance, the City covenants for the benefit of the Owners of the applicable 2025 Bonds at any time Outstanding that it will not take any action or omit to take any action with respect to the applicable 2025 Bonds, the proceeds thereof, any other funds of the City or any facilities financed or refinanced with the proceeds of the applicable 2025 Bonds if such action or omission (i) would cause the interest on the applicable 2025 Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the applicable 2025 Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except to the extent that such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022, or (iii) would cause interest on the applicable 2025 Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present State law. In furtherance of this covenant, the City agrees to comply with the procedures set forth in the applicable Tax Compliance Certificate (defined in Appendix B) with respect to the 2025 Bonds. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the applicable 2025 Bonds until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code and Colorado law have been met.

Book-Entry Only System

The 2025 Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the 2025 Bonds. The ownership of one fully registered 2025 Bond for each series and maturity as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix C - Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2025 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2025 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

None of the City, the Paying Agent or the Registrar will have any responsibility or obligation to DTC's Participants or Indirect Participants (defined herein), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the Beneficial Owners of the 2025 Bonds as further described in Appendix C to this Official Statement.

DEBT SERVICE REQUIREMENTS

Set forth below are tables containing the annual debt service requirements for (i) the Water Bonds and the 2022 Water Bonds and (ii) the Wastewater Bonds and the 2022 Wastewater Bonds.

Water Bonds - Debt Service Requirements^{(1)*}

Year	The Water Bonds*			Total 2022	Total
	Principal	Interest	Total	Water Bonds	
2025	\$ 530,000			\$ 2,875,050	
2026	1,370,000			2,878,550	
2027	1,440,000			2,874,800	
2028	1,510,000			2,874,050	
2029	1,585,000			2,876,050	
2030	1,665,000			2,875,550	
2031	1,745,000			2,877,550	
2032	1,835,000			2,876,800	
2033	1,925,000			2,873,300	
2034	2,025,000			2,877,050	
2035	2,125,000			2,877,550	
2036	2,230,000			2,874,800	
2037	2,340,000			2,873,800	
2038	2,460,000			2,874,300	
2039	2,580,000			2,876,050	
2040	2,710,000			2,873,800	
2041	2,845,000			2,874,800	
2042	2,990,000			2,878,000	
2043	3,140,000			2,878,200	
2044	3,295,000			2,875,400	
2045	3,460,000			2,874,600	
2046	3,635,000			2,875,600	
2047	3,825,000			2,878,200	
2048	4,025,000			2,877,200	
2049	4,235,000			2,877,600	
2050	4,460,000			2,874,200	
2051	4,690,000			2,877,000	
2052	4,940,000			2,875,600	
2053	5,195,000			--	
2054	5,470,000			--	
Total	\$86,280,000			\$80,525,450	

(1) Totals may not add due to rounding.

Source: The Municipal Advisor.

* Subject to change.

Wastewater Bonds - Debt Service Requirements^{(1)*}

The Wastewater Bonds*				Total 2022 Wastewater Bonds	Total
Year	Principal	Interest	Total		
2025	\$ 90,000			\$ 2,894,706	
2026	230,000			2,893,456	
2027	245,000			2,895,206	
2028	255,000			2,894,706	
2029	270,000			2,891,956	
2030	280,000			2,891,956	
2031	295,000			2,894,456	
2032	310,000			2,894,206	
2033	325,000			2,891,206	
2034	345,000			2,895,456	
2035	360,000			2,891,456	
2036	380,000			2,894,456	
2037	395,000			2,893,956	
2038	415,000			2,894,956	
2039	435,000			2,892,206	
2040	460,000			2,895,706	
2041	480,000			2,892,106	
2042	505,000			2,895,906	
2043	530,000			2,891,706	
2044	560,000			2,894,706	
2045	585,000			2,894,506	
2046	615,000			2,896,106	
2047	645,000			2,891,594	
2048	680,000			2,893,575	
2049	715,000			2,893,700	
2050	755,000			2,894,575	
2051	795,000			2,890,988	
2052	835,000			2,892,938	
2053	880,000			--	
2054	925,000			--	
Total	\$14,595,000			\$81,022,452	

(1) Totals may not add due to rounding.

Source: The Municipal Advisor.

* Subject to change.

SECURITY FOR THE WATER BONDS

Limited Obligations

The Water Bonds are special, limited obligations of the City. The Water Bonds do not constitute a general obligation of the City nor do they constitute a lien on any properties owned by or located within the boundaries of the City other than the Water Net Pledged Revenues. *The owners of the Water Bonds do not have the right to require or compel the exercise of the taxing power of the City for payment of the principal of, premium if any, or interest on the Water Bonds.* The owners of the Water Bonds may not look to any funds of the City (other than the Water Net Pledged Revenues or other funds or accounts specifically pledged by the City) for payment of the Water Bonds. Therefore, the security for the punctual payment of the debt service on the Water Bonds is dependent upon the generation of Water Net Pledged Revenues in an amount sufficient to meet those requirements. See “CERTAIN RISK FACTORS.”

Pledge of Net Pledged Revenues of the Water System

The Water Bonds are secured by and constitute an irrevocable lien (but not necessarily an exclusive lien) on the Water Net Pledged Revenue. The City is permitted to issue Additional Parity Bonds which have a lien on the Water Net Pledged Revenue which is on a parity with the lien of the Water Bonds. See “Additional Bonds” below.

History of Water Net Pledged Revenues and Pro-Forma Debt Service Coverage

The following table sets forth a history of the Water Net Pledged Revenues for the past five calendar years. The table also illustrates the estimated Combined Maximum Annual Principal and Interest Requirements (defined in Appendix B) payable on the Water Bonds and the 2022 Water Bonds (\$8,656,044* in 2046*), and the pro-forma debt service coverage computed by comparing the historical Water Net Pledged Revenues to the estimated Combined Maximum Annual Principal and Interest Requirements in each year.

Investors should be aware that collections of Net Pledged Revenues, or components thereof, may not continue at the levels stated below, and the coverage factors in future years may not remain at the historical levels indicated. See “CERTAIN RISK FACTORS.”

* Subject to change.

History of Water Net Pledged Revenues and Pro-Forma Debt Service Coverage (in 000's)*

<u>Fiscal Year</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>
Water Gross Pledged Revenues ⁽²⁾					
Sales	\$ 27,031	\$ 25,335	\$ 28,798	\$ 28,034	\$37,310
Service charges and fees	272	180	467	690	524
Miscellaneous revenues	2,445	796	6,269	1,285	3,120
Water/Tap fees	4,781	4,273	8,653	11,851	8,452
Total	\$ 34,529	\$ 30,584	\$ 44,187	\$41,860	\$49,406
Operation and Maintenance Expenses ⁽³⁾	\$ 21,555	\$ 22,270	\$ 25,178	\$ 24,078	\$26,697
Net Pledged Revenues	\$ 12,974	\$ 8,314	\$19,009	\$ 17,782	\$22,709
Estimated Combined Maximum Annual Principal and Interest Requirements ^{(4)*}	\$8,656	\$8,656	\$8,656	\$8,656	\$8,656
Pro-Forma Coverage* ^{(5)*}	1.50x	0.96x	2.20x	2.05x	2.62x

(1) Unaudited. Subject to changes and adjustments during the audit process.

(2) Does not include investment earnings. Interest income is included in Water Gross Pledged Revenues; however, investment earnings include non-cash accounting entries. As a result, interest income is not included in this table.

(3) Includes all expenses properly allocable to the Water System pursuant to GAAP. These expenses are recorded in the Water Fund. Does not include depreciation, amortization or interest paid on outstanding bonds.

(4) Represents the estimated Combined Maximum Annual Principal and Interest Requirements payable on the Water 2025 Bonds (\$8,656,044* in 2046*). See "DEBT SERVICE REQUIREMENTS."

(5) In 2020, the Water System experienced increased water sales due to stay-at-home orders associated with COVID-19. The City did not impose increased rates and charges to pay the 2022 Water Bonds until January 1, 2022.

Source: Derived from the City's audited financial statements for fiscal years 2020-2023 and from unaudited 2024 information provided by the City.

For 2025, the City budgeted \$52,820,324 in Water Gross Pledged Revenues and \$30,143,161 of Operation and Maintenance Expenses, resulting in budgeted Net Pledged Revenues of \$22,677,163. Based upon those budgeted figures, Net Pledged Revenues are expected to provide 2.62x coverage of the estimated Combined Maximum Annual Principal and Interest Requirements in 2025.

Rate Maintenance Covenant

In the Water Bond Ordinance, the City covenants to charge against users of the System such fees, rates and other charges so that the Gross Pledged Revenues shall be adequate to meet the requirements of the Bond Ordinance in each year. Such charges pertaining to the System shall be at least sufficient so that the Gross Pledged Revenues annually are sufficient to pay in each fiscal year: (a) an amount equal to the annual Operation and Maintenance Expenses for such fiscal year, (b) an amount equal to 120% of both the principal and interest on the 2025 Bonds and any Parity Bonds then Outstanding in that fiscal year (excluding the reserves therefor), and (c) any

* Subject to change.

amounts required to pay all Policy Costs (defined in Appendix B), if any, due and owing and all sums, if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the Gross Pledged Revenues or any securities payable therefrom.

Flow of Funds

So long as any of the 2025 Bonds shall be Outstanding, as to any Bond Requirements (defined below) and Policy Costs (if any) related to the 2025 Bonds and the Parity Bonds, the entire Gross Pledged Revenues, upon their receipt from time to time by the City, shall be set aside and credited immediately to the special and separate account previously created, known as the “City of Arvada, Colorado, Water Enterprise Revenue Bonds, Water Enterprise Fund” (the “Water Enterprise Fund”).

“Bond Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on the 2025 Bonds, any Parity Bonds, or other securities payable from the Net Pledged Revenues and heretofore or hereafter issued, if any, or such part of such securities as may be designated.

The following payments shall be made from the Water Enterprise Fund:

(1) Operation and Maintenance Expenses. First, as a first charge on the Water Enterprise Fund, from time to time there shall continue to be held therein moneys sufficient to pay Operation and Maintenance Expenses, as they become due and payable, and thereupon they shall be promptly paid. Any surplus remaining in the Water Enterprise Fund at the end of the fiscal year and not needed for Operation and Maintenance Expenses shall be used for other purposes of the Water Enterprise Fund as described below.

(2) Bond Fund Payments. Second, from any remaining Net Pledged Revenues, there shall be credited, concurrently with each other and with amounts required to meet the Bond Requirements with respect to any Outstanding Parity Bonds, to the special and separate accounts created in the Bond Ordinance to be known as the “City of Arvada, Enterprise Water Revenue Bonds, Series 2025, Bond Fund,” the following amounts:

A. *Interest Payments*. Monthly to the Bond Fund, commencing on the first day of the month immediately succeeding the delivery of any of the 2025 Bonds, or commencing on the first day of the month six months next prior to the first interest payment date of any of the 2025 Bonds, whichever commencement date is later, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the interest due and payable on the Outstanding 2025 Bonds on the next succeeding interest payment date.

B. *Principal Payments*. Monthly to the Bond Fund, commencing on the first day of the month immediately succeeding the delivery of any of the 2025 Bonds, or commencing on the first day of the month one year next prior to the first principal payment date of any of the 2025 Bonds, whichever commencement date is later, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the principal and redemption premium, if any, due and payable on the Outstanding 2025 Bonds on the next succeeding principal payment date.

If prior to any interest payment date or principal payment date, there has been accumulated in the Bond Fund the entire amount necessary to pay the next maturing installment

of interest or principal, or both, the payment described in paragraph (A) or (B) above (whichever is applicable) may be appropriately reduced; but the required annual amounts again shall be so credited to such account commencing on such interest payment date or principal payment date.

The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the 2025 Bonds then Outstanding, as such Bond Requirements become due (except as described in "THE 2025 Bonds--Defeasance").

(3) Reserve Fund Payments. Third, and concurrently with any payments required to be made pursuant to any Parity Bond Ordinances (defined in Appendix B) with respect to any reserve funds which may be, but are not required to be, established thereby and concurrently with any repayment or similar obligations payable to any surety provider issuing any reserve fund insurance policy with respect to any Parity Bonds, from any moneys remaining in the Water Enterprise Fund there shall be credited to the respective reserve funds monthly, commencing on the first day of the month next succeeding each date on which the moneys accounted for in the applicable reserve fund for any reason are less than the applicable Reserve Fund Requirement, such amounts in substantially equal monthly payments on the first day of each month to re-accumulate the applicable Reserve Fund Requirement by not more than 12 such monthly payments. ***The 2025 Bonds are not secured by a reserve fund.*** See Appendix B - Summary of Certain Provisions of the Bond Ordinance--Reserve Fund.

(4) Rebate Fund. Fourth, concurrently with any payments required to be made pursuant to any Parity Bond Ordinances with respect to any rebate funds established thereby, there shall be deposited into the Rebate Fund moneys in the amounts and at the times specified in the Tax Compliance Certificate (defined in Appendix B) for the 2025 Bonds so as to enable the City to comply with the covenants described in "THE 2025 Bonds--Tax Covenants." Amounts on deposit in the Rebate Fund shall not be subject to the lien and pledge of the Bond Ordinance to the extent that such amounts are required to be paid to the United States Treasury. For further information, see Appendix B - Summary of Certain Provisions of the Bond Ordinance--Rebate Fund.

(5) Payment of Subordinate Securities. Fifth, any moneys remaining in the Water Enterprise Fund may be used by the City for the payment of Bond Requirements of Subordinate Securities, including reasonable reserves for such Subordinate Securities and for rebate of amounts to the United States Treasury with respect to such Subordinate Securities.

(6) Use of Remaining Revenues. After the payments described above are made, any remaining Net Pledged Revenues in the Water Enterprise Fund shall be used, first, for any one or any combination of necessary purposes relating to the operation, improvement or debt management of the System and, second, to the extent of any remaining surplus, for any one or any combination of lawful purposes as the City Council may from time to time conclusively determine.

Termination of Deposits. No payment need be made into the Bond Fund or any reserve fund if there are no Policy Costs (defined in Appendix B) due and owing and if the amount in the Bond Fund and the amount in the reserve fund (exclusive of the amount available under a Reserve Fund Insurance Policy) total a sum at least sufficient so that all 2025 Bonds Outstanding are deemed to have been paid as described in "THE 2025 Bonds--Defeasance," in which case moneys therein (taking into account the known minimum gain from any investment if such moneys in Investment Securities (defined in Appendix B) from the time of any such investment or deposit

shall be needed for such payment which will not be designated for transfer to the Rebate Fund) shall be used (together with any such gain from such investments) solely to pay the Bond Requirements of the Outstanding 2025 Bonds as the same become due; and any moneys in excess thereof in those two accounts and any other moneys derived from the Net Pledged Revenues or otherwise pertaining to the System may be used to make required payments into the Rebate Fund or in any other lawful manner determined by the City Council.

Defraying Delinquencies. If at any time the City shall for any reason fail to pay into the Bond Fund the full amount above stipulated from the Net Pledged Revenues, then an amount shall be paid into the Bond Fund at such time from any applicable Reserve Fund equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. The City shall use all cash in any applicable Reserve Fund before drawing on a Reserve Fund Insurance Policy. The 2025 Bonds are not secured by a Reserve Fund.

Any money so used or drawn shall be replaced as described in “Reserve Fund Payments” above from the first Net Pledged Revenues thereafter received and not required to be otherwise applied as described above. Except as otherwise provided in the Bond Ordinance, the moneys in the Bond Fund and in the Reserve Fund (including any Reserve Fund Insurance Policy) shall be used solely and only for the purpose of paying the Bond Requirements of the 2025 Bonds from time to time.

Additional Bonds

Parity Bonds. The City is authorized by the Bond Ordinance to issue Additional Parity Bonds upon compliance with the requirements described below.

A. Absence of Default. At the time of the adoption of the ordinance authorizing the issuance of the additional securities, the City shall not be in default in making any payments required by the Bond Ordinance (described in “Flow of Funds” above) or other Parity Bond Ordinances, including any payments of Policy Costs.

B. Historic Earnings Test. The Net Pledged Revenues for any 12 consecutive months out of the 24 months preceding the month in which such securities are to be issued are at least equal to the sum of 120% of the Combined Maximum Annual Principal and Interest Requirements of all Outstanding Parity Bonds and such Additional Parity Bonds proposed to be issued.

C. Adjustment of Gross Pledged Revenues. In any computation described in “Historic Earnings Test” above, the amount of the Gross Pledged Revenues for the applicable period shall be decreased and may be increased by the amount of loss or gain conservatively estimated by an Independent Accountant, Independent Engineer or the Director of Finance, as the case may be, which results from any changes in any schedule of fees, rates and other charges constituting Gross Pledged Revenues based on the number of users during the applicable period as if such modified schedule of fees, rates and other charges shall have been in effect during such entire time period. However, the Gross Pledged Revenues need not be decreased by the amount of any such estimated loss to the extent the Independent Accountant, the Independent Engineer or the Director of Finance estimates the loss is temporary in nature or will be offset within a reasonable temporary period by an increase in revenues or a reduction in Operation and Maintenance Expenses not otherwise included in the calculations under this Section, and estimates any loss under this sentence will not at any time materially and adversely affect the City’s apparent

ability to comply with the rate maintenance covenant set forth in the Bond Ordinance (described in “Rate Maintenance Covenant” above) without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

D. Reduction of Annual Requirements. The annual Bond Requirements (including as such a requirement the amount of any prior redemption premiums due on any Redemption Date) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective fiscal years with moneys held in trust or in escrow for that purpose by any Trust Bank, including the known minimum yield from any investment in Federal Securities and any bank deposits, including any certificate of deposit.

E. Consideration of Additional Expenses. In determining whether or not Additional Parity Bonds may be issued as aforesaid, consideration shall be given to any probable increase (but not reduction) in the Operation and Maintenance Expenses of the System as estimated by the Director of Finance that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional securities; but the Director of Finance may reduce any such increase in Operation and Maintenance Expenses by the amount of any increase in revenues or any reduction in Operation and Maintenance Expenses resulting from the Capital Improvements to which such expenditure relates and not otherwise included in the calculations described above, if the Director of Finance also opines that any such increase in revenues or reduction in any increase in Operation and Maintenance Expenses will not materially and adversely affect the City’s apparent ability to comply with the rate maintenance covenant set forth in the Bond Ordinance without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

A written certificate or written opinion by the Director of Finance that the annual revenues described in paragraph (B) above, when adjusted as described in paragraphs (C), (D), and (E) above, are sufficient to pay the amounts described in paragraph (B) above, shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver additional securities on a parity with the Water Bonds.

Refunding Bonds. The Bond Ordinance also sets forth the requirements the City must meet prior to the issuance of refunding bonds or other refunding obligations having a parity lien on the Net Pledged Revenues. Those requirements are described in Appendix B - Summary of Certain Provisions of the Bond Ordinance--Refunding Bonds.

Superior Lien Bonds. The Bond Ordinance prohibits the issuance of obligations having a lien on Net Pledged Revenues which is superior to the lien thereon of the Water Bonds.

Subordinate Lien Bonds. The Bond Ordinance permits the issuance of additional obligations with a lien on Net Pledged Revenues which is subordinate or junior to the lien thereon of the Water Bonds.

SECURITY FOR THE WASTEWATER BONDS

Limited Obligations

The Wastewater Bonds are special, limited obligations of the City. The Wastewater Bonds do not constitute a general obligation of the City nor do they constitute a lien on any properties owned by or located within the boundaries of the City other than the Wastewater Net Pledged Revenues. *The owners of the Wastewater Bonds do not have the right to require or compel the exercise of the taxing power of the City for payment of the principal of, premium if any, or interest on the Wastewater Bonds.* The owners of the Wastewater Bonds may not look to any funds of the City (other than the Wastewater Net Pledged Revenues or other funds or accounts specifically pledged by the City) for payment of the Wastewater Bonds. Therefore, the security for the punctual payment of the debt service on the Wastewater Bonds is dependent upon the generation of Wastewater Net Pledged Revenues in an amount sufficient to meet those requirements. See “CERTAIN RISK FACTORS.”

Pledge of Net Pledged Revenues of the Wastewater System

The Wastewater Bonds are secured by and constitute an irrevocable lien (but not necessarily an exclusive lien) on the Wastewater Net Pledged Revenue. The City is permitted to issue Additional Parity Bonds which have a lien on the Wastewater Net Pledged Revenue which is on a parity with the lien of the Wastewater Bonds. See “Additional Bonds” below.

History of Wastewater Net Pledged Revenues and Pro-Forma Debt Service Coverage

The following table sets forth a history of the Wastewater Net Pledged Revenues for the past five calendar years. The table also illustrates the estimated Combined Maximum Annual Principal and Interest Requirements (defined in Appendix B) payable on the Wastewater Bonds (\$3,872,319* in 2034*), and the pro-forma debt service coverage computed by comparing the historical Wastewater Net Pledged Revenues to the estimated Combined Maximum Annual Principal and Interest Requirements in each year.

Investors should be aware that collections of Net Pledged Revenues, or components thereof, may not continue at the levels stated below, and the coverage factors in future years may not remain at the historical levels indicated. See “CERTAIN RISK FACTORS.”

* Subject to change.

History of Wastewater Net Pledged Revenues and Pro-Forma Debt Service Coverage (in 000's)*

<u>Fiscal Year</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>
Wastewater Gross Pledged Revenues ⁽²⁾					
Service charges and fees	\$12,801	\$13,386	\$14,030	\$15,158	\$17,303
Miscellaneous revenues	--	3,298	1,170	467	—
Wastewater/Tap fees	518	378	746	1,406	1,940
Total	13,319	17,062	15,946	17,031	19,243
Operation and Maintenance Expenses ⁽³⁾	10,903	11,294	13,738	13,250	14,960
Net Pledged Revenues	\$2,416	\$5,768	\$2,208	\$3,781	\$4,283
Estimated Combined Maximum Annual Principal and Interest Requirements ^{(4)*}	\$3,872	\$3,872	\$3,872	\$3,872	\$3,872
Pro-Forma Coverage*	0.64x	1.49x	0.57x	0.98x	1.11x

(1) Unaudited. Subject to changes and adjustments during the audit process.

(2) Does not include investment earnings. Interest income is included in Wastewater Gross Pledged Revenues; however, investment earnings include non-cash accounting entries. As a result, interest income is not included in this table.

(3) Includes all expenses properly allocable to the Wastewater System pursuant to GAAP. These expenses are recorded in the Wastewater Fund. Does not include depreciation, amortization or interest paid on outstanding bonds.

(4) Represents the estimated Combined Maximum Annual Principal and Interest Requirements payable on the Wastewater 2025 Bonds (\$3,872,319* in 2034*). See "DEBT SERVICE REQUIREMENTS."

Source: Derived from the City's audited financial statements for fiscal years 2020-2023 and from unaudited 2024 information provided by the City.

For 2025, the City budgeted \$23,802,881 in Wastewater Gross Pledged Revenues and \$16,695,619 of Operation and Maintenance Expenses, resulting in budgeted Net Pledged Revenues of \$7,107,262. Based upon those budgeted figures, Net Pledged Revenues are expected to provide 1.84x coverage of the estimated Combined Maximum Annual Principal and Interest Requirements in 2025.

Rate Maintenance Covenant

In the Wastewater Bond Ordinance, the City covenants to charge against users of the System such fees, rates and other charges so that the Gross Pledged Revenues shall be adequate to meet the requirements of the Bond Ordinance in each year. Such charges pertaining to the System shall be at least sufficient so that the Gross Pledged Revenues annually are sufficient to pay in each fiscal year: (a) an amount equal to the annual Operation and Maintenance Expenses for such fiscal year, (b) an amount equal to 120% of both the principal and interest on the 2025 Bonds and any Parity Bonds then Outstanding in that fiscal year (excluding the reserves therefor), and (c) any amounts required to pay all Policy Costs (defined in Appendix B), if any, due and

* Subject to change.

owing and all sums, if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the Gross Pledged Revenues or any securities payable therefrom.

Flow of Funds

So long as any of the 2025 Bonds shall be Outstanding, as to any Bond Requirements (defined below) and Policy Costs (if any) related to the 2025 Bonds and the Parity Bonds, the entire Gross Pledged Revenues, upon their receipt from time to time by the City, shall be set aside and credited immediately to the special and separate account previously created, known as the “City of Arvada, Colorado, Wastewater Enterprise Revenue Bonds, Wastewater Enterprise Fund” (the “Wastewater Enterprise Fund”).

“Bond Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on the 2025 Bonds, any Parity Bonds, or other securities payable from the Net Pledged Revenues and heretofore or hereafter issued, if any, or such part of such securities as may be designated.

The following payments shall be made from the Wastewater Enterprise Fund:

(1) Operation and Maintenance Expenses. First, as a first charge on the Wastewater Enterprise Fund, from time to time there shall continue to be held therein moneys sufficient to pay Operation and Maintenance Expenses, as they become due and payable, and thereupon they shall be promptly paid. Any surplus remaining in the Wastewater Enterprise Fund at the end of the fiscal year and not needed for Operation and Maintenance Expenses shall be used for other purposes of the Wastewater Enterprise Fund as described below.

(2) Bond Fund Payments. Second, from any remaining Net Pledged Revenues, there shall be credited, concurrently with each other and with amounts required to meet the Bond Requirements with respect to any Outstanding Parity Bonds, to the special and separate accounts created in the Bond Ordinance to be known as the “City of Arvada, Enterprise Wastewater Revenue Bonds, Series 2025, Bond Fund,” the following amounts:

A. *Interest Payments.* Monthly to the Bond Fund, commencing on the first day of the month immediately succeeding the delivery of any of the 2025 Bonds, or commencing on the first day of the month six months next prior to the first interest payment date of any of the 2025 Bonds, whichever commencement date is later, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the interest due and payable on the Outstanding 2025 Bonds on the next succeeding interest payment date.

B. *Principal Payments.* Monthly to the Bond Fund, commencing on the first day of the month immediately succeeding the delivery of any of the 2025 Bonds, or commencing on the first day of the month one year next prior to the first principal payment date of any of the 2025 Bonds, whichever commencement date is later, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the principal and redemption premium, if any, due and payable on the Outstanding 2025 Bonds on the next succeeding principal payment date.

If prior to any interest payment date or principal payment date, there has been accumulated in the Bond Fund the entire amount necessary to pay the next maturing installment of interest or principal, or both, the payment described in paragraph (A) or (B) above (whichever

is applicable) may be appropriately reduced; but the required annual amounts again shall be so credited to such account commencing on such interest payment date or principal payment date.

The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the 2025 Bonds then Outstanding, as such Bond Requirements become due (except as described in “THE 2025 Bonds--Defeasance”).

(3) Reserve Fund Payments. Third, and concurrently with any payments required to be made pursuant to any Parity Bond Ordinances (defined in Appendix B) with respect to any reserve funds which may be, but are not required to be, established thereby and concurrently with any repayment or similar obligations payable to any surety provider issuing any reserve fund insurance policy with respect to any Parity Bonds, from any moneys remaining in the Wastewater Enterprise Fund there shall be credited to the respective reserve funds monthly, commencing on the first day of the month next succeeding each date on which the moneys accounted for in the applicable reserve fund for any reason are less than the applicable Reserve Fund Requirement, such amounts in substantially equal monthly payments on the first day of each month to re-accumulate the applicable Reserve Fund Requirement by not more than 12 such monthly payments. ***The 2025 Bonds are not secured by a reserve fund.*** See Appendix B - Summary of Certain Provisions of the Bond Ordinance--Reserve Fund.

(4) Rebate Fund. Fourth, concurrently with any payments required to be made pursuant to any Parity Bond Ordinances with respect to any rebate funds established thereby, there shall be deposited into the Rebate Fund moneys in the amounts and at the times specified in the Tax Compliance Certificate (defined in Appendix B) for the 2025 Bonds so as to enable the City to comply with the covenants described in “THE 2025 Bonds--Tax Covenants.” Amounts on deposit in the Rebate Fund shall not be subject to the lien and pledge of the Bond Ordinance to the extent that such amounts are required to be paid to the United States Treasury. For further information, see Appendix B - Summary of Certain Provisions of the Bond Ordinance--Rebate Fund.

(5) Payment of Subordinate Securities. Fifth, any moneys remaining in the Wastewater Enterprise Fund may be used by the City for the payment of Bond Requirements of Subordinate Securities, including reasonable reserves for such Subordinate Securities and for rebate of amounts to the United States Treasury with respect to such Subordinate Securities.

(6) Use of Remaining Revenues. After the payments described above are made, any remaining Net Pledged Revenues in the Wastewater Enterprise Fund shall be used, first, for any one or any combination of necessary purposes relating to the operation, improvement or debt management of the System and, second, to the extent of any remaining surplus, for any one or any combination of lawful purposes as the City Council may from time to time conclusively determine.

Termination of Deposits. No payment need be made into the Bond Fund or any reserve fund if there are no Policy Costs (defined in Appendix B) due and owing and if the amount in the Bond Fund and the amount in the reserve fund (exclusive of the amount available under a Reserve Fund Insurance Policy) total a sum at least sufficient so that all 2025 Bonds Outstanding are deemed to have been paid as described in “THE 2025 Bonds--Defeasance,” in which case moneys therein (taking into account the known minimum gain from any investment if such moneys in Investment Securities (defined in Appendix B) from the time of any such investment or deposit shall be needed for such payment which will not be designated for transfer to the Rebate Fund)

shall be used (together with any such gain from such investments) solely to pay the Bond Requirements of the Outstanding 2025 Bonds as the same become due; and any moneys in excess thereof in those two accounts and any other moneys derived from the Net Pledged Revenues or otherwise pertaining to the System may be used to make required payments into the Rebate Fund or in any other lawful manner determined by the City Council.

Defraying Delinquencies. If at any time the City shall for any reason fail to pay into the Bond Fund the full amount above stipulated from the Net Pledged Revenues, then an amount shall be paid into the Bond Fund at such time from any applicable Reserve Fund equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. The City shall use all cash in any applicable Reserve Fund before drawing on a Reserve Fund Insurance Policy. The 2025 Bonds are not secured by a Reserve Fund.

Any money so used or drawn shall be replaced as described in “Reserve Fund Payments” above from the first Net Pledged Revenues thereafter received and not required to be otherwise applied as described above. Except as otherwise provided in the Bond Ordinance, the moneys in the Bond Fund and in the Reserve Fund (including any Reserve Fund Insurance Policy) shall be used solely and only for the purpose of paying the Bond Requirements of the 2025 Bonds from time to time.

Additional Bonds

Parity Bonds. The City is authorized by the Bond Ordinance to issue Additional Parity Bonds upon compliance with the requirements described below.

A. Absence of Default. At the time of the adoption of the ordinance authorizing the issuance of the additional securities, the City shall not be in default in making any payments required by the Bond Ordinance (described in “Flow of Funds” above) or other Parity Bond Ordinances, including any payments of Policy Costs.

B. Historic Earnings Test. The Net Pledged Revenues for any 12 consecutive months out of the 24 months preceding the month in which such securities are to be issued are at least equal to the sum of 120% of the Combined Maximum Annual Principal and Interest Requirements of all Outstanding Parity Bonds and such Additional Parity Bonds proposed to be issued.

C. Adjustment of Gross Pledged Revenues. In any computation described in “Historic Earnings Test” above, the amount of the Gross Pledged Revenues for the applicable period shall be decreased and may be increased by the amount of loss or gain conservatively estimated by an Independent Accountant, Independent Engineer or the Director of Finance, as the case may be, which results from any changes in any schedule of fees, rates and other charges constituting Gross Pledged Revenues based on the number of users during the applicable period as if such modified schedule of fees, rates and other charges shall have been in effect during such entire time period. However, the Gross Pledged Revenues need not be decreased by the amount of any such estimated loss to the extent the Independent Accountant, the Independent Engineer or the Director of Finance estimates the loss is temporary in nature or will be offset within a reasonable temporary period by an increase in revenues or a reduction in Operation and Maintenance Expenses not otherwise included in the calculations under this Section, and estimates any loss under this sentence will not at any time materially and adversely affect the City’s apparent ability to comply with the rate maintenance covenant set forth in the Bond Ordinance (described

in “Rate Maintenance Covenant” above) without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

D. Reduction of Annual Requirements. The annual Bond Requirements (including as such a requirement the amount of any prior redemption premiums due on any Redemption Date) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective fiscal years with moneys held in trust or in escrow for that purpose by any Trust Bank, including the known minimum yield from any investment in Federal Securities and any bank deposits, including any certificate of deposit.

E. Consideration of Additional Expenses. In determining whether or not Additional Parity Bonds may be issued as aforesaid, consideration shall be given to any probable increase (but not reduction) in the Operation and Maintenance Expenses of the System as estimated by the Director of Finance that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional securities; but the Director of Finance may reduce any such increase in Operation and Maintenance Expenses by the amount of any increase in revenues or any reduction in Operation and Maintenance Expenses resulting from the Capital Improvements to which such expenditure relates and not otherwise included in the calculations described above, if the Director of Finance also opines that any such increase in revenues or reduction in any increase in Operation and Maintenance Expenses will not materially and adversely affect the City’s apparent ability to comply with the rate maintenance covenant set forth in the Bond Ordinance without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

A written certificate or written opinion by the Director of Finance that the annual revenues described in paragraph (B) above, when adjusted as described in paragraphs (C), (D), and (E) above, are sufficient to pay the amounts described in paragraph (B) above, shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver additional securities on a parity with the 2025 Bonds.

Refunding Bonds. The Bond Ordinance also sets forth the requirements the City must meet prior to the issuance of refunding bonds or other refunding obligations having a parity lien on the Net Pledged Revenues. Those requirements are described in Appendix B - Summary of Certain Provisions of the Bond Ordinance--Refunding Bonds.

Superior Lien Bonds. The Bond Ordinance prohibits the issuance of obligations having a lien on Net Pledged Revenues which is superior to the lien thereon of the Wastewater Bonds.

Subordinate Lien Bonds. The Bond Ordinance permits the issuance of additional obligations with a lien on Net Pledged Revenues which is subordinate or junior to the lien thereon of the Wastewater Bonds.

THE WATER SYSTEM

General; Service Area

General. Currently, the System primarily serves customers located within the City's corporate limits. The System also provides service to a Ralston Valley Water and Sanitation District ("RVWSD"), a water and sanitation district entirely surrounded by the City. The Water System presently serves 38,936 residential and 1,613 commercial and no industrial customers; 407 customers are located outside of its service area.

The City has designated the System as an "enterprise" for purposes of TABOR. See "LEGAL MATTERS--Certain Constitutional Limitations" for a discussion of enterprise status under TABOR.

RVWSD Agreement. The City and RVWSD entered into an Agreement for water and sewer services dated as of May 23, 1974 (the "RVWSD Agreement").

Pursuant to the RVWSD Agreement, the City provides potable water service to RVWSD as a wholesale distributor and charges water rates in proportion to the charges for water use inside the City. All water supplied by the City is on a leasehold basis for the use of RVWSD and its customers for various beneficial purposes. The City bills RVWSD monthly and payments are due within 20 days of receipt by RVWSD of the bill. The City has the power to enforce collection of bills in the same manner as it employs inside the City (see "WATER SYSTEM FINANCIAL INFORMATION--Billing and Collection"); however, the City is not responsible for collection of RVWSD bills to its water users.

The maximum number of taps to be served pursuant to the RVWSD agreement 3,675, and the maximum daily water use shall not exceed 600 gallons per tap, but not to exceed an annual delivery by the City to RVWSD of 1,250 acre-feet of water, nor a peak day delivery of 2.205 million gallons on any peak day. If those requirements are exceeded, the number of taps in existence at that time will be the number of taps allowed. RVWSD has less than five residential taps remaining to sell, but does have property that is zoned for commercial use which may be served by the City in the future.

Modifications to the RVWSD rate schedules become effective not earlier than three months after the change is adopted by the City. If the City is required to obtain potable Water from Denver because of increased usage of raw water in excess of that provided by the Denver Water Contract (discussed below), RVWSD is required to pay the full amount of any increased costs because of the use of outside water by the outside users.

The RVWSD Agreement will continue until terminated by mutual agreement of the parties. However, if water use is curtailed as described in the agreement, RVWSD may terminate the agreement by written notice to the City.

Other Agreements. In addition to RVWSD, there are several water and/or sanitation districts that slightly overlap the City's boundaries. These include Blue Mountain Water District, North Table Mountain Water and Sanitation District (the City can supply this district with potable water through an interconnect, and raw water through an interconnect), Valley Water District, Fruitdale Sanitation District, Clear Creek Valley Water District, Berkley Water and Sanitation

District, and Crestview Water and Sanitation District. These districts provide service to a small number of customers who live on the City's border.

The City also has a 2005 intergovernmental agreement with Jefferson Center Metropolitan District ("JCMD"), as amended. Among other provisions, the agreement requires the City to provide JCMD with the option to purchase 20% of the water from additional surface water rights acquired by the City for use within the JCMD area (as defined in the agreement); JCMD must exercise its purchase option within three years. The agreement also allows the City to provide economic incentives to JCMD based on previous and future infrastructure water supply/contributions. Pursuant to that provision, JCMD (with certain exceptions for properties in the Candelas subdivision) receives a discounted Water system development charge. The JCMD agreement terminates 30 years following the adoption of the Northwest Arvada Urban Renewal Plan (i.e., in 2040); the agreement provides for the negotiation of extensions.

Administration and Employees

Of the currently budgeted 778.25 FTEs working for the City, approximately 100 are funded by the Water/Sewer Utility (approx. 13% of total City FTE count), and approximately 94 are employed by the Water/Sewer Utility (approx. 12% of total City FTE count). The System employees are City employees; information as to the City's employee benefits, pensions and other matters can be found in "THE CITY--Employees; Pension and Benefit Matters."

In 2025, there were no new employees added to the Water/Sewer Utility. The City team is currently working on the proposed 2026 budget, and is recommending additional Water System employees, notably an Assistant Water Treatment Plant Manager and a Water Treatment Plant Maintenance technician. If adopted, these additional employees would fill a combination of needs, including the assumption of day-to-day operational team management (to allow the Water Plant Manager to perform strategic level work) and the performance of preventative system maintenance.

Administration. Brief biographies for key personnel of the Water System and the Wastewater System, including the Infrastructure Director, are set forth below.

The Utilities Department was recently reorganized and combined with the City's Public Works Department to create the Infrastructure Department. Two deputy director positions were created and filled in an internal hiring process. Information for key utility personnel, including the Infrastructure Director and the Deputy Director of Operations is shown below.

Jacqueline Rhoades, Director of Infrastructure. Ms. Rhoades oversees the Infrastructure Department and its divisions, including water, sewer, stormwater, treatment, streets, business operations, fleet and facilities management, and engineering. She provides strategic leadership to ensure teams have the resources, direction, and support needed to deliver essential infrastructure services. Ms. Rhoades holds a BS in Chemical Engineering and an MS in Environmental Engineering from the University of Arizona. She is a licensed Civil PE in Colorado and Arizona and has worked in the water industry for 20 years.

Dominic Vessa, Deputy Director of Operations. Mr. Vessa leads Infrastructure Operations, overseeing the Water, Wastewater, Stormwater, Treatment, and Streets divisions. With 13 years of experience, he has held a variety of roles within the City of Arvada and has also worked in the private sector, specializing in civil construction and wet utilities. He holds both a

Water Distribution Class 4 Certification and a Wastewater Collection Class 4 Certification. In his current capacity, Mr. Vessa is responsible for managing, planning, organizing, coordinating, budgeting, and leading all aspects of Infrastructure Operations.

Debby Baumgartner, Utilities Services Manager. Debby Baumgartner is the current Utility Services Manager and oversees the Mailroom and Utility Services. She has spent 24 years with Utility Services for the City of Arvada with progressively responsible job titles and duties. Utility Services handles billing and collections for water, sewer, stormwater, and solid waste. Debby is responsible for the managing, planning, coordinating, directing, and organizing Utility Services software, staff and operations. Debby attained her Bachelor's degree in Public Administration from Colorado State University in 2023 and graduated with Cum Laude honors.

Brad Wyant, Water Treatment Manager. Mr. Wyant oversees Water Treatment, Water Quality and Utilities SCADA systems. Brad has a high school education with some college and professional Water Treatment/Management training. He has his class "A" State of Colorado Water Treatment Certification. He has been the Water Treatment Manager for eight years but has worked in water treatment for the City for 38 years, including 21 years as Operator in Responsible Charge, 13 years as Plant Supervisor-SCADA, nine years as a Chief Plant Operator and eight years as a Plant Operator. Mr. Wyant manages the Water Treatment Division which includes Operations, Water Quality, Plant Maintenance and Utilities SCADA Sections. He manages the Division budget and makes budget and personnel recommendations, creates bid materials and work, and works with Engineering to manage plant projects, ensure workflows and safety needs.

Eric Lewin, Deputy Director of Internal Services. Mr. Lewin was the Wastewater and Stormwater Operations Manager for the past three years. He has 16 years of experience in the Water, Wastewater, and Stormwater Utility industry, including 12 years with the City in management, supervisor and foreman positions and three years' experience in the private sector. Mr. Lewin currently holds Class IV Collection System and Class IV Distribution System Operator Certifications. He obtained his Bachelor's degree from CU Boulder. Mr. Lewin is responsible for managing, planning, organizing, coordinating, directing, and supervising the work of the wastewater and stormwater collection systems of the utilities department, developing the division's short and long-term strategic operating plans and programs and developing and maintaining partnerships with City staff for emergency operations. Currently he serves on the State of Colorado Underground Damage Prevention Commission.

Mary Stahl, Utilities Engineering Manager. Mary Stahl is the Utilities Engineering Manager for the City of Arvada since winter 2021. She has over 30 years of experience in planning, design, and construction of water and wastewater utilities engineering, working as a consultant and directly for a utility. She has a BS degree from Colorado State University in Civil Engineering and Physical Sciences. She has an MS degree in Civil and Environmental Engineering from the University of California Davis.

Christine Gray, Utilities Business Manager. Christine Gray is the current Utilities Business Manager, responsible for the financial management/planning of the Utility, as well as the water resources team for the City. She has been with the City since spring of 2022. Prior to joining the city, she worked for the City of Westminster in a similar role. She has a Master's degree in Public Administration from the University of Colorado - Denver, and has worked in the Utilities industry for over 20 years.

Water Treatment and Distribution

Water Treatment. The City owns and operates two water treatment plants which utilize conventional treatment.

The primary plant is the Ralston Water Treatment Plant (the “Ralston WTP”) is rated up to 36 Million Gallons per Day (MGD) and was built in multiple sections over the years: the initial plant with three filters and chemical storage/feed (9 MGD) was built in 1961; an additional three filters were added in 1966-67 increasing plant capacity to 18 MGD; three more filters were added in 1975 (27 MGD capacity), 3 more filters were added in 1996 (bringing the capacity up to 36 MGD; and pretreatment (flocculation and sedimentation), new solids lagoons/pump station and new chemical storage/feed were added in 2000. The Ralston WTP’s primary raw water supply is purchased from Denver Water and comes from the Ralston Reservoir. The Ralston WTP’s useful remaining life is estimated at 25 years. The plant has aging infrastructure and equipment that is being addressed and maintained to the best of the City capability, but much of the structure will continue to worsen.

The secondary plant is the Arvada Water Treatment Plant (the “Arvada WTP”). It was built in 1984 to meet additional drinking water needs during peak water usage months (typically now May through October). The Arvada WTP’s raw water supply comes from the City-owned Arvada Reservoir. This plant is currently rated at 16 MGD and uses GAC filter media instead of traditional anthracite. The initial plant consisted of 4 multimedia filters (with anthracite) and one clarifier with a design capacity of 20 MGD. An additional clarifier and solids lagoon was added in 1990, new chemical storage and feed were installed/updated in 2001. New water supply lines from Ralston WTP to maintain system winter flows and filter backwash supply were updated in 2008, a new chemical building and pH adjustment chemical were added in 2011, filter rehabilitation and modifications of the four existing filters to GAC media was completed in 2014-2015 (this project down rated the plant to 16 MGD due to the need for additional contact time with GAC media). The Arvada WTP is nearing the end of its useful life and has several issues and concerns; the City estimates that approximately 10 more years of use may remain with continued maintenance.

The combined current rated capacity of the Water Treatment Plants is 52 MGD (Ralston WTP-36 MGD and Arvada WTP-16 MGD); however, this is with all filters at both plants in service and no backwashing of filters. The true capacity for the Ralston WTP (all filters in service, but accounting for backwash) is 36 MGD. The true capacity for the Arvada WTP is 14 MGD (all filters in service, but accounting for backwash). As a result, the combined real capacity is 50 MGD. The Ralston WTP operates year-round and the Arvada WTP typically is in service from May through October.

The Water System’s yearly average water demand is currently approximately 17 MGD, with the peak daily flow in the last five years occurring during summer at 40.14 MGD on July 10, 2020, and winter (non-seasonal, December thru March) typical production flows between 7.5-9.0 MGD with peaks around 10 MGD. Peak hourly MGD flows during daily peak periods (4 am to 9 am and 6 pm to 10 pm) can be as high as 52-53 MGD.

After completion of the planned improvements to be financed with the Water Bonds and additional Water Parity Lien Bonds, the anticipated future capacity will be 54 MGD (expandable to 63 MGD if needed for future demands) with 36 MGD at the Ralston WTP and 18

MGD at the Replacement WTP (expandable to 27 MGD). Both plants will be capable of running year-round to provide resiliency and the 54 MGD also provides for resiliency and accounts for water used during production. Future demand at buildout (by 2040 to 2050) is estimated to be an average of 17.3 to 21.0 MGD (23.3 MGD in dry year) with dry year peak estimated at 54 MGD during summer.

Distribution. The City owns approximately 635 miles of pipe, primarily PVC and asbestos-cement material, ranging from 4” to 60” in diameter. The City owns eleven finished water storage tanks. The City also owns nine pump stations to provide water to zones that cannot be supplied by gravity from the treatment plants. The two newest pump stations are described below.

The Canyon Pines Pump Station was built and put into service in April 2024. This pump station was financed by a developer and serves the Canyon Pines subdivision with domestic flow and fire flow.

The Sullivan (Ralston) Raw Water Pump Station was built and put into service in September 2021. This pump Station is capable of pumping 12 MGD of raw water from the Arvada Reservoir up to the Ralston WTP. The station was not only designed to meet wintertime water demand during Ralston Reservoir outages, but also to help maximize City-owned water rights throughout the year.

The Zone 5 Pump Station was built and put into service in 2021. This pump station replaced an original lower Gallon per Minute (GPM) pump station at the Ralston WTP. The new pump station provides the increased flow of treated drinking water to the north pumped system, Zone 5. Zone 5 provides build-out capacity to all zones not served by gravity. It also provides domestic water for Denver Water’s North Water Treatment Plant pursuant to an intergovernmental agreement requiring the City to deliver potable water to Denver.

Raw Water Supply

Raw Water for Potable Supply. The City’s raw water supply provides a firm yield of about 24,000 acre-feet annually under drought conditions. The water supply is generated from multiple sources.

Contract Supplies. The largest portion of the water supply is provided through two contracts with Denver Water, one for 19,000 acre-feet per year and the other providing up to 531-acre feet per year.

City-Owned Water Rights. The City owns shares in 28 irrigation ditches which have been changed in water court to be used for municipal water. This supply has the ability to provide a firm yield of approximately 5,000 acre-feet of raw water per year. The City also owns reservoir storage water rights which provide about 500-1000 acre-feet of raw water per year.

Water Storage. The City owns one storage reservoir, Arvada-Blunn Reservoir. This reservoir stores water from the City’s reservoir and changed water rights and is the source of supply for the Arvada WTP. This water can also be used at the Ralston WTP via the Sullivan pump station. The reservoir has a physical maximum capacity of 6,184 acre-feet of water. The City also owns 11 finished water storage tanks with a total volume of 36.8 MGD.

Water System Capital Improvement Program

General. The City formulates a ten-year capital improvement plan (“CIP”) to be completed over the ten-year planning horizon that includes projects, funding sources, inflationary assumptions, projected operating costs and policy justification for each project. The CIP is submitted with each biennial budget and updated annually. The CIP is a planning document; it is subject to modification at any time. Funding for all CIP items comes from a combination of rates/fees, system development charges (also known as tap fees or “SDCs”) or bond/loan funding. The Water System CIP is set forth below.

2025-2034 Water Fund CIP Summary (in millions)

Project Type	2025	2026	2027	2028-2034
Ralston WTP repair/replacement	\$1.192	\$3.014	\$0.896	\$15.167
Arvada WTP replacement project	7.711	7.858	70.721	206.804
System (distribution and raw water)	25.693	13.58	15.007	\$81.222
Gross Reservoir Expansion (City share)	32.859	16.894	15.093	--
Miscellaneous	0.351	0.285	0.179	\$1.531
Total	\$67.806	\$41.631	\$101.896	\$304.724

2025 Projects. The planned 2025 Water System CIP projects include expenditures of approximately \$68.0 million for the following projects: the City’s annual share of construction on Denver Water’s Gross Reservoir expansion; pumped zone storage tank, pump station and associated infrastructure; Ralston WTP repairs of aging infrastructure; design of the Arvada WTP replacement; repair of aging raw water infrastructure; raw water infrastructure studies and plans; annual water line replacement work. A portion of the pumped zone tank is anticipated to be funded by developer contributions.

2026-2027 Projects. The planned 2026-2027 Water CIP contains Water System projects totaling approximately \$41.6 million in 2026 and \$102 million in 2027.

The 2026 projects include: the City’s annual share of construction on Denver Water’s Gross Reservoir expansion; Ralston WTP repairs of aging infrastructure; design of the Arvada WTP replacement; annual risk/resiliency emergency response assessments; repair of aging raw water infrastructure; raw water infrastructure studies and plans; annual water line replacement work.

The 2027 projects include: the City’s annual share of construction on Denver Water’s Gross Reservoir expansion; Ralston WTP repairs of aging infrastructure; design and construction of the Arvada WTP replacement; annual risk/resiliency emergency response assessments; repair of aging raw water infrastructure; raw water infrastructure studies and plans; annual water line replacement work; water distribution system repair/replacement work. Please see the summary table shown below:

WATER SYSTEM FINANCIAL INFORMATION

Customer Rates and Charges

General. The City imposes service charges for the Water System. Service charges are utilized to meet the operation and maintenance costs of the System, together with the accumulation of sufficient cash reserves to fund the necessary periodic replacement and improvements thereto and applicable debt service, and the costs of maintaining dedicated or reserved capacity in the System.

Required Rate Studies. An annual review of water rates and tap fees is used to project revenue requirements for the Water System. Based on this financial analysis, the staff recommends adjustments to water rates and tap fees which are presented to the City Council for final approval.

Historically (until 2023), the City staff generated water/sewer rate recommendations internally using a financial planning/rate model created by a specialized external consulting firm in 2000-01. Over the last two years, the City team has worked with two other firms that specialize in water/sewer fund financial modeling and System Development Fee calculations (also known as connection fee or tap fee) calculations.

The City has contracted with a new consulting firm that specializes in water/sewer fund financial modeling as well as SDC calculations. As part of the process, Staff will also work with the consultant to identify/discuss/recommend any financial planning changes that would be beneficial to the City. Staff believes that regular reviews/evaluations by third party subject matter experts are a healthy and beneficial financial activity for the utility, and also meets the tenets put forth by the American Water Works Association (AWWA).

The City's consulting partner will assist the City team with recommendations for SDCs, as well as providing the team with updated water and sewer fund financial models for use in setting future rates.

Current Rates and Charges. The City generally bills for water services on a bi-monthly basis using a four-tiered "block" rate structure to encourage conservation. Water users are charged a bimonthly service fee, plus a volume charge based on metered water usage as measured in 1,000-gallon increments. All customers outside the City who are not located in RVWSD are charged two times the current in-City rate.

The current rate ordinance provides rates effective for calendar year 2025. For 2025, the City Council has approved a \$2/month increase in the bimonthly service charge and a 10% rate increase making a cumulative increase of 11.29%.

The City has established four rate blocks based upon gallons of water used. The rate blocks and the 2024 and 2025 rates per gallon are illustrated in the following table.

2024 and 2025 Water Tiers

			2024	2025
			Rate/1,000 gallons	Rate/1,000 gallons
Inside City	1 st Block	1-30,000 gallons	\$5.63	\$6.19
	2 nd Block	31,000-60,000 gallons	7.04	7.74
	3 rd Block	60,000-90,000 gallons	8.47	9.31
	4 th Block	Over 90,000 gallons	11.28	12.40
Outside City	1 st Block	1-30,000 gallons	\$11.27	\$12.39
	2 nd Block	31,000-60,000 gallons	14.09	15.49
	3 rd Block	60,000-90,000 gallons	16.93	18.62
	4 th Block	Over 90,000 gallons	22.56	24.81

Distributor and institution user rates for 2024 were \$5.77 per 1,000 gallons for the first 500,000 gallons each month and \$5.56 per 1,000 gallons for use in excess of 500,000 gallons per month. For 2025, distributor and institution user rates are \$6.34 per 1,000 for the first 500,000 gallons each month and \$6.11 per 1,000 gallons for use in excess of 500,000 gallons per month. Additional temporary water surcharges may be imposed by the City to encourage water conservation during drought conditions.

The current schedules of monthly service fees and rates and charges are set forth in the following tables.

Residential Water Rates - 2024 and 2025

In City Residential			Water Rate x 1,000 gallons (1)			
			1st Block	2nd Block	3rd Block	4th Block
# of Units	2024 Service Charge	2025 Service Charge	Rate	Rate	Rate	Rate
1	\$ 17.83	\$ 21.83	0 - 30,000	30,001 -60,000	60,001-90,000	Over 90,000
2 - 6	27.99	34.26	30,000 gallons for	30,030,000 gallons	30,000 gallons for	
7 - 18	48.93	59.90	1st unit plus 13,000	for 1st unit plus	1st unit plus 39,000	
19 - 60	66.41	81.30	gallons for each	26,000 gallons for	gallons for each	
61 - 144	150.30	184.01	additional unit	each additional unit	additional unit	
Over 144	255.16	312.39				

Out of City Residential			1st Block	2nd Block	3rd Block	4th Block
			Rate	Rate	Rate	Rate
# of Units	2024 Service Charge	2025 Service Charge	Rate	Rate	Rate	Rate
1	\$ 35.66	\$ 43.66	0 - 30,000	30,001 -60,000	60,001-90,000	Over 90,000
2 - 6	55.97	68.52	30,000 gallons for	30,000 gallons for	30,000 gallons for	
7 - 18	97.87	119.82	1st unit plus 13,000	1st unit plus 26,000	1st unit plus 39,000	
19 - 60	132.83	162.62	gallons for each	gallons for each	gallons for each	
61 - 144	300.59	368.01	additional unit	additional unit	additional unit	
Over 144	510.33	624.79				

(1) See the prior table for the 2022 and 2023 rates per 1,000 gallons for each block.

Nonresidential Water Rates - 2024 and 2025

In City						
Meter Size	2024 Service Charge	2025 Service Charge	Quantity in 1,000 gallons/Tier 1	Quantity in 1,000 gallons/Tier 2	Quantity in 1,000 gallons/Tier 3	Quantity in 1,000 gallons/Tier 4
5/8 X 3/4	\$17.83	\$21.83	0 - 170	170 - 340	340 - 510	All Over 510
3/4 X 3/4	21.26	26.02	0 - 170	170 - 340	340 - 510	All Over 510
1 Inch	27.99	34.26	0 - 280	280 - 560	560 - 840	All Over 840
1 1/2 Inch	48.94	59.91	0 - 600	600 - 1,200	1,200 - 1,800	All Over 1,800
2 Inch	66.42	81.31	0 - 900	900 - 1,800	1,800 - 2,700	All Over 2,700
3 Inch	150.31	184.02	0 - 2,000	2,000 - 4,000	4,000 - 6,000	All Over 6,000
4 Inch	255.19	312.42	0 - 3,400	3,400 - 6,800	6,800 - 10,200	All Over 10,200
Out of City						
Meter Size	2024 Service Charge	2025 Service Charge	Quantity in 1,000 gallons/Tier 1	Quantity in 1,000 gallons/Tier 2	Quantity in 1,000 gallons/Tier 3	Quantity in 1,000 gallons/Tier 4
5/8 X 3/4	\$35.66	\$43.66	0 - 170	170 - 340	340 - 510	All Over 510
3/4 X 3/4	42.52	52.05	0 - 170	170 - 340	340 - 510	All Over 510
1 Inch	55.98	68.53	0 - 280	280 - 560	560 - 840	All Over 840
1 1/2 Inch	97.88	119.83	0 - 600	600 - 1,200	1,200 - 1,800	All Over 1,800
2 Inch	132.84	162.63	0 - 900	900 - 1,800	1,800 - 2,700	All Over 2,700
3 Inch	300.62	368.04	0 - 2,000	2,000 - 4,000	4,000 - 6,000	All Over 6,000
4 Inch	510.38	624.85	0 - 3,400	3,400 - 6,800	6,800 - 10,200	All Over 10,200

(1) See the table entitled “2024 and 2025 Water Tiers” above for the per 1,000 rates for 2024 and 2025.

System Development Charges/Tap Fees

General. Customers also must pay a one-time SDC (formerly known as a tap fee) for connection to the Water System. “Tap fee” and “System Development Charge” or “SDC” are used interchangeably in this Official Statement. Meters and tap sizes are determined pursuant to a schedule imposed by ordinance. In addition to the tap fees listed below, tapping and inspection fees also apply.

The current Water SDC for a single-family residence is \$33,490; that fee has remained the same since 2023. The City Council approved this increase in the Water SDC for residential facilities effective July 1, 2023.

2025 Water SDCs for non-residential facilities within the City will range from \$33,490 for a 5/8” x 3/4” meter to \$2,093,125 for a 6” meter. Other charges apply for park and irrigation purposes.

Water SDCs for service outside City limits are twice those shown below for in-City service (except as described below).

Water System Development Charge Schedule-2024 and 2025

Type of Residence	Meter and Tap Size	2024 Fee/Unit	2025 Fee/Unit
Single Family	5/8"x3/4" meter/3/4" tap	\$33,490	\$33,490
Duplex		\$25,120	\$25,120
Individually connected units	5/8"x3/4" meter/3/4" tap		
Single service connection	3/4"x3/4" meter/3/4" tap		
Multifamily		\$16,750	\$16,750
3-6 units	1" meter/1" tap		
7-18 units	1 1/2" meter/1 1/2" tap		
19 or more units	2" or larger meter and tap		

For 2025 (and historically), some developments will receive discounts to their SDCs based on whether they provided water supplies, funding for existing infrastructure, or funding for identified future infrastructure. The water discounts range from \$11,810 to \$23,620 for residential SDCs. These discounts were calculated and adopted by City Council in 2023.

History of Water Tap Fees Collected. The following table sets forth a history of Water SDCs collected in each year.

History of Water System Development Charges

Year	Total System Development Charges	Total New Connections
2020	\$ 4,780,568	315
2021	4,273,115	271
2022	8,652,843	317
2023	11,850,723	315
2024	8,451,869	331
2025(1)	5,584,739	108

(1) Through March 31, 2025.

Source: The City.

Customer Information

General. The City classifies its water customers as residential, commercial or contract users. The City's service area is primarily residential. The Water System also serves customers located outside the boundaries of the City pursuant to contracts.

User and Revenue Information - By Category. The following tables set forth a history of the City's Water user connections by category and a history of System charges for services by category.

History of Water User Connections by Customer Type

<u>Year</u>	<u>Residential Connections</u>	<u>Commercial Connections</u>	<u>Contract Connections</u>	<u>Total Connections</u>	<u>% Change in Connections</u>
2020	37,646	1,545	27	39,218	0.79%
2021	37,905	1,552	27	39,484	0.68
2022	38,270	1,509	27	39,806	0.82
2023	38,511	1,604	27	40,142	0.84
2024	38,832	1,609	27	40,468	0.81
2025(1)	38,936	1,613	27	40,576	0.27

(1) Through March 31, 2025.

Source: The City.

History of Water Fund Revenues by Category

<u>Year</u>	<u>Residential Billed Revenues</u>	<u>Commercial Billed Revenues</u>	<u>Major Contract Billed Revenues</u>	<u>Miscellaneous Revenues (1)</u>	<u>Total Annual Billed Sales/Service Charge Revenues</u>
2020	\$20,826,954	\$5,277,893	\$443,457	--	\$26,548,304
2021	18,408,472	6,263,817	396,677	--	25,068,966
2022	21,668,772	5,935,218	431,572	--	28,035,562
2023	21,438,704	5,567,327	371,833	\$1,766,490	27,377,864
2024 (2)	23,701,814	6,633,124	473,081	3,024,235	33,832,254
2025 (2)(3)	4,357,739	1,219,545	86,979	781,461	6,367,707

- (1) The “Miscellaneous Revenues” category includes service charges, tap fees, recovered costs, rent and other charges. Prior to 2024, these revenues were consolidated into the other categories.
- (2) Beginning with 2024 figures, the City changed software providers and the breakdown by category numbers currently are not available. As a result, the residential and commercial revenues are based upon historic percentages of those categories.
- (3) Year-to-date through March 31, 2025.

Source: The City.

Largest Users of the Water System. The following table sets forth the ten largest customers of the System in 2024 (by revenue billed in 2024). Information on the water consumption by those customers also is provided. State law protects personal financial information of utility users unless that information is presented in a form that prevents the identification, location or habits of individuals. Accordingly, the information set forth below does not identify customers by name; it includes only the type of business. No independent investigation has been made of, and consequently there can be no representation as to, the financial condition of the customers listed below or their continued usage of the System at significant levels.

Ten Largest Users of the Water System - 2024

Type of Business/ Customer Name	2024 Billed Revenue (1)	Percent of Total Water Revenue (2)	Consumption Rate (Gallons treated)
Distributor/RVWSD	\$ 498,561	1.47%	89,291,000
High-Density Residential/Apartments	170,012	0.50	27,477,000
Commercial/West Point Metro District	116,423	0.34	13,077,000
High-Density Residential (3)	113,637	0.34	18,737,000
Hydrant Meter-Commercial/Transportation	98,034	0.29	11,531,000
Commercial/Medical Devices	80,484	0.24	11,029,000
Commercial/Carwash	79,269	0.23	8,904,000
High-Density Residential/Apartments	76,668	0.23	11,561,000
Commercial/Garden Center	75,304	0.22	13,896,000
Commercial/Nursing Home	61,757	0.18	10,658,000
	\$1,370,149	4.04%	216,161,000

- (1) Certain customers pay distributor/wholesale rates, which are different than the residential and commercial rate structures.
- (2) Based on total charges for service of \$33,832,254 in 2024.
- (3) Two combined accounts for the same user.

Source: The City.

Billing and Collection

Water and sewer charges are billed bi-monthly (along with stormwater charges) with payment due 30 days later. On day 36, or six days after the due date a delinquent robo call/email reminder is sent out which gives customers another seven days to pay. On day 43, or 13 days after the due date, a shut off letter is mailed out informing the customer that payment is late and a \$10 late fee has been added to the balance and that the customer has another seven days to pay. On day 50, or 21 days after the due date, a robocall/email goes out reminding customers that they are scheduled for shut off. On day 56 water service is terminated (although following COVID-19, shut-offs are no longer the norm). The City establishes its liens in June and gives customers 30 days to pay. Liens are finalized mid-October so that they can be submitted to the County on November 1st of each year. Liens submitted to the County are collected with property taxes.

If payment has not been received after twelve days from the date the delinquent notice was mailed, a shut-off letter is delivered to the property. The date in which payment must be received to avoid termination of water service and further service charges is detailed in the collection history. The City assesses a \$10 fee to an account to reflect delivery of the shut-off notification which is mailed to the customer. A shut off letter does inform customers that water service will be disconnected but, since COVID-19 we are not currently disconnecting water for non-payment. The City is reviewing our collection processes and may use the shut off process in the future to offset unpaid balances.

The Water Fund

The accounts of the City are organized and operated on a fund basis. The funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The governmental fund utilized for the administration and operation of the Water System is the Water Fund. The Water Fund is an enterprise fund for accounting purposes. All

activities necessary to provide sewer service are accounted for in the Water Fund. All of the Water Gross Pledged Revenues are accounted for in the Water Fund.

Water Fund - Budget Summaries and Comparisons

Set forth in the table below are summaries of the City's Water Fund budgets for 2024 and 2025, as compared to actual, interim (unaudited) results for the four-month periods ended April 30, 2024 and 2025.

The table is presented on a budgetary basis and is not intended to be presented according to Generally Accepted Accounting Principles ("GAAP"). The table does not present budgeted beginning and ending fund balances; portions of the available fund balance are available for expenditure in each year, if budgeted for that purpose. Portions of the fund balances are restricted for specific uses (for required reserves or other purposes) and are not available for expenditure. For an illustration of the beginning and ending net assets in the Water Fund, see the table in the section entitled "Historical Financial Information - Water Fund" below.

In 2015, the City Council adopted a resolution setting budget and fiscal policies for the City. In addition to establishing a ten-year planning horizon for major funds, the resolution included a reserve policy that established a minimum level of reserves for each fund. The reserve levels are stated as a percentage of annual expenditures. The minimum reserve level for the Water Fund is 25% of annual expenditures. This reserve requirement was met in the fiscal year 2025 budget.

Budget Summary and Comparison - Water Fund

	2024 Final Budget	2024 Actual (4/30/24) ⁽¹⁾	2025 Adopted Budget	2025 Actual (4/30/25) ⁽¹⁾
REVENUES				
Sales	\$35,342	\$6,600	\$39,369	\$8,413
Service charges and fees	485	155	494	339
Investment earnings	485	2,257	425	1,355
Miscellaneous revenues	715	1,223	795	307
Water/tap	10,787	2,623	11,218	6,243
Debt Issuance	50,000	--	--	--
Transfers in	502	178	517	151
Total revenues	98,316	13,036	52,818	16,808
EXPENDITURES				
Operating, maintenance and administration	47,135	6,419	52,924	8,016
Capital outlay	91,473	6,433	121,978	8,063
Principal expense	790	--	4,330	--
Interest expense	2,085	--	2,045	--
Transfers out	65	--	67	--
Total expenditures	141,548	12,852	181,344	16,079
CHANGE IN NET POSITION	\$(43,232)	\$184	\$(128,526)	\$729

(1) Unaudited interim information only.

Source: The City.

Historical Financial Information - The Water Fund

Set forth in the following table is a five-year comparative statement of revenues, expenses and changes in net position for the Water Fund. The information in this table has been derived from the City's ACFRs for 2020 through 2023, and from unaudited 2024 year-end information provided by the City. The information in this table should be read together with the City's audited basic financial statements for the year ended December 31, 2023, and the accompanying notes, which are included as Appendix A hereto. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION--Additional Information."

Prospective investors should be aware that the Water Bonds constitute special, limited obligations of the City payable solely from the Water Net Pledged Revenues. Inclusion of the City's basic financial statements (which contain Water Fund information) is for informational purposes only and does not imply that the Water Bonds constitute a general obligation of the City or a lien on any City revenues other than the Water Net Pledged Revenues.

Water Fund - History of Revenues, Expenses and Changes in Net Position (in 000's)

	2020	2021	2022	2023	2024 ⁽¹⁾
Operating Revenues					
Sales	\$ 27,031	\$ 25,334	\$ 28,798	\$28,034	\$ 37,310
Service charges & fees	272	180	467	690	524
Miscellaneous	2,445	796	6,269	1,285	3,120
Total operating revenues	29,748	26,311	35,534	30,069	40,954
Operating Expenses					
Operating & maintenance	20,618	21,249	24,694	24,077	26,697
Administration	937	1,021	484	--	--
Depreciation and amortization	4,485	4,612	4,947	5,135	5,307
Total operating expenses	25,936	26,882	30,125	29,212	32,004
Operating Income (Loss)	3,708	(571)	5,409	797	8,950
Non-Operating Revenues (Expenses)					
Investment earnings	2,662	(598)	(2,246)	5,448	2,803
Gain (Loss) on sale of capital assets	(374)	(408)	(7)	(200)	(12)
Interest expense	(72)	--	--	(1,930)	(2,085)
Total non-operating revenues	2,216	(1,006)	(2,253)	3,318	706
Income (Loss) before Contributions and Transfers	6,028	(1,577)	3,156	4,115	9,656
Capital Contributions	5,665	6,277	13,825	16,721	11,295
Transfers in	548	493	482	8	33
Transfers out	(460)	(588)	(727)	(918)	(65)
Change in Net Position	11,781	4,605	16,736	19,926	20,919
Total Net Position - January 1 ⁽²⁾	290,738	302,519	307,124	323,860	343,786
Total Net Position - December 31 ⁽²⁾	\$302,519	\$307,124	\$323,860	\$343,786	\$364,705

(1) Unaudited information only; subject to changes and adjustments during the audit process.

(2) "Net Position" includes the value of all assets attributable to the Wastewater Fund, not just those acquired during the year presented.

Source: Derived from the City's ACFRs for the years ended December 31, 2020 through 2023, and from unaudited 2024 information provided by the City.

Management Summary of Material Trends in the Water Fund

The City's Management Discussion and Analysis for the year ended December 31, 2023, can be found in the audited financial statements attached hereto as Appendix A.

THE WASTEWATER SYSTEM

General; Service Area

General. Currently, the System primarily serves customers located within the City's corporate limits. The System also provides sewer service to RVWSD. The Wastewater System presently serves 38,291 residential and 1,029 commercial customers; 52 of those customers are located outside its service area boundaries.

In addition to RVWSD, there are several water and/or sanitation districts that slightly overlap the City's boundaries. These include Blue Mountain Water District, North Table Mountain Water and Sanitation District, Valley Water District, Fruitdale Sanitation District, Clear Creek Valley Water District, Berkley Water and Sanitation District, and Crestview Water and Sanitation District. These districts provide service to a small number of customers who live on the City's border.

The City has designated the System as an "enterprise" for purposes of TABOR. See "LEGAL MATTERS--Certain Constitutional Limitations" for a discussion of enterprise status under TABOR.

RVWSD Agreement. The RVWSD Agreement also addresses the provision of sewer service to the RVWSD. Pursuant to the RVWSD Agreement, the City agrees to transport and dispose of the sewage originating in the RVWSD service area utilizing the RVWSD sanitary sewer collection system (which was constructed and is owned by RVWSD) to a connection point with the City collection system. Service charges are calculated based on metered flow from the RVWSD service area to and through the City system. Billing and payment are the same as for water service to RVWSD (see "THE WATER SYSTEM--General; Service Area"). RVWSD must abide by Metro's rules and regulations. The RVWSD Agreement will continue until terminated by mutual agreement of the parties.

Administration and Employees

The administration and the employees of the Wastewater System is the same as the Water System. See "THE WATER SYSTEM--Administration and Employees."

Wastewater Collection and Treatment

Wastewater Collection. The City owns and operates two lift stations, two force mains and 469 miles of pipeline ranging from 4 to 36 inches. Approximately 90% of the pipelines are PVC or cured-in-place pipe ("CIPP"), in good condition, with a useful life of 30 to 40 years. The remaining 10% of the pipeline needs to be replaced and has a shortened life expectancy. Staff is planning for this replacement; a portion of these replacements will be included in the Project to be funded with the proceeds of the Wastewater Bonds and additional parity bonds; remaining costs will be funded with available Wastewater System funds.

Wastewater Treatment. The City does not have a sewer treatment plant. All of the sewage generated by the City's customers is transported from two terminal points within the City via transmission lines to the treatment facilities operated by Metro. Metro is a political subdivision of the State organized in 1961 by the City and County of Denver and various municipalities and special districts for the purpose of constructing and operating a sewage transmission and disposal

system serving most of the Denver metropolitan area. Metro receives sewage at its interceptor lines from approximately 48 municipalities and special districts and two corporate connectors and treats and disposes of the sewage.

The City's sewage is treated by Metro pursuant to a service contract among numerous Denver metropolitan area participants, including the City, dated January 1, 1964, recompiled in 1983 and amended in 1986 and 2003. The quantity of sewage discharged from the City's collection system to Metro is metered at the terminal points. Metro imposes annual charges for the treatment of sewage, which charges are collected by the City as agent for Metro and are based upon the amount and quality of sewage delivered to Metro. The annual charges are established so that they will be at least sufficient to: pay Metro's operation and maintenance expenses; provide for Metro's debt service expenses; provide for any deficits; provide for reserves and sinking funds; provide moneys required by any contract of Metro; comply at all times and in all respects with the terms and provisions of any resolution of Metro; and pay and discharge all other charges or liens payable out of the income of the Metro system. If any payment due to Metro from the City is unpaid following its due date, the City will be charged interest on the amount unpaid at the rate of 1% per month or fraction thereof.

Other provisions of the contract deal with the quality of waste delivered to Metro, requirements of preparation of a budget for Metro, and inclusion in the contract of other municipalities or special districts.

Metro has no taxing powers; all of its revenues are derived from annual charges. However, Metro has the power to compel the City to levy general ad valorem taxes sufficient to pay the annual charges under the service contract.

Wastewater System Capital Improvement Program

General. The City formulates a ten-year capital improvement plan ("CIP") to be completed over the ten-year planning horizon that includes projects, funding sources, inflationary assumptions, projected operating costs and policy justification for each project. The CIP is submitted with each biennial budget and updated annually. The CIP is a planning document; it is subject to modification at any time. Funding for all CIP items comes from a combination of rates/fees, system development charges (also known as tap fees) or bond/loan funding.

2023 - 2025 Projects. The ten-year Wastewater CIP includes approximately \$148 million, the majority of which are the two trunkline programs discussed in "SOURCES AND USES OF FUNDS--The Wastewater Project." The two trunkline projects are anticipated to be completed in late 2028-early 2029. These projects will be funded with 2025 Bond proceeds, the planned Additional Parity Wastewater Bonds, developer contributions and available Wastewater revenues.

WASTEWATER SYSTEM FINANCIAL INFORMATION

Customer Rates and Charges

General. The City imposes service charges for the Wastewater System. Service charges are utilized to meet the operation and maintenance costs of the System, together with the accumulation of sufficient cash reserves to fund the necessary periodic replacement and improvements thereto and applicable debt service, and the costs of maintaining dedicated or reserved capacity in the Wastewater System.

Required Rate Studies. An annual review of wastewater rates and tap fees is used to project revenue requirements for the Wastewater System. Based on this financial analysis, the staff recommends adjustments to wastewater rates and tap fees which are presented to the City Council for final approval.

Historically (until 2023), the City staff generated water/sewer rate recommendations internally using a financial planning/rate model created by a specialized external consulting firm in 2000-01. Over the last two years, the City team has worked with two other firms that specialize in water/sewer fund financial modeling and System Development Fee calculations (also known as connection fee or tap fee) calculations.

The City has contracted with a new consulting firm that specializes in water/sewer fund financial modeling as well as system development charge calculations. As part of the process, Staff will also work with the consultant to identify/discuss/recommend any financial planning changes that would be beneficial to the City. Staff believes that regular reviews/evaluations by third party subject matter experts are a healthy and beneficial financial activity for the utility, and also meets the tenets put forth by the American Water Works Association (AWWA).

The City's consulting partner will assist the City team with recommendations for system development charges, as well as providing the team with updated water and sewer fund financial models for use in setting future rates.

Current Rates and Charges. The City generally bills for wastewater services on a bi-monthly basis. Wastewater users are charged a bimonthly service fee of \$10.44, plus a volume charge of \$7.46 per thousand gallons (in 2025) based on metered wastewater usage as measured in one-thousand gallon increments. The City has established a sewer "base" amount based upon meter size. The base amount ranges from \$20 for a 5/8" x 3/4" meter to \$734 for a 4" meter. That base is multiplied by 10,000 gallons for one unit. Multi-unit properties are assigned 10,000 gallons of volume plus 7,000 for each additional unit.

The current rate ordinance provides rates effective for calendar year 2025. City Council adopted a 14.5% rate increase and a \$2/bimonthly service charge increase. This is an overall 15.4% revenue requirement increase.

Tap Fees

General. Customers also must pay a one-time SDC (formerly known as a tap fee) for connection to the Wastewater System. "Tap fee" and "System Development Charge" or "SDC" are used interchangeably in this Official Statement. Meters and tap sizes are determined pursuant

to a schedule imposed by ordinance. In addition to the tap fees listed below, inspection fees also apply.

The current Wastewater SDC for a single-family residence is \$6,240 and for duplex and multifamily residences is \$4,370. Non-residential Wastewater SDCs within the City range from \$2,480 for a 5/8" x 3/4" tap to over \$536,640 for a 6" tap; The 6" Non-Residential System Development Charge is determined by Metro formula.

In addition to the City's Wastewater SDC, the City collects Metro tap fees as well. Those have varied over the last five years from \$4,220 to \$5,910. Revenues collected from the Metro fees are passed through to Metro and are not retained by the City.

History of Tap Fees Collected. The following table sets forth a history of new Wastewater taps in the City and the System Development Charges collected in each year.

History of Wastewater System Tap Fees

<u>Year</u>	<u>Total System Development Fees</u>
2020	\$ 517,903
2021	377,812
2022	745,956
2023	1,406,140
2024	1,940,648
2025(1)	666,560

(1) Through March 31, 2025.

Source: The City.

Customer Information

General. The City classifies its wastewater customers as residential, commercial or contract users. The City's service area is primarily residential. The Wastewater System also serves a location outside the boundaries of the City pursuant to contracts.

User and Revenue Information - By Category. The following tables set forth a history of the City's wastewater user connections by category and a history of System charges for services by category.

History of Wastewater User Connections

Year	Total Connections	% Change in Connections
2020	37,957	--
2021	38,221	0.70%
2022	38,523	0.79
2023	38,838	0.82
2024	39,169	0.85
2025(1)	39,277	--

(1) Through March 31, 2025.

Source: The City.

History of Charges for Wastewater Service by Category(1)

Year	Residential Billed Revenues	Commercial Billed Revenues	Total Annual Billed Sales/Service Charge Revenues
2020	\$10,425,141	\$1,530,880	\$11,956,021
2021	10,859,526	1,453,197	12,312,723
2022	11,411,298	1,488,483	12,899,781
2023	12,490,863	1,701,181	14,192,044
2024	13,802,988	1,991,837	15,794,825
2025(2)	6,042,459	892,221	6,934,680

(1) The annual total revenues includes all Wastewater Fund revenues, including service charges, tap fees, recovered costs, rent, and other revenues.

(2) Year-to-date through March 31, 2025.

Source: The City.

Largest Users of the Wastewater System. The following table sets forth the ten largest customers of the Wastewater System in 2024 (by revenue billed in 2024). Information on the consumption by those customers also is provided. State law protects personal financial information of utility users unless that information is presented in a form that prevents the identification, location or habits of individuals. Accordingly, the information set forth below does not identify customers by name; it includes only the type of business. No independent investigation has been made of, and consequently there can be no representation as to, the financial condition of the customers listed below or their continued usage of the System at significant levels. The City currently expects that the largest System users in 2024 will remain the largest Wastewater System customers in 2025.

Ten Largest Users of the Wastewater System - 2024

Type of Business/ Customer Name	Total 2024 Revenue(1)	Percent of Total Revenue(2)	Consumption (Gallons)
Wholesale/RVWSD (1 account)	\$150,788	0.90%	31,645,000
High Density Residential (2 accounts)	144,767	0.87	22,188,000
High Density Residential (3 accounts)	80,439	0.48	12,314,000
High Density Residential (2 accounts)	77,324	0.46	11,844,000
Commercial/Car Wash	56,116	0.34	8,599,000
Commercial/Car Wash	46,369	0.28	7,104,000
High Density Residential	40,038	0.24	6,164,000
Government/Apex Park and Recreation District	38,662	0.23	5,922,000
Commercial/Garden Center	38,238	0.23	5,857,000
Commercial/Car Wash	37,189	0.22	5,696,000
	\$709,930	4.25%	117,333,000

- (1) Certain customers pay contract/wholesale rates, which are different than the residential and commercial rate structures.
- (2) Based on total charges for service of \$16,710,679 in 2024.
- (3) Ralston Valley serves a large residential area but is considered one account for City billing purposes.

Source: The City.

Billing and Collection

Billing and collection procedures for wastewater charges are the same as for the Water System. See “WATER SYSTEM FINANCIAL INFORMATION--Billing and Collection.”

The Wastewater Fund

The accounts of the City are organized and operated on a fund basis. The funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The governmental fund utilized for the administration and operation of the Wastewater System is the Wastewater Fund. The Wastewater Fund is an enterprise fund for accounting purposes. All activities necessary to provide sewer service are accounted for in the Wastewater Fund. All of the Sewer Gross Pledged Revenues are accounted for in the Wastewater Fund.

Wastewater Fund - Budget Summaries and Comparisons

Set forth in the table below are summaries of the City’s Wastewater Fund budgets for 2024 and 2025, as compared to actual, interim (unaudited) results for the four-month periods ended April 30, 2024 and 2025.

The table is presented on a budgetary basis and is not intended to be presented according to Generally Accepted Accounting Principles (“GAAP”). The table does not present budgeted beginning and ending fund balances; portions of the available fund balance are available for expenditure in each year, if budgeted for that purpose. Portions of the fund balances are restricted for specific uses (for required reserves or other purposes) and are not available for expenditure. For an illustration of the beginning and ending net assets in the Wastewater Fund, see the table in the section entitled “Historical Financial Information - Wastewater Fund” below.

In 2015, the City Council adopted a resolution setting budget and fiscal policies for the City. In addition to establishing a ten-year planning horizon for major funds, the resolution included a reserve policy that established a minimum level of reserves for each fund. The reserve levels are stated as a percentage of annual expenditures. The minimum reserve level for the Wastewater Fund is 25% of annual expenditures. This reserve requirement was met for the 2025 budget.

Budget Summary and Comparison - Wastewater Fund

	2024 Final Budget	2024 Actual (4/30/24) ⁽¹⁾	2025 Adopted Budget	2025 Actual (4/30/25) ⁽¹⁾
REVENUES				
Service charges and fees	\$17,747	\$6,954	\$19,729	\$7,212
Investment earnings	161	1	112	469
Miscellaneous revenues	678	--	694	1
Sewer/tap	3,143	467	3,269	816
Debt Issuance	--	--	25,000	--
Total revenues	21,729	7,422	48,804	8,498
EXPENDITURES				
Operating, maintenance and administration	17,347	3,465	17,891	6,548
Capital outlay	53,513	1,886	46,980	3,141
Principal expense	785	-	825	-
Interest expense	2,109	-	2,070	-
Transfers out	242	299	249	-
Total expenditures	73,996	5,650	68,015	9,689
CHANGE IN NET POSITION	<u><u>\$(52,267)</u></u>	<u><u>\$1,772</u></u>	<u><u>\$(19,211)</u></u>	<u><u>\$(1,191)</u></u>

(1) Unaudited interim information only.

Source: The City.

Historical Financial Information - The Wastewater Fund

Set forth in the following table is a five-year comparative statement of revenues, expenses and changes in net position for the Wastewater Fund. The information in this table has been derived from the City's ACFRs for 2020 through 2023, and from unaudited 2024 year-end information provided by the City. The information in this table should be read together with the City's audited basic financial statements for the year ended December 31, 2023, and the accompanying notes, which are included as Appendix A hereto. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION--Additional Information."

Prospective investors should be aware that the Wastewater Bonds constitute special, limited obligations of the City payable solely from the Wastewater Net Pledged Revenues. Inclusion of the City's basic financial statements (which contain Wastewater Fund information) is for informational purposes only and does not imply that the Wastewater Bonds constitute a general obligation of the City or a lien on any City revenues other than the Wastewater Net Pledged Revenues.

Wastewater Fund - History of Revenues, Expenses and Changes in Net Position (in 000's)

	Year Ended December 31,				
	2020	2021	2022	2023	2024 ⁽¹⁾
Operating Revenues					
Service charges & fees	\$12,801	\$13,386	\$14,030	\$15,158	\$17,663
Miscellaneous	--	3,298	1,179	467	82
Total operating revenues	12,801	16,684	15,209	15,625	17,745
Operating Expenses					
Operating & maintenance	10,319	10,692	12,713	12,615	14,518
Administration	584	602	1,025	635	--
Depreciation ¹	1,482	1,501	1,606	1,633	1,753
Total operating expenses	12,385	12,795	15,344	14,883	16,271
Operating Income (Loss)	416	3,889	(135)	742	1,474
Non-Operating Revenues (Expenses)					
Investment earnings	317	111	(151)	2,833	1,398
Gain (Loss) on sale of capital assets	(662)	(381)	(623)	(479)	(567)
Interest expense	--	--	--	(1,946)	(2,109)
Total non-operating revenues	(345)	(270)	(774)	408	(1,278)
Income (Loss) before Contributions and Transfers	71	3,619	(909)	1,150	196
Capital Contributions	1,157	1,688	2,983	5,410	3,133
Transfers out	(454)	(222)	(322)	(16)	(6)
Change in Net Position	774	5,085	1,752	6,544	3,323
Total Net Position - January 1 ⁽²⁾	65,150	65,924	71,009	72,761	79,305
Total Net Position - December 31 ⁽²⁾	\$65,924	\$71,009	\$72,761	\$79,305	\$82,628

(1) Unaudited information only; subject to changes and adjustments during the audit process.

(2) "Net Position" includes the value of all assets attributable to the Wastewater Fund, not just those acquired during the year presented.

Source: Derived from the City's ACFRs for the years ended December 31, 2020 through 2023, and from unaudited 2024 information provided by the City.

Management Summary of Material Trends in the Wastewater Fund

The City's Management Discussion and Analysis for the year ended December 31, 2023, can be found in the audited financial statements attached hereto as Appendix A. For additional comments provided by City management, see "WATER SYSTEM FINANCIAL INFORMATION--Management Summary of Material Trends in the Water Fund."

THE CITY

General

The City is a suburban community located northwest of Denver and within the Denver metropolitan area. The City is served by Interstate Highways 70 and 76 running east-west and Colorado State Highways 72, 93 and 121 running north and south through the City. The major portion of the City is situated within Jefferson County, with a small portion on the east located in Adams County. According to the United States Census Bureau, the City's estimated population as of December 2023 was approximately 121,414.

The City is an incorporated municipality, a body politic and corporate, existing under the laws of the State. Incorporated in 1904, the City adopted its Charter in 1963 to become a "home rule" city under Article XX of the Constitution of the State. The Charter governs all local and municipal matters, while State laws apply to matters of local or municipal concern only to the extent not superseded by the Charter or ordinances of the City.

City Council

The City operates within a Council-Manager form of government. The governing body of the City is its Council, which has all municipal powers except as limited by the Charter. The Council has seven members, four of whom are elected from defined districts and three of whom are elected at large. City elections are held in November of odd-numbered years.

The Mayor (or in his/her absence, the Mayor Pro Tem) presides at meetings of the Council. The members of the Council, including the Mayor and the Mayor Pro Tem, are not required to devote their full time to the affairs of the City. The procedures for actions taken by the Council are prescribed in the Charter, which includes provisions for initiatives and referenda by citizens.

The following table sets forth the current members of the Council, their principal occupations, length of service and term expiration.

<u>Name and Office</u>	<u>Council</u>		<u>Approximate Years of Service</u>	<u>Current Term Expires</u>
	<u>District</u>	<u>Occupation</u>		
Lauren Simpson, Mayor	At large	Business owner	5	11/2027
Randy Moorman, Mayor Pro-Tem	1	Recycling nonprofit	3	11/2025
Shawna Ambrose, Councilmember	2	Non-profit team member	2	11/2027
Sharon Davis, Councilmember	At large	Retired	2	11/2027
Bob Fifer, Councilmember	4	Leadership role with CDOT	13	11/2027
John Marriott, Councilmember	3	Business owner	11	11/2025
Brad Rupert, Councilmember	At large	Business owner	1	11/2025

Pursuant to the Charter, Councilmembers are limited to three consecutive terms of office. This limitation does not prohibit a person from holding a different office, such as Mayor, immediately following two consecutive terms as Councilmember or the office of district Councilmember immediately following three consecutive terms as Councilmember-at-large or any similar variation.

Administration

The City Manager is responsible for implementing the policies and laws passed by the Council, making recommendations to the Council, carrying out the operations of the City, coordinating and supervising the work of all City departments, coordinating public information, preparing the City's legislative agenda, enforcing the laws and ordinances of the City and preparing the annual budget for the City. The City Attorney is the chief legal officer and general counsel of the City. The Council appoints the City Manager and the City Attorney; these officers serve at the pleasure of the Council.

Biographical information for the City officers who are directly involved in the issuance of the Bonds follows.

Don Wick, City Manager. Don Wick was appointed City Manager in April 2025, following a nationwide recruitment effort. Mr. Wick has more than 30 years of public service experience, and most recently served as one of the City's two Deputy City Managers, overseeing key City operations including police, public works, utilities, community development, parks, golf and hospitality and emergency management. Prior to becoming Deputy City Manager, Mr. Wick held senior leadership roles with the City, including Chief of Police and Director of Public Works, before advancing to Deputy City Manager. He represents the City in regional transportation planning through the State's Mountain Rail Project and also serves on the Metro board. Mr. Wick holds Master's Degrees in Business Administration and Public Administration.

Bryan Archer, Director of Finance. Mr. Archer has been the Director of Finance since January 2014. He has been employed by the City since 1996 and has served in many roles including Controller and Accounting Manager. Prior to his employment with the City, Mr. Archer worked in public accounting. Mr. Archer is a native of the metropolitan area, has been a licensed certified public accountant since 1998 and holds a Bachelor of Science degree in Accounting from Metropolitan State University of Denver.

Debra Nielson, Deputy Director of Finance. Ms. Nielson has been the Deputy Director of Finance since June 2022. She has been employed by the City since 2006 and previously served as Controller, Investment Manager and Utility Accounts Manager. Prior to her employment with the City, Ms. Nielson was the Utility Accounts Manager at the Sheboygan Water Utility in Sheboygan, Wisconsin from 2000 to 2006. Ms. Nielson holds a degree from Lakeland University in Sheboygan, Wisconsin.

Rachel Morris, City Attorney. Ms. Morris has been the City Attorney since October 2019, and in that capacity oversees all legal aspects of the City's projects and operations and the City's Risk and Safety Management Division. She is an experienced litigation, employment and municipal law attorney with a background in both the public and private sectors. Ms. Morris has been a licensed attorney in the State of Colorado since 2005 and has completed a Bachelor of Science in Psychology from Abilene Christian University, a Doctor of Jurisprudence from the University of Nebraska School of Law, and a Master of Arts in International Business Transactions from the University of Denver Graduate School of International Studies.

Jacqueline Rhoades, Director of Infrastructure. Ms. Rhoades oversees the Infrastructure Department and its divisions, including water, sewer, stormwater, treatment, streets, business operations, fleet and facilities management, and engineering. She provides strategic leadership to ensure teams have the resources, direction, and support needed to deliver essential

infrastructure services. Ms. Rhoades holds a BS in Chemical Engineering and an MS in Environmental Engineering from the University of Arizona. She is a licensed Civil PE in Colorado and Arizona and has worked in the water industry for 20 years.

Services

The City is a full-service government, providing a police department, water, sewer and stormwater facilities and services, a public works department which administers the City's street system and performs other functions, a system of parks and recreational facilities (in conjunction with the Apex Park and Recreation District), including public golf courses. Fire service in the City is provided by two independent fire protection districts. Waste collection is provided by the City. The Jefferson County School District and Westminster Public Schools provide public schools within the City.

Employees; Benefits and Pension Matters

Employees. As of May 2025, the City currently employs approximately 778.25 FTE. The City also employs a varying number of temporary, seasonal and part-time employees. The City's employees are subject to merit rules applicable to hiring, evaluation, compensation and dismissal. The City characterizes its employee relations as good. No City employees are represented by a union or collective bargaining group.

Benefits. The City provides a comprehensive compensation and benefit package. For a discussion of the City's policy for compensated absences (vacation and sick leave), see Note 1(D)(6) to the audited financial statements attached hereto as Appendix A.

Retirement Plans. The City has adopted separate defined contribution retirement plans or pension plans covering all employees, except those hired on a temporary basis. For a description of the City's pension plans, see Note 4(D) and the Required Supplementary Information to the audited financial statements attached hereto as Appendix A for more information on the retirement and pension plans, including eligibility, discount rates, material assumptions and other factors.

Other Post-Employment Benefits. The City has established a single employer-defined benefit post-employment healthcare plan for eligible retirees, their spouses and dependents. The plan provides retiree health insurance coverage (COBRA) to employees that qualify for retirement. The contribution requirements of plan members and the City are established by and may be amended by the City Council. Currently, the City finances its OPEB on a pay-as-you-go basis. In some prior years, those calculated pay-as-you-go contributions have been less than the actuarially determined OPEB liability. See Note 4(E) and the Required Supplementary Information to the audited financial statements attached hereto as Appendix A for more information on the retirement and pension plans, including eligibility, discount rates, material actuarial and other assumptions and other factors.

Capital Improvement Plan

In conjunction with its budget process, the City prepares a ten-year capital improvement plan ("CIP"). The CIP is the primary policy and management tool used for planning the direction of the City's capital projects and allows the City to determine, in advance, the expenditures needed to complete expensive projects over several years. The CIP is a planning tool

only; decisions on funding actual projects are made on an annual basis and the CIP may be modified or amended at any time. In preparation of the biennial budget, the City includes two years of proposed capital improvement funding. For the 2025-2026 biennium, the CIP for all general governmental projects contemplates \$85,960,679 in 2025 and \$82,315,273 in 2026. While there are a number of continuing projects, the proposed 2025-2026 projects include a new public safety evidence storage building, street improvements, improving pedestrian walkways, providing handicapped pedestrian ramps, safeguarding against dangerous street areas, installation of traffic signals and modifications, such as detectors and turn signals, irrigation system improvements, playground renovation, tree replacement and acquisition/development of land for parks and trails.

There are also a number of Water/Wastewater repair/rehabilitation (“R&R”) and capacity improvements proposed, including payments to Denver Water for the City’s contributions to the Gross Reservoir Expansion project (construction started in spring 2022), water distribution pipelines, replacement of aging infrastructure at the water treatment plants, R&R and expansion of the City’s largest sewer interceptors, and stormwater maintenance and improvement projects. The R&R projects are intended to be funded by a combination of rate revenue and bond proceeds. The capacity/improvement projects are intended to be funded by a combination system development charge (tap fee) revenues and bond proceeds.

Risk Management

General. The City has established a risk management program for much of its insurance needs. It is self-insured for occurrences of general liability and auto liability claims, which are subject to the Colorado Governmental Immunity Act which caps recoveries at \$387,000 per person and \$1,093,000 per accident. Property damage is subject to a \$100,000 deductible and liability insurance is subject to a self-insured retention (“SIR”) limit of \$250,000. The Workers’ Compensation program maintains a SIR limit of \$750,000. There have been no settlements which exceed the Governmental Immunity Act caps for general or auto liability in the last three years.

Premiums are paid by each department to the City’s Insurance Fund to pay claims, claim reserves and administrative costs of the program including premiums to commercial insurance companies for losses in excess of the self-insured amounts.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability for claims and judgments is recorded in the internal service funds.

Cybersecurity - The City. The City has cybersecurity measures in place (such as employee training, third-party contractors, policies and procedures) to mitigate the possibility or impact of cyberattacks on its operations and finances. The City also uses third-party software along with support from outside consulting firms to help track and minimize attacks. The City also maintains cyber insurance coverage.

Cybersecurity is a significant concern for the City and the water/wastewater industry. In 2023 the City hired an Operational Technology (OT) cybersecurity specialist/analyst that works directly with the Utilities’ Supervisory Control and Data Acquisition (SCADA)/Communications team. Since hiring the OT Security Analyst, the City has completed several tasks to strengthen and ensure OT network security. Some of these include installing a

system monitoring and vulnerability detection/notification system, communication ring and network equipment monitoring, strengthening passwords, policies and procedures for all OT/SCADA network equipment and systems. The City's OT infrastructure team continues to update/replace network/SCADA equipment/software/firmware, develop OT security policies, continuously improve and maintain a functioning and safe network environment.

Cybersecurity - Metro. *General.* Metro is also proactively implementing processes to defend its systems against cybersecurity threats. Metro provided the following information about how they address threats.

Metro relies on electronic systems and technologies to conduct its operations. Like other utilities and governmental entities, despite efforts and processes to prevent breaches, Metro's devices, as well as its servers, computer systems, platforms, and those of third parties that it uses in its operations are vulnerable to cybersecurity risks.

Metro uses electronic systems and technologies substantially in all aspects of its business operations. It also uses mobile devices, social networking, and other online activities to connect with its employees and its business/community stakeholders. Such uses give rise to cybersecurity risks, including security breach, system disruption, theft, and inadvertent release of information. Metro's business involves the storage and transmission of numerous classes of sensitive and/or confidential information and intellectual property, including regulatory information, private information about employees, and financial and strategic information about the System and Metro's business/community stakeholders.

Cybersecurity Program. Metro maintains a Cybersecurity Program that governs and organizes cybersecurity activities and ensures alignment to best practice frameworks. The program overall relies on the National Institute of Standards and Technology ("NIST") Framework for Improving Critical Infrastructure Cybersecurity to guide Metro's efforts. Within the NIST Framework, the program also uses elements of the Federal Information Processing (FIPS) Standard Publication 199: Standards for Security Categorization of Federal Information and Information Systems, and the Center for Internet Security: 20 Critical Controls for Effective Cyber Defense. The Cybersecurity Program is led by a dedicated Program Manager and a team of 11 Metro employees from various departments within Metro.

Cybersecurity Group. The activities of cybersecurity are carried out by the IT Cybersecurity group. This group consists of 24 employees of this group who implement the policies and procedures laid out by the Cybersecurity Program. The Cybersecurity Group is responsible for cybersecurity technology such as Endpoint protection, Firewalls, VPN, Network segmentation, Encryption, and Device security; enterprise patch management procedure enforcement; risk assessments and vulnerability scanning; Information Systems Continuous Monitoring (ISCM); and cybersecurity incident handling and investigations.

Cybersecurity Risk Mitigation. Metro presently maintains insurance coverage to protect against cybersecurity risks. Metro cannot ensure, however, that this insurance will be sufficient to cover any losses it may experience as a result of cyber incidents. Any cyber incident could have a material adverse effect on Metro's business, financial condition, and operations.

Cybersecurity Incidents. Despite Metro implementing measures to prevent security breaches and cyber incidents, its preventative measures and incident response efforts are not always entirely effective due to the continuously changing threat environment. Over the last five

years, minor security incidents have occurred, but none were material. Metro continues to monitor, adapt, and mitigate cybersecurity risks.

Arvada Urban Renewal Authority

AURA was created by the City in 1981. AURA is a separate legal entity formed to remediate blight within specified urban renewal areas within the City. AURA is governed by a seven-member board appointed by the Mayor and approved by the City Council. AURA is authorized to issue its own bonds and other obligations which are not obligations of the City. AURA's other powers include the power to acquire, rehabilitate, administer and sell or lease property, as well as the power of eminent domain. AURA has no taxing power. AURA has no outstanding bonds.

CITY FINANCIAL OPERATIONS

Prospective investors should be aware that the 2025 Bonds constitute special, limited obligations of the City payable solely from the respective Net Pledged Revenues. The 2025 Bonds are not general obligations of the City. See “SECURITY FOR THE BONDS” and “CERTAIN RISK FACTORS.” The information in this section is provided for informational purposes only and does not indicate that any of the sources of revenue described herein are pledged to the payment of the 2025 Bonds.

Budget Process

General. Pursuant to the Charter, the City Manager is responsible for submitting an annual budget to the Council for the ensuing fiscal year, along with a budget message containing recommendations concerning the fiscal policy of the City. The Charter requires, prior to October 15 of each year, a public hearing on the proposed budget. The City historically has followed the practice of approving budgets which cover two consecutive budget years.

No later than September 15 of each year, the person appointed to prepare the budget must submit a proposed budget to the City Council for the ensuing year. The City Council must cause to be published a notice that such proposed budget is open for inspection by the public. Prior to adoption, any elector of the City may register his or her objections to the proposed budget. The City must adopt its budget by October 31.

The City uses a ten-year modeling plan established during 2012 in formulating its budget. The current budget is based on a ten-year financial plan which covers the period 2025 through 203. For 2025, the total budgeted expenses for all funds is approximately \$366.6 million. The budgeted expenditures for each fund include current capital expenditures as well as fund balances, which comprise either reserves or working capital.

Awards. The Government Finance Officers Association (“GFOA”) has awarded the City its Distinguished Budget Presentation Award for the 2023-24 biennial budget. This is the 29th year the City has received this award.

Financial Statements

General. Under Colorado law, the City is required to have an annual audit of its financial statements for each fiscal year. The audit must be completed and the audit report submitted by the auditor to the City within six months after the close of the City’s fiscal year. A copy of the audit report must be filed with the State Auditor no later than thirty days after the report is received by the City. If the City fails to file its audit report with the State Auditor, the State Auditor may, after notice to the City, authorize the County Treasurer to prohibit release of the City’s tax revenues and other moneys held by the County Treasurer until the City files the audit report. The City filed its 2023 audit on time. The City is in the process of preparing its 2024 audit.

The City’s audited basic financial statements for the year ended December 31, 2023 (derived from the City’s Annual Comprehensive Financial report or “ACFR”), are attached to this Official Statement as Appendix A. Those financial statements represent the most recent audited financial statements of the City.

Awards. The City has received the Certificate of Achievement for Excellence in Financial Reporting from the GFOA for its 2023 ACFR. The certificate is the highest form of recognition in the area of governmental financial reporting and is awarded by the GFOA to local governments whose comprehensive annual financial reports are judged to conform substantially to program standards. This is the 41st year the City has received the award. The City has decided not to participate in the GFOA award process for its 2024 audit.

DEBT STRUCTURE

General

Indebtedness and other obligations of the City may be incurred as provided in the City Charter. The City Council has the power to authorize the City to borrow money and issue securities for any purpose that is not in conflict with the Charter. TABOR requires that, except for refinancings at a lower interest rate and obligations issued by “enterprises” as defined in TABOR, the City must obtain voter approval in advance for the creation of any direct or indirect City debt or multiple-fiscal year obligation. See “LEGAL MATTERS – Certain Constitutional Limitations” for a more detailed discussion of TABOR.

General Obligation Debt

General. “Debt” or “indebtedness” as used in this Official Statement means, generally, obligations backed by the full faith and credit of the City and secured by the unlimited power of the City to levy ad valorem property taxes for the payment of bonds and interest thereon. Debt refers only to principal amounts and not to the interest to become due thereon. Debt does not include revenue obligations; debt that has been refinanced; obligations arising upon a contingency; and obligations which do not extend beyond the fiscal year in which incurred.

Limitation on Indebtedness. Pursuant to the Charter, the total outstanding indebtedness of the City may not exceed 3% of the actual value, as determined by the Assessors of Jefferson County and Adams County, of the taxable property in the City. Excluded from the limitation are bonded or other evidences of indebtedness for Water, municipal storm sewer, sanitary sewer, combined storm and sanitary sewer or sewage disposal purposes, short-term notes, local improvement securities, or securities payable solely from the net revenues of an income-producing system, utility or other project. Based upon the City’s estimated statutory actual value for 2024 of \$29,524,770,898, the City’s debt limit is \$885,743,127. The City has no outstanding general obligation indebtedness chargeable against its legal debt limit. The City also does not have any authorized and unissued general obligation debt as of the date of this Official Statement.

Revenue Obligations

The City currently has outstanding its (i) Sales and Use Tax Revenue Bonds, Series 2019, which are outstanding in the aggregate principal amount of \$57,700,000; and (ii) Sales and Use Tax Revenue Bonds, Series 2023, which are outstanding in the aggregate principal amount of \$6,865,000.

The City also has outstanding its (i) Water Enterprise Revenue Bonds, Series 2022, which are outstanding in the aggregate principal amount of \$46,645,000; and (ii) Wastewater Enterprise Revenue Bonds, Series 2022, which are outstanding in the aggregate principal amount of \$46,360,000. Once issued, the 2025 Bonds will also be revenue obligations of the City.

Long-Term Contracts and Leases

General. The City Council has the authority to enter into installment or lease-option contracts for the purchase of land, buildings, equipment and other property for governmental or proprietary purposes. The term of any such contract may not extend over a period greater than the estimated useful life of the property or equipment. The City Council may provide for the payment

of such obligations by the imposition of a tax levy imposed on property within the City by rates, tolls or service charges imposed for the use of such property, or by any other available municipal revenues. The obligation created under such leases or contracts does not constitute an indebtedness of the City.

Capital Leases. In 2025 the City entered into a four-year lease for golf cart and other utility vehicles. Under this lease, the City is required to pay \$285,313 annually from 2025 through 2028. In 2029 a payment of \$347,150 is due pursuant to the lease; however, the provider of the golf carts has agreed to make the final payment on behalf of the City and take ownership of the golf cars at that time.

In September 2016, the City entered into an annually renewable lease purchase agreement with UMB Bank, n.a. (the “2016 Lease”) to finance the costs of certain street improvements and an expansion of the West Woods Golf Clubhouse. Base rentals payable under the 2016 Lease support the payment of a series of certificates of participation (assuming annual appropriations are made for that purpose). The certificates of participation are outstanding in the aggregate principal amount of \$7,785,000 as of March 1, 2025.

In December 2021 the City and Jefferson County School District entered into an annually renewable lease purchase agreement with the Bank of San Juans (the “2021 Lease”) to finance the costs of the replacement of the Meyers Pool complex with a 50-meter pool. The City and School District are each responsible for one-half of the payments due under the 2021 Lease. Base rentals payable under the 2021 Lease support the payment of a series of certificates of participation (assuming annual appropriations are made for that purpose.) The City’s portion of the Base Rentals support certificates of participation outstanding in the aggregate principal amount of \$16,084,144 as of March 1, 2025.

Local Improvement District Bonds

The City Council may form local improvement districts on its own initiative or following a petition process. The City is authorized to issue special assessment bonds for local improvement projects constructed within local improvement districts. The costs of the improvements are assessed upon the benefited property and assessments collected are used to pay debt service on the special assessment bonds. The City does not currently have any special assessment bonds outstanding.

Short-Term Borrowing

The City may borrow funds which must mature before the close of the fiscal year in which the money is borrowed, in anticipation of the collection of taxes or other revenues. No short-term borrowing has been requested or authorized in the last five years, nor does the City anticipate any short-term borrowing in the next several years.

Component Unit and Conduit Obligations

Arvada Urban Renewal Authority (AURA). AURA has sixteen financial agreements with various entities. Pursuant to these agreements, AURA has agreed to pay certain amounts out of the public improvement fees, property, sales or lodging tax increment received by AURA to other parties to the respective agreements.

Conduit Obligations. The City has issued several series of conduit bonds on behalf of private entities and in order to provide financial assistance to low-income and moderate-income families for the purchase of a home. The City is not obligated in any manner for repayment of the conduit obligations. See Note 4 in the audited financial statements attached hereto as Appendix A for a further description of the currently outstanding conduit obligations.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement is intended only to provide prospective investors with general information regarding the City’s community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The City makes no representation as to the accuracy or completeness of data obtained from parties other than the City. Based on the City’s most recent certified assessed valuation (certified in 2024 for collection in 2025), approximately 96% of the assessed valuation of the City lies in Jefferson County and the rest is in Adams County. Accordingly, economic and demographic information is provided in certain tables below for Jefferson County, but not Adams County.

Population

The following table sets forth a history of the populations of the City, Jefferson County, the Denver-Aurora Core Based Statistical Area (“Denver-Aurora CBSA”) and the State. The Denver-Aurora CBSA is comprised of six metro counties and four bordering counties: Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson and Park counties. Between 2010 and 2020, the City’s population increased 16.9% and Jefferson County’s population increased 9.0%. During the same time period, the populations of the Denver-Aurora CBSA and the State increased 16.5% and 14.8%, respectively.

<u>Population</u>								
Year	City of Arvada	Percent Change	Jefferson County	Percent Change	Denver Aurora CBSA	Percent Change	Colorado	Percent Change
1980	84,576	--	371,753	--	1,450,768	--	2,889,735	--
1990	89,235	5.5%	438,430	17.9%	1,650,489	13.8%	3,294,394	14.0%
2000	102,153	14.5	527,056	20.2	2,196,957 ⁽¹⁾	33.1	4,301,261	30.6
2010	106,433	4.2	534,543	1.4	2,543,482	15.8	5,029,196	16.9
2020	124,402	16.9	582,910	9.0	2,963,821	16.5	5,773,714	14.8
2021	123,812	--	580,751	--	2,977,806	--	5,811,121	--
2022	121,801	(1.6)%	576,079	(0.8)%	2,985,929	0.3%	5,840,234	0.5%
2023	121,740	(0.1)	576,381	0.1	3,004,095	0.6	5,876,300	0.6

(1) Population adjusted by the Colorado State Demography Office to reflect the 2001 creation of the City and County of Broomfield.

Sources: United States Department of Commerce, Bureau of the Census (1980-2020), and Colorado State Demography Office (2021-2023 estimates, which are subject to periodic revisions, and 2000 figure for the Denver-Aurora CBSA).

Income

The following table sets forth annual per capita personal income levels for Jefferson County, the Denver-Aurora CBSA, the State and the nation.

Per Capita Personal Income

<u>Year⁽¹⁾</u>	<u>Jefferson County</u>	<u>Denver-Aurora CBSA</u>	<u>Colorado</u>	<u>United States</u>
2019	\$65,967	\$67,590	\$61,278	\$55,567
2020	68,572	71,292	64,671	59,114
2021	75,279	79,446	71,676	64,450
2022	81,635	86,141	76,544	66,096
2023	85,164	89,297	79,746	69,418
2024	n/a	n/a	82,705	72,425

(1) Figures for Jefferson County and the Denver-Aurora CBSA updated February 20, 2025. Figures for the State and the nation updated March 28, 2025. All figures are subject to periodic revisions.

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

Employment

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

Labor Force and Percent Unemployed

<u>Year</u>	<u>Jefferson County⁽¹⁾</u>		<u>Denver-Aurora CBSA⁽¹⁾</u>		<u>Colorado⁽¹⁾</u>		<u>United States</u>
	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Percent Unemployed</u>
2020	326,383	6.7%	1,665,078	6.9%	3,079,767	6.8%	8.1%
2021	333,267	5.2	1,710,847	5.5	3,146,263	5.5	5.3
2022	335,455	2.9	1,738,712	3.0	3,184,962	3.1	3.6
2023	337,964	3.1	1,761,926	3.2	3,231,187	3.3	3.6
2024	340,704	4.1	1,776,989	4.2	3,267,766	4.3	4.0
<u>Month of February</u>							
2024	338,509	4.0%	1,764,432	4.2%	3,248,056	4.2%	3.9%
2025	338,736	5.0	1,768,145	5.2	3,266,834	5.2	4.1

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

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

The following table sets forth the number of individuals employed in selected industries in Jefferson County that are covered by unemployment insurance. The largest employment sector in Jefferson County in 2023 was health care and social assistance (comprising approximately 12.5% of the County's work force), followed, in order, by professional and technical services, retail trade, accommodation and food services, and manufacturing. For the twelve-month period ended December 31, 2023, total average employment in the County increased 1.8% as compared to the twelve-month period ending December 31, 2022, and average weekly wages increased 4.2% during the same time period.

Average Number of Employees Within Selected Industries – Jefferson County

Industry	2019	2020	2021	2022	2023	2024 ⁽²⁾
Accommodation and Food Services	24,642	19,726	21,614	23,540	24,843	24,806
Administrative and Waste Services	14,673	14,016	14,451	14,720	14,142	13,331
Agriculture, Forestry, Fishing, Hunting	475	558	569	576	536	482
Arts, Entertainment and Recreation	5,270	3,604	4,227	4,885	5,284	5,626
Construction	18,185	18,447	17,746	18,502	18,162	18,043
Educational Services	18,145	17,429	17,117	17,565	18,224	18,451
Finance and Insurance	7,250	7,089	6,730	6,552	6,574	6,471
Government	17,378	17,253	17,236	16,768	17,121	17,508
Health Care and Social Assistance	31,773	30,519	30,215	29,755	30,963	32,114
Information	5,154	4,958	4,346	4,576	4,464	4,278
Management of Companies/Enterprises	2,627	2,603	2,950	3,038	3,003	3,002
Manufacturing	20,098	20,016	19,979	20,284	20,179	19,822
Mining	407	404	377	392	431	365
Non-classifiable	23	31	24	37	95	49
Other Services	7,672	6,959	7,381	7,710	8,132	8,534
Professional and Technical Services	24,687	25,082	26,552	28,742	29,566	29,894
Real Estate, Rental and Leasing	3,711	3,597	3,945	4,086	4,260	4,165
Retail Trade	28,898	27,890	28,561	28,550	28,639	28,200
Transportation and Warehousing	3,827	4,003	4,007	3,828	3,740	3,573
Utilities	950	936	953	982	1,023	1,013
Wholesale Trade	<u>7,238</u>	<u>7,054</u>	<u>7,378</u>	<u>7,940</u>	<u>8,063</u>	<u>7,860</u>
Total ⁽¹⁾	<u>243,083</u>	<u>232,174</u>	<u>236,356</u>	<u>243,025</u>	<u>247,445</u>	<u>247,586</u>

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

(2) Figures are averaged through the third quarter of 2024.

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

Employers

The following table sets forth brief descriptions of the major employers located within the City of Arvada. No independent investigation has been made of the stability or financial condition of these major employers. Therefore, there can be no representation as to whether or not such employers will retain their status as major employers in the area.

Major Employers in the City of Arvada

Name of Employer	Product or Service	Estimated Number of Employees
King Soopers (all locations)	Retail grocery	1,109
City of Arvada	Government	730
McDonald's (all locations)	Restaurants	495
Parker Personal Care Homes	Disability services	468
Walmart	General merchandise retail	350
Sundyne Corporation	Pumps and compressors	328
LivaNova	Medical devices	320
Target (all locations)	General merchandise retail	300
Home Depot	Home improvement retail	221
Costco	General merchandise retail	210

Source: City of Arvada, *Annual Comprehensive Financial Report* for the year ended December 31, 2023.

Current Construction

The following tables set forth the number of building permits issued in the City and in the unincorporated portions of Jefferson County during the time period indicated.

History of Building Activity for New Structures within the City

Year	Single-Family Permits	Multi-Family Units ⁽¹⁾	Total Residential Valuation	Commercial Permits	Total Commercial Valuation
2020	205	80	\$91,294,769	23	\$56,918,563
2021	113	368	108,903,126	17	28,152,461
2022	162	653	207,945,019	14	36,365,585
2023	133	767	157,284,354	22	63,277,617
2024	174	353	175,713,777	9	57,919,245
2025 ⁽²⁾	58	315	101,831,535	7	10,562,329

(1) Includes duplex, apartment, condominium and townhome residential units.

(2) Figures are for January 1 through May 31, 2025.

Source: City of Arvada, Community and Economic Development Department, Building Services.

History of Building Permits Issued in Unincorporated Jefferson County

Year	New Single Family		New Multi-Family		New Non-Residential ⁽¹⁾	
	Permits	Value	Permits	Value	Permits	Value
2020	170	\$75,359,491	25	\$ 7,521,526	21	\$ 17,418,800
2021	332	138,585,545	212	126,040,738	24	116,671,635
2022	374	169,968,150	176	85,381,466	38	165,215,256
2023	354	158,812,975	67	50,851,473	11	11,080,720
2024	429	190,043,450	11	4,819,066	26	149,667,983

(1) Also includes new residential non-housekeeping buildings; e.g. hotels, motels and tourist cabins.

Source: Jefferson County Building Safety Department.

Foreclosure Activity

The following table sets forth the number of foreclosures filed in Jefferson County during the time period shown. Such information only represents the number of foreclosures filed and does not take into account foreclosures that were filed and subsequently redeemed or withdrawn.

History of Foreclosures – Jefferson County

<u>Year</u>	<u>Number of Foreclosures Filed</u>	<u>Percent Change</u>
2020	178	--
2021	97	(45.5)%
2022	364	275.3
2023	385	5.8
2024	381	(1.0)
2025 ⁽¹⁾	77	--

(1) Figures are for foreclosures filed from January 1 through February 28, 2025.

Sources: Colorado Division of Housing (2020 figure) and Jefferson County Public Trustee's Office (2021 to 2025 figures).

TAX MATTERS

General Matters

In the opinion of Butler Snow LLP, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, interest on the 2025 Bonds (including any original issue discount properly allocable to the owner of a 2025 Bond) is excludable from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, interest on the 2025 Bonds is not a specific preference item for purposes of the federal alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations, and interest on the 2025 Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the 2025 Bonds under the laws of the State or any other state or jurisdiction.

The opinions described above assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Tax Code that must be met subsequent to the issuance of the 2025 Bonds. Failure to comply with such requirements could cause interest on the 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2025 Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the 2025 Bonds.

The accrual or receipt of interest on the 2025 Bonds may otherwise affect the federal income tax liability of the owners of the 2025 Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the 2025 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the 2025 Bonds.

Original Issue Discount

The 2025 Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the Bond in determining, for federal income tax purposes, gain or loss upon

disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as federally tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

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

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

Original Issue Premium

The 2025 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on federally tax-exempt obligations such as the 2025 Bonds 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 2025 Bonds that fail 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 2025 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally 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 2025 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2025 Bonds. 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 2025 Bonds or the market value thereof would be impacted thereby. Purchasers of the 2025 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2025 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE 2025 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE 2025 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE 2025 BONDS.

LEGAL MATTERS

Litigation

The City Attorney states that as of the date hereof, to the best of her knowledge, there is no pending or threatened litigation which would restrain or enjoin the issuance of the 2025 Bonds, or the collection of Net Pledged Revenues to pay debt service on the 2025 Bonds.

The City is also subject to certain pending and threatened litigation regarding various other matters arising in the ordinary course of the City's business. It is the opinion of the City Attorney that the City's level of insurance and self-insurance coverage is adequate and that the pending litigation will not result in final judgments against the City which would, individually or in the aggregate, materially adversely affect the City's financial position or its ability to perform its obligations to the owners of the 2025 Bonds.

Governmental Immunity

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

The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle owned or leased by the public entity; operation and maintenance of any public water, gas, sanitation, electrical, power or swimming facility; a dangerous condition of any public buildings; the operation of any public water facility; and a dangerous condition of a public highway, road or street as provided in the Immunity Act. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment.

The maximum amounts that may be recovered under the Immunity Act for injuries occurring on or after January 1, 2022, 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 \$424,000; (b) for an injury to two or more persons in any single occurrence, the sum of \$1,195,000; except in such instance, no person may recover in excess of \$424,000. Those amounts will increase every four years pursuant to a formula based on the Denver-Aurora-Greeley Consumer Price Index. The City may increase any maximum amount that may be recovered from the City for certain types of injuries. However, the City may not be held liable either directly or by indemnification for punitive or exemplary damages unless the City voluntarily pays such damages in accordance with State law. The City has not acted to increase the damage limitations in the Immunity Act.

The City may be subject to civil liability and damages including punitive or exemplary damages and it may not be able to claim sovereign immunity for actions founded upon various federal laws, or other actions filed in federal court. However, the Immunity Act provides that it applies to any State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort. Examples of federal actions for which the City may be liable include suits filed pursuant to 42 U.S.C. § 1983 alleging the deprivation of federal

constitutional or statutory rights of an individual. In addition, the City may be enjoined from engaging in anti-competitive practices which violate the antitrust laws.

Approval of Certain Legal Proceedings

The approving opinion of Butler Snow LLP, as Bond Counsel, will be delivered with each series of the 2025 Bonds. A form of the Bond Counsel opinion for each series is attached to this Official Statement as Appendix D. Butler Snow LLP, Denver, Colorado, has also acted as Disclosure Counsel to the City in connection with this Official Statement. Certain matters will be passed upon for the City by the City Attorney.

Certain Constitutional Limitations

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

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

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

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

In 1996, the City received approval from its voters to retain and spend City revenues in excess of the spending, revenue raising or other limits in TABOR and utilize such revenues for any lawful public purpose.

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

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

Enterprise Status. The City has determined that the Water System and the Wastewater System are currently enterprises for purposes of TABOR; however, TABOR contemplates that enterprise status can change over time. Because the 2025 Bonds are issued by the City as an enterprise, voter approval for the issuance of the 2025 Bonds is not required under TABOR, and the remaining terms of TABOR do not apply to the operation of the System.

Police Power

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

RATINGS

S&P Global Ratings (S&P) and Fitch Ratings ("Fitch") have assigned the 2025 Bonds the ratings shown on the cover page of this Official Statement. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041. An explanation of any ratings given by Fitch may be obtained from Fitch at One State Street Plaza, New York, New York 10004.

Such ratings reflect only the views of the respective rating agency, and there is no assurance that any rating will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely if, in the judgment of the applicable rating agency, circumstances so warrant. Other than the City's responsibilities pursuant to the Disclosure Certificate, neither the City nor the Municipal Advisor has undertaken any responsibility either to bring any proposed change in or withdrawal of such rating or to oppose any proposed revision to the attention of the owners of the 2025 Bonds. Any change in or withdrawal of any rating could have an adverse effect on the market price or liquidity of the 2025 Bonds.

MUNICIPAL ADVISOR

Stifel, Nicolaus & Company, Incorporated, Denver, Colorado ("Stifel"), has served as the Municipal Advisor to the City with respect to the sale of the 2025 Bonds. As the City's

Municipal Advisor, Stifel has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, rating and issuance of the 2025 Bonds. In its role of Municipal Advisor to the City, Stifel has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in the Official Statement and the appendices hereto.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2023, included in this Official Statement as Appendix A, have been audited by Forvis Mazars, LLP, independent certified public accountants, Denver, Colorado, to the extent and for the period indicated in their report thereon.

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

PUBLIC SALE

The City expects to offer the 2025 Bonds at public sale on June 25, 2025. See the Notice of Public Sale dated June 17, 2025.

OFFICIAL STATEMENT CERTIFICATION

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

CITY OF ARVADA, COLORADO

By: _____
Mayor

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APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE: The audited basic financial statements of the City for the year ended December 31, 2023, have been excerpted from the City's Annual Comprehensive Financial Report for that year. Combining and individual fund financial statements, the introductory section and statistical tables for the year ended December 31, 2023, were purposely excluded from this Appendix A. Such statements provide supporting details and are not necessary for a fair presentation of the general purpose financial statement of the City.

Prospective investors should be aware that the 2025 Bonds constitute special, limited obligations of the City payable solely from the respective Net Pledged Revenues. The 2025 Bonds are not general obligations of the City. The inclusion of the City's audited basic financial statements in this Official Statement does not indicate that any of the sources of revenue described herein are pledged to the payment of the 2025 Bonds.

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Financial Section

Reports of Independent Certified Public
Accountants

Management's Discussion and Analysis

Basic Financial Statements

Notes to the Financial Statements

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Report of Independent Certified Public Accountants

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Independent Auditor's Report

Honorable Mayor and Members of City Council
City of Arvada
Arvada, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Arvada, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Community Development Fund, and Parks Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Note H to the financial statements, effective January 1, 2023, the City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* (GASB 96). Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, including the Non Major Governmental Funds statements and budget to actual schedules, the Enterprise Funds and Internal Service Funds statements and budgetary comparison schedules (non-GAAP), and the Custodial Funds statements, Financial Data Schedules and the Local Highway Finance Report, and the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the supplementary information, including the Non Major Governmental Funds statements and budget to actual schedules, the Enterprise Funds and Internal Service Funds statements and budgetary comparison schedules (non-GAAP), and the Custodial Funds statements, Financial Data Schedules and the Local Highway Finance Report, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Honorable Mayor and Members of City Council
City of Arvada

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2024, on our consideration of City'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 solely 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 the effectiveness of City's 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 City's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Denver, Colorado
July 16, 2024

Management's Discussion and Analysis

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This section of the City of Arvada's Annual Comprehensive Annual Financial Report provides readers with a narrative overview and analysis of the City's financial performance during the fiscal year that ended on December 31, 2023. We encourage readers to consider the information presented here in conjunction with the letter of transmittal at the front of this report, the City's basic financial statements and notes to the financial statements, to enhance their understanding of the activities and financial health of the City of Arvada.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of the following three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

Required supplementary information is included in the report. Other supplementary information is also included at the end of the report.

Government-Wide Financial Statements The government-wide statements are designed to provide readers with a broad overview of the City's finances using the accrual basis of accounting, the basis of accounting used by most private-sector businesses.

The statement of net position presents information on all the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may provide an indication of whether the City's financial position is improving or deteriorating.

The statement of activities presents information reflecting how the City's net position has changed during the fiscal year that just ended. All changes in net position are reported as soon as the underlying activity occurs. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, culture, and human service. The business-type activities of the City include water, wastewater, stormwater, golf and solid waste.

The government-wide financial statements also include the Arvada Urban Renewal Authority as a discretely presented component unit of the City.

Fund Financial Statements Traditional users of the City's financial statements will find the fund financial statement presentation more familiar.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. A major fund should generally meet both of the following criteria: 1) total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses are at least 10% of the corresponding total (assets and deferred outflows of resources, liabilities and deferred inflows of resources or expenditures/expenses) for that fund type (i.e. governmental or enterprise funds) and 2) total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5%

of the corresponding total for all governmental and enterprise funds combined.

The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds Governmental funds are used to report those same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and similar long-term items which are recorded when due. Therefore, the focus of the governmental fund financial statements is on near-term inflows and outflows of spendable resources as well as on the balance of spendable resources available at the end of the fiscal year.

Since the focus of the governmental funds is on near-term resources, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. To facilitate this comparison, reconciliations are provided for both the governmental fund balance sheet and the governmental statements of revenues, expenditures, and changes in fund balances.

The City adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 30-33 of this report.

Proprietary Funds The City maintains two different types of proprietary funds, enterprise, and internal service funds. The proprietary fund financial statements are prepared on the accrual basis of accounting. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, stormwater, solid waste, and golf operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for medical and dental benefits provided by the City, its risk management program, its replacement and maintenance of vehicles and information technology equipment, and buildings and its print shop operations. The activity in these funds is allocated between the governmental and business-type activities based upon actual usage.

Proprietary funds provide the same type of information as the business type activities in the government-wide financial statements, only in more detail. The Water, Wastewater, Stormwater enterprise funds are considered to be major funds and are therefore presented separately within the proprietary fund financial statements. Solid Waste and Golf enterprise funds are considered to be non-major funds and are presented in aggregate in one Non-Major Funds column. All internal service funds are considered to be non-major funds and they are combined into a single, aggregated column in the proprietary fund statements. Individual fund data for each of the non-major internal service funds is provided in the form of combining statements located within the supplementary information following the notes to the financial statements.

The basic proprietary fund financial statements can be found on pages 37-39 of this report.

Fiduciary Funds The City maintains two different types of fiduciary funds, trust, and custodial funds. The fiduciary fund financial statements are prepared on the accrual basis of accounting. The fiduciary funds are used to account for resources held by the City in a trustee capacity or as custodial agent for the benefit of parties outside the government. The custodial funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs.

The City does not adopt an annual appropriated budget for its fiduciary funds.

The basic fiduciary fund financial statements can be found on pages 40-41 of this report.

Notes to the Financial Statements The notes to the basic financial statements are considered an integral part of the financial statements since they provide additional information needed to gain a full understanding of the data provided in both the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-82 of this report.

Required Supplementary Information In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City of Arvada's progress in funding its obligation to provide pension benefits and other postemployment benefits, which can be found on pages 84-86.

Combining Statements The combining statements referred to earlier in connection with the non-major governmental funds, internal service funds and fiduciary funds are presented following the required notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government financial position. At the close of December 31, 2023, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,123,891,000. The following summaries of net position and changes in net position are presented for the current year and the previous year in comparison format.

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022*	2023	2022*	2023	2022*
Current and other assets	\$ 313,528	\$ 295,013	\$ 180,296	\$ 213,597	\$ 493,824	\$ 508,610
Capital assets	461,875	422,766	437,535	376,748	899,410	799,514
Other non-current assets	3,174	5,258	4,056	3,857	7,230	9,115
Total assets	<u>778,577</u>	<u>723,037</u>	<u>621,887</u>	<u>594,202</u>	<u>1,400,464</u>	<u>1,317,239</u>
Deferred outflows of resources	<u>151</u>	<u>193</u>	<u>18</u>	<u>18</u>	<u>169</u>	<u>211</u>
Other liabilities	47,314	41,768	11,461	14,063	50,774	55,831
Long-term liabilities	<u>105,055</u>	<u>98,223</u>	<u>98,449</u>	<u>100,346</u>	<u>203,504</u>	<u>198,569</u>
Total liabilities	<u>152,369</u>	<u>139,991</u>	<u>109,910</u>	<u>114,409</u>	<u>262,279</u>	<u>254,400</u>
Deferred inflows of resources	<u>13,026</u>	<u>11,674</u>	<u>1,437</u>	<u>681</u>	<u>14,464</u>	<u>12,355</u>
Net position:						
Net investment in capital assets	379,201	375,681	426,330	368,453	804,531	744,134
Restricted	42,685	39,790	1,575	1,425	44,260	41,215
Unrestricted	<u>191,447</u>	<u>156,094</u>	<u>82,653</u>	<u>109,252</u>	<u>275,100</u>	<u>265,346</u>
Total Net position	<u>\$ 613,333</u>	<u>\$ 571,565</u>	<u>\$ 510,558</u>	<u>\$ 479,130</u>	<u>\$ 1,123,891</u>	<u>\$ 1,050,695</u>

* 2022 has not been restated for implementation of GASB 96.

For more detailed information, see the Statement of Net Position on page 27 of this report.

By far the largest portion of the City's Governmental net position, \$379,201,000 (62%), reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, equipment, lease and subscription assets), less any debt used to acquire those assets still outstanding. The City of Arvada uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's Governmental net position, \$42,685,000 (7%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$191,447,000 (31%), may be used to meet the City's ongoing obligations to its citizens and creditors.

The City's total net position increased by \$73,196,000 during the current fiscal year. This is due to an increase in the governmental activities of \$41,768,000 and an increase in the business-type activities of \$31,428,000. The increase in the governmental activities is primarily due to an increase in grants and contributions, an increase in sales and use tax and an increase in investment earnings. The increase in the business-type activities is primarily due to increases in developer contributions in the Water and Wastewater Funds, as well as an increase in investment earnings.

Changes in Net Position

The following table reflects a condensed summary of activities and changes in net position:

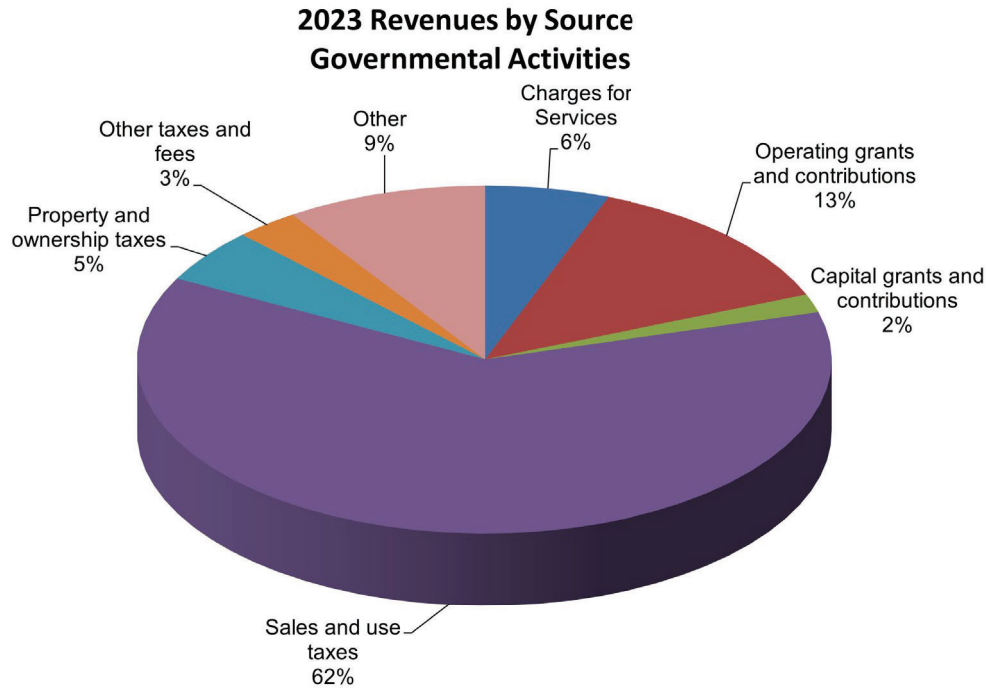
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 10,161	\$ 13,061	\$ 62,357	\$ 66,420	\$ 72,518	\$ 79,481
Operating grants and contribu- tions	23,083	21,308	-	-	23,083	21,308
Capital grants and contributions	2,986	18,051	26,272	17,935	29,258	35,986
General revenues:						
Sales and use taxes	109,080	107,697	-	-	109,080	107,697
Property & ownership taxes	8,827	8,909	-	-	8,827	8,909
Other taxes and fees	5,174	5,606	-	-	5,174	5,606
Investment earnings (loss)	10,544	(6,814)	8,770	(2,844)	19,314	(9,658)
Other	17,072	9,144	-	-	17,072	9,144
Total revenues	186,927	176,962	97,399	81,511	284,326	258,473
Expenses						
General government	\$ 52,196	\$ 52,303	\$ -	\$ -	\$ 52,196	\$ 52,303
Public safety	37,788	36,199	-	-	37,788	36,199
Public works	30,770	32,771	-	-	30,770	32,771
Parks and recreation	13,117	11,582	-	-	13,117	11,582
Culture	-	-	-	-	-	-
Human service	9,527	7,294	-	-	9,527	7,294
Interest	3,640	3,619	-	-	3,640	3,619
Water	-	-	31,068	30,017	31,068	30,017
Wastewater	-	-	16,872	15,940	16,872	15,940
Stormwater	-	-	3,817	3,031	3,817	3,031
Golf	-	-	8,291	7,285	8,291	7,285
Solid Waste	-	-	4,044	4,097	4,044	4,097
Total expenses	147,038	143,768	64,092	60,370	211,130	204,138
Change in net position before transfers	39,889	33,194	33,307	21,141	73,196	54,335
Transfers	1,879	1,941	(1,879)	(1,941)	-	-
Increase in net position	41,768	35,135	31,428	19,200	73,196	54,335
Net position, beginning	571,565	536,430	479,130	459,930	1,050,695	996,360
Net position, ending	\$613,333	\$571,565	\$510,558	\$479,130	\$1,123,891	\$1,050,695

For more detailed information, see the Statement of Activities on pages 28-29 of this report.

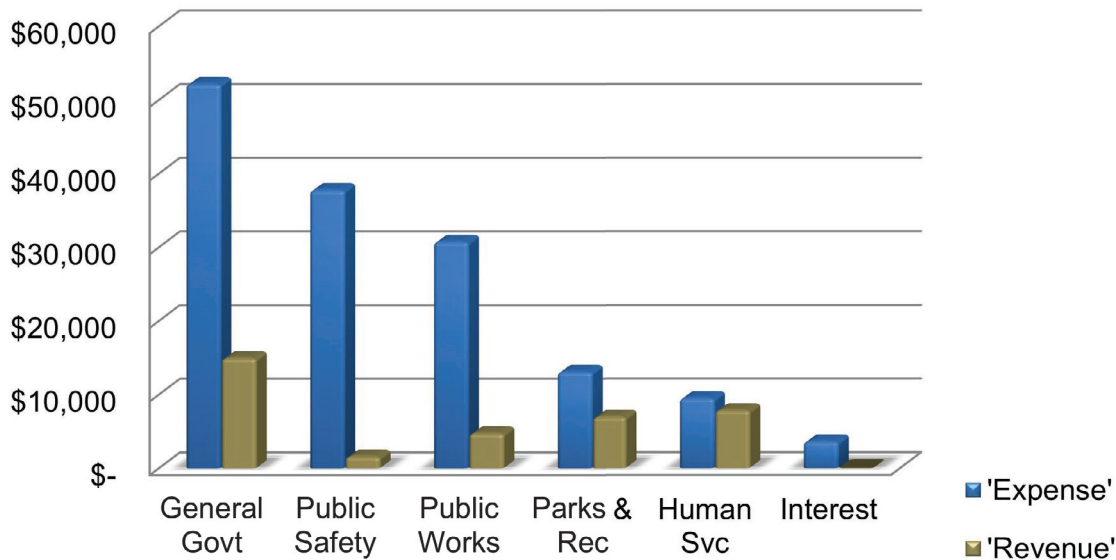
The above condensed summary of the City of Arvada's governmental and business-type activities for the year ended December 31, 2023, reflects net position increasing \$73,196,000. Revenues and expenses graphs are presented below to enhance the reader's understanding of the current year activities.

Governmental Activities

Governmental Activities increased Arvada's Net Position by \$41,768,000.



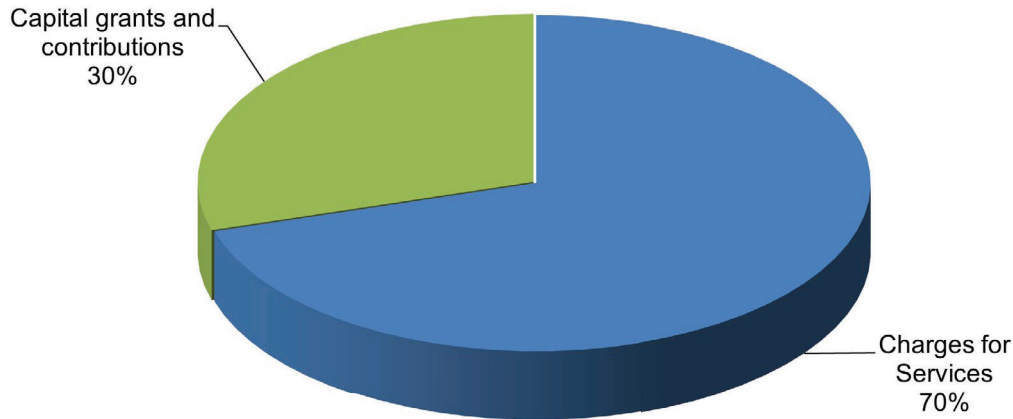
2023 Expenses and Program Revenues Governmental Activities



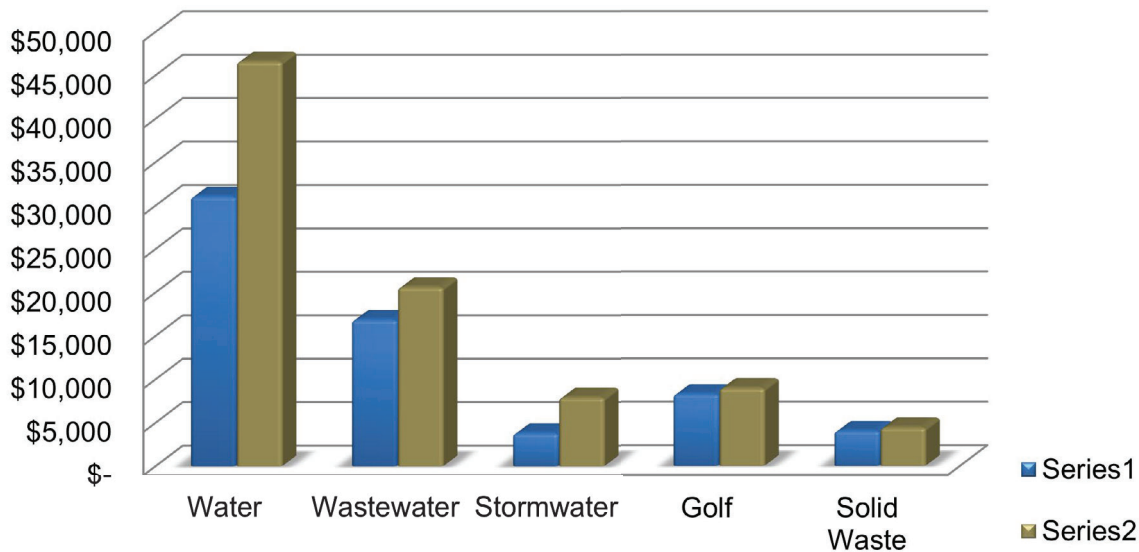
Business-type Activities

Business-type Activities increased Arvada's Net Position by \$31,428,000.

2023 Revenues by Source Business Activities



2023 Expenses and Program Revenues Business-Type Activities



The Community Development Fund is a major fund of the City. At December 31, 2023, the restricted fund balance was \$2,738,000 and the assigned fund balance was \$2,823,000. Total fund balance decreased \$836,000 in 2023 to \$5,561,000. The decrease was due to a slowdown in grant reimbursements and higher expenditures for essential home repairs which are managed by a third party.

The Parks Fund is a major fund of the City. At December 31, 2023, the non-spendable fund balance was \$45,000 the restricted fund balance was \$256,000 and the assigned fund balance was \$7,591,000. The total fund balance increased \$340,000 in 2023 to \$7,892,000. The increase is due to an increase in Jefferson County Open Space revenues and investment earnings.

The General Capital Projects Fund is another major fund of the City. At December 31, 2023, the restricted fund balance was \$16,343,000, the committed fund balance was \$39,968,000 and the assigned fund balance was \$13,760,000. The total fund balance increased \$13,201,000 in 2023 to \$70,071,000. The increase was due to decrease in expenditures partly because of the delay of some of the larger projects.

The Construction Fund is another major fund of the City. At December 31, 2023 the restricted fund balance was \$43,230,000. Total fund balance decreased \$18,214,000 in 2023 to \$43,230,000. This fund accounts for the 2019 and 2023 Sales and Use Tax revenue bond issuance for two street improvement construction projects and 2021 COP issuance for the Meyers Pool Replacement project. There was an increase in expenditures in 2023 as the two street improvement projects are moving forward with construction which will continue for the next few years. Meyers Pool construction has also been in progress since 2022.

Proprietary funds The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position balances of the City's proprietary funds (including the major enterprise funds) are reflected in the following table:

	Unrestricted Net Position for Year ended 12/31/23	Unrestricted Net Position for Year ended 12/31/22
Major Enterprise Funds		
Water	\$ 63,634	\$ 86,617
Wastewater	10,183	11,395
Stormwater	3,122	7,037
Subtotal of major enterprise funds	<u>76,936</u>	<u>105,049</u>
Non-Major Enterprise Funds		
Golf	(274)	(1,105)
Solid Waste	(464)	(879)
Subtotal of non-major enterprise funds	<u>(738)</u>	<u>(1,984)</u>
Total enterprise funds	76,201	103,065
Internal service funds	27,395	33,787
Total proprietary funds	<u><u>\$ 103,596</u></u>	<u><u>\$ 136,852</u></u>

Component units The Arvada Urban Renewal Authority (AURA) was created by Ordinance No. 1717 under

the Colorado Urban Renewal Law and approved by voters on March 3, 1981. AURA's purpose is to develop, redevelop or rehabilitate blighted areas of the City. The governing body of AURA is a commission of seven members, appointed by the Mayor and approved by City Council. AURA's annual budget is approved by the City Council and the City provides administrative support to AURA. The statement of net position reflects \$469,000 of restricted net position balance and \$6,328,000 of unrestricted net position balance. The total change in net position for AURA was a decrease of \$1,046,000.

Budgetary Highlights

General Fund

Final budgeted expenditures and transfers out increased \$14,182,000 from the original budget to \$135,350,000. \$3,842,062 of this increase is due to projects not completed in 2022 and carried to 2023 and also one-time funding for projects. Major projects included traffic projects, streets maintenance projects, software projects and safety and security. The City committed to purchase a property at 4600 W 60th Avenue in 2023 for \$3,150,000 which needed to be added to the budget. The City was awarded \$5,296,529 in funding from the American Rescue Plan Act in 2021 and was carried over to 2023. The remaining increase included various operational expenses in the General Fund.

Property tax revenue exceeded budget by \$75,000 due to increasing property values, and Sales and Use Tax also exceeded budget by \$1,924,000 primarily due to increased online sales and grocery store sales. Investment revenues exceeded the budget by \$3,133,000 due to the strong investment environment which included a significant gain on the year-end mark-to-market adjustment. Public Safety saw a savings of \$3,932,000 from budget due to vacancies. Public Works saw a savings of \$4,826,000 from budget due to streets maintenance projects not completed and carried into 2024.

Capital, Lease and Subscription Assets and Debt Administration

Capital, Lease and Subscription Assets The City's investment in capital, lease and subscription assets for its governmental and business-type activities as of December 31, 2023, amounted to \$899,410,000 (net of accumulated depreciation and amortization). This investment in capital assets includes land, water rights, buildings and improvements, equipment and infrastructure, and lease and subscription assets.

	Governmental Activities	Business-type Activities	Total Primary Government
Land and water rights	\$ 59,001	\$ 39,773	\$ 98,774
Infrastructure	140,982	5,242	146,224
Construction in progress	98,550	100,198	198,748
Buildings	35,259	9,578	44,837
Improvements other than buildings	100,998	281,787	382,785
Lease assets	49	226	275
Subscription assets	6,518	38	6,556
Equipment & vehicles	20,518	693	21,211
Total capital assets	<u>\$ 461,875</u>	<u>\$ 437,535</u>	<u>\$ 899,410</u>

Major capital improvements during this fiscal year include the following:

Governmental Activities

- Ralston Road improvements from Upham Street to Yukon Street
- Ralston Road improvements from Yukon Street to Garrison
- West 72nd Street improvements and railroad underpass from Kipling Street to Simms Street
- Parks Maintenance Building
- Meyers Pool construction
- Fiber and conduit throughout the City
- Traffic signal replacement

Proprietary Activities

- On-going maintenance and replacement of water, sewer and stormwater lines
- Denver Moffat water project
- North Trunk Line Replacement
- Central Trunk Line
- Alkire Lift Station
- Canyon Pines pump station

Additional information of the City's capital assets can be found in Note 3.B on page 62 of this report.

Long-term debt At the end of December 31, 2023, the City had total debt outstanding of \$208,159,000. Of this amount, \$173,579,000 represents bonds secured by specified revenue sources (i.e., sales tax revenue bonds). \$27,615,000 represents Certificates of Participation and \$6,965,000 is lease and subscription assets

	Governmental Activities	Business-type Activities	Total Primary Government
Revenue bonds	\$ 74,281	\$ 99,298	\$ 173,579
2016 Certificates of Participation	9,493	-	\$ 9,493
2015 Certificates of Participation	1,270	-	\$ 1,270
2021 Certificates of Participation	16,852	-	\$ 16,852
Lease liability	277	191	\$ 468
Subscription liability	6,054	41	\$ 6,095
Equipment purchase-direct placement	402	-	\$ 402
Total outstanding debt	<u>\$ 108,630</u>	<u>\$ 99,529</u>	<u>\$ 208,159</u>

Additional information on the City's long-term obligations can be found in Note 3.E on pages 65-69 of this report.

Financial Contact

The City's financial statements are designed to provide users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information presented in this report or requests for additional information should be sent to the City's Finance Director at the following address:

City of Arvada
Director of Finance
8101 Ralston Road
Arvada, CO 80002

Basic Financial Statements

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STATEMENT OF NET POSITION
December 31, 2023
(in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	AURA
ASSETS				
Cash and investments	\$ 284,127	\$ 142,822	\$ 426,949	\$ 8,901
Restricted cash	2,715	22,275	24,990	-
Taxes receivable	21,765	-	21,765	30,971
Accounts receivable, net of allowance for uncollectibles	5,679	7,616	13,295	1,884
Accrued interest	1,223	134	1,357	-
Lease receivable	2,726	111	2,837	-
Internal balances	(6,454)	6,454	-	-
Inventories	877	763	1,640	-
Prepaid costs	870	121	991	-
Lease receivable	-	1,220	1,220	-
Notes receivable	3,174	2,836	6,010	-
Property available for sale	-	-	-	603
Capital and lease assets				
Lease assets, net	49	226	275	4
Subscriptions assets, net	6,518	38	6,556	-
Land, water rights and construction in progress	157,551	139,971	297,522	-
Other capital assets, net	297,757	297,300	595,057	1,527
Total capital, lease and subscription assets	461,875	437,535	899,410	1,531
Total assets	778,577	621,887	1,400,464	43,890
DEFERRED OUTFLOWS OF RESOURCES				
Items related to pension plan	22	-	22	-
Items related to OPEB	85	18	103	-
Deferred loss on refunding	44	-	44	-
Total deferred outflows of resources	151	18	169	-
LIABILITIES				
Accounts payable	33,570	7,511	41,081	554
Contracts payable	-	1,658	1,658	-
Accrued interest payable	359	12	371	-
Unearned revenue	217	107	324	-
Long-term liabilities				
Due within one year:				
Bonds, certificates of participation, leases and subscriptions	7,245	1,786	9,031	687
Claims payable	3,712	-	3,712	-
Compensated absences	2,211	387	2,598	68
Due more than one year:				
Bonds, certificates of participation, leases and subscriptions	101,385	97,743	199,128	3,287
Total OPEB Liability	1,455	319	1,774	-
Net pension liability	4	-	4	-
Compensated absences	2,211	387	2,598	-
Total liabilities	152,369	109,910	262,279	4,596
DEFERRED INFLOWS OF RESOURCES				
Items related to pension plan	10	-	10	-
Items related to OPEB	647	142	789	-
Leases	2,602	1,295	3,897	-
Property taxes	9,767	-	9,767	30,971
Total deferred inflows of resources	13,026	1,437	14,463	30,971
NET POSITION				
Net Investment in capital assets	379,201	426,330	805,531	1,527
Restricted for:				
Capital Projects	-	-	-	469
Conversation Trust	2,302	-	2,302	-
Law Enforcement/Seizure	19,707	-	19,707	-
Emergencies	5,367	-	5,367	-
Housing	317	-	317	-
CDBG	3,106	-	3,106	-
Debt Service	707	1,575	2,282	-
Lands Dedicated	6,667	-	6,667	-
Adams County Open Space	378	-	378	-
Adams County Transportation	1,623	-	1,623	-
Park Development	2,511	-	2,511	-
Unrestricted	191,447	82,653	274,100	6,328
Total Net Position	\$ 613,333	\$ 510,558	\$ 1,123,891	\$ 8,323

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES
Year Ended December 31, 2023
(in thousands)

	Program Revenues				Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAM ACTIVITIES:					
Primary Government:					
Governmental activities:					
General government	\$ 52,196	\$ 6,871	\$ 6,668	\$ 1,431	\$ 14,970
Public safety	37,788	-	1,614	-	1,614
Public works	30,770	3,210	-	1,555	4,765
Parks and recreation	13,117	80	6,920	-	7,000
Human services	9,527	-	7,881	-	7,881
Interest expense	3,640	-	-	-	-
Total governmental activities	147,038	10,161	23,083	2,986	36,230
Business-type activities:					
Water	31,068	29,887	-	16,721	46,608
Wastewater	16,872	15,231	-	5,410	20,641
Stormwater	3,817	3,801	-	4,141	7,942
Golf	8,291	8,990	-	-	8,990
Solid waste	4,044	4,448	-	-	4,448
Total business-type activities	64,092	62,357	-	26,272	88,629
Total primary government	\$ 211,130	\$ 72,518	\$ 23,083	\$ 29,258	\$ 124,859
Component Units:					
AURA	\$ 30,810	\$ 22	\$ -	\$ -	\$ 22
Total component units	\$ 30,810	\$ 22	\$ -	\$ -	\$ 22

The accompanying notes are an integral part of these financial statements.



STATEMENT OF ACTIVITIES
Year Ended December 31, 2023
(in thousands)

Net (Expense) Revenue and Changes in Net Position			
Primary Government - City of Arvada			Component Unit AURA
Governmental Activities	Business-type Activities	Total	
\$ (37,226)	\$ -	\$ (37,226)	\$ -
(36,174)	-	(36,174)	-
(26,005)	-	(26,005)	-
(6,117)	-	(6,117)	-
(1,646)	-	(1,646)	-
(3,640)	-	(3,640)	-
<u>(110,808)</u>	<u>-</u>	<u>(110,808)</u>	<u>-</u>
-	15,540	15,540	-
-	3,769	3,769	-
-	4,125	4,125	-
-	699	699	-
-	404	404	-
-	<u>24,537</u>	<u>24,537</u>	<u>-</u>
<u>(110,808)</u>	<u>24,537</u>	<u>(86,271)</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ (30,788)
-	-	-	(30,788)

General Revenues

Taxes:

Property	8,827	-	8,827	25,260
Sales and use	109,080	-	109,080	4,294
Transportation tax	5,174	-	5,174	-
Investment earnings (loss)	10,544	8,770	19,314	188
Miscellaneous	17,072	-	17,072	-
Transfers in (out)	<u>1,879</u>	<u>(1,879)</u>	<u>-</u>	<u>-</u>
Total general revenues	<u>152,576</u>	<u>6,891</u>	<u>159,467</u>	<u>29,742</u>
Change in net position	41,768	31,428	73,196	(1,046)
Net position, January 1	<u>571,565</u>	<u>479,130</u>	<u>1,050,695</u>	<u>9,369</u>
Net position, December 31	<u>\$ 613,333</u>	<u>\$ 510,558</u>	<u>\$ 1,123,891</u>	<u>\$ 8,323</u>

The accompanying notes are an integral part of these financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2023
(in thousands)**

Primary Government

	<u>General Fund</u>	<u>Community Development Fund</u>	<u>Parks Fund</u>	<u>General Capital Projects Fund</u>	<u>Construction Fund</u>	<u>Other Governmen- tal Funds</u>	<u>Total Governmen- tal Funds</u>
ASSETS							
Cash and investments	\$ 88,285	\$ 3,120	\$ 7,108	\$ 73,283	\$ 51,556	\$ 22,597	\$ 245,949
Restricted cash	-	2,711	-	-	-	-	2,711
Cash with fiscal agent	-	-	-	-	4	-	4
Taxes receivable	20,416	-	1,229	120	-	-	21,765
Accounts receivable, net of allowance for uncollectibles	3,174	238	54	86	-	1,733	5,285
Accrued interest	493	-	41	358	-	129	1,021
Lease receivable	1,899	-	827	-	-	-	2,726
Inventories	404	-	24	-	-	-	428
Prepaid costs	171	-	21	-	-	5	197
Notes receivable, net of allowance for uncollectibles	1,101	2,066	7	-	-	-	3,174
Total assets	<u>\$ 115,943</u>	<u>\$ 8,135</u>	<u>\$ 9,311</u>	<u>\$ 73,847</u>	<u>\$ 51,560</u>	<u>\$ 24,464</u>	<u>\$ 283,260</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	16,692	288	571	3,752	8,330	450	30,083
Unearned revenue	110	-	63	-	-	44	217
Total liabilities	<u>16,802</u>	<u>288</u>	<u>634</u>	<u>3,752</u>	<u>8,330</u>	<u>494</u>	<u>30,300</u>
DEFERRED INFLOW OF RESOURCES							
Property taxes	9,767	-	-	-	-	-	9,767
Grants	4	220	-	24	-	52	300
Leases	1,817	-	785	-	-	-	2,602
Accounts Receivable	730	-	-	-	-	-	730
Notes Receivable	1,101	2,066	-	-	-	-	3,167
Total deferred inflows of resources	<u>13,419</u>	<u>2,286</u>	<u>785</u>	<u>24</u>	<u>-</u>	<u>52</u>	<u>16,566</u>
FUND BALANCES							
Nonspendable	575	-	45	-	-	5	625
Restricted	3,903	2,738	256	16,343	43,230	23,913	90,383
Committed	-	-	-	39,968	-	-	39,968
Assigned	-	2,823	7,591	13,760	-	-	24,174
Unassigned	81,244	-	-	-	-	-	81,244
Total fund balances	<u>85,722</u>	<u>5,561</u>	<u>7,892</u>	<u>70,071</u>	<u>43,230</u>	<u>23,918</u>	<u>236,394</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 115,943</u>	<u>\$ 8,135</u>	<u>\$ 9,311</u>	<u>\$ 73,847</u>	<u>\$ 51,560</u>	<u>\$ 24,464</u>	<u>\$ 283,260</u>

The accompanying notes are an integral part of these financial statements.



**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET
POSITION**

December 31, 2023

(in thousands)

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

Total fund balances - governmental funds	\$ 236,394
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Capital, lease and subscription assets net of accumulated depreciation and amortization used in governmental activities are not current financial resources. Therefore, they are not reported in the funds financial statements.	438,857
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Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the assets and liabilities of internal service funds are included in the governmental activities in the statement of net position.	44,042
--	--------

Deferred outflow of resources are not financial resources, and therefore are not reported in the funds.	150
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Certain deferred inflow of resources are not financial resources, and therefore are not reported in the funds.	(657)
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Certain assets are not available to provide current year financial resources and therefore are deferred in the fund statements

CDBG Notes Receivable	2,065	
Grants Receivable	300	
Opioid Accounts Receivable	730	
AURA Notes Receivable	1,102	
Subtotal	<u>4,197</u>	4,197

Long-term liabilities and assets are not due and payable or available in the current period and accordingly are not reported in the fund financial statements

Balances at December 31, 2023 are:

Lease and subscription payable	(1,719)	
Bonds payable, including bond premium	(74,281)	
Obligation under certificates of participation, including premiums	(27,616)	
Accrued interest	(281)	
Net pension liability	(4)	
Total OPEB liability	(1,455)	
Compensated absences	(4,294)	
Subtotal	<u>(109,650)</u>	(109,650)

Net position of governmental activities	<u>\$ 613,333</u>
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The accompanying notes are an integral part of these financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
December 31, 2023
(in thousands)

Primary Government

	General Fund	Community Development Fund	Parks Fund	General Capital Projects Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property and ownership taxes	\$ 8,827	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,827
Sales and use taxes	88,532	-	-	-	-	20,548	109,080
Franchise fees	5,231	-	-	80	-	-	5,311
Licenses & permits	3,899	-	46	-	-	-	3,945
Intergovernmental	10,968	162	6,920	1,555	-	9,191	28,796
Charges for services	1,033	-	-	-	-	-	1,033
Recovered costs	5,190	-	34	31	5	-	5,260
Fines & forfeitures	1,016	-	-	-	-	-	1,016
Investment earnings (loss)	4,306	171	335	2,176	2,686	870	10,544
Memberships, donations & dedications	-	-	-	1,191	7,037	-	8,228
Miscellaneous	1,112	557	1,208	305	-	150	3,332
Total Revenues	<u>130,114</u>	<u>890</u>	<u>8,543</u>	<u>5,338</u>	<u>9,728</u>	<u>30,759</u>	<u>185,372</u>
EXPENDITURES							
General government	35,243	-	-	604	5	198	36,050
Public safety	27,293	-	-	-	-	11,554	38,847
Public works	31,052	-	-	-	-	-	31,052
Parks and recreation	-	-	13,261	-	-	-	13,261
Human services	-	1,761	-	-	-	7,789	9,550
Debt service							
Principal	358	-	-	-	-	5,487	5,845
Interest	27	-	-	-	-	3,579	3,606
Bond issuance costs	-	-	-	-	146	-	146
Capital outlay	105	10	-	10,249	35,957	-	46,321
Total Expenditures	<u>94,078</u>	<u>1,771</u>	<u>13,261</u>	<u>10,853</u>	<u>36,108</u>	<u>28,607</u>	<u>184,678</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	36,036	(881)	(4,718)	(5,515)	(26,380)	2,152	694
OTHER FINANCING SOURCES (USES)							
Issuance of debt	-	-	-	-	8,166	-	8,166
Transfers in	250	45	5,076	18,716	-	3,255	27,342
Transfers out	(20,542)	-	(18)	-	-	(3,010)	(23,570)
Total other financing sources (uses)	<u>(20,292)</u>	<u>45</u>	<u>5,058</u>	<u>18,716</u>	<u>8,166</u>	<u>245</u>	<u>11,938</u>
NET CHANGE IN FUND BALANCES	15,744	(836)	340	13,201	(18,214)	2,397	12,632
FUND BALANCES, BEGINNING	69,978	6,397	7,552	56,870	61,444	21,521	223,762
FUND BALANCES ENDING	<u>\$ 85,722</u>	<u>\$ 5,561</u>	<u>\$ 7,892</u>	<u>\$ 70,071</u>	<u>\$ 43,230</u>	<u>\$ 23,918</u>	<u>\$ 236,394</u>

The accompanying notes are an integral part of these financial statements.



**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES**

December 31, 2023

(in thousands)

Net change in fund balances - total government funds	\$12,632
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Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation or amortization expense. This is the amount by which capital outlay exceeded depreciation and amortization expense in the current period.

Capital outlay	46,321	
Disposal of Capital and Lease Assets, net of internal service funds	2,716	
Depreciation and amortization expense	(19,472)	
Excess of capital outlay over depreciation and amortization expense		29,565

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Issuing debt increases long-term liabilities and does not affect the statement of activities.

Issuance of debt	(8,166)	
Lease and subscription activity	(1,048)	
Direct placement activity	(402)	
Repayment of principal	5,487	
Subtotal		(4,129)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Developer Contributions	1,431	
Grants/notes receivable - current net of allowance	576	
Subtotal		2,007

Internal service funds are used by management to charge the costs of certain activities, such as risk management, vehicle replacement and maintenance, information technology replacement and the print shop services. A portion of the revenue (expense) of certain internal service funds is reported with governmental activities.

2,389

Some 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.

Amortization of bond premium and deferred loss on refunding	(502)	
Pension	67	
OPEB	44	
Interest expense	(11)	
Compensated absences	(294)	
Subtotal		(696)

Change in net position of governmental activities

\$41,768

The accompanying notes are an integral part of these financial statements.



GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
December 31, 2023
(in thousands)

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Property and ownership taxes	\$ 8,752	\$ 8,752	\$ 8,827	\$ 75
Sales and use taxes	86,608	86,608	88,532	1,924
Franchise fees	5,075	5,075	5,231	156
Licenses and permits	3,710	3,710	3,899	189
Intergovernmental	5,563	5,563	10,968	5,405
Charges for services	570	570	1,033	463
Recovered costs	4,932	4,932	5,190	258
Fines and forfeitures	1,086	1,086	1,016	(70)
Investment earnings	1,173	1,173	4,306	3,133
Administrative services	3,580	3,580	4,043	463
Miscellaneous	63	63	1,112	1,049
Total revenues	121,112	121,112	134,157	13,045
EXPENDITURES				
Current expenditures:				
Community and Economic Development	5,066	5,126	3,995	1,131
Judicial	1,547	1,574	1,322	252
Management	5,675	6,378	5,453	925
Legal	2,675	2,972	2,848	124
Finance	10,831	18,404	17,703	701
Human resources	2,500	2,588	2,236	352
Debt Service				
Principal	-	-	507	(507)
Interest	-	-	27	(27)
Public safety	30,780	31,425	27,144	4,281
Public works	34,491	35,878	31,052	4,826
Planning	663	663	813	(150)
Information technology	5,288	5,390	4,916	474
Total current expenditures	99,516	110,398	98,016	12,382
Capital outlay	83	93	105	(12)
Total expenditures	99,599	110,491	98,121	12,370
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	21,513	10,621	36,036	25,415
OTHER FINANCING SOURCES (USES)				
Transfer in	185	185	250	65
Transfers out	(21,569)	(23,759)	(20,542)	3,217
Total other financing (uses)	(21,384)	(23,574)	(20,292)	3,282
NET CHANGE IN FUND BALANCE				
	129	(12,953)	15,744	28,697
FUND BALANCE, BEGINNING				
	69,978	69,978	69,978	-
FUND BALANCE, ENDING				
	\$ 70,107	\$ 57,025	\$ 85,722	\$ 28,697

Total expenditures as presented on budgetary basis 98,121
less allocation of internal transfers (4,043)
Total expenditures as presented on GAAP basis 94,078

The accompanying notes are an integral part of these financial statements.



COMMUNITY DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
December 31, 2023
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 659	\$ 659	\$ 162	\$ (497)
Investment earnings	34	34	171	137
Miscellaneous	157	157	557	400
Total revenues	<u>850</u>	<u>850</u>	<u>890</u>	<u>40</u>
EXPENDITURES				
Current expenditures:				
Program costs	1,064	4,184	1,761	2,423
Capital outlay	-	-	10	(10)
Total expenditures	<u>1,064</u>	<u>4,184</u>	<u>1,771</u>	<u>2,413</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	<u>(214)</u>	<u>(3,334)</u>	<u>(881)</u>	<u>2,453</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	45	45	45	-
Transfers out	<u>(260)</u>	<u>(260)</u>	<u>-</u>	<u>260</u>
Total other financing sources (uses)	<u>(215)</u>	<u>(215)</u>	<u>45</u>	<u>260</u>
NET CHANGE IN FUND BALANCE	(429)	(3,549)	(836)	2,713
FUND BALANCE, BEGINNING	<u>6,397</u>	<u>6,397</u>	<u>6,397</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 5,968</u>	<u>\$ 2,848</u>	<u>\$ 5,561</u>	<u>\$ 2,713</u>

The accompanying notes are an integral part of these financial statements.



PARKS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
December 31, 2023
(in thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget Positive (Negative)
REVENUES				
Licenses and permits	\$ 67	\$ 67	\$ 46	\$ (21)
Intergovernmental revenues				
Jefferson County-Open Space	5,942	5,942	6,920	978
Recovered costs	1	1	34	33
Investment earnings	47	47	335	288
Miscellaneous	1,273	1,273	1,208	(65)
	<u>7,330</u>	<u>7,330</u>	<u>8,543</u>	<u>1,213</u>
EXPENDITURES				
Current expenditures:				
Park maintenance	12,929	13,549	12,758	791
Park design	453	451	429	22
Capital outlay	-	35	74	(39)
Total current expenditures	<u>13,382</u>	<u>14,035</u>	<u>13,261</u>	<u>774</u>
EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES	<u>(6,052)</u>	<u>(6,705)</u>	<u>(4,718)</u>	<u>1,987</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,025	5,025	5,076	51
Transfers out	-	(18)	(18)	-
Total other financing sources	<u>5,025</u>	<u>5,007</u>	<u>5,058</u>	<u>51</u>
NET CHANGE IN FUND BALANCE	<u>(1,027)</u>	<u>(1,698)</u>	<u>340</u>	<u>2,038</u>
FUND BALANCE, BEGINNING	<u>7,552</u>	<u>7,552</u>	<u>7,552</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 6,525</u>	<u>\$ 5,854</u>	<u>\$ 7,892</u>	<u>\$ 2,038</u>

The accompanying notes are an integral part of these financial statements.



PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2023
(in thousands)

	Business-Type Activities				Total	Governmental
	Major Funds				Business	Internal
	Water Fund	Waste-water fund	Storm-water Fund	Non-Major Funds	Type Activities	Service Funds
ASSETS						
CURRENT ASSETS						
Cash and investments	\$ 83,260	\$ 55,103	\$ 2,727	\$ 1,732	\$ 142,822	\$ 38,178
Cash with fiscal agent	22,275	-	-	-	22,275	-
Accounts receivable, net of allowance for uncollectibles	3,557	2,693	553	815	7,618	394
Accrued interest	116	-	18	-	134	202
Inventories	600	-	-	163	763	449
Prepaid costs	112	-	-	9	121	673
Interfund receivable	473	131	-	-	604	-
Lease Receivable	111	-	-	-	111	-
Total current assets	<u>110,504</u>	<u>57,927</u>	<u>3,298</u>	<u>2,719</u>	<u>174,448</u>	<u>39,896</u>
NONCURRENT ASSETS						
Advance to Golf Fund	-	1,175	-	-	1,175	-
Advance to Solid Waste	368	-	-	-	368	-
Lease receivable	1,220	-	-	-	1,220	-
Notes receivable, net of allowance for uncollectibles	-	2,836	-	-	2,836	-
Subscription assets net of amortization	-	-	-	38	38	5,413
Lease assets net of amortization	-	-	-	226	226	30
Land, water rights & construction in progress	123,751	5,315	6,598	4,307	139,971	-
Property and equipment, net of accumulated depreciation	166,492	63,277	56,444	11,087	297,300	17,575
Total non-current assets	<u>291,831</u>	<u>72,603</u>	<u>63,042</u>	<u>15,658</u>	<u>443,134</u>	<u>23,018</u>
Total assets	<u>402,335</u>	<u>130,530</u>	<u>66,340</u>	<u>18,377</u>	<u>617,582</u>	<u>62,914</u>
DEFERRED OUTFLOWS OF RESOURCES						
Items related to OPEB	<u>11</u>	<u>3</u>	<u>1</u>	<u>3</u>	<u>18</u>	<u>3</u>
LIABILITIES CURRENT LIABILITIES						
Accounts payable	5,828	828	184	671	7,511	3,486
Contracts payable	1,059	599	-	-	1,658	-
Accrued compensated absences	206	60	6	115	387	64
Serial bonds payable	790	785	-	-	1,575	-
Claims payable	-	-	-	-	-	3,712
Interfund payable	-	-	-	604	604	-
Accrued interest	-	-	-	12	12	78
Lease liability	-	-	-	191	191	16
Subscription liability	-	-	-	20	20	4,255
Unearned revenue	-	(1)	24	84	107	-
Total current liabilities	<u>7,883</u>	<u>2,271</u>	<u>214</u>	<u>1,697</u>	<u>12,065</u>	<u>11,611</u>
NONCURRENT LIABILITIES						
Accrued compensated absences	206	60	6	115	387	64
Total OPEB liability	192	51	18	58	319	59
Serial bonds payable	48,899	48,823	-	-	97,722	-
Lease liability	-	-	-	-	-	18
Subscription liability	-	-	-	21	21	725
Advance from Water Fund	-	-	-	368	368	-
Advance from Wastewater Fund	-	-	-	1,175	1,175	-
Total non-current liabilities	<u>49,297</u>	<u>48,934</u>	<u>24</u>	<u>1,737</u>	<u>99,992</u>	<u>866</u>
Total liabilities	<u>57,180</u>	<u>51,205</u>	<u>238</u>	<u>3,434</u>	<u>112,057</u>	<u>12,477</u>
DEFERRED INFLOWS OF RESOURCES						
Items related to lease receivable	1,295	-	-	-	1,295	-
Items related to OPEB liability	85	23	8	26	142	27
Total deferred inflows of resources	<u>1,380</u>	<u>23</u>	<u>8</u>	<u>26</u>	<u>1,437</u>	<u>27</u>
NET POSITION						
Net investment in capital assets	279,362	68,337	62,973	15,658	426,330	23,018
Restricted - debt service	790	785	-	-	1,575	-
Unrestricted	63,634	10,183	3,122	(738)	76,201	27,395
Total net position	<u>\$ 343,786</u>	<u>\$ 79,305</u>	<u>\$ 66,095</u>	<u>\$ 14,920</u>	<u>\$ 504,106</u>	<u>\$ 50,413</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Net position of business-type activities (page 27)

6,452
\$ 510,558

The accompanying notes are an integral part of these financial statements.



PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
December 31, 2023
(in thousands)

	Business-Type Activities				Governmental Activities
	Major Funds				
	Water Fund	Waste-water fund	Storm-water Fund	Non-Major Funds	Total Business Type Activities
					Internal Service Funds
OPERATING REVENUES					
Sales	\$ 28,034	\$ -	\$ -	\$ 7,813	\$ 35,847
Service charges & fees	690	15,158	3,925	5,600	25,373
Recovered costs	-	-	-	-	-
Contributions	-	-	-	-	-
Employer	-	-	-	-	-
Employee	-	-	-	-	-
Retirees and continued benefit individuals	-	-	-	-	-
Miscellaneous	1,285	467	3	25	1,780
Total revenues	<u>30,009</u>	<u>15,625</u>	<u>3,928</u>	<u>13,438</u>	<u>63,000</u>
EXPENSES					
Operating & maintenance	24,077	12,615	2,508	-	39,200
Administration	-	635	-	11,539	12,174
Insurance premiums	-	-	-	-	-
Uninsured damages & claims	-	-	-	-	-
Repair & maintenance	-	-	-	-	-
Interest expense	-	-	-	-	-
Depreciation and amortization	5,135	1,633	1,321	784	8,873
Total expenses	<u>29,212</u>	<u>14,883</u>	<u>3,829</u>	<u>12,323</u>	<u>60,247</u>
OPERATING INCOME	<u>797</u>	<u>742</u>	<u>99</u>	<u>1,115</u>	<u>2,753</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment	5,448	2,833	432	57	8,770
Gain (loss) on sale of assets	(200)	(479)	(127)	-	(806)
Interest expense	(1,930)	(1,946)	-	(71)	(3,947)
Total non-operating revenues (expenses)	<u>3,318</u>	<u>408</u>	<u>305</u>	<u>(14)</u>	<u>4,017</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>4,115</u>	<u>1,150</u>	<u>404</u>	<u>1,101</u>	<u>6,770</u>
CAPITAL CONTRIBUTIONS	<u>16,721</u>	<u>5,410</u>	<u>4,141</u>	<u>-</u>	<u>26,272</u>
TRANSFERS IN	<u>8</u>	<u>-</u>	<u>8</u>	<u>345</u>	<u>361</u>
TRANSFERS OUT	<u>(918)</u>	<u>(16)</u>	<u>(874)</u>	<u>(432)</u>	<u>(2,240)</u>
CHANGE IN NET POSITION	<u>19,926</u>	<u>6,544</u>	<u>3,679</u>	<u>1,014</u>	<u>31,163</u>
NET POSITION, BEGINNING	<u>323,860</u>	<u>72,761</u>	<u>62,416</u>	<u>13,906</u>	<u>47,757</u>
NET POSITION, ENDING	<u>\$ 343,786</u>	<u>\$ 79,305</u>	<u>\$ 66,095</u>	<u>\$ 14,920</u>	<u>\$ 50,413</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					265
Change in net position of business-type activities (page 29)					<u>\$ 31,428</u>

The accompanying notes are an integral part of these financial statements.

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
December 31, 2023
(in thousands)**

	Business-Type Activities				Governmental Activities
	Major Funds			Total Business Type Activities	Internal Service Funds
	Water Fund	Waste-water fund	Storm-water Fund		
Cash flows from operating activities					
Cash received from external customers	\$ 28,799	\$ 15,509	\$ 4,071	\$ 13,394	\$ 61,773
Cash received from internal customers	-	-	-	-	3,332
Cash payments to external suppliers	(14,054)	(9,677)	(3,750)	(6,660)	26,648
Cash payments to internal suppliers	(1,302)	(484)	(132)	(592)	(19,439)
Cash payments to employees for services	(9,002)	(2,344)	(973)	(4,625)	(265)
Net cash provided by operating activities	<u>4,441</u>	<u>3,004</u>	<u>(784)</u>	<u>1,517</u>	<u>(2,806)</u>
Cash flows from non-capital financing activities					
Transfers to other funds	(918)	(16)	(874)	(432)	(3,326)
Transfers from other funds	8	-	8	345	1,390
Net cash provided (used) in non-capital financing activities	<u>(910)</u>	<u>(16)</u>	<u>(866)</u>	<u>(87)</u>	<u>(1,936)</u>
Cash flows from capital & related financing activities					
Capital contributions	11,851	1,406	-	-	13,257
Purchase of capital assets	(48,774)	(5,963)	(2,502)	(176)	(57,415)
Proceeds from sale of assets	92	-	-	-	92
Principal paid on lease and subscription payable	-	-	-	(128)	(128)
Interest paid on lease and subscription payable	-	-	-	(16)	(16)
Principal paid on serial bond payable	(715)	(710)	-	-	(1,425)
Interest paid on serial bond payable	(2,008)	(2,031)	-	-	(4,039)
Principal paid on interfund payable	-	-	-	(591)	(591)
Interest paid on interfund payable	-	-	-	(67)	(67)
Receipts from principal paid on interfund payable	462	627	-	-	1,089
Receipts from interest paid on interfund payable	78	-	-	-	78
Net cash provided (used) by capital and related financing activities	<u>(39,014)</u>	<u>(6,671)</u>	<u>(2,502)</u>	<u>(978)</u>	<u>(7,507)</u>
Cash flows from investing activities					
Investment earnings	6,998	3,097	550	149	10,794
Change in pooled investments	(1,359)	(238)	(110)	(88)	(1,795)
Net cash provided by investing activities	<u>5,639</u>	<u>2,859</u>	<u>440</u>	<u>61</u>	<u>1,833</u>
Net increase (decrease) in cash and cash equivalents	<u>(29,844)</u>	<u>(824)</u>	<u>(3,712)</u>	<u>513</u>	<u>(140)</u>
Cash and cash equivalents January 1, 2023	106,575	55,927	6,439	1,219	170,160
Cash with fiscal agent January 1, 2023	<u>28,804</u>	-	-	-	<u>28,804</u>
Total cash, cash equivalents and cash with fiscal agent January 1, 2023	135,379	55,927	6,439	1,219	198,964
Cash and cash equivalents December 31, 2023	83,260	55,103	2,727	1,732	142,822
Cash with fiscal agent December 31, 2023	<u>22,275</u>	-	-	-	<u>22,275</u>
Total cash, cash equivalents and cash with fiscal agent December 31, 2023	<u>105,535</u>	<u>55,103</u>	<u>2,727</u>	<u>1,732</u>	<u>165,097</u>
Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:					
Operating income (loss)	797	743	99	1,115	2,753
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	5,135	1,633	1,321	784	8,873
(Increase) decrease in account receivable	(335)	(116)	128	(45)	(368)
(Increase) decrease in lease receivable	(798)	-	-	-	(798)
(Increase) decrease in notes receivable	-	-	-	-	-
(Increase) decrease in inventories	(100)	-	-	20	(80)
(Increase) decrease in prepaid costs	(15)	1	-	-	(14)
(Decrease) increase deferred inflow leases	778	-	-	26	804
(Decrease) increase in accrued payroll	-	11	5	16	32
(Decrease) increase in accounts payable	(1,556)	629	(2,356)	(221)	(3,504)
(Decrease) increase in contracts payable	723	115	-	-	838
(Decrease) increase in claims payable	-	-	-	-	-
(Decrease) increase in total OPEB liability	12	7	(7)	(1)	11
(Decrease) increase in unearned revenue	(183)	-	24	(200)	(359)
(Decrease) increase in compensated absences	(17)	(19)	2	23	(11)
Net cash provided by operating activities	<u>\$ 4,441</u>	<u>\$ 3,004</u>	<u>\$ (784)</u>	<u>\$ 1,517</u>	<u>\$ 8,178</u>
Non-cash investing, capital and financing activities					
Developer contributions	\$ 4,871	\$ 4,004	\$ 4,141	\$ -	\$ 13,016
Change in fair value of non-cash pooled investment	\$ (1,359)	\$ (238)	\$ (110)	\$ (88)	\$ (1,795)
Capital assets accounts payable and contract payable outstanding	\$ 1,059	\$ 599	\$ -	\$ (76)	\$ 1,582

The accompanying notes are an integral part of these financial statements.



FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2023
(in thousands)

	Defined Benefit Police Pension	Custodial Fund
Assets		
Pooled cash and investments	\$ 379	\$ 2,000
Money market	7	\$ -
Accrued interest	2	\$ 10
Total current assets	<u>388</u>	<u>2,010</u>
 Total Assets	 <u>388</u>	 <u>2,010</u>
 Liabilities		
Current Liabilities		
Accounts payable	-	27
Due to employees	-	164
Total current liabilities	<u>-</u>	<u>191</u>
 Total liabilities	 <u>-</u>	 <u>191</u>
 NET POSITION RESTRICTED FOR		
Pensions	388	-
Individuals, organizations, and other governments	-	1,819
Total fiduciary net position	<u>\$ 388</u>	<u>\$ 1,819</u>

The accompanying notes are an integral part of these financial statements.



FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
December 31, 2023
(in thousands)

	Defined Benefit Police Pension	Custodial Fund
ADDITIONS		
Investment earnings	\$ 18	\$ 88
Contributions	19	2,359
Total additions	<u>37</u>	<u>2,447</u>
DEDUCTIONS		
Program costs	-	2,149
Benefits paid	29	-
Total deductions	<u>29</u>	<u>2,149</u>
INCREASE (DECREASE) IN FIDUCIARY NET POSTION	8	298
Fiduciary net position, January 1	<u>380</u>	<u>1,521</u>
Fiduciary net position, December 31	<u><u>\$ 388</u></u>	<u><u>\$ 1,819</u></u>

The accompanying notes are an integral part of these financial statements.

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Notes to the Financial Statements

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1. Summary of Significant Accounting Policies

This is a summary of significant accounting policies for the City of Arvada, Colorado presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

A. Financial Reporting Entity

The City of Arvada is a political subdivision of the State of Colorado, located in Jefferson and Adams Counties in the northwest quadrant of the greater Denver, Colorado, metropolitan area. The population of the City is approximately 123,066. The City, incorporated in 1904, provides general government; police services; water; sewer, stormwater; solid waste, golf; park maintenance; and various trust and custodial functions in a fiduciary capacity. The City does not provide fire protection, or public education.

An elected mayor and six-member council govern the City. As required by accounting principles generally accepted in the United States of America (US GAAP) these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide statements to emphasize it is legally separate from the City. Each blended and discretely presented component unit has a December 31 year-end.

Blended Component Units

Arvada Housing Authority (Special Revenue Fund) – The Authority administers funds received for rent subsidy to low/moderate income households under Section 8 of the U.S. Housing Assistance Payment Program. The City provides all administrative support to the Authority. The Authority, a legally separate entity, is governed by a Board of Directors, which consists of all current members of the Arvada City Council. Separate audited financial statements for the Arvada Housing Authority are not prepared.

Arvada Economic Development Association (AEDA) (Special Revenue Fund) - AEDA was established to encourage and stimulate all forms of economic development, commercial and industrial. The City's management team has operational responsibility for AEDA. AEDA exclusively benefits the City through economic development which increases revenues received by the City. Separate audited financial statements for the Arvada Economic Development Association are not prepared.

Police Defined Benefit Pension Plan (Fiduciary Fund) – The single employer defined benefit pension plan covers the uniformed police officers who did not elect to participate in the Defined Contribution Police Plan that became effective January 1, 1986. One fully vested participant remains in the Defined Benefit Plan as of December 31, 2023. Funding for the plan consists of contributions from the City and investment earnings. The City also has operational responsibility for the Plan. Separate audited financial statements for the Police Defined Benefit Pension Plan are not prepared.

Discrete Component Unit

Arvada Urban Renewal Authority (AURA) – AURA is reported in a separate column as a discretely presented component unit to emphasize that it is legally separate from the City.

AURA was created by Ordinance No. 1717 under the Colorado Urban Renewal Law and was approved by the voters on March 3, 1981. Its purpose is to develop, redevelop or rehabilitate blighted areas of the City. AURA currently has five active project areas, Ralston Fields, Jefferson Center Metropolitan District (JCMD), Village Commons, Olde Town Station and Northwest Arvada. The governing body of the AURA is a commission of seven members, appointed by the Mayor and approved by City Council for staggered terms of five years. AURA's annual budget must be approved by the City Council and the City provides administrative support to AURA.

The City has implemented GASB Statement 61, *The Financial Statement Reporting Entity: Omnibus- An Amendment of GASB Statements No. 14 and No. 34*, and we believe that AURA is included as a discrete component unit in the City's financial statements because of the City's ability to appoint AURA's governing authority and approve the budget and its revision, however, the City does not have any responsibilities to fund AURA operating deficiencies or deficits.

Separate audited financial statements for AURA may be obtained by contacting the Finance Department at 720-898-7120 or writing to:

City of Arvada
Finance Department
8101 Ralston Road
Arvada, CO 80002

B. 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 the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally 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 City is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 and major enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

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 defined benefit police pension fund financial statements. 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.

Government fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, lease expenditures as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

C. Financial Statement Presentation

The accounts of the City are organized and operated on the basis of funds, each of which is considered a separate accounting entity. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund balance/net position, revenues and expenditures or expenses as appropriate. The various funds are summarized by type within the financial statements.

The City reports the following major governmental funds:

The General Fund is the City'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 Community Development Fund accounts for all entitlements, revenues and expenditures of the Community Development Block Grants (CDBG) program, the Home Rehabilitation program and Essential Home Repairs program and is a special revenue fund.

The Parks Fund accounts for costs associated with the acquisition, design, development, maintenance and beautification of parks, open space and trails within the City and is a special revenue fund. Revenues are primarily from Jefferson County Open Space funds and can include revenues from the City's General Fund, Grants Fund, and Lands Dedicated revenues.

The General Capital Projects Fund accounts for all major capital projects of the City. Appropriations are not restricted to a fiscal year. Sources of revenue to this fund are transfers from the General and other funds, interest earned, transfers from Jefferson County Open Space funds and contributions by developers and government grants.

The Construction Fund accounts for proceeds from the Series 2021 Certificates of Participation issue and the Sales and Use Tax Revenue Bonds Series 2019 as well as the Sales and Use Tax Revenue Bonds Series 2023. The fund will be used to replace the Meyers Pool with a new 50-meter pool, reconstruction and widening of Ralston Road from Yukon Street to Garrison Street and the reconstruction and railroad underpass on West 72nd Avenue from Kipling Street to Simms Street.

Governmental funds that do not meet the criteria of major funds have been summarized and presented as other governmental funds within the fund financial statements.

The City reports the following major proprietary funds:

The Water Fund accounts for all activity within the scope of water utility operations. Water service is available within the City limits and is extended to some residents of the county and adjacent cities. All activities necessary to provide such service are accounted for in this fund, including administration, operations, capital water projects, maintenance, financing and related debt service, and billing and collection.

The Wastewater Fund accounts for all activities necessary in the collection, transmission, and disposal of sewage and wastewater. It includes administration, operations, capital maintenance, financing and billing and collection.

The Stormwater Fund accounts for all activities necessary to maintain a stormwater management plan. It includes administration, operations, capital maintenance and billing and collection.

Internal Service Funds are used to account for the City's fleet and information technology replacement, risk management insurance program, self-funded medical and dental insurance, printing services and building and fleet maintenance services.

The City reports the following fiduciary funds:

The Defined Benefit Police Pension Fund is used to account for the City's defined benefit police pension trust to provide retirement benefits for one retiree that did not elect to join the new plan formed in 1986.

Custodial Funds are used to account for monies held for the Ralston House, a local 503(c)(3) not-for-profit agency to which the City of Arvada provides accounting and investing services.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are the charges between the City's enterprise operations and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. Operating expenses for enterprise and internal service funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position**1) Deposits and Investments**

The City's cash and cash equivalents include amounts that are readily convertible to known cash and are not subject to significant risk from changes in interest.

The City pools cash resources of most funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments.

Cash overdrafts from pooled cash and investments are reported as an interfund receivable/payable.

Colorado statutes require that the City use an eligible public depository as defined by the Public Deposit Protection Act (PDPA). Under the Act, the depository is required to pledge a pool of eligible collateral having a market value at all times equal to at least 102% of the aggregate public deposits held by the depository not insured by Federal Depository Insurance. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. Each institution designated as a public depository can be assessed a portion of the losses of a public entity's deposits in a failed public depository. Thus, all public deposits are fully collateralized. Eligible collateral as defined by the Act primarily includes obligations of, or guaranteed by, the U.S. Government, the State of Colorado, or any subdivision thereof and obligations evidenced by notes received by first lien mortgages or deeds of trust on real property.

Investments in local government investment pools are reported at the net asset value per share which is determined based upon how the fund is valued (i.e. fair value or amortized cost). All other investments are reported at fair value. For cash and cash equivalents, the fair value approximates the carrying value. For long-term investments, fair value is determined via dealer quotes. The City considers all investments with original maturities at three months or less to be cash equivalents.

2) Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". On the Statement of Net Position, residual balances between governmental and business type activities are reflected as internal balances.

All receivables are shown net of an allowance for uncollectible accounts when applicable. The citizen invoice receivable allowance in the General Fund as of December 31, 2023, was \$47,913. The loans receivable allowance in the Community Development Fund as of December 31, 2023, was \$558,963. The loans receivable allowance in the Housing Fund as of December 31, 2023, was \$61,203. The customer account receivable allowance in the Water Fund as of December 31, 2023, was \$6,782.

Property taxes attach an enforceable lien on the property as of January 1 and are levied on the following January 1. Taxes are payable the following year in one installment made on or before April 30, or in two installments made on or before February 28 and June 15. The assessments and collections are made by Jefferson County and Adams County and are remitted monthly to the City. City property tax revenues certified in December are recorded as a receivable and an offsetting deferred inflow of resources.

The City records non-current receivables for interfund and other long-term notes on the Statement of Net Position of its Proprietary Fund Types. Within the governmental funds, all non-current receivables are fully offset by deferred inflow of resource. Non-current notes receivable in the governmental funds include loans to the Arvada Urban Renewal Authority \$1,101,896, Opioid Settlement funds of \$729,537, and notes receivable to various customers in the Community Development and Parks Funds \$2,476,000. Non-current receivables and other long-term notes are shown on the statement of net position of the government-wide statements, net of allowance.

3) Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method with the exception of the City's central supply inventory which is valued at average cost. The cost of inventories is recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements. The consumption method is used to recognize expense in the period service is provided.

4) Restricted Assets

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. Certain assets of the Community Development Block Grant special revenue fund are restricted because their use is completely restricted by grant agreements. Certain assets of the Construction Fund are restricted because their use is restricted due to Bond and Certificates of Participation (COP) rules.

5) Capital Assets

Capital assets which include property, plant, equipment, and all infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the Proprietary funds in the fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Assets are assessed for impairment annually; there were no impaired assets during 2023.

Capital assets other than land and water rights are depreciated. Depreciation is computed using the straight-line method with estimated useful lives as follows:

<u>Assets and Lease Assets</u>	<u>Years</u>
Buildings	50
Road System Infrastructure	25
Other Improvements	20
Other Infrastructure	8-50
Equipment	5-10
Vehicles	3-5

6) Leases

Lessor Leases

The City is the lessor for noncancellable leases of real estate owned by the City. City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund, and proprietary fund financial statements. The City recognizes lease receivables with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. All leases are fixed payment leases; there are no variable payment leases. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as miscellaneous revenue in the fund financial statements. The miscellaneous revenue in the Governmental Funds is \$178,099, and Enterprise Funds \$20,845.

Key estimates and judgements include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

- The City uses the estimated incremental borrowing rate for the discount rate.
- The lease term includes the noncancellable period of the leases.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the leases.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lessee Leases

The City is the lessee for noncancellable leases of land, equipment, and vehicles. The City recognizes a lease liability and intangible right-to-use lease asset (lease asset) in the government-wide and Enterprise fund financial statements. The City recognizes lease assets with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, less any lease incentives received from the lessor at or before commencement of the lease, plus certain initial indirect costs. Subsequently, the lease asset is amortized on the straight-line basis over the shorter of the lease term or the useful life of the underlying asset. All lease payments are fixed payment leases; there are no variable payment leases.

Key estimates and judgements related to leases include how the City determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term included the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease assets and liabilities if certain changes occur that are expected to significantly alter the amount of the lease liability. Lease assets are reported with capital assets and lease liabilities are reported with current and noncurrent liabilities on the statement of net position and Enterprise fund financial statements.

Subscription-Based Information Technology Arrangements

The City has entered into Subscription-Based Information Technology Arrangements (SBITA), which conveys the right to use another party's information technology software. The City recognizes a subscription liability and intangible right-to-use subscription asset (subscription asset) in the government-wide, Internal Service and Enterprise fund financial statements. The City recognizes subscription assets with an initial, individual value of \$5,000 or more.

At the commencement of a subscription agreement, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, less any subscription incentives received at or before commencement of the subscription, plus certain capitalizable initial implementation costs. Subsequently, the subscription asset is amortized on the straight-line basis over the shorter of the subscription term or the useful life of the underlying IT asset. The City has a variety of variable subscription payment clauses with varying set and percentage increases through the life of the subscription agreement.

Key estimates and judgements related to subscriptions include how the City determines the discount rate it uses to discount the expected subscription payments to present value, subscription term and subscription payments.

- The City uses the interest rate charged in the subscription agreement as the discount rate. When the interest rate charged is not provided, the City uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term included the noncancellable period of the subscription.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription assets and liabilities if certain changes occur that are expected to significantly alter the amount of the subscription liability. Subscription assets are reported with capital assets and subscription liabilities are reported with current and noncurrent liabilities on the statement of net position and Enterprise fund financial statements.

7) Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave since benefits are not paid upon termination. Vacation

pay is accrued when earned in the government-wide and proprietary fund financial statements. The compensated absences are only reported in governmental funds if they are due. Compensated absences of the governmental activities are expected to be liquidated primarily with revenues of the General Fund.

8) Long-Term Obligations

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. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Long-term liabilities are reported net of the applicable debt premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt 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.

9) Deferred Inflows and Outflows of Resources

A deferred outflow of resources is a consumption of net assets that is applicable to future reporting periods. Deferred outflows of resources include items related to the Defined Benefit Police pension plan, items related to the OPEB liability, and deferred loss on debt refunding and is included in the government wide statements but not in the fund statements.

The loss on refunding represents refunding's resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt and is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

The deferred outflows related to pensions are changes in the net pension liability that are to be recognized, beginning in the current reporting period, using a systematic and rational method, over a closed period that is either equal to a five-year period (for differences between projected and actual earnings on pension plan investments) or the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan determined as of the beginning of the measurement period.

There are two types of deferred outflows related to OPEB. (1) Changes in the OPEB liability to be recognized in the next budget fiscal year for administrative and employee benefits due to measurement date. (2) Changes in the OPEB liability that are to be recognized, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period. Eligible deferrals are:

- A.** Difference between expected and actual experience with regard to economic or demographic factors (differences between expected and actual experience) in the measurement of the total OPEB liability
- B.** Changes of assumptions about future economic or demographic factors or of other inputs (changes of assumptions or other inputs).

A deferred inflow of resources is an acquisition of net assets that is applicable to future reporting periods. Governmental funds report unavailable revenues as deferred inflows of resources in connection with receivables for revenues not considered available to liquidate liabilities of the current period. The City considers all funds received within 60 days of the end of the fiscal year to be available. Resources received in advance of all eligibility requirements being met, other than time restrictions, are reported as unearned revenue. Property tax receivables are reported as a deferred inflow of resources when levied in both the government-wide and fund statements.

The deferred inflows of resources related to the pension and OPEB are recognized in a manner consistent with the deferred outflows of resources described above.

The City's deferred inflows of resources related to leases are reported in accordance with GASB Statement No. 87, *Leases*.

10) Fund Balance

The City previously adopted the standards of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. The classifications are designed based on the relative strength of the constraints that control how specific amounts can be spent, or the inability to be spent such as inventories and prepaids. When expenditures are incurred that use funds from more than one classification, the City will generally determine the order which the funds are used on a case-by-basis, taking into account any application requirements or grant agreements, contracts, business circumstances or other constraints. If no other constraints exist, the order of spending of resources will be restricted, committed, assigned and lastly, unassigned.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance classifications listed below:

1. **Non-spendable** – fund balance associated with inventories, prepaids, long-term loans and notes receivable (unless the proceeds are restricted, committed or assigned).
2. **Restricted** – fund balance that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.
3. **Committed** – fund balance that is subject to a purpose constraint imposed by formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified or rescinded through resolutions and ordinances approved by the City Council, both require the same level of action to add or remove the constraint.
4. **Assigned** – fund balance that is intended for use established by the City, but are not considered restricted or committed. The financial policies and guidelines authorize the assignment of fund balances by informal action of City Council (no ordinance or resolution) or by the City Manager.
5. **Unassigned** – fund balance that is the residual classification that does not meet any of the other classifications and is used for the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance. Other governmental funds do not show a positive unassigned fund balance, however if expenditures incurred for specific purposes exceed amounts that are restricted, committed, or assigned to those purposes it may be necessary to show a negative unassigned fund balance in governmental funds other than the General Fund.

The following table illustrates the current fund balance amounts associated with each major fund and the non-major funds in the aggregate:

Fund Balances:

	General Fund	Community Development Fund	Parks Fund	Capital Projects Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Inventories	\$ 404	\$ -	\$ 24	\$ -	\$ -	\$ -	\$ 428
Prepaid	171	-	21	-	-	5	197
Total Nonspendable	575	-	45	-	-	5	625
Restricted:							
Conservation Trust	-	-	-	-	-	2,302	2,302
Voter restricted sales tax - police	-	-	-	-	-	19,459	19,459
Seizure Funds	-	-	-	-	-	248	248
Emergencies - Tabor	3,903	27	256	160	536	485	5,367
Community Development	-	2,711	-	-	-	395	3,106
Housing	-	-	-	-	-	317	317
Debt service	-	-	-	-	-	707	707
Lands Dedicated	-	-	-	6,667	-	-	6,667
Adams County Open Space	-	-	-	378	-	-	378
Adams County Transportation	-	-	-	1,623	-	-	1,623
Park Development Fees	-	-	-	2,511	-	-	2,511
Capital - General	-	-	-	670	8,422	-	9,092
Capital - Parks	-	-	-	616	-	-	616
Capital - Streets	-	-	-	-	34,272	-	34,272
Capital - Traffic	-	-	-	3,718	-	-	3,718
Total Restricted	3,903	2,738	256	16,343	43,230	23,913	90,383
Committed							
Capital - General	-	-	-	11,090	-	-	11,090
Capital - Parks	-	-	-	9,455	-	-	9,455
Capital- Technology	-	-	-	-	-	-	-
Capital - Streets	-	-	-	9,334	-	-	9,334
Capital - Traffic	-	-	-	10,089	-	-	10,089
Total Committed	-	-	-	39,968	-	-	39,968
Assigned							
Capital - General	-	-	-	565	-	-	565
Capital - Parks	-	-	-	3,129	-	-	3,129
Capital - Streets	-	-	-	1,695	-	-	1,695
Capital - Traffic	-	-	-	7,693	-	-	7,693
Capital - Technology	-	-	-	678	-	-	678
Community Development	-	2,823	-	-	-	-	2,823
Parks	-	-	7,591	-	-	-	7,591
Total Assigned	-	2,823	7,591	13,760	-	-	24,174
Unassigned							
	81,244	-	-	-	-	-	81,244
Total Fund Balances	\$ 85,722	\$ 5,561	\$ 7,892	\$ 70,071	\$ 43,230	\$ 23,918	\$ 236,394

11) Net Position

Net position represents the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital, lease and subscription assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowing

used for the acquisition or construction of improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restriction imposed by creditors, grantors, laws, or regulations of other governments.

In November, 1992, Colorado voters passed Article X, Section 20 to the State Constitution, described in Note 2C. The Amendment requires that a percentage of fiscal year spending, excluding bonded debt service, be legally restricted to be used for declared emergencies only. This amount is reflected on the government-wide statement of net position as net position – restricted for emergencies. The amendment requires a three percent emergency reserve at December 31, 1995 and thereafter. An emergency is defined in the Amendment as an event, which excludes economic conditions, revenue shortfalls, salary or fringe benefit increases.

12) Estimates

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

2. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with US GAAP for all governmental funds except the capital projects and construction funds. All other annual appropriations lapse at fiscal year-end. The General Fund expenditures are budgeted on a non-GAAP basis due to the allocation of internal transfers. Proprietary Funds are budgeted on a non-GAAP basis due to the budgeting of capital outlay and not depreciation. Budgetary financial statements do not include the Capital Projects Fund or Construction Fund because the projects accounted for in these funds often span multiple years. Budgets are also not adopted for the Fiduciary funds, the Arvada Medical internal service fund, and the Arvada Economic Development Association Fund.

Not less than sixty days prior to the first day of the next fiscal year, Council adopts the City budget by resolution and the annual appropriation by ordinance. The City prepares a combination line item and program budget, but the level of control is at the fund level which is the amount approved by ordinance. For budgetary, appropriation and reporting purposes, interfund transfers are considered to be revenues or expenditures.

Both the adopted budget and the level of appropriation (by fund) can be amended during the budget year. This action requires Council approval in the form of a resolution for a budgetary amendment and by ordinance requiring a public hearing for an increase in appropriations. Intrafund budgetary transfers between departments within a fund can be accomplished with the approval of the Manager.

B. Expenditures/Expenses in Excess of Appropriation

For the year ended December 31, 2023, the Debt Service Fund exceeded the amount budgeted by \$433,000 which may be a violation of Colorado budget law. This over-expenditure is due to the issuance of additional debt mid-year. The city issued Sales and Use Tax Revenue Bond Series 2023 and made its first debt service payment in December 2023.

C. State Constitutional Amendment

On November 3, 1992, the voters of the State approved Article X, Section 20 to the State Constitution (the Amendment) limiting growth of public entities and their ability to borrow and tax.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of its annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment. The City's management is of the opinion that its Water, Wastewater, Stormwater, Golf and Solid Waste operations qualify for this exclusion.

The initial revenue base is 1992 fiscal year spending. Future revenue limits are determined based upon the prior year's fiscal year spending adjusted for a growth factor based upon inflation and changes in the actual value of real property within its boundaries. Excluded revenues such as gifts and federal funds are not used to calculate the limit. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 5, 1996, the qualified electors of the City approved Resolution R-96-127, which reads as follows:

Without creating any new tax or increasing any current taxes, shall the City of Arvada be permitted, in 1996 and each year thereafter, to retain and spend City revenues in excess of the spending, revenue raising, or other limits in Article X, Section 20 or the Colorado Constitution, utilizing such revenues for public safety, municipal services, transportation and other public improvements, parks and recreational facilities, and any other lawful public purpose.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, imposing a mill levy that will produce property tax revenue in excess of the amount collected in the previous year adjusted by the growth factor, extending an expiring tax, or implementing a tax policy change which directly causes a net tax revenue gain.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, the Amendment specifically prohibits the creation of multiple fiscal year debt or other financial obligations without voter approval and without irrevocably pledging present cash reserves for all future payments.

The City believes it is in compliance with the requirements of the Amendment. However, due to the broad general terms of the Amendment, the City has been required to make certain interpretations of the Amendment's language in order to determine its compliance. Ultimately, the courts may be required to determine the appropriate interpretations of the Amendment's terms and provisions.

3. Detailed Notes on Funds and Account Balances

A. Deposits and Investments

As of December 31, 2023, the City's cash deposits had a carrying value of \$3,387,664. The bank balances were \$8,255,188 of which \$500,000 was covered by federal deposit insurance and \$7,755,188 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Cash with fiscal agent had a balance of \$22,279,270. \$22,275,102 of these funds are held in escrow for the Gross Reservoir Enlargement project with Denver Water. The other \$4,168 of these funds are held in escrow for the Meyers Pool replacement project with Jefferson County School District. These funds are invested in instruments which follow the City's investment policies and procedures.

Investment policies are governed by the City's investment policies and procedures and State Statutes. Investments of the City and AEDA may include:

- Local government investment pools authorized under the laws of the State of Colorado whose investment policy closely mirrors that of the City.
- Direct obligations of the United States government, including such instruments as Treasury Bills, Treasury Notes, Treasury Bonds, Export Import Bank issues, Farmers Home Administration Insured Notes, certain scaled discount notes, and certain relatively short-term securities issued by

- the Government National Mortgage Association.
- Obligations of certain U.S. Government agencies, including but not limited to such instruments as Federal Home Loan Bank debt, Federal National Mortgage Association debt, certain scaled discount notes, and/or certain short-term Federal Farm Credit debt.
- Purchases of the direct or agency securities mentioned above, under the terms of a repurchase agreement or in support of a City "Sweep Account" which meet the City's procedures for the delivery, possession, and safekeeping of investment securities.
- Repurchase agreements.
- Commercial paper and certificates of deposits.
- AAA-rated money market funds.

Interest Rate Risk

The City's investment policy does not specifically address Interest Rate Risk. The State Statutes require 3 or 5 years depending on the investment. In practice, the City does not purchase any investments with a maturity of longer than 5 years with all "money market instruments" having a maturity of one year or less. The City assumes its investments will be held to maturity and callable investments may or may not be called.

Credit Risk

The City's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The State Statutes specify rating requirements depending on the investment. All corporate bonds have A- or higher ratings.

Concentration of Credit Risk

As a means of limiting its exposure, the City's total investment in any specific money market or mutual fund shall not exceed 10% of the total assets of such fund class. At December 31, 2023, the City's investments in the Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Federal Agricultural Mortgage Corporation (FAMC), and Supranationals are 12.16%, 5.20%, 5.71%, 7.24%, 2.90% and 2.94% of total investments, respectively.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's investment policy requires commercial banks and savings and loan associations to be eligible public depositories within the meaning of the Colorado Revised Statutes of PDPA and S&L PDPA. The depositories will also have to possess overall financial strength, capitalization, and liquidity to ensure the safety and availability of such monies. The assessment of this overall financial strength shall be made applying generally accepted industry standards (i.e., capital requirements, asset quality, earnings, and liquidity) using available public agency and private rating services as appropriate.

Local Government Investment Pools

The City utilizes three local government investment pools for investment, when a high degree of liquidity is prudent. The three pools are the Colorado Local Government Liquid Asset Trust (COLOTRUST), The Colorado Surplus Asset Fund Trust cash fund (CSAFE), and the Colorado Statewide Investment Program Trust (CSIP), collectively, the Trusts. COLOTRUST and CSIP are local government investment pools with a stable net asset value (NAV) and its NAV is measured at fair value per share. CSAFE is considered a qualifying external investment pool under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* and its NAV is measured at amortized cost per share. The State Securities Commissioner administers and enforces all State statutes governing the Trusts. The Trusts operate similarly to a money market fund and each share is equal in value to \$1.00, although not guaranteed. Investment objectives and strategies focus on safety, liquidity, transparency, and competitive yields through investment in a diversified portfolio of short-term marketable

securities. The Trusts may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and highly rated commercial paper. A designated custodial bank serves as custodian of the Trusts' portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodians' internal records segregate investments owned by the Trusts. The Trusts do not have any limitations or restrictions on participant withdrawals.

Cash and Investments reported on the financial statements as of December 31, 2023 (in thousands):

Cash and Investments	\$ 426,949
Restricted Cash	24,990
Total per Statement of Net Position	451,939
Custodial Funds	2,000
Defined Benefit Police Pension	386
Total Financial Statement Cash & Investments	\$ 454,325
Carrying value of cash	\$ 3,388
Cash with Fiscal Agent	22,279
Fair market value of investments	428,658
Total value cash and investments	\$ 454,325

AURA Investment Policy

AURA is required to comply with State statutes which specify instruments meeting defined rating, maturity, and concentration risk criteria in which units of local government may invest. In addition, AURA has an investment policy in which seeks to ensure the preservation of capital in the overall portfolio.

Per AURA's investment policy, funds of AURA may be invested in:

- U.S. Treasury Securities
- Obligations of the U.S. Government agencies (including FDIC and FSLIC insured transactions up to \$100,000)
- Certificates of deposit and other evidences of deposit or investment at banks, savings and loan associations and other state or federally regulated financial institutions subject to PDPA (5%) and a minimum net worth of any bank of \$10,000,000 and a minimum net worth of any savings and loan association of \$15,000,000
- Repurchase agreements made in compliance with Revised Colorado State Statute 24-36-113. Repurchase collateral will be perfected and delivered to the Trustee. Repurchase agreements must be collateralized at a minimum of 100% of the purchase price of the repurchase agreement and market-to-market on a weekly basis. All repurchase agreements shall be evidenced by a master repurchase agreement between AURA and securities dealer
- Money market funds
- Investments with any financial institutions which have appeared in any published watch list during a 12-month period preceding the investment date in an amount greater than \$100,000 is specifically prohibited

AURA's investment policy follows State statutes, but places additional limits on investment maturities and custodial credit risk.

Interest Rate Risk – AURA's investment policy limits the maturity of investment instruments or fixed-income securities to a maximum of three years except for reserve funds which are invested subject to agreements tailored to bond indentures, when applicable.

Credit Risk – State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a nationally recognized organization that regularly rates such obligations. At December 31, 2023, AURA invested \$3,541,750 in a Vectra Bank Public Funds money market which is held at cost. AURA also invested \$380,572 with a Wells Fargo broker in a money market mutual fund which is held at fair value.

Custodial Credit Risk – AURA's investment policy requires that investments be placed with two or more financial institutions and in such amounts or proportions of total investments or assets as may be reasonable and prudent.

Concentration of Credit Risk – State statutes generally do not limit the amount AURA may invest in one issuer.

At December 31, 2023, the Authority invested in CSIP's Term Portfolio \$1,131,435, an investment established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. CSIP operates similarly to a money market fund and each share is equal to \$1.00. The value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. The Authority's investment in CSIP is rated AA+ by Fitch Ratings. CSIP is routinely monitored by the Colorado Division of Securities with regard to operations and investments.

As of December 31, 2023 AURA's cash deposits and had carrying values of \$3,847,654. The bank balances were \$3,847,654 of which \$500,000 was covered by the federal deposit insurance and \$3,365,278 was collateralized with securities held by the pledging financial institution's trust department or agent in AURA's name.

Fair Value of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1: Quoted (unadjusted) prices in active markets for an identical asset or liability at the measurement date.
- Level 2: The market approach technique is utilized using quoted prices of securities with similar characteristics or independent asset pricing services.
- Level 3: Unobservable inputs for an asset or liability

The City has the following fair value measurements as of December 31, 2023:

Investment by fair value level	Fair Value Measurements			
	Carrying Value	Level 1	Level 2	Level 3
US Treasuries	\$ 48,432,511	\$ 48,432,511	\$ -	\$ -
US Agency Securities	154,923,103	-	154,923,103	-
Corporate Bonds	46,987,320	-	46,987,320	-
Municipal Bonds	18,677,999	-	18,677,999	-
Negotiable Certificates of Deposit	402,264	-	402,264	-
Total Investments by fair value level	269,423,198	48,432,511	220,990,687	-
Local Government Investment Pool - CSIP	152,726,990			
Local Government Investment Pool - COLOTRUST	6,487,432			
Local Government Investment Pool - CSAFE	19,949			
	<u>159,234,370</u>			
	<u>\$ 428,657,568</u>			

As of December 31, 2023, the City had the following investments and maturities:

Asset Category	Credit Quality	Carrying Value	Investment Maturities					% of total
			<= 1 year	>1 yr and <= 2 yrs.	>2 yrs and <= 3 yrs.	>3 yrs and <= 4 yrs.	>4 yrs and <= 5 yrs.	
Local Government Investment Pool Trust Funds	AAA	\$ 159,234,370	159,234,370	-	-	-	-	37.15%
U.S. Treasuries	AA+	\$ 48,432,511	5,372,740	5,859,773	21,675,409	11,950,577	3,574,012	11.30%
U.S. Agencies								
FFCB	AA+	\$ 31,024,000	8,856,980	3,849,640	8,614,950	7,721,930	1,980,500	7.24%
FHLB	AA+	\$ 52,121,328	2,977,570	5,173,780	23,810,094	18,186,724	1,973,160	12.16%
FHLMC	AA+	\$ 22,278,154	5,802,300	7,111,968	1,902,155	3,921,539	3,540,191	5.20%
FNMA	AA+	\$ 24,455,333	2,923,560	20,985,843	-	-	545,930	5.71%
FAMC	AA+	\$ 12,437,090	-	7,495,810	-	4,941,280	-	2.90%
Supranationals	AAA	\$ 12,607,199	1,893,830	5,278,722	1,440,767	3,993,880	-	2.94%
Subtotal for U.S. Agencies		154,923,103	10,018,638	49,895,763	41,398,594	38,765,353	8,039,781	
Corporate Bonds	AA+	\$ 46,987,320	12,899,308	8,872,530	13,575,900	5,835,370	5,804,213	10.96%
Municipal Bonds	AA+	\$ 18,677,999	5,510,967	12,617,132	549,900	-	-	4.36%
Negotiable Certificates of Deposit	A	\$ 402,264	-	-	402,264	-	-	0.09%
Total for all Asset Categories		<u>\$ 428,657,568</u>	<u>\$ 212,903,786</u>	<u>\$ 77,245,198</u>	<u>\$ 77,199,803</u>	<u>\$ 49,062,988</u>	<u>\$ 34,912,874</u>	
			49.67%	18.02%	18.01%	11.45%	8.14%	100.00%

B. Capital, Lease, and Subscription Assets

A summary of changes in capital, lease and subscription assets activity for the year ended December 31, 2023 follows (in thousands):

	Balance January 1, 2023 as restated	Additions	Retirements	Transfers To (From) CIP	Balance December 31, 2023
Primary Government:					
Governmental activities					
Capital, lease and subscription assets not being depreciated/amortized:					
Land	\$ 58,764	\$ -	\$ -	\$ -	\$ 58,764
Lease land	237	-	-	-	237
Construction in progress	55,729	46,640	(175)	(3,644)	98,550
Total capital, lease and subscription assets, not being depreciated/amortized	114,730	46,640	(175)	(3,644)	157,551
Capital, lease and subscription assets, being depreciated/amortized:					
Buildings	62,554	-	-	-	62,554
Improvements other than buildings	174,910	3	(38)	3,493	178,368
Equipment & vehicles	49,289	7,453	(1,871)	151	55,022
Subscriptions	1,682	5,580	(60)	-	7,202
Lease equipment & vehicles	207	-	-	-	207
Infrastructure	486,290	1,428	(89)	-	487,629
Total capital, lease and subscription assets being depreciated/amortized	774,932	14,464	(2,058)	3,644	790,982
Less accumulated depreciation/amortization for:					
Buildings	(26,082)	(1,213)	-	-	(27,295)
Improvements other than buildings	(69,893)	(7,510)	33	-	(77,370)
Equipment & vehicles	(31,765)	(4,546)	1,807	-	(34,504)
Subscriptions	-	(744)	60	-	(684)
Lease equipment & vehicles	(79)	(79)	-	-	(158)
Infrastructure	(337,395)	(9,341)	89	-	(346,647)
Total accumulated depreciation/amortization	(465,214)	(23,433)	1,989	-	(486,658)
Total capital, lease and subscription assets, being depreciated/amortized, net	309,718	(8,969)	(69)	3,644	304,324
Governmental activities capital, lease and subscription assets, net	\$ 424,448	\$ 37,671	\$ (244)	\$ -	\$ 461,875
Business-type activities					
Capital assets not being depreciated/amortized:					
Water rights	\$ 31,605	\$ -	\$ -	\$ -	\$ 31,605
Land	8,168	-	-	-	8,168
Construction in progress	50,055	52,929	(43)	(2,743)	100,198
Total capital assets, not being depreciated/amortized	89,828	52,929	(43)	(2,743)	139,971
Capital, lease and subscription assets, being depreciated/amortized:					
Buildings	20,168	36	-	-	20,204
Improvements other than buildings	401,940	17,282	(1,440)	2,743	420,525
Equipment & vehicles	3,778	198	(161)	-	3,815
Subscriptions	62	-	-	-	62
Lease equipment & vehicles	565	-	-	-	565
Infrastructure	7,155	-	-	-	7,155
Total capital, lease and subscription assets being depreciated/amortized	433,668	17,516	(1,601)	2,743	452,326
Less accumulated depreciation/ amortization for:					
Buildings	(10,221)	(405)	-	-	(10,626)
Improvements other than buildings	(131,377)	(7,998)	637	-	(138,738)
Equipment & vehicles	(3,149)	(133)	160	-	(3,122)
Subscriptions	-	(24)	-	-	(24)
Lease equipment & vehicles	(169)	(170)	-	-	(339)
Infrastructure	(1,770)	(143)	-	-	(1,913)
Total accumulated depreciation/amortization	(146,686)	(8,873)	797	-	(154,762)
Total capital, lease and subscription assets, being depreciated/amortized, net	286,982	8,643	(804)	2,743	297,564
Business-type activities capital, lease and subscription assets, net	\$ 376,810	\$ 61,572	\$ (847)	\$ -	\$ 437,535

Depreciation and amortization expense was charged to functions/programs of the primary government as follows (in thousands):

	<u>Governmental</u>	<u>Business-Type</u>
General Government	\$ 7,631	\$ -
Public Safety- police and judicial	900	-
Public Works	9,842	-
Parks	773	-
Culture	326	-
Internal Service	3,961	-
Water	-	5,135
Wastewater	-	1,633
Stormwater	-	1,321
Golf	-	784
Total	<u>\$ 23,433</u>	<u>\$ 8,873</u>

C. Construction Commitments

The City has active construction projects as of December 31, 2023. The projects include streets, general construction and water, and wastewater system projects. At year end the City's commitments with contractors are as follows (in thousands):

	Project Spent-to-Date	Remaining Commitment
Streets construction	\$ 42,450	\$ 3,730
Wastewater system	2,583	432
Water system	17,757	7,676
Total	<u>\$ 62,790</u>	<u>\$ 11,838</u>

D. Interfund Transactions

There were two "advance to" and "advance from" as of December 31, 2023. The Wastewater Fund loaned the Golf Fund \$2,000,000 for the construction of an irrigation system at Westwoods Golf Course. The loan is for 15 years at 2.5% interest with semi-annual interest and principal payments beginning in June 2018. The balance as of December 31, 2023, was \$1,305,549. The Water Fund loaned the Solid Waste Fund \$2,000,000 for the startup of this new service offered to citizens of Arvada. The loan is for five (5) years at 2.0% interest with annual interest and principal payments beginning in December 2021. The balance as of December 31, 2023, is \$841,304. These transactions have been eliminated in the presentation of the Government-Wide financial statements but appear in the proprietary funds' financial statements.

Transfers to/from other funds for the year ended December 31, 2023, were as follows (in thousands):

Fund	Trans In	Trans Out
General Fund	250	20,542
Community Development	45	-
Parks	5,076	18
Capital Projects Fund	18,716	-
Non-Major Governmental Funds	3,255	3,010
Water Fund	8	918
Wastewater Fund	-	16
Stormwater	8	874
Golf Course Fund	345	432
Internal Service Fund	1,433	3,326
Total	29,136	29,136

The General Fund transfers out include support transfers to Parks, Community Development, Water, Golf Course, and Buildings Fund. Capital transfer to the Capital Projects Fund, to the Computers Fund for the ERP replacement, debt transfers to the COP Fund, and transfers to the Vehicles internal service for the purchase of vehicles. The transfer in is from the Community Development for administration.

The Community Development Fund transfer in is from the General Fund to support operations and the transfers out are to the Housing Fund for operations.

The Parks Fund transfer in is from the General Fund to support operations and safety. The transfer out is to the Vehicle Internal Service Fund to purchase vehicles.

This year the General and Water Funds made transfers into the Capital Projects Fund for various capital projects.

The Water Fund transfer out was to the Vehicle Fund for the purchase of vehicles, the buildings Fund for the energy efficiency project, and to the Capital Project fund for non-enterprise assets. The transfers in are from the General Fund, Wastewater and Stormwater Funds for operations.

The Wastewater Fund transfers out are to the Water Fund for operations, Buildings Fund for the energy efficiency project, and the Capital Projects for tree replacement reimbursement to Parks CIP.

The Stormwater Fund transfers out are to the Water and Wastewater Funds for operations, the Capital Projects for various capital projects, the Bond Funds for debt service payment on the 2015 Certificates of Participation, and the General Fund to support operations and safety.

The Golf Course Fund transfers in are from the General Fund to support operation. The transfers out are to the Buildings Fund for the energy efficiency project and the COP Fund for payment of the 2015 Certificates of Participation.

The Internal Service Funds transfers in are in support of vehicle purchases and support for the efficiency project in the Buildings fund.

E. Long-Term Debt

Revenue Bonds and Certificates of Participation

Governmental Activities

Series 2015A and 2015B Certificates of Participation- Direct Placement

On January 22, 2015, the City advance refunded \$11,300,000 of 2005 Certificates of Participation with the issuance of \$7,880,000 of Refunding Certificates of Participation Series 2015A and \$3,940,000 taxable Refunding Certificates of Participation Series 2015B in a direct placement transaction. The City entered into a "Lease Purchase" Agreement with the property consisting of 191,517 square foot City Hall Building, the City Hall Annex 12,700 square foot building and the 9.69-acre site where the building are located. In the event of default, the City must vacate the financed property; no payment acceleration clause exists in the event of default. No outstanding in-substance defeased debt remains on the 2005 Certificates. The refunding resulted in a deferred loss on refunding of \$444,000. Series 2015B Certificates were paid in full December 1, 2018. Series 2015A Certificates have interest rate of 1.78%, payable semi-annually. The payments mature starting in 2018 and continue through 2024.

Annual payments for Series 2015A Certificates and outstanding balance at December 31, 2023, are as follows (in thousands):

Year Ending December 31	Principal	Interest	Total Payment
2024	1,270	23	1,293
Totals	\$1,270	\$23	\$1,293

Series 2016 Certificates of Participation

On August 31, 2016, the City issued \$11,180,000 of Certificates of Participation Series 2016 dated September 15, 2016, for two projects, Westwoods Golf Clubhouse expansion and W 72nd Ave and Indiana Ave intersection improvements. The coupon rate ranges from 4.0% to 5.0% with interest payable semi-annually on June 1 and December 1. The payments mature beginning in 2016 and continue through 2036.

Year Ending December 31	Principal	Interest	Total
2024	490	341	831
2025	515	317	832
2026	540	291	831
2027	560	269	829
2028	585	247	832
2029-2033	3,280	865	4,145
2034-2036	2,305	187	2,492
Totals	\$8,275	\$2,517	\$10,792

Sales and Use Tax Revenue Bonds Series 2019

On February 13, 2019, the City issued \$72,570,000 of Sales and Use Tax Revenue Bonds Series 2019 for two projects, West 72nd Ave improvements and railroad underpass between Kipling Street and Simms Street and Ralston Road improvement between Yukon Street and Garrison Street. The coupon rate ranges from 3.375% to 5.0% with interest payable semi-annually on June 1 and December 1. The bonds mature beginning in 2019 and continue through 2038.

Year Ending December 31	Principal	Interest	Total
2024	2,885	2,473	5,358
2025	3,030	2,329	5,359
2026	3,180	2,178	5,358
2027	3,340	2,019	5,359
2028	3,510	1,852	5,362
2029-2033	20,310	6,487	26,797
2034-2038	24,330	2,462	26,792
Totals	\$60,585	\$19,800	\$80,385

Series 2021 Certificates of Participation- Direct Placement

On December 22, 2021, the City and Jefferson County School District issued \$35,210,000 of 2021 Certificates of Participation in a direct placement transaction. The City and the School District entered into a "Lease Purchase" Agreement with the property consisting of the property located at 7900 Carr Drive Arvada, CO. The City and School District are each responsible for ½ of the Certificates of Participation, the City's portion is \$17,605,000. Should the School District default or fail to appropriate their portion of the payments, the City would become responsible for the entire payment. In the event of default by the City and the School District the property must be surrendered. The certificates have an interest rate of 2.25%, payable semi- annually. The payments mature starting in 2023 and continue through 2041.

The City's annual payments for Series 2021 Certificates and outstanding balance at December 31, 2023, are as follows (in thousands):

Year Ending December 31	Principal	Interest	Total
2024	769	375	1,144
2025	786	357	1,143
2026	804	340	1,144
2027	822	322	1,144
2028	841	303	1,144
2029-2033	4,499	1,220	5,719
2034-2038	5,031	688	5,719
2039-2042	3,300	131	3,431
Totals	\$16,852	\$3,736	\$20,588

Sales and Use Tax Revenue Bonds Series 2023

On May 31, 2023, the City issued \$7,230,000 of Sales and Use Tax Revenue Bonds Series 2023 for two projects, West 72nd Ave improvements and railroad underpass between Kipling Street and Simms Street and Ralston Road improvement between Yukon Street and Garrison Street. The coupon rate of 5.0% with interest payable semi-annually on June 1 and December 1. The bonds mature beginning in 2023 and continue through 2042:

Year ending December 31	Principal	Interest	Total Payment
2024	95	348	443
2025	95	343	438
2026	105	339	444
2027	110	333	443
2028	110	328	438
2029-2033	645	1,550	2,195
2034-2038	825	1,372	2,197
2039-2042	4,975	637	5,612
Totals	\$6,960	\$5,250	\$12,210

Governmental Leases

The City's annual payments for governmental lease liabilities and outstanding balance at December 31, 2023, are as follows (in thousands):

Year ending December 31,	Principal	Interest	Total Payment
2024	43	9	52
2025	45	6	51
2026	14	4	18
2027	15	4	19
2028	16	3	19
2029-2033	90	12	102
2034-2038	54	2	56
Totals	277	40	317

The City's annual payments for governmental subscription liabilities and outstanding balance at December 31, 2023, are as follows (in thousands):

Year ending December 31,	Principal	Interest	Total Payment
2024	1,056	197	1,253
2025	1,074	162	1,236
2026	836	129	965
2027	523	109	632
2028	455	91	546
2029-2033	2,110	177	2,287
Totals	6,054	865	6,919

Business Type Activities

Water Enterprise Revenue Bonds Series 2022

On December 20, 2022, the City issued \$48,150,000 of Water Enterprise Revenue Bonds Series 2022 for various wastewater infrastructure projects. The coupon rate ranges from 4.0% to 5.0% with interest payable semi-annually on June 1 and December 1. The bonds mature beginning in 2023 and continue through 2052.

Year ending December 31	Principal	Interest	Total Payment
2024	790	2,085	2,875
2025	830	2,045	2,875
2026	875	2,004	2,879
2027	915	1,960	2,875
2028	960	1,914	2,874
2029-2033	5,580	8,799	14,379
2034-2038	7,120	7,258	14,378
2039-2043	8,980	5,401	14,381
2044-2048	10,945	3,436	14,381
2049-2052	10,440	1,064	11,504
Totals	\$47,435	\$35,966	\$83,401

The 2022 Water Enterprise Revenue Bonds are paid solely from revenues of the Water Fund. During the year ended December 31, 2023, revenues of \$23,230,000 were available to pay the annual debt service of \$2,723,395.28.

Wastewater Enterprise Revenue Bonds Series 2022

On December 20, 2022, the City issued \$47,855,000 of Water Enterprise Revenue Bonds Series 2022 for various water infrastructure projects. The coupon rate ranges from 4.0% to 5.0% with interest payable semi-annually on June 1 and December 1. The bonds mature beginning in 2023 and continue through 2052.

Year ending December 31	Principal	Interest	Total Payment
2024	785	2,109	2,894
2025	825	2,070	2,895
2026	865	2,028	2,893
2027	910	1,985	2,895
2028	955	1,940	2,895
2029-2033	5,530	8,934	14,464
2034-2038	7,065	7,405	14,470
2039-2043	8,905	5,563	14,468
2044-2048	10,865	3,605	14,470
2049-2052	10,440	1,132	11,572
Totals	\$47,145	\$36,771	\$83,916

The 2022 Wastewater Enterprise Revenue Bonds are paid solely from revenues of the Wastewater Fund. During the year ended December 31, 2023, revenues of \$6,126,000 were available to pay the annual debt service of \$2,741,276.62.

Business Type Leases

The City's annual payments for business type lease assets and outstanding balance at December 31, 2023, are as follows (in thousands):

Year ending December 31	Principal	Interest	Total Payment
2024	191	1	192
Totals	\$191	\$1	\$192

The City's annual payments for business type subscription liabilities and outstanding balance at December 31, 2023, are as follows (in thousands):

Year ending December 31	Principal	Interest	Total Payment
2024	20	1	21
2025	21	-	21
Totals	41	1	42

Changes in General Long-Term Liabilities

During the year ended December 31, 2023, the following changes occurred in liabilities reported in the governmental activities (including internal service funds), and business type activities (in thousands):

Governmental Activities	Balance 1/1/2023 as restated	Additions	Reductions	Balance 12/31/2023	Due in 1 year
Sales and Use Tax Revenue Bonds Series 2019	\$ 63,335	\$ -	\$ 2,750	\$ 60,585	\$ 2,885
Bond Premium - Sales and Use Tax Series 2019	6,190	-	364	5,826	364
Sales and Use Tax Revenue Bonds Series 2023	-	7,230	270	6,960	95
Bond Premium - Sales and Use Tax Series 2023	-	936	26	910	48
Lease liability	363	-	86	277	43
Subscription liability	1,682	5,580	1,208	6,054	1,056
2016 Certificates of Participation	8,740	-	465	8,275	490
Certificate of Participation Premium	1,312	-	94	1,218	94
Compensated Absences	4,118	3,206	2,902	4,422	2,211
Total Governmental	\$ 85,740	\$ 16,952	\$ 8,165	\$ 94,528	\$ 7,286

Governmental Activities - Direct Placement	Balance 1/1/2023 as restated	Additions	Reductions	Balance 12/31/2023	Due in 1 year
2015 Certificates of Participation	\$ 2,520	\$ -	\$ 1,250	\$ 1,270	\$ 1,270
2021 Certificates of Participation	\$ 17,605	\$ -	\$ 753	\$ 16,852	\$ 769
Equipment purchase, direct placement	\$ -	\$ 521	\$ 119	\$ 402	\$ 131
Total Governmental- Direct Placement	\$ 20,125	\$ 521	\$ 2,122	\$ 18,524	\$ 2,170

Business-Type Activities	Balance 1/1/2023 as restated	Additions	Reductions	Balance 12/31/2023	Due in 1 year
Water Enterprise Revenue Bond 2022	\$ 48,150	\$ -	\$ 715	\$ 47,435	\$ 790
Bond Premium - Water Enterprise Revenue Bond 2022	2,332	-	78	2,254	78
Wastewater Enterprise Revenue Bond 2022	47,855	-	710	47,145	785
Bond Premium - Wastewater Enterprise Revenue Bond 2022	2,548	-	85	2,463	85
Lease liability	376	-	185	191	191
Subscription liability	62	-	21	41	20
Compensated Absences	785	569	580	774	387
Total Business Type	\$ 102,109	\$ 569	\$ 2,374	\$ 100,303	\$ 2,336

4. Other Information

A. Risk Management

The City has established a risk management program for much of its insurance needs. It is self-insured for occurrences of general liability and auto liability claims, which are subject to the Colorado Governmental Immunity Act which caps recoveries at \$424,000 per person and \$1,195,000 per accident. Property damage is subject to a \$100,000 deductible except for wind and/or hail then it is \$250,000 minimum or 5% of the value of each location. Liability insurance a \$250,000 self-insured retention (SIR). Effective April 1, 2022, the Workers' Compensation program maintains a self-insured retention limit of \$750,000. There have been no settlements which exceed the Governmental Immunity Caps for general or auto liability in the last three years.

Premiums are paid by each department into the Insurance Fund (internal service) to pay claims, claim reserves, loss control and administrative costs of the program including premiums to commercial insurance companies for losses in excess of the self-insured amounts.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability for claims and judgments is recorded in the internal service funds.

Changes in the balances of claims liabilities during the past two years are as follows (in thousands):

	Insurance Service
Unpaid Claims, January 1, 2022	\$ 2,518
Incurred Claims	1,366
Claim Payments	674
Unpaid Claims, December 31, 2022	3,210
Incurred Claims	407
Claim Payments	702
Unpaid Claims, December 31, 2023	\$ 2,915

Effective January 1, 2014, the City established a self-funded medical insurance program for employees who choose to participate in the program. The City utilizes a third-party provider to administer the plan. Excess insurance coverage is maintained for claims greater than \$175,000 to limit the loss of any individual claim. Changes in the balance of unpaid claims related to medical insurance during the past two years are as follows (in thousands):

	Medical Insurance
Unpaid Claims January 1, 2022	\$ 698
Incurred Claims	8,570
Claim Payments	8,497
Unpaid Claims, December 31, 2022	771
Incurred Claims	10,154
Claim Payments	10,128
Unpaid Claims, December 31, 2023	\$ 797

The City also provides dental insurance for employees. Dental claims are limited to \$1,500/year per person.

B. Commitments and Contingencies

1) Litigation

The City is involved in pending litigation. The City anticipates no potential claims resulting from these cases which would materially affect the financial statements of the City.

2) Federal Grants

Federal grants are subject to audit which could result in disallowed costs, the amount which is undeterminable at December 31, 2023. If any costs are disallowed in the future, the City expects them to be insignificant.

3) Tax Abatements

The City enters into sales tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within the City. Abatements are granted to businesses located within or promising to relocate to the City upon City Council approval.

For the fiscal year ended December 31, 2023, the City abated sales taxes totaling \$46,091 under this program, including the following tax abatement agreements:

- A 50% sales tax abatement to a retail store for construction including infrastructure and improvements of a retail store. The abatement amounted to \$6,384.
- A 100% admission tax abatement after the first \$100,000 is retained by the City annually and a 100% use tax abatement on the building permit to reconstruct and modernize a public amenity. The abatement amounted to \$39,707.

4) AURA Commitments

Developer Agreements

The Authority, under the Urban Renewal Law of the State of Colorado, has entered into various Disposition and Development Agreements (DDAs) with certain developers, the terms of which are scoped into the requirements of Governmental Accounting Standards Board Statement No. 77, Tax Abatements. These agreements generally stipulate that the Authority will sell property held for resale, typically at a discount, and provide certain types of property and sales tax rebates (in excess of a set "base" amount and up to a set maximum dollar threshold and/or maturity date), lodging tax rebates, public improvement fee (PIF) rebates and/or PIF in lieu of sales taxes in exchange for a commitment from the developer to purchase, develop and otherwise rehabilitate the related property within a specified period of time.

As of December 31, 2023, the Authority has entered into 11 DDAs expiring from 2025 to 2035. During the year ended December 31, 2023, the Authority rebated property tax of \$17,442,717, PIF of \$1,033,508 and lodging tax of \$141,432.

C. Conduit Debt Obligation

From time to time, the City has issued Industrial/Mortgage Revenue Bonds, Mortgage Credit Certificates and Private Activity Bonds. Industrial Bonds are issued to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities. Mortgage Bonds are issued to provide

financial assistance to low and moderate income persons and families in the purchase of a home. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of such property transfers to the person/family served by the bond issuance. These bonds are not direct or contingent liabilities of the City and there are no voluntary commitments to support this debt. Accordingly the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2023, there were 3 Industrial Revenue Bonds, 1,188 single and multi-family Mortgage Bonds, 247 Mortgage Credit Certificates and 6 Private Activity Bond and one Charter School Revenue Bond. The unpaid balance on the Industrial Revenue Bonds is \$21.5 million and on the multi-family Mortgage Bonds is \$13.1 million. The unpaid balance on the Mortgage Credit Certificates is \$36.4 million, and on the Private Activity Bonds is \$88.7 million. The balance on the Charter School Revenue Bond is \$5.9 million.

D. Retirement Commitments

The City has adopted one pension plan and three defined contribution plans (Plans) covering all employees, except those hired on a temporary basis.

Although it has not expressed any intention to do so, the City has the right under the Plans to discontinue its contribution or to terminate the Plans.

Should the Plans terminate at some future time; their net position will be used to provide participants' benefits. Upon such termination, the assets of the Plans are to be allocated for the benefit of each participant and the beneficiary in a manner approved by the Internal Revenue Service.

1) Defined Benefit Police Pension Plan

Governmental Accounting Standards Board Statement No. 67 *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25* (GASB 67) establishes the requirements for governmental pension plan financial statement reporting, including pension plan financial statements included as a pension trust fund of a government. Accordingly, GASB 67 applies to the City's reporting of statement of fiduciary net position, statement of changes in fiduciary net position, certain notes to the financial statements and certain required supplementary information (RSI).

Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* sets forth the pension reporting requirements for the City in the statement of net position, statement of activities, certain notes to the financial statements and certain RSI. For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to the pension, pension expense, and information about the fiduciary net position of the Defined Benefit Police Pension (Plan) have been determined on the same basis as they are reported by the Plan. Benefit payments are recognized when due and payable. As no stand-alone financial report is issued, all required disclosures for both GASB 67 and GASB 68 are contained in this note.

Plan Description

The City has a single employer defined benefit pension plan that covers the uniformed police officers who did not elect to participate in the Defined Contribution Police Pension Plan that became effective January 1, 1986. In 1986, single premium group annuities were purchased for the benefit of retired employees, beneficiaries and terminated vested employees. After January 1, 1986, all new uniformed police officers are participants in the Defined Contribution Police Pension Plan.

The pension plan board consists of seven trustees, the Director of Finance (or designee), the Director of Human Resources (or designee), one resident citizen of the City of Arvada not employed by the City or affiliated with the retirement plan, four members of the retirement system elected by the members of the retirement system.

One fully vested participant remains in the Defined Benefit Plan as of December 31, 2023. The participant began receiving retirement benefits in 1997, as defined by City ordinance. The City does not issue a stand-alone financial report for the plan.

Lifetime retirement benefits are established in Chapter 86 of the City of Arvada City Code. A monthly benefit begins at the age of 55 and is based upon the members final base pay, allowing 2 ½ percent for each year of credited service to a maximum of 65 percent of final base pay. Final base pay is determined on the basis of the highest total salary received during any three consecutive years of service divided by the number of months for which pay was received.

No contributions were made by the participant for the year ended December 31, 2023. The City contributed \$20,000 per year to the plan from 2012 through 2015. During 2016 the City contributed \$170,000 to the plan, a \$12,000 contribution in 2019 and 2020, an \$18,000 contribution in 2022, and \$18,450 contribution in 2023. The City did not make a contribution to the plan during 2017, 2018 or 2021.

Investments

The pension plan's investment policy follows the City's investment policy as summarized on pages 57-58. The December 31, 2023, plan asset allocation is shown below:

Asset Class	Allocation
Local Government Investment Pool	1.87%
Pooled cash and investments	98.13%
	100.00%

For the year ended December 31, 2023 the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 5.04% percent. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of them they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow each month. The money-weighted rate of return is calculated net of investment expenses.

Net Pension Liability of the City

The components of the net pension liability of the City at December 31, 2023, were as follows:

Total pension liability	\$392,084
Plan fiduciary net position	388,292
City's net pension liability	<u>\$3,792</u>
Plan fiduciary net position as a percentage of the total pension liability	99.03%

Mortality rates were based on the Pub-2010 Safety Retiree Mortality (Participant) and Pub 2010 General Retiree Mortality (Spouse), with Generational Projection using MP2020.

The long-term expected rate of return is selected by the Plan Sponsor after review of expected inflation and long-term real-returns, reflecting volatility and correlation. The assumption currently selected is 1.5% per annum, net of investment expenses.

The discount rate used to measure the total pension liability was 3.77 percent. The projection of cash flows used to determine the discount rate assumed the City will not make additional contributions to the plan. Based on those assumptions, the pension plan's fiduciary net position was projected to make all projected future benefit payments. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The following presents the net pension liability of the City, calculated using the discount rate of 3.77 percent, as well as what the City's net pension (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (2.77 percent) or 1-percentage-point higher (4.77 percent) than the current rate:

	"1% Decrease (2.77%)"	"Current Discount Rate (3.77%)"	"1% Increase (4.77%)"
Net pension liability (asset)	\$ 44,968	\$ 3,792	\$ (31,097)

Net Pension Liability of the City

The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024, rolled back to December 31, 2023, using standard actuarial methods.

Significant methods and assumptions included the following:

- Actuarial Valuation Date – January 1, 2024
- Measurement Date – December 31, 2023
- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Dollar, closed
- Rate of Investment Return – 1.5% per annum
- Remaining Closed Amortization Period – 7 years
- Asset Valuation Method – Market Value

Changes in the Net Pension Liability

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balances as of December 31, 2022	\$ 388,824	\$ 380,253	\$ 8,571
Interest on total pension liability	15,170	-	15,170
Effect of economic/demographic gains or losses	6,563	-	6,563
Effect of assumptions changes or inputs	10,346	-	10,346
Benefit payments	(28,819)	(28,819)	-
Employer contributions	-	18,450	(18,450)
Net investment income (loss)	-	18,408	(18,408)
Balances December 31, 2023	<u>\$ 392,084</u>	<u>\$ 388,292</u>	<u>\$ 3,792</u>

Information regarding pension plan fiduciary net position can be found on pages 40-41 of this report.

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended December 31, 2023, the City recognized pension expense of \$33,366. At December 31, 2023 the City reported deferred outflows and inflows of resources related to pensions from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ -	\$ -
Assumption Changes	-	-
Net difference between projected and actual earnings	21,799	(10,226)
Totals	<u>\$ 21,799</u>	<u>\$ (10,226)</u>

Amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year ended December 31:

2024	\$ 5,791
2025	5,584
2026	2,756
2027	(2,558)
2028	-
Thereafter	-
Total	<u>\$ 11,573</u>

2) City of Arvada Retirement Plan – Defined Contribution Plan

Effective January 1, 1993, all eligible City employees participate in the City of Arvada Retirement Plan (CARP), a defined contribution plan.

All City full-time and part-time employees, except uniformed police officers, the City Manager, the City Attorney, the Municipal Judge and Department Heads are eligible to participate in CARP. 568 employees were participants in the plan as of December 31, 2023. Employer contributions vest with the employee according to the following:

Years of Service	Vesting Percentage
Less than 1 year	0%
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 or more years	100%

The plan requires covered employees to contribute 8% of their salary to the plan and the City to contribute 10% of the compensation of all participants hired after April 2, 2004. Employees hired on or before April 2, 2004 had a choice of receiving a flat rate 10% contribution or receiving an age weighted, graduated retirement contribution up to a maximum of 15%. The maximum permissible contribution is the lesser of \$51,000 or 100%

of the participant's earnings for the plan year.

If a participant is less than one hundred percent vested at the time of termination of employment, the non-vested portion of the amount in his/her Employer Contribution account shall be credited to a suspense account. If the participant does not incur a break in service after termination, prior to re-employment the credit in the suspense account shall be transferred back to the reconstituted Employer Contribution Account. If a break in service occurs after termination the amount credited to the suspense account will be used first to offset expenses of the plan. If the value in the suspense account exceeds \$50,000 as of the last day of the plan year, the amounts in excess of \$50,000 shall be allocated to participants pro rata based upon each participant's months of continuous service with the City during which the participant participated in the City benefit plans.

Benefit payments are based upon the participant account balance as of the valuation date immediately preceding the date of distribution. The participant may elect to receive distribution in a lump sum; substantially equal annual, semi-annual, quarterly, or monthly installments; through the purchase of an immediate or deferred single payment, non-transferable annuity contract; or a combination of the above.

The required City contribution of \$4,884,035 and the required employee contributions of \$3,747,214 were paid during 2023. Additional employee contributions, in the form of rollovers, of \$892,167 were also made in 2023. The required contributions represent 10.4% and 8% of total covered payroll, respectively. The plan investments are maintained and administered by Fidelity.

3) Defined Contribution Police Pension Plan

The City provides retirement benefits for all of its uniformed officers not covered in the Defined Benefit Police Pension Plan through a defined contribution plan named the Police Money Purchase Plan (PMPP). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Participants are eligible to participate from the date of employment.

The Plan requires that the City and the participant each contribute 12% of the participant's compensation. Participants are fully vested after five years of continuous service. City contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the Plan's expenses.

157 employees were participants as of December 31, 2023. The required contributions for the City were \$2,017,752.15, and for the PMPP employees the required contributions were \$2,380,832 (12% of covered payroll). The plan allows voluntary and roll over contributions by employees. The plan investments are maintained and administered by Fidelity Investments.

4) Executive Retirement Plan

The City provides retirement benefits for the City Manager, the City Attorney, the Municipal Judge and Department Heads through separate defined contribution plans. The plans are administered by Fidelity Retirement Services. Qualified employees are eligible to participate from the date of employment. Under the plan, the City contributes an amount equal to 10.02% of the participant's base salary. The employees covered by this plan were required to make an 8% contribution in 2023.

Employees covered under these Plans are vested upon date of hire. Employees who leave employment with the City are entitled to all contributions and interest earnings. For the year ended December 31, 2023, the City contributed \$282,489 for the benefit of the 12 participants in the Plan and the employees contributed \$220,592, as required.

E. Postemployment Benefits Other than Pensions

Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expenditures and certain note disclosure and required supplementary information.

Plan Description

The City has established a single employer-defined benefit post-employment healthcare plan for eligible retirees, their spouses, and dependents.

All benefits are provided through the City's self-insured health plan. The two optional benefits levels High Deductible Health Plan (HDHP) and Traditional Open Access – IN Plan (OAP-IN), are the same for retirees as those afforded to active employees.

Benefits Provided

The City provides retiree health program coverage to current and future retirees of the City who qualify for retirement. Members who terminate prior to retirement eligibility are not eligible to participate in the program. The election to participate in the plan must occur upon retirement. The retirement eligibility is based on the following requirements:

Civilian employees (CARP retirement plan) must have completed 20 years of service or must have completed five years of service and attained 59 ½ years of age.

Sworn police officers (PMPP retirement plan) must have completed 20 years of service.

Once a retiree reaches the age of 65, or becomes eligible for Medicare, the retiree is no longer eligible to receive benefits under the City's plan.

As of December 31, 2023, the following employees were covered by the benefit terms:

Retirees and beneficiaries receiving benefits	21
Active Employees	665
	<u>686</u>

Accounting Policy

An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund. The plan does not issue a stand-alone financial report for the plan.

Funding Policies

The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2023, the City made \$91,404 in contributions to the plan. Plan members are required to contribute their share of the premiums.

Monthly retiree health coverage contribution rates for offered benefit levels are as follows:

	HDHP	OAP-IN
Retiree	\$ 680	\$ 791
Retiree plus one	\$ 1,429	\$ 1,662

Actuarial Methods and Assumptions

Actuarial cost method	Individual Entry-Age Normal
Discount rate	3.77%
Inflation	2.50%
Salary increases	3.50%, including inflation
Medical trend	7.0% declining to an ultimate rate of 4.15% after 15 years
Mortality	For healthy retirees, the Pub-2010 Retirees Tables for males and females are used. Those rates are projected on a fully generational basis based on the mortality improvement scale MP-2020.
Mortality Improvement Scale MP-2020 from 2010 base year, and projected forward using MP-2020 on a generational basis participation rates	All current retired participants are assumed to continue retiree health coverage. 20% of future eligible retired participants are assumed to elect retiree health coverage upon retirement. This assumption is based on historical participant behavior and expectations of future plan experience

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding funded status and contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The assumptions reflect the Bond Buyer 20-Year General Obligation Bond Index for the 3.77% discount rate.

Changes in assumptions

- Discount rate has been updated according to the 20-year tax-exempt municipal bond yield as of the measurement date to 3.77%

Total OPEB Liability

The total OPEB liability of \$1,774,492 was measured as of December 31, 2023, and was determined by an actuarial valuation as of January 1, 2022 and rolled forward to December 31, 2023.

The total OPEB liability and related information are as follows as of December 31, 2023:

	Total OPEB Liability
Balance as of January 1, 2023	\$ 1,698,179
Changes for the year:	
Service cost	107,810
Interest on Total OPEB Liability	68,020
Effect of economic/demographic gains or losses	4,577
Effect of assumptions changes or inputs	41,049
Benefit payments	(145,143)
Balance as of December 31, 2023	<u>\$ 1,774,492</u>

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended December 31, 2023 the City recognized OPEB expense of \$91,404. As of December 31, 2023, the City reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (555,182)	\$ 38,178
Changes of assumptions	(233,524)	65,381
Total at December 31, 2023	<u>\$ (788,706)</u>	<u>\$ 103,559</u>

Amounts currently reported as deferred inflows/outflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended December 31	
2024	\$ (64,570)
2025	(86,983)
2026	(84,392)
2027	(85,222)
2028	(85,593)
Thereafter	(278,387)
Total	<u>\$ (685,147)</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.77 percent) or 1 percentage point higher (4.77 percent) than the current rate:

	1% Decrease 2.77%	Current Discount Rate 3.77%	1% Increase 4.77%
Total OPEB liability	\$ 1,929,296	\$ 1,774,492	\$ 1,631,742

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, calculated using healthcare cost trend rates that are 1 percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
Total OPEB liability	\$ 1,528,710	\$ 1,774,492	\$ 2,074,317

F. Related Party Notes

In February 2010, the City and AURA entered into a promissory note in which the City loaned AURA \$2,745,000 at a simple interest rate of 3.5% for 2 years. Interest payments are due monthly. The loan was due and payable in full on April 1, 2016. The loan was collateralized with a building and two parcels of land. During 2015, the property was sold and the note amended. Under the amended note, AURA made a lump sum payment to the City in the amount of \$500,000 at the time of sale and the remaining balance of \$2,245,000 is being paid in monthly installments beginning January 2016 and continuing through November 2030 at a simple interest rate of 1.5%. The balance as of December 31, 2023 is \$1,109,340. Though the note is unsecured, the City shall be authorized to withhold payment to AURA derived from the incremental sales tax in the event of default.

In June, 2016, the City entered into a loan agreement with AURA in which the City's Wastewater Fund loaned AURA \$5,000,000 at a simple interest rate of 3% through June 2028. Interest payments are due monthly beginning in June 2017 through 2028. Principal and interest is being paid monthly thereafter until maturity. The balance as of December 31, 2023 is \$2,837,089. The loan is unsecured, though the City shall be authorized to withhold payment to AURA derived from incremental sales tax or public improvement fees in the event of default.

In March 2022, The City and AURA entered into a promissory note in which the City loaned AURA \$8,000,000 at a simple interest rate of 3% through March 2025. Interest and principal payments are due annually. The loan is unsecured, though the City shall be authorized to withhold payment to AURA derived from incremental sales tax or public improvement fees in the event of default. The agreement may be extended for four one-year terms. As of December 31, 2023, this loan has not yet been funded.

G. Net Investment in Capital, Lease and Subscription Assets

Net investment in capital assets is a component of net position, and consists of capital, lease and subscription assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of borrowing attributable to the acquisition, construction, or improvement of those assets. The calculation of net investment in capital assets is shown below:

	Governmental Activities	Business-type Activities
Capital, lease and subscription assets, net	\$ 461,875	\$ 437,535
Related debt	(108,629)	(99,297)
Unspent debt proceeds including premiums	37,988	92,847
Deferred loss on refunding	44	-
Outstanding related accounts and contracts payable	(12,077)	(4,755)
Net investment in capital assets	<u>\$ 379,201</u>	<u>\$ 426,330</u>

H. GASB Statement No. 96, Subscription – Based Information Technology Arrangements (SBITA)

The City has adopted and implemented GASB Statement No. 96 Subscription-Based Information Technology Arrangements (SBITA). The statement requires the recognition of certain subscription assets and liabilities that were previously classified as operating expenses and recognized inflows or outflows of resources based on payment provisions of the contract. The standard establishes a single model for subscription-based software accounting based on the principle that subscriptions are financings of the subscription asset. The implementation resulted in the recognition of right to use subscription assets of \$1,682,000 in the governmental activities and \$62,000 in the business-type activities along with subscription liabilities of the same amounts. Under the accounting standard it is required to recognize a subscription liability and a subscription asset. Implementation of this standard did not result in a restatement of the beginning net position or fund balance.

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Required Supplementary Information

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Post-Employment Benefits Other Than Pensions

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Schedule of Changes in Total OPEB Liability and Related Ratios

Last 10 Fiscal Years

Total OPEB Liability	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service cost	\$ 107,810	\$ 190,868	\$ 185,326	\$ 173,158	\$ 132,977	\$ 140,410	N/A	N/A	N/A	N/A
Interest on total OPEB liability	68,020	52,771	54,960	69,153	91,761	78,071	N/A	N/A	N/A	N/A
Effect of changes to benefit terms	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	4,577	(688,894)	-	95,941	-	-	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	41,049	(238,698)	11,435	(115,988)	134,468	(119,139)	N/A	N/A	N/A	N/A
Benefit payments	(145,143)	(168,228)	(215,793)	(116,196)	(110,772)	(135,863)	N/A	N/A	N/A	N/A
Net change in total OPEB liability	76,313	(852,181)	35,928	106,068	248,434	(36,521)	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	1,698,179	2,550,360	2,514,432	2,408,364	2,159,930	2,196,451	N/A	N/A	N/A	N/A
Total OPEB liability, ending	1,774,492	1,698,179	2,550,360	2,514,432	2,408,364	2,159,930	2,196,451	N/A	N/A	N/A
Covered-employee payroll	66,611,074	60,765,502	56,452,482	55,899,049	53,649,127	50,439,938	49,581,247	N/A	N/A	N/A
Total OPEB liability as % of covered-employee payroll	2.66%	2.79%	4.52%	4.50%	4.49%	4.28%	4.43%	N/A	N/A	N/A

*Years prior to 2018 are not calculated using GASB 75 requirements and therefore are not shown.

Note: Assets are not accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay benefits for the OPEB plan.

Changes of assumptions reflect the effects of changes in the discount rate each period. This discount rate at the beginning of FYE 2018 was 3.44%.

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Defined Benefit Police Pension Plan

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Police Defined Benefit Pension Plan
Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios

Fiscal Year Ending December 31									
2023	2022	2021	2020	2019	2018	2017	2016	2015	2014

Total pension liability

Service Cost	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Interest on total pension liability	15,170	11,321	11,748	15,084	15,416	15,663	16,108	16,538	17,200	17,597
Effect of plan changes	-	-	-	-	-	-	-	-	-	-
Effect of assumption changes or inputs	6,563	6,204	-	5,396	-	6,060	-	5,548	-	-
Effect of economic/demographic gains (losses)	10,346	(67,043)	-	47,345	3,922	-	-	(12,961)	-	-
Benefit payments	(28,819)	(28,819)	(28,819)	(28,819)	(28,819)	(28,818)	(28,819)	(28,819)	(28,819)	(28,819)
Net change in total pension liability	3,260	(78,337)	(17,071)	39,006	(9,481)	(7,095)	(12,711)	(19,694)	(11,619)	(11,222)
Total pension liability, beginning	388,824	467,161	484,232	445,226	454,707	461,802	474,513	494,207	505,826	517,048
Total pension liability, ending	392,084	388,824	467,161	484,232	445,226	454,707	461,802	474,513	494,207	505,826

Fiduciary Net Position

Employer contributions	18,450	18,000	-	12,000	12,000	-	-	170,000	20,000	20,000
Member contributions	-	-	-	-	-	-	-	-	-	-
Investment income net of investment expenses	18,408	(16,501)	(3,498)	14,145	9,846	8,525	4,978	3,066	1,458	514
Benefit payments	(28,819)	(28,819)	(28,819)	(28,819)	(28,819)	(28,818)	(28,819)	(28,819)	(28,819)	(28,819)
Administrative payments	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	8,039	(27,320)	(32,317)	(2,674)	(6,973)	(20,293)	(23,841)	144,247	(7,361)	(8,305)
Fiduciary net position, beginning	380,253	407,573	439,890	442,564	449,537	469,830	493,671	349,424	356,785	365,090
Fiduciary net position, ending	388,292	380,253	407,573	439,890	442,564	449,537	469,830	493,671	349,424	356,785
Net pension liability (asset) ending	3,792	8,571	59,588	44,342	2,662	5,170	(8,028)	(19,158)	144,783	149,041
Fiduciary net position as a % of total pension liability	99.03%	97.80%	87.24%	90.84%	99.40%	98.86%	101.74%	104.04%	70.70%	70.54%
Covered-employee payroll **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability at a % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

** Covered payroll is zero as plan covers one retired person; plan is not open to current or future employees.

*** Because this plan does not issue stand-alone financial statements, additional disclosures as required by GASB 67 are presented within this financial report.



**Police Defined Benefit Pension Plan
Schedule of City Contributions
Last 10 Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 12,011	\$ 14,785	\$ 6,131	\$ 6,131	\$ -	\$ -	\$ 11,927	\$ 11,927	\$ 12,011	\$ 12,011
Contributions in relation to the Actuarially determined contribution	18,450	18,000	-	12,000	12,000	-	-	170,000	20,000	20,000
Contribution deficiency (excess)	(6,439)	(3,215)	6,131	(5,869)	(12,000)	-	11,927	(158,073)	(7,989)	(7,989)
Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* The City did not make contributions to the plan from 2017-2018 and 2021.

Methods and assumptions used to determine contribution rates:

Actuarial valuation date:	January 1, 2024
Actuarial cost method:	Entry age normal
Amortization method:	Level dollar
Closed, open or layered periods	Closed
Remaining amortization period:	7 years
Asset valuation method:	Market value
Rate of investment return:	1.50%
Mortality:	Pub-2010 Safety Retiree Monthly (Participant) and Pub-2010 General Retiree Mortality (Spouse), with Gnerational Projection Using MP2020

**Police Defined Benefit Pension Plan
Schedule of Money Weighted Returns
Last 10 Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return net of investment expense	5.04%	-4.21%	-0.82%	3.31%	2.26%	1.88%	1.04%	0.71%	0.43%	0.15%

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCES

GENERAL

Set forth in this Appendix B are certain definitions used in the Bond Ordinances and summaries of certain provisions of the Bond Ordinances. These summaries do not purport to be definitive summaries of all of the provisions of the Bond Ordinances; these summaries are qualified in their entirety by the provisions of the Ordinance. Reference must be made to the actual and complete provisions of the Ordinance for a complete recital of their respective terms. Copies of the Ordinance may be obtained from the sources listed in “INTRODUCTION--Additional Information.”

Although the terms of the Bond Ordinances are substantially similar, summaries of both the Water Bond Ordinance and the Wastewater Bond Ordinance are included in this Appendix B.

The 2025 Bonds are being issued without a reserve fund and the receipt of municipal bond insurance is at the option of the winning bidder for each series. Accordingly, provisions of the Bond Ordinances referring to the reserve fund or related to bond insurance are of no force and effect.

THE WATER BOND ORDINANCE

Certain Definitions

The terms in this section for all purposes of the Bond Ordinance and of any ordinance amendatory thereof or supplemental thereto, or relating hereto, and of any other ordinance or any other document pertaining hereto, except where the context by clear implication otherwise requires, have the meanings specified below.

“acquire” or “acquisition” means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the Federal Government, the State, any body corporate and politic therein, or any other Person, the endowment, bequest, devise, transfer, assignment, option to purchase, other contract, or other acquisition, or any combination thereof, of any properties pertaining to the Water System, or an interest therein, or any other properties designated in the Bond Ordinance.

“Bond Counsel” means an attorney or a firm of attorneys, designated by the City of nationally recognized standing in matters pertaining to the tax status of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Fund” means the special fund designated as the “City of Arvada, Colorado, Water Enterprise Revenue Bonds, Series 2025, Bond Fund” created pursuant to of the Bond Ordinance.

“Bond Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds, any Parity Bonds, or other securities payable from the Net Pledged Revenues and heretofore or hereafter issued, if any, or such part of such securities as may be designated.

“Bonds” means City’s Water Enterprise Revenue Bonds, Series 2025, issued pursuant to the Bond Ordinance.

“book-entry form” or “book-entry system” means, with respect to the Bonds, a form or system, as applicable, under which physical Bond certificates in fully registered form are registered only in the name of The Depository Trust Company or its nominee as Owner, with the physical Bond certificates “immobilized” in the custody of The Depository Trust Company. The book-entry system maintained by and the responsibility of The Depository Trust Company and not maintained by or the responsibility of the City or the Paying Agent is the record that identifies, and records the transfer of the interests of, the owners of book-entry interests in the Bonds.

“Business Day” means a day of the year, other than a Saturday or Sunday, other than a day on which commercial banks located in the city in which the principal corporate trust office of the Paying Agent is located are required or authorized to remain closed and other than a day on which the New York Stock Exchange is closed.

“Capital Improvements” means the acquisition of land, water or water rights, easements, facilities, and equipment (other than ordinary repairs and replacements), and those property improvements or any combination of property improvements which will constitute enlargements, extensions or betterments to the Water System and will be incorporated into the Water System.

“City” means the City of Arvada, Adams and Jefferson Counties, Colorado, a municipal corporation and political subdivision of the State.

“City Clerk” means the City Clerk of the City, or his or her successor in functions, if any.

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

“Combined Maximum Annual Principal and Interest Requirements” means the largest sum of the principal of and interest on the Bonds, any Outstanding Parity Bonds and any additional Parity Bonds proposed to be issued, excluding any securities the principal of which is payable within less than one year from the date on which issued, to be paid during any one Fiscal Year for the period beginning with the Fiscal Year in which such computation is made and ending with the Fiscal Year in which any Bond or other such security last becomes due at maturity or on a Redemption Date, whichever time is later (but excluding any reserve requirement to secure such payments unless otherwise expressly provided), subject in all respects to the following, as applicable:

(1) The word “principal,” as used in this definition, means the principal which must be paid to security Owners, whether on stated maturity dates or on mandatory Redemption Dates, or otherwise.

(2) Any computation made under this definition shall be adjusted for all purposes in the same manner as is provided in the Bond Ordinance.

“Commercial Bank” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation (or any successors thereto) and of the Federal Reserve System, which has a capital and surplus of \$10,000,000 or more, and which is located within the United States of America.

“Costs of the Project” means all costs, as designated by the City, of the Project, or any interest therein, which cost, at the option of the City (except as may be otherwise limited by law) may include all, any one or other portion of the incidental costs pertaining to the Project, including, without limitation:

- (i) All preliminary expenses or other costs advanced by the City or advanced by the Federal Government, the State or by any other Person from any source, with the approval of the Council, or any combination thereof, or otherwise;
- (ii) The costs of making surveys and tests, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries;
- (iii) The costs of contingencies;
- (iv) The costs of premiums on any builders’ risk insurance and performance bonds during the construction, installation and other acquisition of the Project, or a reasonably allocated share thereof;
- (v) The costs of appraising, printing, estimates, advice, inspection, other services of engineers, architects, accountants, financial consultants, attorneys at law, clerical help and other agents and employees;
- (vi) The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the Project and the issuance of the Bonds;
- (vii) All costs and expenses of issuing the Bonds including, without limitation, fees of the Paying Agent, Bond Counsel, counsel to the Purchaser, counsel to the City, financial advisor, rating agencies and printers to the extent not defrayed as an Operation and Maintenance Expense;
- (viii) The costs of the filing or recording of instruments and the cost of any title insurance premiums;

- (ix) The costs of funding any construction loans and other temporary loans pertaining to the Project and of the incidental expenses incurred in connection with such loans;
- (x) The costs of demolishing, removing, or relocating any buildings, structures, or other facilities on land acquired for the Project, and of acquiring lands to which such buildings, structures or other facilities may be moved or relocated;
- (xi) The costs of machinery and equipment;
- (xii) The costs of any properties, rights, easements or other interests in properties, or any licenses, privileges, agreements and franchises;
- (xiii) The payment of the premium for the Insurance Policy issued by the Insurer and Reserve Fund Insurance Policy issued by the Surety Provider;
- (xiv) The costs of labor, material and obligations incurred to contractors, builders and materialmen in connection with the acquisition and construction of the Project;
- (xv) The costs of amending any ordinance or other instrument pertaining to the Bonds or otherwise to the Water System; and
- (xvi) All other expenses pertaining to the Project.

“Council” means the City Council of the City.

“C.R.S.” means the Colorado Revised Statutes, as amended and supplemented as of the date of the Bond Ordinance.

“Director of Finance” means the Director of Finance of the City, or his or her successor in functions, if any.

“Enterprise Act” means Title 37, Article 45.1, C.R.S., as amended.

“Events of Default” means the events stated in the Bond Ordinance, as described in “Events of Default and Remedies” below.

“Federal Government” means the United States of America and any agency, instrumentality or corporation thereof.

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

“Fiscal Year” means the calendar year or any other 12-month period hereafter selected by the City as its fiscal year.

“Gross Pledged Revenues” means all income from rates, fees, tolls and charges and tap fees, or any combination thereof, but not special assessments, for the services furnished by, or the direct or indirect connection with, or the use of, or any commodity from the Water System, including without limiting the generality of the foregoing, minimum charges, charges for the availability of service, disconnection fees, reconnection fees and reasonable penalties for any delinquencies, and all income or other realized gain, if any, from any investment of Gross Pledged Revenues and of the proceeds of securities payable from Net Pledged Revenues (except income or other gain from any investment of moneys held in an escrow fund or account for the defeasance of securities payable from the Net Pledged Revenues or any other similar fund) to the extent not required to be rebated to the federal government; provided however, that there shall be excluded from Gross Pledged Revenue: ad valorem property taxes; any moneys borrowed and used for providing Capital Improvements; any money and securities, and investment income therefrom, in any refunding fund, escrow account, or similar account, pledged to the payment of any bonds or other obligations; and any moneys received as grants or appropriations from the United States, the State of Colorado or other sources, the use of which is limited or restricted by the grantor or donor to the provision of Capital Improvements or for other purposes resulting in the general unavailability thereof, except to the extent any such moneys shall be received as

payments for the use of the Water System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom. Gross Pledged Revenues shall also include amounts on deposit in a rate stabilization fund. Gross Pledged Revenues excludes any refund of rates, tolls and charges due to others.

“improve” or “improvement” means the extension, reconstruction, alteration, betterment or other improvement by the construction, purchase or other acquisition of facilities, including, without limitation, appurtenant machinery, apparatus, fixtures, structures and buildings.

“Independent Accountant” means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State:

- (1) Who is, in fact, independent and not under the control of the City;
- (2) Who does not have any substantial interest, direct or indirect, with the City, and
- (3) Who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

“Independent Engineer” means an individual, firm or corporation engaged in the engineering profession of recognized good standing and having specific experience in respect of business and properties of a character similar to those of the Water System, which individual, firm or corporation has no substantial interest, direct or indirect, in the City and in the case of an individual, is not a member of the Council, or an officer or employee of the City, and in the case of a firm or corporation, does not have a partner, director, officer or employee who is a member of the Council or an officer or employee of the City.

“Insurance Agreement” means an agreement entered into between the City and any Insurer pursuant to Section 213 of the Bond Ordinance.

“Insurance Policy” means the municipal bond new issue insurance policy, if any, issued by the Insurer that guarantees payment of principal of and interest on the Bonds when due.

“Insurer” means the issuer of the Insurance Policy, if any, as set forth in the Sale Certificate.

“Investment Securities” means any securities or other obligations permitted as investments of moneys of the City under the laws of the State.

“Letter of Representations” means the Blanket Issuer Letter of Representations from the City to The Depository Trust Company in connection with the issuance of the Bonds in a book-entry system, as supplemented and amended from time to time.

“Mayor” means the Mayor of the City or his or her successor in functions, if any.

“Net Pledged Revenues” means the Gross Pledged Revenues remaining after the payment of the Operation and Maintenance Expenses of the Water System.

“Official Statement” means the Official Statement delivered in connection with the original issuance and sale of the Bonds.

“Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Water System as may be determined by the City, including, except as limited by contract or otherwise limited by law, without limiting the generality of the foregoing:

- (a) Engineering, auditing, legal and other overhead expenses directly related and reasonably allocable to the administration, operation and maintenance of the Water System;
- (b) Insurance, surety bond and interest rate cap agreement premiums appertaining to the Water System;

(c) The reasonable charges of any paying agent, registrar, transfer agent, depository or escrow bank appertaining to any securities payable from the Net Pledged Revenues;

(d) Annual payments to pension, retirement, health and hospitalization funds appertaining to the Water System;

(e) Any taxes, assessments, franchise fees or other charges or payments in lieu of the foregoing;

(f) Ordinary and current rentals or equipment or other property;

(g) Contractual services, professional services, salaries, administrative expenses and costs of labor appertaining to the Water System, the cost of water purchased for delivery through the Water System and the cost of materials and supplies used for current operation or routine maintenance or repair of the Water System;

(h) The costs incurred in the billing and collection of all or any part of the Gross Pledged Revenues;

(i) Any costs of utility services furnished to the Water System by the City or otherwise;

(j) Any other such expenses considered by the City in determining the amount of water rates, fees, tolls and charges imposed for operation and maintenance; and

(k) Expenses in connection with the issuance of bonds or other securities evidencing any loan to the City and payable from Gross Pledged Revenues.

“Operating Expenses” do not include:

(a) Any allowance for depreciation;

(b) Any costs of improvement, extension or betterment that qualify as capital items in accordance with generally accepted accounting principles;

(c) Any accumulation of reserves for capital replacements;

(d) Any reserves for operation, maintenance or repair of the Water System;

(e) Any allowance for the redemption of any bonds or other securities payable from the Net Pledged Revenues or the payment of any interest thereon;

(f) Any liabilities incurred in the acquisition of any facilities constituting part of the Water System; and

(g) Any other ground of legal liability not based on contract.

“Ordinance” means the Bond Ordinance of the City, which provides for the issuance and delivery of the Bonds.

“Outstanding” when used with reference to the Bonds, the Parity Bonds, or any other designated securities and as of any particular date means all the Bonds, the Parity Bonds, or any such other securities payable from the Net Pledged Revenues or otherwise pertaining to the Water System, as the case may be, in any manner theretofore and thereupon being executed and delivered:

(i) Except any Bond, Parity Bond, or other security canceled by the City, by any paying agent, or otherwise on the City’s behalf, at or before such date;

(ii) Except any Bond, Parity Bond, or other security deemed to be paid as provided in the Bond Ordinance (see “THE 2025 BONDS--Defeasance” in this Official Statement) hereof or any similar provision of the ordinance authorizing the issuance of such other security; and

(iii) Except any Bond, Parity Bond, or other security in lieu of or in substitution for which another Bond, Parity Bond or other security shall have been executed and delivered pursuant to the Bond Ordinance or any similar provisions of the ordinance authorizing the issuance of such other security.

“Owner” means the registered owner of any designated Bond, Parity Bond, or other designated security.

“Parity Bonds” means the Series 2022 Bonds any securities hereafter issued payable from and having an irrevocable lien upon the Net Pledged Revenues on a parity with the Bonds.

“Parity Bond Ordinances” means the Series 2022 Bond Ordinance and any ordinances or agreements hereafter entered into by the City with respect to or authorizing the issuance of Parity Bonds.

“Paying Agent” means UMB Bank, n.a., in Denver, Colorado, being an agent of the City for the payment of the Bond Requirements due in connection with the Bonds, the registrar for the Bonds and for other administration of moneys pertaining to the Bonds and includes any successor Commercial Bank as paying agent.

“Paying Agent Agreement” means the Paying Agent Agreement between the City and the Paying Agent.

“Person” means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State, or any other body corporate and politic other than the City), partnership, limited liability company, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

“Policy Costs” means repayment of draws under the Reserve Fund Insurance Policy, if any, plus all related reasonable expenses incurred by the Surety Provider, plus accrued interest thereon.

“Preliminary Official Statement” means the Preliminary Official Statement delivered in connection with the original issuance and sale of the Bonds.

“Project” means the acquisition, construction and installation of Capital Improvements to the Water System, the cost of which is to be defrayed with a portion of the proceeds of the Bonds.

“Project Fund” means the special fund designated as the “City of Arvada, Colorado, Water Enterprise Revenue Bonds, Series 2025, Project Fund” created pursuant to the Bond Ordinance.

“Purchaser” means the original purchaser of the Bonds as specified in the Sale Certificate.

“Rating Agency” means each nationally recognized securities rating agency then maintaining a rating on the Bonds.

“Rebate Fund” means the special fund designated as the “City of Arvada, Colorado, Water Enterprise Revenue Bonds, Series 2025, Rebate Fund” created pursuant to the Bond Ordinance.

“Record Date” means the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

“Redemption Date” means the date fixed for the redemption prior to their respective maturities of any Bonds or other designated securities payable from Net Pledged Revenues in any notice of prior redemption or otherwise fixed and designated by the City.

“Reserve Fund” means the special fund designated as the “City of Arvada, Colorado, Water Enterprise Revenue Bonds, Series 2025, Reserve Fund” created pursuant to the Bond Ordinance.

“Reserve Fund Insurance Policy” means any insurance policy, surety bond, irrevocable letter of credit or similar instrument deposited in or credited to the Reserve Fund in lieu of or in partial substitution for moneys on deposit therein.

“Reserve Fund Requirement” if any, has the meaning ascribed to such term in the Sale Certificate.

“Sale Certificate” means the sale certificate of the City relating to the Bonds issued pursuant to the Supplemental Public Securities Act and described in the Bond Ordinance.

“Series 2022 Bond Ordinance” means Ordinance No. 4825 adopted by the Council on November 7, 2022, authorizing the issuance of the Series 2022 Bonds.

“Series 2022 Bonds” means City’s Water Enterprise Revenue Bonds, Series 2022, issued pursuant to the Series 2022 Bond Ordinance.

“Special Record Date” means the record date for determining ownership of the Bonds for purposes of paying accrued but unpaid interest, as such date may be determined pursuant to the Bond Ordinance.

“State” means the State of Colorado.

“Subordinate Securities” means securities or other obligations payable from the Net Pledged Revenues subordinate and junior to the lien thereon of the Bonds and any Parity Bonds.

“Supplemental Public Securities Act” means Part 2 of Article 57 of Title 11, C.R.S., as amended.

“Surety Provider” means the Insurer or any other entity issuing a Reserve Fund Insurance Policy with respect to the Bonds.

“Tax Code” means the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds, and the regulations promulgated thereunder.

“Tax Compliance Certificate” means one or more federal tax compliance certificates executed by the City in connection with the initial issuance and delivery of the Bonds.

“Term Bonds” means Bonds that are payable on or before their specified maturing dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

“Trust Bank” means a Commercial Bank which is authorized to exercise and is exercising trust powers located within or without the State, and also means any branch of the Federal Reserve Bank.

“Water Enterprise Fund” means the special fund maintained by the City and designated as the “City of Arvada, Colorado, Water Enterprise Revenue Bonds, Water Enterprise Fund.”

“Water System” means the City’s system for the collection, treatment and discharge of water and consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City, whether situated within or without the City boundaries, used in connection with such system of the City, and in any way appertaining thereto, including all present or future improvements, extensions, enlargements, betterments, replacements or additions thereof or thereto and administrative facilities.

Pledge Securing Bonds

Subject only to the right of the City to cause amounts to be withdrawn and paid on account of Operation and Maintenance Expenses of the Water System, the Gross Pledged Revenues and, subject to the right of the City to cause amounts to be withdrawn to pay the Costs of the Project as described in the Bond Ordinance and other than moneys and securities held in the Rebate Fund to the extent such amounts are required to be paid to the United States, all moneys and securities paid or to be paid to or held or to be held in any fund or account under the Bond Ordinance are pledged, and a lien thereon is hereby created, to secure the payment of the Bond Requirements of the Outstanding Bonds and to secure the obligations of the City to pay the Policy Costs. The pledge of the Net Pledged Revenues to

secure the payment of the Bond Requirements of the Outstanding Bonds and any Outstanding Parity Bonds is on a parity with the pledge of the Net Pledged Revenues for, and lien thereon of the Parity Bonds heretofore issued and any Parity Bonds hereafter issued in compliance with the provisions of the Bond Ordinance. The pledge of Net Pledged Revenues to secure the payment of the Policy Costs is subordinate only to the pledge to pay the Bond Requirements with respect to the Bonds and any Parity Bonds. The pledge of the Net Pledged Revenues and the funds or accounts as described in this section shall be valid and binding from and after the date of the delivery of the Bonds, and the moneys as received by the City and hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the City except any Outstanding Parity Bonds heretofore or hereafter authorized. The lien of the pledge of the Net Pledged Revenues and the funds or accounts as described in this section shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City (except as otherwise provided in the Bond Ordinance) irrespective of whether such parties have notice thereof.

Special Obligations

All of the Bond Requirements of the Bonds and the Policy Costs shall be payable and collectible solely out of the Net Pledged Revenues which revenues are so pledged; the Owner or Owners of the Bonds, the Insurer, and the Surety Provider may not look to any general or other fund for the payment of the Bond Requirements or the Policy Costs, except the designated special funds pledged therefor in the Bond Ordinance; the Bonds and the Policy Costs shall not constitute an indebtedness or a debt within the meaning of any constitutional, or statutory provision or limitation; and the Bonds and the Policy Costs shall not be considered or held to be general obligations of the City but shall constitute its special obligations. No statutory, Charter, or constitutional provision enacted after the issuance of the Bonds shall in any manner be construed as limiting or impairing the obligation of the City to comply with the provisions of the Bond Ordinance or to pay the Bond Requirements of the Bonds and the Policy Costs as provided in the Bond Ordinance.

No Pledge of Property

The payment of the Bonds and the Policy Costs is not secured by an encumbrance, mortgage or other pledge of property of the City, except for the Net Pledged Revenues and other moneys pledged for the payment of the Bond Requirements of the Bonds. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds or the Policy Costs.

Lien of Bonds; Equality of Bonds

The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues on a parity with the lien of the Net Pledged Revenues of the Parity Bonds. The Policy Costs constitute an irrevocable and subordinate lien (but not necessarily an exclusive subordinate lien) upon the Net Pledged Revenues.

The Bonds and any Parity Bonds heretofore issued or hereafter authorized to be issued and from time to time Outstanding are equitably and ratably secured by a lien on the Net Pledged Revenues and shall not be entitled to any priority over one another in the application of the Net Pledged Revenues regardless of the time or times of the issuance of the Bonds and any other such Parity Bonds, it being the intention of the Council that there shall be no priority among the Bonds and any such Parity Bonds regardless of the fact that they may be actually issued and delivered at different times, except that (a) moneys in the Project Fund, the Bond Fund and the Reserve Fund shall secure only the Bonds and the moneys in any acquisition, bond, reserve or similar funds established for other Parity Bonds shall secure only such Parity Bonds; and (b) other Parity Bonds may have a lien on Net Pledged Revenues on a parity with the lien thereon of the Bonds even if no reserve fund is established for such Parity Bonds or a reserve fund is established but with a different requirement as to the amount of moneys (or the value of a reserve fund insurance policy with respect to such Parity Bonds) required to be on deposit therein or the manner in which such reserve fund is funded or the period of time over which such reserve fund is funded.

Reserve Fund

The Bonds are not secured by a reserve fund. The City may determine to fund a reserve fund for any series of Additional Parity Bonds, but is not required to do so.

Use of Funds in Project Fund; Lien on Project Fund

When the Project is completed in accordance with the relevant plans and specifications and all amounts due therefor, including all proper incidental expenses and all administrative costs of the Project referred to in the Bond Ordinance, are paid, or for which full provision is made, the Director of Finance, to the extent permitted by the Tax Compliance Certificate, shall cause all surplus moneys remaining in the Project Fund, if any, except for any moneys designated in the certificate to be retained to pay any unpaid accrued costs or contingent obligations, to be transferred as follows: (a) to the Rebate Fund so as to enable the City to comply with requirements of the Tax Compliance Certificate with respect to the Bonds, (b) to the Reserve Fund to such extent as shall not cause the amount in the Reserve Fund to exceed the Reserve Fund Requirement and (c) to the Bond Fund to the extent of any remaining balance of such moneys to be applied against the next principal payment or payments coming due on the Bonds. Nothing in the Bond Ordinance prevents the transfer from the Project Fund to the Bond Fund, at any time prior to the termination of the Project Fund, of any moneys which the Director of Finance by certificate determines will not be necessary for the Project and will not be designated to be transferred to the Rebate Fund or the Reserve Fund.

Until the proceeds of the Bonds deposited in the Project Fund are applied as described above, such Bond proceeds are subject to a lien thereon and pledge thereof for the benefit of the Owners of the Outstanding Bonds as provided in the Bond Ordinance.

Rebate Fund

The City shall cause amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury (at the address provided in the Tax Compliance Certificate) at the times and in the amounts set forth in the Tax Compliance Certificate.

If the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, the City shall transfer moneys in the amount of the insufficiency to the Rebate Fund from the Project Fund and, to the extent permitted by the Bond Ordinance, from the Reserve Fund and the Bond Fund. Upon receipt by the City of an opinion of Bond Counsel to the effect that the amount in the Rebate Fund is in excess of the amount required to be contained therein, such excess may be transferred to the Water Enterprise Fund.

Investment of Moneys

Accounting for Investments. The Investment Securities so purchased as an investment or reinvestment of moneys in any such account hereunder shall be deemed at all times to be a part of the account. Any interest or other gain from any investments and reinvestments of moneys accounted for in the Water Enterprise Fund, the Project Fund, the Bond Fund, and the Rebate Fund shall be credited to such account, and any loss resulting from any such investments or reinvestments of moneys accounted for in the Water Enterprise Fund, the Project Fund, the Bond Fund, the Reserve Fund, and the Rebate Fund shall be charged or debited to such fund.

Any interest or other gain from any investment or reinvestment of moneys accounted for in the Reserve Fund (a) shall be credited to the Rebate Fund or the Bond Fund, at the discretion of the Director of Finance, if the amount credited to the Reserve Fund immediately after such credit to the Rebate Fund or the Bond Fund is not less than the Reserve Fund Requirement and (b) if the amount credited to the Reserve Fund is less than the Reserve Fund Requirement, shall be credited to the Reserve Fund (up to the amount of the deficiency).

No loss or profit in any account on any investments or reinvestments in Investment Securities shall be deemed to take place as a result of market fluctuations of the Investment Securities prior to the sale or maturity thereof. In the computation of the amount in any account for any purpose hereunder, except as otherwise expressly provided in the Bond Ordinance or for rebate purposes, as described in the Tax Compliance Certificate, Investment Securities shall be valued at the cost thereof (including any amount paid as accrued interest at the time of purchase of the obligation); provided that any time or demand deposits shall be valued at the amounts deposited, in each case exclusive of any accrued interest or any other gain to the City until such gain is realized by the presentation of matured coupons for payment or otherwise.

Redemption or Sale of Investment Securities. The Director of Finance shall present for redemption or sale on the prevailing market at the best price obtainable any Investment Securities so purchased as an investment or reinvestment of moneys in the account whenever it shall be necessary in order to provide moneys to meet any

withdrawal, payment or transfer from such account. Neither the Director of Finance nor any other officer or employee of the City shall be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with the Bond Ordinance.

Refunding Bonds

The City may issue any refunding securities payable from Net Pledged Revenues to refund any Outstanding Bonds or Parity Bonds, with such details as the Council may by ordinance provide so long as there is no material impairment of any contractual obligation imposed upon the City by any proceedings authorizing the issuance of any unrefunded portion of such Outstanding securities of any one or more issues; but so long as the Bonds, or any part thereof, are Outstanding, refunding securities payable from Net Pledged Revenues may be issued on a parity with the unrefunded Bonds only if:

A. Prior Consent. The City first receives the consent of the Owner or Owners of the unrefunded portion of the Bonds; or

B. Requirements Not Increased. The Combined Maximum Annual Principal and Interest Requirements for the Bonds and Parity Bonds Outstanding immediately after the issuance of the refunding securities is not greater than the Combined Maximum Annual Principal and Interest Requirements for all Bonds and Parity Bonds Outstanding immediately prior to the issuance of the refunding securities and the lien of any refunding Parity Bonds on the Net Pledged Revenues is not raised to a higher priority than the lien thereon of any securities thereby refunded; or

C. Earnings Test. The refunding securities are issued in compliance with the earnings test set forth under the headings "SECURITY FOR THE WATER BONDS--Additional Bonds - Parity Bonds" and SECURITY FOR THE WASTEWATER BONDS--Additional Bonds - Parity Bonds."

Certain Protective Covenants

The Bond Resolution contains numerous covenants; these covenants include, but are not limited to, the following:

Performance of Duties. The City, acting by and through the Council or otherwise, shall faithfully and punctually perform, or cause to be performed, all duties with respect to the Gross Pledged Revenues and the Water System required by the Constitution and laws of the State and the various ordinances of the City, including, without limitation, the making and collection of reasonable and sufficient fees, rates and other charges for services rendered or furnished by or from the use of the Water System, as provided in the Bond Ordinance, and the proper segregation of the proceeds of the Bonds and of any securities hereafter authorized and the Gross Pledged Revenues and their application from time to time to the respective accounts provided therefor.

Contractual Obligations. The City shall perform all contractual obligations undertaken by it under any agreements relating to the Bonds, the Gross Pledged Revenues, the Project, or the Water System, or any combination thereof, with any other Persons.

Further Assurances. At any and all times the City shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and assurances as may be reasonably necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Gross Pledged Revenues and other moneys and accounts hereby pledged or assigned, or intended to be pledged or assigned, or which the City may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of the Bond Ordinance and to comply with any instrument of the City amendatory thereof, or supplemental thereto. The City, acting by and through the Council, or otherwise, shall at all times, to the extent permitted by law, reasonably defend, preserve and protect the pledge of the Gross Pledged Revenues and other moneys and accounts pledged hereunder and all the rights of every Owner of any Bond hereunder against all claims and demands of all Persons whomsoever.

Efficient Operation and Maintenance. The City shall at all times operate the Water System properly and in a sound and economical manner; and the City shall maintain, preserve and keep the same properly or cause the same to

be so maintained, preserved and kept, with the appurtenances and every part and parcel thereof in good repair, working order and condition, and shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the Water System may be properly and advantageously conducted. All salaries, fees, wages and other compensation paid by the City in connection with the maintenance, repair and operation of the Water System shall be reasonable and proper.

Rules, Regulations and Other Details. The City, acting by and through the Council, shall establish and enforce reasonable rules and regulations governing the operation, use and services of the Water System. The City shall observe and perform all of the terms and conditions contained in the Bond Ordinance, and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Water System or to the City, except for any period during which the same are being contested in good faith by proper legal proceedings.

Payment of Governmental Charges. The City shall pay or cause to be paid all taxes and assessments or other governmental charges, if any, lawfully levied or assessed upon or in respect of the Water System, or upon any part thereof, or upon any portion of the Gross Pledged Revenues, when the same shall become due, and shall duly observe and comply with all valid requirements of any governmental authority relative to the Water System or any part thereof, except for any period during which the same are being contested in good faith by proper legal proceedings. The City shall not create or suffer to be created any lien upon the Water System, or any part thereof, or upon the Gross Pledged Revenues, except the pledge and lien created by the Bond Ordinance for the payment of the Bond Requirements of the Bonds and except as otherwise permitted in the Bond Ordinance. The City shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Water System, or any part thereof, or the Gross Pledged Revenues; but nothing in the Bond Ordinance requires the City to pay or cause to be discharged or to make provision for any such tax, assessment, lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Protection of Security. The City, the officers, agents and employees of the City, and the Council shall not take any action in such manner or to such extent as might materially prejudice the security for the payment of the Bond Requirements of the Bonds, the Parity Bonds, and any other securities payable from the Net Pledged Revenues or any Policy Costs relating thereto according to the terms thereof. No contract shall be entered into nor any other action taken by which the rights of any Owner of any Bond or other security payable from Net Pledged Revenues or any Policy Costs relating thereto might be prejudicially and materially impaired or diminished.

Prompt Payment of Bonds. The City shall promptly pay the Bond Requirements of the Bonds at the places, on the dates and in the manner specified herein and in the Bonds according to the true intent and meaning of the Bond Ordinance.

Corporate Existence. The City shall maintain its corporate identity and existence so long as any of the Bonds remain Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the City and is obligated by law to operate and maintain the Water System and to fix and collect the Gross Pledged Revenues as provided in the Bond Ordinance without adversely and materially affecting at any time the privileges and rights of any Owner of any Outstanding Bond.

Disposal of Water System Prohibited. Except for the use of the Water System and services pertaining thereto in the normal course of business, or as described in the following paragraph, neither all nor a substantial part of the Water System shall be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of, until all the Bonds have been paid in full, as to all Bond Requirements, or unless provision has been made therefor, or until the Bonds have otherwise been redeemed, including, without limitation, the termination of the pledge as authorized in the Bond Ordinance; and the City shall not dispose of its title to the Water System or to any useful part thereof, including any property necessary to the operation and use of the Water System and the lands and interests in lands comprising the sites of the Water System, except as described in the following paragraph.

Disposal of Unnecessary Property. The City at any time and from time to time may sell, exchange, lease or otherwise dispose of any property constituting a part of the Water System and not useful in the construction, reconstruction or operation thereof, or which shall cease to be necessary for the efficient operation of the Water System, or which shall have been replaced by other property of at least equal value. Any proceeds of any such sale, exchange, lease or other disposition received and not used to replace such property so sold or so exchanged or

otherwise so disposed of, shall be deposited by the City in the Water Enterprise Fund or into a special book account for the betterment, enlargement, extension, other improvement and equipment of the Water System, or any combination thereof, as the Council may determine, provided that any proceeds of any such lease received shall be deposited by the City as Gross Pledged Revenues in the Water Enterprise Fund.

Competing Water System. So long as any of the Bonds are Outstanding, the City shall not grant any franchise or license to any competing facilities so that the Gross Pledged Revenues shall not be sufficient to satisfy the covenant described in “Adequacy and Applicability of Charges.”

Loss From Condemnation. If any part of the Water System is taken by the exercise of the power of eminent domain, the amount of any award received by the City as a result of such taking shall be paid into the Water Enterprise Fund or into a capital improvement account pertaining to the Water System for the purposes thereof, or, applied to the redemption of the Outstanding Bonds and any Outstanding Parity Bonds relating thereto, all as the City may determine.

Employment of Management Engineers. If the City defaults in paying the Bond Requirements of the Bonds or any Parity Bonds, and any other securities or Policy Costs relating thereto payable from the Gross Pledged Revenues promptly as the same fall due, or an Event of Default has occurred and is continuing, or if the Net Pledged Revenues in any Fiscal Year fail to equal at least the amount of the Bond Requirements of the Outstanding Bonds, Parity Bonds, and any other securities (including all reserves therefor specified in the authorizing proceedings, including, without limitation, the Bond Ordinance) or Policy Costs relating thereto payable from the Net Pledged Revenues in that Fiscal Year, the City shall retain a firm of competent management engineers skilled in the operation of such facilities to assist the management of the Water System so long as such default continues or so long as the Net Pledged Revenues are less than the amount designated above.

Budgets. The Council and officials of the City shall annually and at such other times as may be provided by law prepare and adopt a budget pertaining to the Water System.

Reasonable and Adequate Charges. While the Bonds remain Outstanding and unpaid, the fees, rates and other charges due to the City for the use of or otherwise pertaining to and services rendered by the Water System to the City, to its inhabitants and to all other users within and without the boundaries of the City shall be reasonable and just, taking into account and consideration public interests and needs, the cost and value of the Water System, the Operation and Maintenance Expenses thereof, and the amounts necessary to meet the Bond Requirements of all Bonds, the Parity Bonds, and any other securities payable from the Net Pledged Revenues, including, without limitation, reserves and any replacement accounts therefor.

Adequacy and Applicability of Charges. There shall be charged against users of service pertaining to and users of the Water System, except as described in “Limitations Upon Free Service,” such fees, rates and other charges so that the Gross Pledged Revenues shall be adequate to meet the requirements of the Bond Ordinance. Such charges pertaining to the Water System shall be at least sufficient so that the Gross Pledged Revenues annually are sufficient to pay in each Fiscal Year:

Operation and Maintenance Expenses. An amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year,

(1) *Principal and Interest.* An amount equal to 120% of both the principal and interest on the Bonds and any Parity Bonds then Outstanding in that Fiscal Year (excluding the reserves therefor), and

(2) *Deficiencies.* Any amounts required to pay all Policy Costs, if any, due and owing and all sums, if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the Gross Pledged Revenues or any securities payable therefrom.

Limitations Upon Free Service. No free service or facilities shall be furnished by the Water System, except that if the City elects to use for City purposes any water facilities, or other services and facilities provided by the Water System or otherwise to use the Water System or any part thereof, the City is not required to pay for such use.

Levy of Charges. The City shall forthwith and in any event prior to the delivery of any of the Bonds, fix, establish and levy the fees, rates and other charges which are required by the Bond Ordinance, if such action is necessary therefor. No reduction in any initial or existing rate schedule for the Water System may be made:

(1) *Proper Application.* Unless the City has fully complied with the provisions of the Bond Ordinance for at least the full Fiscal Year immediately preceding such reduction of the initial or any other existing rate schedule; and

(2) *Sufficient Revenues.* Unless the audit required by the Independent Accountant by the Bond Ordinance for the full Fiscal Year immediately preceding such reduction discloses that the estimated revenues resulting from the proposed rate schedule for the Water System, after the schedule's proposed reduction, shall be at least sufficient to produce the amounts described in "Adequacy and Applicability of Charges."

Collection of Charges. The City shall use commercially reasonable best efforts to cause all fees, rates and other charges pertaining to the Water System to be collected as soon as is reasonable, shall reasonably prescribe and enforce rules and regulations or impose contractual obligations for the payment of such charges, and for the use of the Water System, and shall provide methods of collection and penalties, to the end that the Gross Pledged Revenues shall be adequate to meet the requirements of the Bond Ordinance and any other ordinance supplemental thereto.

Procedure for Collecting Charges. All bills for water services and all other services or facilities furnished or served by or through the Water System shall be rendered to customers on a regularly established basis. The fees, rates and other charges due shall be collected in a lawful manner, including, without limitation, discontinuance of service.

Maintenance of Records. So long as any of the Bonds and any Parity Bonds payable from the Gross Pledged Revenues remain Outstanding, proper books of record and account pertaining to the Gross Pledged Revenues and the Water System shall be kept by the City, separate and apart from all other records and accounts.

Audits Required; Accounting Principles. The City shall cause an audit for each Fiscal Year of the books and accounts pertaining to the Gross Pledged Revenues and the Water System to be completed by an Independent Accountant within 210 days following the close of such Fiscal Year.

Water System records and accounts, and audits thereof, shall be currently kept and made, as nearly as practicable, in accordance with the then generally accepted accounting principles, methods and terminology followed and construed for utility operations comparable to the Water System, except as may be otherwise provided in the Bond Ordinance or required by applicable law or regulation or by contractual obligation existing on the effective date of the Bond Ordinance.

Insurance and Reconstruction. Except to the extent of any self-insurance, the City shall at all times maintain with responsible insurers fire and extended coverage insurance, worker's compensation insurance, public liability insurance and all such other insurance as is customarily maintained with respect to utilities of like character against loss of or damage to the Water System and against loss of revenues and against public and other liability to the extent reasonably necessary to protect the interests of the City and of each Owner of a Bond. If any useful part of the Water System shall be damaged or destroyed, the City shall, as expeditiously as may be possible, commence and diligently proceed with the repair or replacement of the damaged property so as to restore the same to use. The proceeds of any such insurance shall be payable to the City and (except for proceeds of any use and occupancy insurance) shall be applied to the necessary costs involved in such repair and replacement and to the extent not so applied shall (together with the proceeds of any such use and occupancy insurance) be deposited in the Water Enterprise Fund by the City as revenues derived from the operation of the Water System. If the costs of such repair and replacement of the damaged property exceed the proceeds of such insurance available for the payment of the same, moneys in the Water Enterprise Fund may be used to the extent necessary for such purposes, as permitted by the Bond Ordinance.

Events of Default and Remedies

Events of Default. Each of the following events is hereby declared an "Event of Default," provided however, that in determining whether a payment default has occurred pursuant to paragraphs A or B below, no effect shall be given to payments made under the Insurance Policy:

A. Nonpayment of Principal. Payment of the principal of any of the Bonds is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption, or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest on any of the Bonds is not made when the same becomes due and payable;

C. Cross Defaults. The occurrence and continuance of an “event of default,” as defined in any Parity Bond Ordinance;

D. Failure to Reconstruct. The City unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the Water System which is destroyed or damaged and is not promptly repaired or replaced (whether such failure promptly to repair the same is due to impracticability of such repair or replacement or is due to a lack of moneys therefor or for any other reason), but it shall not be an Event of Default if such reconstruction is not essential to the efficient operation of the Water System;

E. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the City appointing a receiver or receivers for the Water System or for the Gross Pledged Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or if an order or decree having been entered without the consent or acquiescence of the City is not vacated or discharged or stayed on appeal within 60 days after entry;

F. Default Under Insurance Agreement. If an event of default shall have occurred and be continuing under the provisions of the Insurance Agreement; and

G. Default of Any Provision. The City defaults in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds or in the Bond Ordinance on its part to be performed (other than the continuing disclosure covenant in Section 831 of the Bond Ordinance), and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the City and the Insurer specifying the failure and requiring that it be remedied, which notice may be given by the Paying Agent in its discretion and, except as provided in the Bond Ordinance provisions relating to the rights of any Bond Insurer, shall be given by the Paying Agent at the written request of the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding.

Remedies for Defaults. Except as provided in the Bond Ordinance provisions relating to the rights of any Bond Insurer, upon the happening and continuance of any Event of Default, the Owner or Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the City and its agents, officers and employees to protect and to enforce the rights of any Owner of Bonds under the Bond Ordinance by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the Bond Ordinance or in an award of execution of any power granted in the Bond Ordinance for the enforcement of any proper legal or equitable remedy as such Owner or Owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any Owner of any Bond, or to require the City to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of the Bonds. The City shall not be liable for incidental, punitive, exemplary or consequential damages, or for lost profits, whether direct or indirect. Acceleration shall not be a remedy upon the happening or continuance of any Event of Default. Notwithstanding the foregoing provisions, nothing in the Bond Ordinance shall act as or be deemed to be a waiver by the City of the Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S., as now or hereafter amended.

Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such Owners hereunder, the consent to any such appointment being hereby expressly granted by the City, may enter and may take possession of the Water System, may operate and maintain the same, may prescribe fees, rates and other charges, and may collect, receive and apply all Gross Pledged Revenues arising after the appointment of such receiver in the same manner as the City itself might do.

Rights and Privileges Cumulative. The failure of any Owner of any Outstanding Bond to proceed in any manner provided in the Bond Ordinance shall not relieve the City, or any of its officers, agents or employees of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such Owner (or trustee thereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any Owner shall not be deemed a waiver of any other right or privilege thereof.

Duties upon Defaults. Upon the happening of any Event of Default, the City shall do and perform all proper acts on behalf of and for the Owners of Bonds to protect and to preserve the security created for the payment of the

Bonds and to insure the payment of the Bond Requirements promptly as the same become due. While any Event of Default exists, except to the extent it may be unlawful to do so, all Gross Pledged Revenues shall be paid into the Bond Fund and into bond or similar funds established for any Parity Bonds then Outstanding, pro rata based upon the aggregate principal amount of the Bonds and Parity Bonds then Outstanding. Except as provided in the Bond Ordinance provisions relating to the rights of any Bond Insurer, if the City fails or refuses to proceed as described above, the Owner or Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the Owners of the Bonds as described above, and to that end any such Owners of the Outstanding Bonds shall be subrogated to all rights of the City under any agreement, lease or other contract involving the Water System or the Gross Pledged Revenues entered into prior to the effective date of the Bond Ordinance or thereafter while any of the Bonds are Outstanding.

Owners' Remedies. Each Owner of any Bond shall be entitled to all of the privileges, rights and remedies provided or permitted by the Bond Ordinance, and as otherwise provided or permitted by law or in equity or by any statutes, except as provided in the Bond Ordinance, but subject to the provisions in the Bond Ordinance concerning the pledge of and the covenants and the other contractual provisions concerning the Gross Pledged Revenues and the proceeds of the Bonds.

Right to Enforce Payment. Nothing in the Bond Ordinance affects or impairs the right of any Owner of any Bond to enforce the payment of the Bond Requirements due in connection with such Person's Bond or the obligation of the City to pay the Bond Requirements of each Bond to the Owner thereof at the time and the place expressed in the Bond.

Amendment of the Bond Ordinance

Amendments Requiring Consent of Owners. Except as described below, the Bond Ordinance may be amended or supplemented by ordinances adopted by the Council in accordance with law, without receipt by the City of any additional consideration, but with the written consent of the Insurer and, subject to the rights of any Bond Insurer, the Owners of not less than a majority of aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory or supplemental ordinance excluding any Bonds which may then be held or owned for the account of the City. Notwithstanding the foregoing, no such ordinance shall permit:

(1) Changing Payment. A change in the maturity, terms of redemption or interest payment of any Outstanding Bond; or

(2) Reducing Return. A reduction in the principal amount of any Bond or the rate of interest thereon, without the consent of the Owner of the Bond; or

(3) Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior, superior and senior to the lien or to the pledge created by the Bond Ordinance; or

(4) Modifying Any Bond. A reduction of the principal amount or percentages or otherwise affecting the description of Bonds the consent of the Owners of which is required for any such modification or amendment; or

(5) Priorities Between Bonds The establishment of priorities as between Bonds issued and Outstanding; or

(6) Modification of Less Than All the Bonds. The modification of or otherwise affecting the rights of the Owners of less than all of the Outstanding Bonds.

Amendments Not Requiring Consent of Owners. Notwithstanding the provisions described above, the Bond Ordinance and the rights and obligations of the City and of the Owners of the Bonds may also be modified or amended at any time, with the written consent of the Insurer but without the consent of any Owners of the Bonds, but only to the extent permitted by law and only for any or all of the following purposes:

(1) to add to the covenants and agreements of the City contained in the Bond Ordinance other covenants and agreements thereafter to be observed;

(2) to subject to the covenants and agreements of the City in the Bond Ordinance additional Water System revenues, to be defined and treated as Gross Pledged Revenues, for the purpose of providing additional security for the Bonds and any Parity Bonds;

(3) in connection with the provision of a Reserve Fund Insurance Policy subsequent to the issuance of the Bonds;

(4) to provide for the appointment of a new Paying Agent;

(5) to make such provisions for the purpose of curing any ambiguity or of curing or correcting any formal defect or omission in the Bond Ordinance, or in regard to questions arising under the Bond Ordinance, as the City may deem necessary or desirable, and which shall not adversely affect the interests of the Owners of the Bonds; or

(6) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest allocable to the Bonds.

Notice of Amendment. Whenever the Council proposes to amend or modify the Bond Ordinance under the provisions described above, it shall cause notice of the proposed amendment to be mailed to Owners of all Outstanding Bonds at their addresses as the same last appear on the registration records maintained by the Paying Agent or by electronic means to DTC or its successors, and to the Insurer. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory ordinance is on file with the office of the City Clerk for public inspection. Notice of the proposed amendment, together with a copy of the proposed amendatory ordinance, shall be delivered to the Rating Agencies then maintaining a rating on the Bonds at least 15 days in advance of the adoption of the amendment. A full transcript of all proceedings relating to the execution of such amendatory ordinance shall be provided to the Insurer.

Time for Amendment. If the ordinance is required to be consented to by the Owners of the Bonds, whenever at any time within one year from the date of the giving of such notice there shall be filed with the City Manager an instrument or instruments executed by the Owners of not less than a majority of aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory ordinance described in such notice and shall specifically consent to and approve the adoption of such ordinance, the Council may adopt such amendatory ordinance and such ordinance shall become effective. If the ordinance is not required to be consented to by the Owners of the Bonds, the amendatory ordinance may be adopted by the Council at any time.

Binding Consent to Amendment. If the Owners of not less than a majority of aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory ordinance requiring consent of the Owners of the Bonds, or the predecessors in title of such Owners, shall have consented to and approved the adoption thereof as provided in the Bond Ordinance, no Owner of any Bond, whether or not such Owner shall have consented to or shall have revoked any consent as in provided in the Bond Ordinance, shall have any right or interest to object to the adoption of such amendatory ordinance or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions thereof.

Time Consent Binding. Any consent given by the Owner of a Bond pursuant to the provisions of the Bond Ordinance shall be irrevocable for a period of 6 months from the date of the giving of the notice above provided for and shall be conclusive and binding upon all future Owners of the same Bond during such period. Such consent may be revoked at any time after 6 months from the date of such giving of such notice by the Owner who gave such consent or by a successor in title by filing notice of such revocation with the City Manager, but such revocation shall not be effective if the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding as in provided in the Bond Ordinance, prior to the attempted revocation, consented to and approved the amendatory ordinance referred to in such revocation.

Unanimous Consent. Notwithstanding anything in the foregoing provisions, the terms and provisions of the Bond Ordinance or of any ordinance amendatory thereof or supplemental thereto and the rights and the obligations of the City and of the Owners of the Bonds thereunder may be modified or amended in any respect upon the adoption by the City and upon the filing with the City Manager of an ordinance to that effect and with the consent of the Insurer and the Owners of all the then Outstanding Bonds, such consent to be given as provided in the Bond Ordinance, no

notice to Owners of Bonds shall be required as provided in the Bond Ordinance, nor shall the time of consent be limited except as may be provided in such consent.

Exclusion of City's Bonds. At the time of any consent or of other action taken as described above, the City shall furnish to the City Manager a certificate of the Director of Finance, upon which the City may rely, describing all Bonds to be excluded for the purpose of consent or of other action or of any calculation of Outstanding Bonds described above, and the City shall not be entitled with respect to such Bonds to give any consent or to take any other action provided as described above.

THE WASTEWATER BOND ORDINANCE

Certain Definitions

The terms in this section for all purposes of the Bond Ordinance and of any ordinance amendatory thereof or supplemental thereto, or relating hereto, and of any other ordinance or any other document pertaining hereto, except where the context by clear implication otherwise requires, have the meanings specified below.

“acquire” or “acquisition” means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the Federal Government, the State, any body corporate and politic therein, or any other Person, the endowment, bequest, devise, transfer, assignment, option to purchase, other contract, or other acquisition, or any combination thereof, of any properties pertaining to the Wastewater System, or an interest therein, or any other properties designated in the Bond Ordinance.

“Bond Counsel” means an attorney or a firm of attorneys, designated by the City of nationally recognized standing in matters pertaining to the tax status of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Fund” means the special fund designated as the “City of Arvada, Colorado, Wastewater Enterprise Revenue Bonds, Series 2025, Bond Fund” created pursuant to of the Bond Ordinance.

“Bond Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds, any Parity Bonds, or other securities payable from the Net Pledged Revenues and heretofore or hereafter issued, if any, or such part of such securities as may be designated.

“Bonds” means City’s Wastewater Enterprise Revenue Bonds, Series 2025, issued pursuant to the Bond Ordinance.

“book-entry form” or “book-entry system” means, with respect to the Bonds, a form or system, as applicable, under which physical Bond certificates in fully registered form are registered only in the name of The Depository Trust Company or its nominee as Owner, with the physical Bond certificates “immobilized” in the custody of The Depository Trust Company. The book-entry system maintained by and the responsibility of The Depository Trust Company and not maintained by or the responsibility of the City or the Paying Agent is the record that identifies, and records the transfer of the interests of, the owners of book-entry interests in the Bonds.

“Business Day” means a day of the year, other than a Saturday or Sunday, other than a day on which commercial banks located in the city in which the principal corporate trust office of the Paying Agent is located are required or authorized to remain closed and other than a day on which the New York Stock Exchange is closed.

“Capital Improvements” means the acquisition of land, Wastewater or Wastewater rights, easements, facilities, and equipment (other than ordinary repairs and replacements), and those property improvements or any combination of property improvements which will constitute enlargements, extensions or betterments to the Wastewater System and will be incorporated into the Wastewater System.

“City” means the City of Arvada, Adams and Jefferson Counties, Colorado, a municipal corporation and political subdivision of the State.

“City Clerk” means the City Clerk of the City, or his or her successor in functions, if any.

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

“Combined Maximum Annual Principal and Interest Requirements” means the largest sum of the principal of and interest on the Bonds, any Outstanding Parity Bonds and any additional Parity Bonds proposed to be issued, excluding any securities the principal of which is payable within less than one year from the date on which issued, to be paid during any one Fiscal Year for the period beginning with the Fiscal Year in which such computation is made and ending with the Fiscal Year in which any Bond or other such security last becomes due at maturity or on a

Redemption Date, whichever time is later (but excluding any reserve requirement to secure such payments unless otherwise expressly provided), subject in all respects to the following, as applicable:

(1) The word “principal,” as used in this definition, means the principal which must be paid to security Owners, whether on stated maturity dates or on mandatory Redemption Dates, or otherwise.

(2) Any computation made under this definition shall be adjusted for all purposes in the same manner as is provided in the Bond Ordinance.

“Commercial Bank” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation (or any successors thereto) and of the Federal Reserve System, which has a capital and surplus of \$10,000,000 or more, and which is located within the United States of America.

“Costs of the Project” means all costs, as designated by the City, of the Project, or any interest therein, which cost, at the option of the City (except as may be otherwise limited by law) may include all, any one or other portion of the incidental costs pertaining to the Project, including, without limitation:

- (i) All preliminary expenses or other costs advanced by the City or advanced by the Federal Government, the State or by any other Person from any source, with the approval of the Council, or any combination thereof, or otherwise;
- (ii) The costs of making surveys and tests, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries;
- (iii) The costs of contingencies;
- (iv) The costs of premiums on any builders’ risk insurance and performance bonds during the construction, installation and other acquisition of the Project, or a reasonably allocated share thereof;
- (v) The costs of appraising, printing, estimates, advice, inspection, other services of engineers, architects, accountants, financial consultants, attorneys at law, clerical help and other agents and employees;
- (vi) The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the Project and the issuance of the Bonds;
- (vii) All costs and expenses of issuing the Bonds including, without limitation, fees of the Paying Agent, Bond Counsel, counsel to the Purchaser, counsel to the City, financial advisor, rating agencies and printers to the extent not defrayed as an Operation and Maintenance Expense;
- (viii) The costs of the filing or recording of instruments and the cost of any title insurance premiums;
- (ix) The costs of funding any construction loans and other temporary loans pertaining to the Project and of the incidental expenses incurred in connection with such loans;
- (x) The costs of demolishing, removing, or relocating any buildings, structures, or other facilities on land acquired for the Project, and of acquiring lands to which such buildings, structures or other facilities may be moved or relocated;
- (xi) The costs of machinery and equipment;
- (xii) The costs of any properties, rights, easements or other interests in properties, or any licenses, privileges, agreements and franchises;
- (xiii) The payment of the premium for the Insurance Policy issued by the Insurer and Reserve Fund Insurance Policy issued by the Surety Provider;
- (xiv) The costs of labor, material and obligations incurred to contractors, builders and materialmen in connection with the acquisition and construction of the Project;

(xv) The costs of amending any ordinance or other instrument pertaining to the Bonds or otherwise to the Wastewater System; and

(xvi) All other expenses pertaining to the Project.

“Council” means the City Council of the City.

“C.R.S.” means the Colorado Revised Statutes, as amended and supplemented as of the date of the Bond Ordinance.

“Director of Finance” means the Director of Finance of the City, or his or her successor in functions, if any.

“Enterprise Act” means Title 37, Article 45.1, C.R.S., as amended.

“Events of Default” means the events stated in the Bond Ordinance, as described in “Events of Default and Remedies” below.

“Federal Government” means the United States of America and any agency, instrumentality or corporation thereof.

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

“Fiscal Year” means the calendar year or any other 12-month period hereafter selected by the City as its fiscal year.

“Gross Pledged Revenues” means all income from rates, fees, tolls and charges and tap fees, or any combination thereof, but not special assessments, for the services furnished by, or the direct or indirect connection with, or the use of, or any commodity from the Wastewater System, including without limiting the generality of the foregoing, minimum charges, charges for the availability of service, disconnection fees, reconnection fees and reasonable penalties for any delinquencies, and all income or other realized gain, if any, from any investment of Gross Pledged Revenues and of the proceeds of securities payable from Net Pledged Revenues (except income or other gain from any investment of moneys held in an escrow fund or account for the defeasance of securities payable from the Net Pledged Revenues or any other similar fund) to the extent not required to be rebated to the federal government; provided however, that there shall be excluded from Gross Pledged Revenue: ad valorem property taxes; any moneys borrowed and used for providing Capital Improvements; any money and securities, and investment income therefrom, in any refunding fund, escrow account, or similar account, pledged to the payment of any bonds or other obligations; and any moneys received as grants or appropriations from the United States, the State of Colorado or other sources, the use of which is limited or restricted by the grantor or donor to the provision of Capital Improvements or for other purposes resulting in the general unavailability thereof, except to the extent any such moneys shall be received as payments for the use of the Wastewater System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom. Gross Pledged Revenues shall also include amounts on deposit in a rate stabilization fund. Gross Pledged Revenues excludes any refund of rates, tolls and charges due to others.

“improve” or “improvement” means the extension, reconstruction, alteration, betterment or other improvement by the construction, purchase or other acquisition of facilities, including, without limitation, appurtenant machinery, apparatus, fixtures, structures and buildings.

“Independent Accountant” means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State:

- (1) Who is, in fact, independent and not under the control of the City;
- (2) Who does not have any substantial interest, direct or indirect, with the City, and
- (3) Who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

“Independent Engineer” means an individual, firm or corporation engaged in the engineering profession of recognized good standing and having specific experience in respect of business and properties of a character similar to those of the Wastewater System, which individual, firm or corporation has no substantial interest, direct or indirect, in the City and in the case of an individual, is not a member of the Council, or an officer or employee of the City, and in the case of a firm or corporation, does not have a partner, director, officer or employee who is a member of the Council or an officer or employee of the City.

“Insurance Agreement” means an agreement entered into between the City and any Insurer pursuant to Section 213 of the Bond Ordinance.

“Insurance Policy” means the municipal bond new issue insurance policy, if any, issued by the Insurer that guarantees payment of principal of and interest on the Bonds when due.

“Insurer” means the issuer of the Insurance Policy, if any, as set forth in the Sale Certificate.

“Investment Securities” means any securities or other obligations permitted as investments of moneys of the City under the laws of the State.

“Letter of Representations” means the Blanket Issuer Letter of Representations from the City to The Depository Trust Company in connection with the issuance of the Bonds in a book-entry system, as supplemented and amended from time to time.

“Mayor” means the Mayor of the City or his or her successor in functions, if any.

“Net Pledged Revenues” means the Gross Pledged Revenues remaining after the payment of the Operation and Maintenance Expenses of the Wastewater System.

“Official Statement” means the Official Statement delivered in connection with the original issuance and sale of the Bonds.

“Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Wastewater System as may be determined by the City, including, except as limited by contract or otherwise limited by law, without limiting the generality of the foregoing:

(a) Engineering, auditing, legal and other overhead expenses directly related and reasonably allocable to the administration, operation and maintenance of the Wastewater System;

(b) Insurance, surety bond and interest rate cap agreement premiums appertaining to the Wastewater System;

(c) The reasonable charges of any paying agent, registrar, transfer agent, depository or escrow bank appertaining to any securities payable from the Net Pledged Revenues;

(d) Annual payments to pension, retirement, health and hospitalization funds appertaining to the Wastewater System;

(e) Any taxes, assessments, franchise fees or other charges or payments in lieu of the foregoing;

(f) Ordinary and current rentals or equipment or other property;

(g) Contractual services, professional services, salaries, administrative expenses and costs of labor appertaining to the Wastewater System, the cost of Wastewater purchased for delivery through the Wastewater System and the cost of materials and supplies used for current operation or routine maintenance or repair of the Wastewater System;

(h) The costs incurred in the billing and collection of all or any part of the Gross Pledged Revenues;

- (i) Any costs of utility services furnished to the Wastewater System by the City or otherwise;
- (j) Any other such expenses considered by the City in determining the amount of Wastewater rates, fees, tolls and charges imposed for operation and maintenance; and
- (k) Expenses in connection with the issuance of bonds or other securities evidencing any loan to the City and payable from Gross Pledged Revenues.

“Operating Expenses” do not include:

- (a) Any allowance for depreciation;
- (b) Any costs of improvement, extension or betterment that qualify as capital items in accordance with generally accepted accounting principles;
- (c) Any accumulation of reserves for capital replacements;
- (d) Any reserves for operation, maintenance or repair of the Wastewater System;
- (e) Any allowance for the redemption of any bonds or other securities payable from the Net Pledged Revenues or the payment of any interest thereon;
- (f) Any liabilities incurred in the acquisition of any facilities constituting part of the Wastewater System; and
- (g) Any other ground of legal liability not based on contract.

“Ordinance” means the Bond Ordinance of the City, which provides for the issuance and delivery of the Bonds.

“Outstanding” when used with reference to the Bonds, the Parity Bonds, or any other designated securities and as of any particular date means all the Bonds, the Parity Bonds, or any such other securities payable from the Net Pledged Revenues or otherwise pertaining to the Wastewater System, as the case may be, in any manner theretofore and thereupon being executed and delivered:

- (i) Except any Bond, Parity Bond, or other security canceled by the City, by any paying agent, or otherwise on the City’s behalf, at or before such date;
- (ii) Except any Bond, Parity Bond, or other security deemed to be paid as provided in the Bond Ordinance (see “THE 2025 BONDS--Defeasance” in this Official Statement) hereof or any similar provision of the ordinance authorizing the issuance of such other security; and
- (iii) Except any Bond, Parity Bond, or other security in lieu of or in substitution for which another Bond, Parity Bond or other security shall have been executed and delivered pursuant to the Bond Ordinance or any similar provisions of the ordinance authorizing the issuance of such other security.

“Owner” means the registered owner of any designated Bond, Parity Bond, or other designated security.

“Parity Bonds” means the Series 2022 Bonds and any securities hereafter issued payable from and having an irrevocable lien upon the Net Pledged Revenues on a parity with the Bonds.

“Parity Bond Ordinances” means the Series 2022 Bond Ordinance and any ordinances or agreements hereafter entered into by the City with respect to or authorizing the issuance of Parity Bonds.

“Paying Agent” means UMB Bank, n.a., in Denver, Colorado, being an agent of the City for the payment of the Bond Requirements due in connection with the Bonds, the registrar for the Bonds and for other administration of moneys pertaining to the Bonds and includes any successor Commercial Bank as paying agent.

“Paying Agent Agreement” means the Paying Agent Agreement between the City and the Paying Agent.

“Person” means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State, or any other body corporate and politic other than the City), partnership, limited liability company, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

“Policy Costs” means repayment of draws under the Reserve Fund Insurance Policy, if any, plus all related reasonable expenses incurred by the Surety Provider, plus accrued interest thereon.

“Preliminary Official Statement” means the Preliminary Official Statement delivered in connection with the original issuance and sale of the Bonds.

“Project” means the acquisition, construction and installation of Capital Improvements to the Wastewater System, the cost of which is to be defrayed with a portion of the proceeds of the Bonds.

“Project Fund” means the special fund designated as the “City of Arvada, Colorado, Wastewater Enterprise Revenue Bonds, Series 2025, Project Fund” created pursuant to the Bond Ordinance.

“Purchaser” means the original purchaser of the Bonds as specified in the Sale Certificate.

“Rating Agency” means each nationally recognized securities rating agency then maintaining a rating on the Bonds.

“Rebate Fund” means the special fund designated as the “City of Arvada, Colorado, Wastewater Enterprise Revenue Bonds, Series 2025, Rebate Fund” created pursuant to the Bond Ordinance.

“Record Date” means the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

“Redemption Date” means the date fixed for the redemption prior to their respective maturities of any Bonds or other designated securities payable from Net Pledged Revenues in any notice of prior redemption or otherwise fixed and designated by the City.

“Reserve Fund” means the special fund designated as the “City of Arvada, Colorado, Wastewater Enterprise Revenue Bonds, Series 2025, Reserve Fund” created pursuant to the Bond Ordinance.

“Reserve Fund Insurance Policy” means any insurance policy, surety bond, irrevocable letter of credit or similar instrument deposited in or credited to the Reserve Fund in lieu of or in partial substitution for moneys on deposit therein.

“Reserve Fund Requirement” if any, has the meaning ascribed to such term in the Sale Certificate.

“Sale Certificate” means the sale certificate of the City relating to the Bonds issued pursuant to the Supplemental Public Securities Act and described in the Bond Ordinance.

“Series 2022 Bond Ordinance” means Ordinance No. 4826 adopted by the Council on November 7, 2022, authorizing the issuance of the Series 2022 Bonds.

“Series 2022 Bonds” means City’s Water Enterprise Revenue Bonds, Series 2022, issued pursuant to the Series 2022 Bond Ordinance.

“Special Record Date” means the record date for determining ownership of the Bonds for purposes of paying accrued but unpaid interest, as such date may be determined pursuant to the Bond Ordinance.

“State” means the State of Colorado.

“Subordinate Securities” means securities or other obligations payable from the Net Pledged Revenues subordinate and junior to the lien thereon of the Bonds and any Parity Bonds.

“Supplemental Public Securities Act” means Part 2 of Article 57 of Title 11, C.R.S., as amended.

“Surety Provider” means the Insurer or any other entity issuing a Reserve Fund Insurance Policy with respect to the Bonds.

“Tax Code” means the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds, and the regulations promulgated thereunder.

“Tax Compliance Certificate” means one or more federal tax compliance certificates executed by the City in connection with the initial issuance and delivery of the Bonds.

“Term Bonds” means Bonds that are payable on or before their specified maturing dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

“Trust Bank” means a Commercial Bank which is authorized to exercise and is exercising trust powers located within or without the State, and also means any branch of the Federal Reserve Bank.

“Wastewater Enterprise Fund” means the special fund maintained by the City and designated as the “City of Arvada, Colorado, Wastewater Enterprise Revenue Bonds, Wastewater Enterprise Fund.”

“Wastewater System” means the City’s system for the collection, treatment and discharge of Wastewater and consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City, whether situated within or without the City boundaries, used in connection with such system of the City, and in any way appertaining thereto, including all present or future improvements, extensions, enlargements, betterments, replacements or additions thereof or thereto and administrative facilities.

Pledge Securing Bonds

Subject only to the right of the City to cause amounts to be withdrawn and paid on account of Operation and Maintenance Expenses of the Wastewater System, the Gross Pledged Revenues and, subject to the right of the City to cause amounts to be withdrawn to pay the Costs of the Project as described in the Bond Ordinance and other than moneys and securities held in the Rebate Fund to the extent such amounts are required to be paid to the United States, all moneys and securities paid or to be paid to or held or to be held in any fund or account under the Bond Ordinance are pledged, and a lien thereon is hereby created, to secure the payment of the Bond Requirements of the Outstanding Bonds and to secure the obligations of the City to pay the Policy Costs. The pledge of the Net Pledged Revenues to secure the payment of the Bond Requirements of the Outstanding Bonds and any Outstanding Parity Bonds is on a parity with the pledge of the Net Pledged Revenues for, and lien thereon of the Parity Bonds heretofore issued and any Parity Bonds hereafter issued in compliance with the provisions of the Bond Ordinance. The pledge of Net Pledged Revenues to secure the payment of the Policy Costs is subordinate only to the pledge to pay the Bond Requirements with respect to the Bonds and any Parity Bonds. The pledge of the Net Pledged Revenues and the funds or accounts as described in this section shall be valid and binding from and after the date of the delivery of the Bonds, and the moneys as received by the City and hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the City except any Outstanding Parity Bonds heretofore or hereafter authorized. The lien of the pledge of the Net Pledged Revenues and the funds or accounts as described in this section shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City (except as otherwise provided in the Bond Ordinance) irrespective of whether such parties have notice thereof.

Special Obligations

All of the Bond Requirements of the Bonds and the Policy Costs shall be payable and collectible solely out of the Net Pledged Revenues which revenues are so pledged; the Owner or Owners of the Bonds, the Insurer, and the Surety Provider may not look to any general or other fund for the payment of the Bond Requirements or the Policy Costs, except the designated special funds pledged therefor in the Bond Ordinance; the Bonds and the Policy Costs

shall not constitute an indebtedness or a debt within the meaning of any constitutional, or statutory provision or limitation; and the Bonds and the Policy Costs shall not be considered or held to be general obligations of the City but shall constitute its special obligations. No statutory, Charter, or constitutional provision enacted after the issuance of the Bonds shall in any manner be construed as limiting or impairing the obligation of the City to comply with the provisions of the Bond Ordinance or to pay the Bond Requirements of the Bonds and the Policy Costs as provided in the Bond Ordinance.

No Pledge of Property

The payment of the Bonds and the Policy Costs is not secured by an encumbrance, mortgage or other pledge of property of the City, except for the Net Pledged Revenues and other moneys pledged for the payment of the Bond Requirements of the Bonds. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds or the Policy Costs.

Lien of Bonds; Equality of Bonds

The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues on a parity with the lien of the Net Pledged Revenues of the Parity Bonds. The Policy Costs constitute an irrevocable and subordinate lien (but not necessarily an exclusive subordinate lien) upon the Net Pledged Revenues.

The Bonds and any Parity Bonds heretofore issued or hereafter authorized to be issued and from time to time Outstanding are equitably and ratably secured by a lien on the Net Pledged Revenues and shall not be entitled to any priority over one another in the application of the Net Pledged Revenues regardless of the time or times of the issuance of the Bonds and any other such Parity Bonds, it being the intention of the Council that there shall be no priority among the Bonds and any such Parity Bonds regardless of the fact that they may be actually issued and delivered at different times, except that (a) moneys in the Project Fund, the Bond Fund and the Reserve Fund shall secure only the Bonds and the moneys in any acquisition, bond, reserve or similar funds established for other Parity Bonds shall secure only such Parity Bonds; and (b) other Parity Bonds may have a lien on Net Pledged Revenues on a parity with the lien thereon of the Bonds even if no reserve fund is established for such Parity Bonds or a reserve fund is established but with a different requirement as to the amount of moneys (or the value of a reserve fund insurance policy with respect to such Parity Bonds) required to be on deposit therein or the manner in which such reserve fund is funded or the period of time over which such reserve fund is funded.

Reserve Fund

The Bonds are not secured by a reserve fund. The City may determine to fund a reserve fund for any series of Additional Parity Bonds, but is not required to do so.

Use of Funds in Project Fund; Lien on Project Fund

When the Project is completed in accordance with the relevant plans and specifications and all amounts due therefor, including all proper incidental expenses and all administrative costs of the Project referred to in the Bond Ordinance, are paid, or for which full provision is made, the Director of Finance, to the extent permitted by the Tax Compliance Certificate, shall cause all surplus moneys remaining in the Project Fund, if any, except for any moneys designated in the certificate to be retained to pay any unpaid accrued costs or contingent obligations, to be transferred as follows: (a) to the Rebate Fund so as to enable the City to comply with requirements of the Tax Compliance Certificate with respect to the Bonds, (b) to the Reserve Fund to such extent as shall not cause the amount in the Reserve Fund to exceed the Reserve Fund Requirement and (c) to the Bond Fund to the extent of any remaining balance of such moneys to be applied against the next principal payment or payments coming due on the Bonds. Nothing in the Bond Ordinance prevents the transfer from the Project Fund to the Bond Fund, at any time prior to the termination of the Project Fund, of any moneys which the Director of Finance by certificate determines will not be necessary for the Project and will not be designated to be transferred to the Rebate Fund or the Reserve Fund.

Until the proceeds of the Bonds deposited in the Project Fund are applied as described above, such Bond proceeds are subject to a lien thereon and pledge thereof for the benefit of the Owners of the Outstanding Bonds as provided in the Bond Ordinance.

Rebate Fund

The City shall cause amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury (at the address provided in the Tax Compliance Certificate) at the times and in the amounts set forth in the Tax Compliance Certificate.

If the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, the City shall transfer moneys in the amount of the insufficiency to the Rebate Fund from the Project Fund and, to the extent permitted by the Bond Ordinance, from the Reserve Fund and the Bond Fund. Upon receipt by the City of an opinion of Bond Counsel to the effect that the amount in the Rebate Fund is in excess of the amount required to be contained therein, such excess may be transferred to the Wastewater Enterprise Fund.

Investment of Moneys

Accounting for Investments. The Investment Securities so purchased as an investment or reinvestment of moneys in any such account hereunder shall be deemed at all times to be a part of the account. Any interest or other gain from any investments and reinvestments of moneys accounted for in the Wastewater Enterprise Fund, the Project Fund, the Bond Fund, and the Rebate Fund shall be credited to such account, and any loss resulting from any such investments or reinvestments of moneys accounted for in the Wastewater Enterprise Fund, the Project Fund, the Bond Fund, the Reserve Fund, and the Rebate Fund shall be charged or debited to such fund.

Any interest or other gain from any investment or reinvestment of moneys accounted for in the Reserve Fund (a) shall be credited to the Rebate Fund or the Bond Fund, at the discretion of the Director of Finance, if the amount credited to the Reserve Fund immediately after such credit to the Rebate Fund or the Bond Fund is not less than the Reserve Fund Requirement and (b) if the amount credited to the Reserve Fund is less than the Reserve Fund Requirement, shall be credited to the Reserve Fund (up to the amount of the deficiency).

No loss or profit in any account on any investments or reinvestments in Investment Securities shall be deemed to take place as a result of market fluctuations of the Investment Securities prior to the sale or maturity thereof. In the computation of the amount in any account for any purpose hereunder, except as otherwise expressly provided in the Bond Ordinance or for rebate purposes, as described in the Tax Compliance Certificate, Investment Securities shall be valued at the cost thereof (including any amount paid as accrued interest at the time of purchase of the obligation); provided that any time or demand deposits shall be valued at the amounts deposited, in each case exclusive of any accrued interest or any other gain to the City until such gain is realized by the presentation of matured coupons for payment or otherwise.

Redemption or Sale of Investment Securities. The Director of Finance shall present for redemption or sale on the prevailing market at the best price obtainable any Investment Securities so purchased as an investment or reinvestment of moneys in the account whenever it shall be necessary in order to provide moneys to meet any withdrawal, payment or transfer from such account. Neither the Director of Finance nor any other officer or employee of the City shall be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with the Bond Ordinance.

Refunding Bonds

The City may issue any refunding securities payable from Net Pledged Revenues to refund any Outstanding Bonds or Parity Bonds, with such details as the Council may by ordinance provide so long as there is no material impairment of any contractual obligation imposed upon the City by any proceedings authorizing the issuance of any unrefunded portion of such Outstanding securities of any one or more issues; but so long as the Bonds, or any part thereof, are Outstanding, refunding securities payable from Net Pledged Revenues may be issued on a parity with the unrefunded Bonds only if:

A. Prior Consent. The City first receives the consent of the Owner or Owners of the unrefunded portion of the Bonds; or

B. Requirements Not Increased. The Combined Maximum Annual Principal and Interest Requirements for the Bonds and Parity Bonds Outstanding immediately after the issuance of the refunding securities is not greater than the Combined Maximum Annual Principal and Interest Requirements for all Bonds and Parity

Bonds Outstanding immediately prior to the issuance of the refunding securities and the lien of any refunding Parity Bonds on the Net Pledged Revenues is not raised to a higher priority than the lien thereon of any securities thereby refunded; or

C. Earnings Test. The refunding securities are issued in compliance with the earnings test set forth under the headings "SECURITY FOR THE WASTEWATER BONDS--Additional Bonds - Parity Bonds" and SECURITY FOR THE WASTEWATER BONDS--Additional Bonds - Parity Bonds."

Certain Protective Covenants

The Bond Resolution contains numerous covenants; these covenants include, but are not limited to, the following:

Performance of Duties. The City, acting by and through the Council or otherwise, shall faithfully and punctually perform, or cause to be performed, all duties with respect to the Gross Pledged Revenues and the Wastewater System required by the Constitution and laws of the State and the various ordinances of the City, including, without limitation, the making and collection of reasonable and sufficient fees, rates and other charges for services rendered or furnished by or from the use of the Wastewater System, as provided in the Bond Ordinance, and the proper segregation of the proceeds of the Bonds and of any securities hereafter authorized and the Gross Pledged Revenues and their application from time to time to the respective accounts provided therefor.

Contractual Obligations. The City shall perform all contractual obligations undertaken by it under any agreements relating to the Bonds, the Gross Pledged Revenues, the Project, or the Wastewater System, or any combination thereof, with any other Persons.

Further Assurances. At any and all times the City shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and assurances as may be reasonably necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Gross Pledged Revenues and other moneys and accounts hereby pledged or assigned, or intended to be pledged or assigned, or which the City may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of the Bond Ordinance and to comply with any instrument of the City amendatory thereof, or supplemental thereto. The City, acting by and through the Council, or otherwise, shall at all times, to the extent permitted by law, reasonably defend, preserve and protect the pledge of the Gross Pledged Revenues and other moneys and accounts pledged hereunder and all the rights of every Owner of any Bond hereunder against all claims and demands of all Persons whomsoever.

Efficient Operation and Maintenance. The City shall at all times operate the Wastewater System properly and in a sound and economical manner; and the City shall maintain, preserve and keep the same properly or cause the same to be so maintained, preserved and kept, with the appurtenances and every part and parcel thereof in good repair, working order and condition, and shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the Wastewater System may be properly and advantageously conducted. All salaries, fees, wages and other compensation paid by the City in connection with the maintenance, repair and operation of the Wastewater System shall be reasonable and proper.

Rules, Regulations and Other Details. The City, acting by and through the Council, shall establish and enforce reasonable rules and regulations governing the operation, use and services of the Wastewater System. The City shall observe and perform all of the terms and conditions contained in the Bond Ordinance, and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Wastewater System or to the City, except for any period during which the same are being contested in good faith by proper legal proceedings.

Payment of Governmental Charges. The City shall pay or cause to be paid all taxes and assessments or other governmental charges, if any, lawfully levied or assessed upon or in respect of the Wastewater System, or upon any part thereof, or upon any portion of the Gross Pledged Revenues, when the same shall become due, and shall duly observe and comply with all valid requirements of any governmental authority relative to the Wastewater System or any part thereof, except for any period during which the same are being contested in good faith by proper legal proceedings. The City shall not create or suffer to be created any lien upon the Wastewater System, or any part thereof,

or upon the Gross Pledged Revenues, except the pledge and lien created by the Bond Ordinance for the payment of the Bond Requirements of the Bonds and except as otherwise permitted in the Bond Ordinance. The City shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Wastewater System, or any part thereof, or the Gross Pledged Revenues; but nothing in the Bond Ordinance requires the City to pay or cause to be discharged or to make provision for any such tax, assessment, lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Protection of Security. The City, the officers, agents and employees of the City, and the Council shall not take any action in such manner or to such extent as might materially prejudice the security for the payment of the Bond Requirements of the Bonds, the Parity Bonds, and any other securities payable from the Net Pledged Revenues or any Policy Costs relating thereto according to the terms thereof. No contract shall be entered into nor any other action taken by which the rights of any Owner of any Bond or other security payable from Net Pledged Revenues or any Policy Costs relating thereto might be prejudicially and materially impaired or diminished.

Prompt Payment of Bonds. The City shall promptly pay the Bond Requirements of the Bonds at the places, on the dates and in the manner specified herein and in the Bonds according to the true intent and meaning of the Bond Ordinance.

Corporate Existence. The City shall maintain its corporate identity and existence so long as any of the Bonds remain Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the City and is obligated by law to operate and maintain the Wastewater System and to fix and collect the Gross Pledged Revenues as provided in the Bond Ordinance without adversely and materially affecting at any time the privileges and rights of any Owner of any Outstanding Bond.

Disposal of Wastewater System Prohibited. Except for the use of the Wastewater System and services pertaining thereto in the normal course of business, or as described in the following paragraph, neither all nor a substantial part of the Wastewater System shall be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of, until all the Bonds have been paid in full, as to all Bond Requirements, or unless provision has been made therefor, or until the Bonds have otherwise been redeemed, including, without limitation, the termination of the pledge as authorized in the Bond Ordinance; and the City shall not dispose of its title to the Wastewater System or to any useful part thereof, including any property necessary to the operation and use of the Wastewater System and the lands and interests in lands comprising the sites of the Wastewater System, except as described in the following paragraph.

Disposal of Unnecessary Property. The City at any time and from time to time may sell, exchange, lease or otherwise dispose of any property constituting a part of the Wastewater System and not useful in the construction, reconstruction or operation thereof, or which shall cease to be necessary for the efficient operation of the Wastewater System, or which shall have been replaced by other property of at least equal value. Any proceeds of any such sale, exchange, lease or other disposition received and not used to replace such property so sold or so exchanged or otherwise so disposed of, shall be deposited by the City in the Wastewater Enterprise Fund or into a special book account for the betterment, enlargement, extension, other improvement and equipment of the Wastewater System, or any combination thereof, as the Council may determine, provided that any proceeds of any such lease received shall be deposited by the City as Gross Pledged Revenues in the Wastewater Enterprise Fund.

Competing Wastewater System. So long as any of the Bonds are Outstanding, the City shall not grant any franchise or license to any competing facilities so that the Gross Pledged Revenues shall not be sufficient to satisfy the covenant described in "Adequacy and Applicability of Charges."

Loss From Condemnation. If any part of the Wastewater System is taken by the exercise of the power of eminent domain, the amount of any award received by the City as a result of such taking shall be paid into the Wastewater Enterprise Fund or into a capital improvement account pertaining to the Wastewater System for the purposes thereof, or, applied to the redemption of the Outstanding Bonds and any Outstanding Parity Bonds relating thereto, all as the City may determine.

Employment of Management Engineers. If the City defaults in paying the Bond Requirements of the Bonds or any Parity Bonds, and any other securities or Policy Costs relating thereto payable from the Gross Pledged Revenues

promptly as the same fall due, or an Event of Default has occurred and is continuing, or if the Net Pledged Revenues in any Fiscal Year fail to equal at least the amount of the Bond Requirements of the Outstanding Bonds, Parity Bonds, and any other securities (including all reserves therefor specified in the authorizing proceedings, including, without limitation, the Bond Ordinance) or Policy Costs relating thereto payable from the Net Pledged Revenues in that Fiscal Year, the City shall retain a firm of competent management engineers skilled in the operation of such facilities to assist the management of the Wastewater System so long as such default continues or so long as the Net Pledged Revenues are less than the amount designated above.

Budgets. The Council and officials of the City shall annually and at such other times as may be provided by law prepare and adopt a budget pertaining to the Wastewater System.

Reasonable and Adequate Charges. While the Bonds remain Outstanding and unpaid, the fees, rates and other charges due to the City for the use of or otherwise pertaining to and services rendered by the Wastewater System to the City, to its inhabitants and to all other users within and without the boundaries of the City shall be reasonable and just, taking into account and consideration public interests and needs, the cost and value of the Wastewater System, the Operation and Maintenance Expenses thereof, and the amounts necessary to meet the Bond Requirements of all Bonds, the Parity Bonds, and any other securities payable from the Net Pledged Revenues, including, without limitation, reserves and any replacement accounts therefor.

Adequacy and Applicability of Charges. There shall be charged against users of service pertaining to and users of the Wastewater System, except as described in "Limitations Upon Free Service," such fees, rates and other charges so that the Gross Pledged Revenues shall be adequate to meet the requirements of the Bond Ordinance. Such charges pertaining to the Wastewater System shall be at least sufficient so that the Gross Pledged Revenues annually are sufficient to pay in each Fiscal Year:

Operation and Maintenance Expenses. An amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year,

(1) *Principal and Interest.* An amount equal to 120% of both the principal and interest on the Bonds and any Parity Bonds then Outstanding in that Fiscal Year (excluding the reserves therefor), and

(2) *Deficiencies.* Any amounts required to pay all Policy Costs, if any, due and owing and all sums, if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the Gross Pledged Revenues or any securities payable therefrom.

Limitations Upon Free Service. No free service or facilities shall be furnished by the Wastewater System, except that if the City elects to use for City purposes any Wastewater facilities, or other services and facilities provided by the Wastewater System or otherwise to use the Wastewater System or any part thereof, the City is not required to pay for such use.

Levy of Charges. The City shall forthwith and in any event prior to the delivery of any of the Bonds, fix, establish and levy the fees, rates and other charges which are required by the Bond Ordinance, if such action is necessary therefor. No reduction in any initial or existing rate schedule for the Wastewater System may be made:

(1) *Proper Application.* Unless the City has fully complied with the provisions of the Bond Ordinance for at least the full Fiscal Year immediately preceding such reduction of the initial or any other existing rate schedule; and

(2) *Sufficient Revenues.* Unless the audit required by the Independent Accountant by the Bond Ordinance for the full Fiscal Year immediately preceding such reduction discloses that the estimated revenues resulting from the proposed rate schedule for the Wastewater System, after the schedule's proposed reduction, shall be at least sufficient to produce the amounts described in "Adequacy and Applicability of Charges."

Collection of Charges. The City shall use commercially reasonable best efforts to cause all fees, rates and other charges pertaining to the Wastewater System to be collected as soon as is reasonable, shall reasonably prescribe and enforce rules and regulations or impose contractual obligations for the payment of such charges, and for the use of the Wastewater System, and shall provide methods of collection and penalties, to the end that the Gross Pledged

Revenues shall be adequate to meet the requirements of the Bond Ordinance and any other ordinance supplemental thereto.

Procedure for Collecting Charges. All bills for Wastewater services and all other services or facilities furnished or served by or through the Wastewater System shall be rendered to customers on a regularly established basis. The fees, rates and other charges due shall be collected in a lawful manner, including, without limitation, discontinuance of service.

Maintenance of Records. So long as any of the Bonds and any Parity Bonds payable from the Gross Pledged Revenues remain Outstanding, proper books of record and account pertaining to the Gross Pledged Revenues and the Wastewater System shall be kept by the City, separate and apart from all other records and accounts.

Audits Required: Accounting Principles. The City shall cause an audit for each Fiscal Year of the books and accounts pertaining to the Gross Pledged Revenues and the Wastewater System to be completed by an Independent Accountant within 210 days following the close of such Fiscal Year.

Wastewater System records and accounts, and audits thereof, shall be currently kept and made, as nearly as practicable, in accordance with the then generally accepted accounting principles, methods and terminology followed and construed for utility operations comparable to the Wastewater System, except as may be otherwise provided in the Bond Ordinance or required by applicable law or regulation or by contractual obligation existing on the effective date of the Bond Ordinance.

Insurance and Reconstruction. Except to the extent of any self-insurance, the City shall at all times maintain with responsible insurers fire and extended coverage insurance, worker's compensation insurance, public liability insurance and all such other insurance as is customarily maintained with respect to utilities of like character against loss of or damage to the Wastewater System and against loss of revenues and against public and other liability to the extent reasonably necessary to protect the interests of the City and of each Owner of a Bond. If any useful part of the Wastewater System shall be damaged or destroyed, the City shall, as expeditiously as may be possible, commence and diligently proceed with the repair or replacement of the damaged property so as to restore the same to use. The proceeds of any such insurance shall be payable to the City and (except for proceeds of any use and occupancy insurance) shall be applied to the necessary costs involved in such repair and replacement and to the extent not so applied shall (together with the proceeds of any such use and occupancy insurance) be deposited in the Wastewater Enterprise Fund by the City as revenues derived from the operation of the Wastewater System. If the costs of such repair and replacement of the damaged property exceed the proceeds of such insurance available for the payment of the same, moneys in the Wastewater Enterprise Fund may be used to the extent necessary for such purposes, as permitted by the Bond Ordinance.

Events of Default and Remedies

Events of Default. Each of the following events is hereby declared an "Event of Default," provided however, that in determining whether a payment default has occurred pursuant to paragraphs A or B below, no effect shall be given to payments made under the Insurance Policy:

A. Nonpayment of Principal. Payment of the principal of any of the Bonds is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption, or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest on any of the Bonds is not made when the same becomes due and payable;

C. Cross Defaults. The occurrence and continuance of an "event of default," as defined in any Parity Bond Ordinance;

D. Failure to Reconstruct. The City unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the Wastewater System which is destroyed or damaged and is not promptly repaired or replaced (whether such failure promptly to repair the same is due to impracticability of such repair or replacement or is due to a lack of moneys therefor or for any other reason), but it shall not be an Event of Default if such reconstruction is not essential to the efficient operation of the Wastewater System;

E. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the City appointing a receiver or receivers for the Wastewater System or for the Gross Pledged Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or if an order or decree having been entered without the consent or acquiescence of the City is not vacated or discharged or stayed on appeal within 60 days after entry;

F. Default Under Insurance Agreement. If an event of default shall have occurred and be continuing under the provisions of the Insurance Agreement; and

G. Default of Any Provision. The City defaults in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds or in the Bond Ordinance on its part to be performed (other than the continuing disclosure covenant in Section 831 of the Bond Ordinance), and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the City and the Insurer specifying the failure and requiring that it be remedied, which notice may be given by the Paying Agent in its discretion and, except as provided in the Bond Ordinance provisions relating to the rights of any Bond Insurer, shall be given by the Paying Agent at the written request of the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding.

Remedies for Defaults. Except as provided in the Bond Ordinance provisions relating to the rights of any Bond Insurer, upon the happening and continuance of any Event of Default, the Owner or Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the City and its agents, officers and employees to protect and to enforce the rights of any Owner of Bonds under the Bond Ordinance by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the Bond Ordinance or in an award of execution of any power granted in the Bond Ordinance for the enforcement of any proper legal or equitable remedy as such Owner or Owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any Owner of any Bond, or to require the City to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of the Bonds. The City shall not be liable for incidental, punitive, exemplary or consequential damages, or for lost profits, whether direct or indirect. Acceleration shall not be a remedy upon the happening or continuance of any Event of Default. Notwithstanding the foregoing provisions, nothing in the Bond Ordinance shall act as or be deemed to be a waiver by the City of the Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S., as now or hereafter amended.

Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such Owners hereunder, the consent to any such appointment being hereby expressly granted by the City, may enter and may take possession of the Wastewater System, may operate and maintain the same, may prescribe fees, rates and other charges, and may collect, receive and apply all Gross Pledged Revenues arising after the appointment of such receiver in the same manner as the City itself might do.

Rights and Privileges Cumulative. The failure of any Owner of any Outstanding Bond to proceed in any manner provided in the Bond Ordinance shall not relieve the City, or any of its officers, agents or employees of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such Owner (or trustee thereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any Owner shall not be deemed a waiver of any other right or privilege thereof.

Duties upon Defaults. Upon the happening of any Event of Default, the City shall do and perform all proper acts on behalf of and for the Owners of Bonds to protect and to preserve the security created for the payment of the Bonds and to insure the payment of the Bond Requirements promptly as the same become due. While any Event of Default exists, except to the extent it may be unlawful to do so, all Gross Pledged Revenues shall be paid into the Bond Fund and into bond or similar funds established for any Parity Bonds then Outstanding, pro rata based upon the aggregate principal amount of the Bonds and Parity Bonds then Outstanding. Except as provided in the Bond Ordinance provisions relating to the rights of any Bond Insurer, if the City fails or refuses to proceed as described above, the Owner or Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the Owners of the Bonds as described above, and to that end any such Owners of the Outstanding Bonds shall be subrogated to all rights of the City under any

agreement, lease or other contract involving the Wastewater System or the Gross Pledged Revenues entered into prior to the effective date of the Bond Ordinance or thereafter while any of the Bonds are Outstanding.

Owners' Remedies. Each Owner of any Bond shall be entitled to all of the privileges, rights and remedies provided or permitted by the Bond Ordinance, and as otherwise provided or permitted by law or in equity or by any statutes, except as provided in the Bond Ordinance, but subject to the provisions in the Bond Ordinance concerning the pledge of and the covenants and the other contractual provisions concerning the Gross Pledged Revenues and the proceeds of the Bonds.

Right to Enforce Payment. Nothing in the Bond Ordinance affects or impairs the right of any Owner of any Bond to enforce the payment of the Bond Requirements due in connection with such Person's Bond or the obligation of the City to pay the Bond Requirements of each Bond to the Owner thereof at the time and the place expressed in the Bond.

Amendment of the Bond Ordinance

Amendments Requiring Consent of Owners. Except as described below, the Bond Ordinance may be amended or supplemented by ordinances adopted by the Council in accordance with law, without receipt by the City of any additional consideration, but with the written consent of the Insurer and, subject to the rights of any Bond Insurer, the Owners of not less than a majority of aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory or supplemental ordinance excluding any Bonds which may then be held or owned for the account of the City. Notwithstanding the foregoing, no such ordinance shall permit:

(1) Changing Payment. A change in the maturity, terms of redemption or interest payment of any Outstanding Bond; or

(2) Reducing Return. A reduction in the principal amount of any Bond or the rate of interest thereon, without the consent of the Owner of the Bond; or

(3) Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior, superior and senior to the lien or to the pledge created by the Bond Ordinance; or

(4) Modifying Any Bond. A reduction of the principal amount or percentages or otherwise affecting the description of Bonds the consent of the Owners of which is required for any such modification or amendment; or

(5) Priorities Between Bonds The establishment of priorities as between Bonds issued and Outstanding; or

(6) Modification of Less Than All the Bonds. The modification of or otherwise affecting the rights of the Owners of less than all of the Outstanding Bonds.

Amendments Not Requiring Consent of Owners. Notwithstanding the provisions described above, the Bond Ordinance and the rights and obligations of the City and of the Owners of the Bonds may also be modified or amended at any time, with the written consent of the Insurer but without the consent of any Owners of the Bonds, but only to the extent permitted by law and only for any or all of the following purposes:

(1) to add to the covenants and agreements of the City contained in the Bond Ordinance other covenants and agreements thereafter to be observed;

(2) to subject to the covenants and agreements of the City in the Bond Ordinance additional Wastewater System revenues, to be defined and treated as Gross Pledged Revenues, for the purpose of providing additional security for the Bonds and any Parity Bonds;

(3) in connection with the provision of a Reserve Fund Insurance Policy subsequent to the issuance of the Bonds;

(4) to provide for the appointment of a new Paying Agent;

(5) to make such provisions for the purpose of curing any ambiguity or of curing or correcting any formal defect or omission in the Bond Ordinance, or in regard to questions arising under the Bond Ordinance, as the City may deem necessary or desirable, and which shall not adversely affect the interests of the Owners of the Bonds; or

(6) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest allocable to the Bonds.

Notice of Amendment. Whenever the Council proposes to amend or modify the Bond Ordinance under the provisions described above, it shall cause notice of the proposed amendment to be mailed to Owners of all Outstanding Bonds at their addresses as the same last appear on the registration records maintained by the Paying Agent or by electronic means to DTC or its successors, and to the Insurer. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory ordinance is on file with the office of the City Clerk for public inspection. Notice of the proposed amendment, together with a copy of the proposed amendatory ordinance, shall be delivered to the Rating Agencies then maintaining a rating on the Bonds at least 15 days in advance of the adoption of the amendment. A full transcript of all proceedings relating to the execution of such amendatory ordinance shall be provided to the Insurer.

Time for Amendment. If the ordinance is required to be consented to by the Owners of the Bonds, whenever at any time within one year from the date of the giving of such notice there shall be filed with the City Manager an instrument or instruments executed by the Owners of not less than a majority of aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory ordinance described in such notice and shall specifically consent to and approve the adoption of such ordinance, the Council may adopt such amendatory ordinance and such ordinance shall become effective. If the ordinance is not required to be consented to by the Owners of the Bonds, the amendatory ordinance may be adopted by the Council at any time.

Binding Consent to Amendment. If the Owners of not less than a majority of aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory ordinance requiring consent of the Owners of the Bonds, or the predecessors in title of such Owners, shall have consented to and approved the adoption thereof as provided in the Bond Ordinance, no Owner of any Bond, whether or not such Owner shall have consented to or shall have revoked any consent as in provided in the Bond Ordinance, shall have any right or interest to object to the adoption of such amendatory ordinance or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions thereof.

Time Consent Binding. Any consent given by the Owner of a Bond pursuant to the provisions of the Bond Ordinance shall be irrevocable for a period of 6 months from the date of the giving of the notice above provided for and shall be conclusive and binding upon all future Owners of the same Bond during such period. Such consent may be revoked at any time after 6 months from the date of such giving of such notice by the Owner who gave such consent or by a successor in title by filing notice of such revocation with the City Manager, but such revocation shall not be effective if the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding as in provided in the Bond Ordinance, prior to the attempted revocation, consented to and approved the amendatory ordinance referred to in such revocation.

Unanimous Consent. Notwithstanding anything in the foregoing provisions, the terms and provisions of the Bond Ordinance or of any ordinance amendatory thereof or supplemental thereto and the rights and the obligations of the City and of the Owners of the Bonds thereunder may be modified or amended in any respect upon the adoption by the City and upon the filing with the City Manager of an ordinance to that effect and with the consent of the Insurer and the Owners of all the then Outstanding Bonds, such consent to be given as provided in the Bond Ordinance, no notice to Owners of Bonds shall be required as provided in the Bond Ordinance, nor shall the time of consent be limited except as may be provided in such consent.

Exclusion of City's Bonds. At the time of any consent or of other action taken as described above, the City shall furnish to the City Manager a certificate of the Director of Finance, upon which the City may rely, describing all Bonds to be excluded for the purpose of consent or of other action or of any calculation of Outstanding Bonds described above, and the City shall not be entitled with respect to such Bonds to give any consent or to take any other action provided as described above.

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APPENDIX C

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2025 Bonds. The 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2025 Bond certificate will be issued for each maturity of each series of the 2025 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2025 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2025 Bonds, except in the event that use of the book-entry system for the 2025 Bonds is discontinued.

To facilitate subsequent transfers, all 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Ordinance. For example, Beneficial Owners of 2025 Bonds may wish to ascertain that the nominee holding the 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2025 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2025 Bonds at any time by giving reasonable notice to the City or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2025 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2025 Bond certificates will be printed and delivered to DTC.

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

APPENDIX D
FORMS OF BOND COUNSEL OPINIONS
WATER BONDS

[CLOSING DATE], 2025

City of Arvada
8101 Ralston Road
Arvada, Colorado 80002

\$(PAR)
City of Arvada, Colorado
Water Enterprise Revenue Bonds
Series 2025

Ladies and Gentlemen:

We have acted as bond counsel to the City of Arvada, Colorado (the “City”), in connection with the issuance of its Water Enterprise Revenue Bonds, Series 2025, in the aggregate principal amount of \$(PAR) (the “Bonds”), pursuant to an authorizing ordinance of the City Council of the City (the “City Council”) adopted on May 20, 2025 (the “Bond Ordinance”). In such capacity, we have examined the City’s certified proceedings, the home rule charter of the City and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them by the Bond Ordinance.

Regarding questions of fact material to our opinions, we have relied upon the City’s certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds are valid and binding, special, limited obligations of the City payable solely from the Net Pledged Revenues and from certain funds and accounts pledged therefor under the Bond Ordinance.

2. The Bond Ordinance has been duly adopted by the City Council and constitutes a valid and binding obligation of the City.

3. The Bond Ordinance creates a valid lien on the Net Pledged Revenues pledged therein for the security of the Bonds on a parity with the lien thereon of any Parity Bonds. The Bond Ordinance also creates a valid lien on the Bond Fund and the Project Fund for the security of the Bonds. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Net Pledged Revenues or on the funds and accounts created by the Bond Ordinance.

4. Interest on the Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), interest on the Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations, and interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the City's certified proceedings and in certain other documents or certain other certifications furnished to us.

The opinions expressed in this opinion letter are subject to the following:

The rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Ordinance are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

BUTLER SNOW LLP

WASTEWATER BONDS

[CLOSING DATE], 2025

City of Arvada
8101 Ralston Road
Arvada, Colorado 80002

\$(PAR) City of Arvada, Colorado Wastewater Enterprise Revenue Bonds Series 2025

Ladies and Gentlemen:

We have acted as bond counsel to the City of Arvada, Colorado (the “City”), in connection with the issuance of its Wastewater Enterprise Revenue Bonds, Series 2025, in the aggregate principal amount of \$(PAR) (the “Bonds”), pursuant to an authorizing ordinance of the City Council of the City (the “City Council”) adopted on May 20, 2025 (the “Bond Ordinance”). In such capacity, we have examined the City’s certified proceedings, the home rule charter of the City and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them by the Bond Ordinance.

Regarding questions of fact material to our opinions, we have relied upon the City’s certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds are valid and binding, special, limited obligations of the City payable solely from the Net Pledged Revenues and from certain funds and accounts pledged therefor under the Bond Ordinance.
2. The Bond Ordinance has been duly adopted by the City Council and constitutes a valid and binding obligation of the City.
3. The Bond Ordinance creates a valid lien on the Net Pledged Revenues pledged therein for the security of the Bonds on a parity with the lien thereon of any Parity Bonds. The Bond Ordinance also creates a valid lien on the Bond Fund and the Project Fund for the security of the Bonds. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Net Pledged Revenues or on the funds and accounts created by the Bond Ordinance.
4. Interest on the Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date

hereof (the “Tax Code”), interest on the Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations, and interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the City’s certified proceedings and in certain other documents or certain other certifications furnished to us.

The opinions expressed in this opinion letter are subject to the following:

The rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Ordinance are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

BUTLER SNOW LLP

APPENDIX E

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

WATER BONDS

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Arvada, Colorado (the “Issuer”), in connection with the issuance of its “City of Arvada, Colorado, Water Enterprise Revenue Bonds, Series 2025” dated as of [CLOSING DATE, 2025], in the aggregate principal amount of \$[PAR] (the “Bonds”). The Bonds are being issued pursuant to an ordinance adopted by the City Council of the Issuer on May 20, 2025 (the “Ordinance”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Fiscal Year” shall mean the period beginning on January 1 of a calendar year and ending on December 31 of the same calendar year, or such other 12-month period as may be adopted by the Issuer in accordance with law.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system, which is currently available at <http://emma.msrb.org>.

“Official Statement” means the final Official Statement prepared in connection with the Bonds.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as in effect on the date of this Disclosure Certificate.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 9 months following the end of the Issuer’s Fiscal Year, commencing 9 months following the end of the Issuer’s Fiscal Year ending December 31, 2024, provide to the MSRB (in an electronic format as prescribed by the MSRB),

an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer has selected one). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. The information to be updated may be reported in any format chosen by the Issuer; it is not required that the format reflected in the Official Statement be used in future years.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, file or cause to be filed with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit “A.”

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements, if any, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit “B” hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents (including official statements), which are available to the public on the MSRB’s Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Listed Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds. All of the events currently mandated by the Rule are listed below; however, some may not apply to the Bonds.

- (1) Principal and interest payment delinquencies;
- (2) Non-payment 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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of bondholders, *if material*;
- (8) Bond calls, *if material*, and tender offers;
- (9) Defeasances;

- (10) Release, substitution or sale of property securing repayment of the Bonds, *if material*;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;
- (15) Incurrence of a financial obligation² of the obligated person, *if material*, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, *if material*; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation² of the obligated person, any of which reflect financial difficulties.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

² For purposes of the events identified in subparagraphs (b)(5)(i)(C)(15) and (16) of the Rule, the term "financial obligation" is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (15) and (16), the Issuer intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.

this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer elects not to appoint a successor Dissemination Agent, it shall perform the duties thereof under this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and any other agreement between the Issuer and the Dissemination Agent.

(b) In addition to the filing duties on behalf of the Issuer described in this Disclosure Certificate, the Dissemination Agent shall:

(1) each year, prior to the date for providing the Annual Report, determine the appropriate electronic format prescribed by the MSRB;

(2) send written notice to the Issuer at least 30 but no more than 60 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) certify in writing to the Issuer that the Annual Report has been provided pursuant to this Disclosure Certificate and the date it was provided.

(4) If the Annual Report (or any portion thereof) is not provided to the MSRB by the date required in Section (3)(a), the Dissemination Agent shall file with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit A.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: [CLOSING DATE, 2025]

CITY OF ARVADA, COLORADO

By: _____
Mayor

EXHIBIT “A”

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Arvada
Name of Bond Issue: Water Enterprise Revenue Bonds, Series 2025
Date of Issuance: [CLOSING DATE, 2025]
CUSIP Number: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated [CLOSING DATE, 2025]. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____, _____

CITY OF ARVADA, COLORADO

By: _____
Mayor

EXHIBIT “B”

OFFICIAL STATEMENT TABLES TO BE UPDATED

See page -iv- of this Official Statement

WASTEWATER BONDS

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Arvada, Colorado (the “Issuer”), in connection with the issuance of its “City of Arvada, Colorado, Wastewater Enterprise Revenue Bonds, Series 2025” dated as of [CLOSING DATE, 2025], in the aggregate principal amount of \$[PAR] (the “Bonds”). The Bonds are being issued pursuant to an ordinance adopted by the City Council of the Issuer on May 20, 2025 (the “Ordinance”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Fiscal Year” shall mean the period beginning on January 1 of a calendar year and ending on December 31 of the same calendar year, or such other 12-month period as may be adopted by the Issuer in accordance with law.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system, which is currently available at <http://emma.msrb.org>.

“Official Statement” means the final Official Statement prepared in connection with the Bonds.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as in effect on the date of this Disclosure Certificate.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 9 months following the end of the Issuer’s Fiscal Year, commencing 9 months following the end of the Issuer’s Fiscal Year ending December 31, 2024, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer has selected one). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the

Issuer may be submitted separately from the balance of the Annual Report. The information to be updated may be reported in any format chosen by the Issuer; it is not required that the format reflected in the Official Statement be used in future years.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, file or cause to be filed with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit “A.”

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements, if any, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit “B” hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents (including official statements), which are available to the public on the MSRB’s Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Listed Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds. All of the events currently mandated by the Rule are listed below; however, some may not apply to the Bonds.

- (1) Principal and interest payment delinquencies;
- (2) Non-payment 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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of bondholders, *if material*;
- (8) Bond calls, *if material*, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, *if material*;
- (11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;

(15) Incurrence of a financial obligation² of the obligated person, *if material*, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, *if material*; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation² of the obligated person, any of which reflect financial difficulties.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent.

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

² For purposes of the events identified in subparagraphs (b)(5)(i)(C)(15) and (16) of the Rule, the term "financial obligation" is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (15) and (16), the Issuer intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer elects not to appoint a successor Dissemination Agent, it shall perform the duties thereof under this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and any other agreement between the Issuer and the Dissemination Agent.

(b) In addition to the filing duties on behalf of the Issuer described in this Disclosure Certificate, the Dissemination Agent shall:

(1) each year, prior to the date for providing the Annual Report, determine the appropriate electronic format prescribed by the MSRB;

(2) send written notice to the Issuer at least 30 but no more than 60 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) certify in writing to the Issuer that the Annual Report has been provided pursuant to this Disclosure Certificate and the date it was provided.

(4) If the Annual Report (or any portion thereof) is not provided to the MSRB by the date required in Section (3)(a), the Dissemination Agent shall file with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit A.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: [CLOSING DATE, 2025]

CITY OF ARVADA, COLORADO

By: _____
Mayor

EXHIBIT “A”

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Arvada
Name of Bond Issue: Wastewater Enterprise Revenue Bonds, Series 2025
Date of Issuance: [CLOSING DATE, 2025]
CUSIP Number: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated [CLOSING DATE, 2025]. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____, _____

CITY OF ARVADA, COLORADO

By: _____
Mayor

EXHIBIT “B”

OFFICIAL STATEMENT TABLES TO BE UPDATED

See page -iv- of this Official Statement