

In the opinion of Greenberg Traurig, LLP, Bond Counsel, assuming continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is excludable from gross income for federal income tax purposes. Further, interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. See "TAX MATTERS" herein for a description of the federal alternative minimum tax on corporations and certain other federal tax consequences of ownership of the Bonds. Bond Counsel is further of the opinion that interest on the Bonds is exempt from Colorado income taxes and is not a specific preference item for purposes of the State of Colorado alternative minimum income tax for any period during which interest on the Bonds is not included in gross income for federal income tax purposes. See "TAX MATTERS" herein.

**\$21,185,000**  
**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**(IN THE TOWN OF BRECKENRIDGE, COLORADO)**  
**UNLIMITED TAX GENERAL OBLIGATION**  
**REFUNDING AND IMPROVEMENT BONDS**  
**SERIES 2016**

Dated: Date of Original Issuance

Due: December 1, as shown below

The above-referenced bonds (the "Bonds") are being issued by Breckenridge Mountain Metropolitan District (the "District"), pursuant to a Trust Indenture (the "Indenture") between the District and U.S. Bank National Association (the "Trustee") dated as of September 1, 2016, for the purpose of (i) funding certain District obligations in respect of financing costs of designing, acquiring, installing, constructing, and equipping certain public infrastructure improvements within the District (the "New Money Project"); (ii) refunding in full the District's outstanding Unlimited Tax General Obligation Bonds, Series 2006 (the "Series 2006 Bonds"); (iii) prepaying in full the Unlimited Tax Supported Loan, Series 2008 (the "2008 Loan") from Compass Bank (the "Lender") and the Unlimited Tax Supported Loan, (the "Series 2008A Loan") from the Lender; (iv) paying a swap termination fee (the "Swap Fee") to the Lender in connection with 2008 Loan; and (v) paying the costs of issuance of the Bonds.

The Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiple of \$1,000 in excess thereof, and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as the securities depository for the Bonds. Purchases of beneficial ownership interests in Bonds will be made in book-entry form only. Beneficial owners of Bonds will not receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository. For so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, principal of and redemption premium, if any, and interest (payable on June 1 and December 1, commencing December 1, 2016) on the Bonds will be paid directly to DTC by the Trustee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants, as more fully described herein. See "THE BONDS – Book-Entry System" herein. **The Bonds are subject to redemption prior to maturity as described in "THE BONDS – Redemption" herein.**

The Bonds constitute unlimited tax general obligations of the District. All of the taxable real property within the District is subject to the levy of general ad valorem property taxes to pay the principal of and interest on the Bonds, subject to certain maximum limitations described herein. The Bonds shall never constitute nor give rise to an obligation of the Town of Breckenridge, Colorado, Summit County, Colorado, or the State of Colorado.

## Maturity Schedule

## Serial Bonds

Maturing (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP <sup>1</sup> Number
2017	\$155,000	2.000%	0.950%	101.203	106534 BC3
2018	165,000	2.000	1.050	102.018	106534 BD1
2019	165,000	2.000	1.220	102.406	106534 BE9
2020	275,000	3.000	1.320	106.770	106534 BF6
2021	345,000	3.000	1.470	107.568	106534 BG4
2022	450,000	3.000	1.570	108.358	106534 BH2
2023	475,000	3.000	1.670	108.933	106534 BJ8
2024	495,000	4.000	1.820	116.451	106534 BK5
2025	510,000	4.000	1.960	117.019	106534 BL3
2026	545,000	4.000	2.100	117.293	106534 BM1
2027 <sup>2</sup>	570,000	4.000	2.180	116.497	106534 BN9
2028 <sup>2</sup>	605,000	4.000	2.330	115.022	106534 BP4
2029 <sup>2</sup>	705,000	4.000	2.450	113.858	106534 BQ2
2030 <sup>2</sup>	775,000	4.000	2.540	112.994	106534 BR0
2031 <sup>2</sup>	845,000	4.000	2.630	112.137	106534 BS8

## Term Bonds

\$4,755,000 • 3.000% Term Bond due December 1, 2036, Price: 98.625%, CUSIP<sup>1</sup> Number 106534 BX7  
\$9,350,000 • 3.125% Term Bond due December 1, 2045, Price: 98.500%, CUSIP<sup>1</sup> Number 106534 CG3

THE SCHEDULED PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE WILL BE GUARANTEED UNDER AN INSURANCE POLICY TO BE ISSUED CONCURRENTLY WITH THE DELIVERY OF THE BONDS BY ASSURED GUARANTY MUNICIPAL CORP.



THIS COVER PAGE IS PROVIDED ONLY FOR QUICK REFERENCE. AN INVESTMENT IN THE BONDS INVOLVES VARIOUS RISKS AND UNCERTAINTIES. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, PAYING PARTICULAR ATTENTION TO THOSE MATTERS APPEARING UNDER THE CAPTION "INVESTMENT RISK FACTORS" HEREIN.

The Bonds are offered when, as, and if issued by the District and accepted by Piper Jaffray & Co. and D.A. Davidson & Co. (the "Underwriters") subject to the approving legal opinion of Greenberg Traurig, LLP, Denver, Colorado, as Bond Counsel, and certain other conditions. Greenberg Traurig, LLP will also pass upon certain matters concerning the Official Statement. Certain legal matters will be passed upon for the District by White, Bear, Ankele, Tanaka & Waldron, Professional Corporation, Centennial, Colorado. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about October 5, 2016.

Piper Jaffray &amp; Co.

D.A. Davidson &amp; Co.

This Official Statement is dated September 27, 2016.

<sup>1</sup> Copyright 2016, American Bankers Association. Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc.

A CUSIP number has been assigned to the Bonds of each maturity by the CUSIP Service Bureau and is included solely for the convenience of the Owners of such Bonds. Neither the District nor the Trustee will be responsible for the selection or correctness of the CUSIP numbers set forth above.

<sup>2</sup> Priced to the optional call date of December 1, 2026.

**THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY OF THE 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 BONDS, AND IF GIVEN OR MADE, SUCH INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DISTRICT OR THE UNDERWRITERS.**

**THE BONDS ARE NOT SUITABLE INVESTMENTS FOR ALL INVESTORS. EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT IN THE BONDS.**

**THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT IS SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE HEREUNDER WILL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT SINCE THE DATE HEREOF. THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THIS OFFICIAL STATEMENT CONTAINS, IN PART, ESTIMATES AND MATTERS OF OPINION WHICH ARE NOT INTENDED AS STATEMENTS OF FACT, AND NO REPRESENTATION OR WARRANTY IS MADE AS TO THE CORRECTNESS OF SUCH ESTIMATES AND OPINIONS, OR THAT THEY WILL BE REALIZED.**

**IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**THE PRICES AT WHICH THE BONDS ARE OFFERED BY THE UNDERWRITERS MAY VARY FROM THE INITIAL OFFERING PRICES APPEARING ON THE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL OFFERING PRICES TO DEALERS AND OTHERS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**ASSURED GUARANTY MUNICIPAL CORP. ("AGM") MAKES NO REPRESENTATION REGARDING THE BONDS OR THE ADVISABILITY OF INVESTING IN THE BONDS. IN ADDITION, AGM HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING AGM SUPPLIED BY AGM AND PRESENTED UNDER THE HEADING "BOND INSURANCE" AND "APPENDIX F - SPECIMEN MUNICIPAL BOND INSURANCE POLICY".**

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## OFFICIAL STATEMENT

**\$21,185,000**  
**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**(IN THE TOWN OF BRECKENRIDGE, COLORADO)**  
**UNLIMITED TAX GENERAL OBLIGATION**  
**REFUNDING AND IMPROVEMENT BONDS**  
**SERIES 2016**

### INTRODUCTION

The following material is qualified in its entirety by the more complete information contained throughout this Official Statement, and detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page and the appendices, is unauthorized.

This Official Statement includes certain information that was not available for inclusion in the Preliminary Official Statement dated August 30, 2016, including the aggregate principal amount, principal amount per maturity, interest rates, offering prices, yields, debt ratios, CUSIP® numbers and redemption provisions with respect to the Bonds, final uses of Bond proceeds and compensation to be paid to the Underwriters.

#### General

This Official Statement, including the cover page and appendices hereto which are made a part hereof (this “**Official Statement**”), provides information in connection with the offer and sale by Breckenridge Mountain Metropolitan District (the “**District**”) of \$21,185,000 aggregate principal amount of Unlimited Tax General Obligation Refunding and Improvement Bonds, Series 2016 (the “**Bonds**”). The District is a quasi-municipal corporation and political subdivision of the State of Colorado (the “**State**”), located at the base of Peaks 7 and 8 of the Breckenridge Ski Resort (the “**Ski Resort**”) in the Town of Breckenridge (“**Breckenridge**” or the “**Town**”), in Summit County, Colorado (“**Summit County**” or the “**County**”). The Bonds will be issued pursuant to the Constitution and laws of the State of Colorado, particularly Title 32, Article 1, Part 10, Colorado Revised Statutes, as amended (the “**Special District Act**”) and Title 11, Article 57, Sections 201 *et seq.*, Colorado Revised Statutes, as amended (the “**Supplemental Securities Act**”), the authorizing election duly held on November 5, 2002 (the “**Election**”), and a Trust Indenture between the District and U.S. Bank National Association (the “**Trustee**”) dated as of September 1, 2016 (the “**Indenture**”). Prospective purchasers should read this Official Statement in its entirety before making an investment decision. Additional information concerning the District, the Bonds and other aspects of this offering may be obtained from the District or, before or within 90 days of the original issuance of the Bonds, from the Underwriters (defined herein) at the respective addresses as set forth in the section entitled “**ADDITIONAL INFORMATION**” herein.

#### Purposes

The Bonds are to be issued for (i) funding certain District obligations in respect of financing costs of designing, acquiring, installing, constructing, and equipping certain public infrastructure improvements within the District (the “**New Money Project**”, as more fully described below); (ii) refunding in full the District’s outstanding Unlimited Tax General Obligation Bonds Series 2006 (the “**Series 2006 Bonds**”) issued in the original aggregate principal amount of \$2,500,000 and with a current outstanding principal amount of \$2,120,000, (iii) prepaying in full a loan from Compass Mortgage Corporation (the “**Lender**”)

to the District in the original principal amount of \$9,500,000, and the loan from the Lender to the District in the original principal amount of \$500,000 (collectively the “**Series 2008 Loan**”), which Series 2008 Loan was made pursuant to an Amended and Restated Loan Agreement dated November 28, 2008 by and between the Lender and the District and which Series 2008 Loan is currently outstanding in the aggregate principal amount of \$9,415,000, (iv) paying a swap termination fee to the Lender in connection with the Series 2008 Loan, and (v) paying costs of issuance of the Bonds.

The New Money Project will contain the following public infrastructure improvements within the District: (i) the demolition and reconstruction of 1,000 lineal feet of Ski Hill Road at the base of the Breckenridge Ski Resort, including significant geotechnical stabilization and monitoring; (ii) the installation of a 7,000 square foot retaining wall with guardrail and handrail, (iii) the reconstruction of approximately 600 lineal feet of a 14” water main, 700 lineal feet of sanitary sewer main, 600 lineal feet of storm sewer, and 1,300 lineal feet of joint, communications, private power utility trench, and an additional 800 lineal feet of power and gas trench; (iv) the creation of a roadway surface to be 24' wide, crowned with asphalt roadway with concrete drainage conveyances and attached sidewalk; and (v) the installation of pathways to adjacent areas and a bus stop. In conjunction with and within the limits of the project, the Breckenridge Ski Resort will be relocating one gondola lift tower, constructing an escalator and building an ice rink.

### **Authority for Issuance**

In the Election, the electors in the District voting in such election approved the issuance of general obligation bonds and other obligations of the District to finance costs of the acquisition, construction and equipping of the District Facilities (as defined below), subject to ballot limitations pertaining to each component cost of the District Facilities set forth in the Election. The District will issue the Bonds pursuant to such authorization. See “DISTRICT FINANCIAL MATTERS – Debt Structure” herein. The Board authorized the issuance of the Bonds pursuant to the Indenture.

### **The District**

The District, a quasi-municipal corporation and a political subdivision of the State, created pursuant to the Special District Act, is an independent unit of local government that is separate and distinct from the Town, the Alpine Metropolitan District and the Ski Resort. Contemporaneously with the formation of the Alpine Metropolitan District, the District was formed by order and decree of the District Court for Summit County, pursuant to the Special District Act and after approval by a vote of a majority of the qualified electors of the District held on November 5, 2002. Under the Consolidated Service Plan for Alpine Metropolitan District and Breckenridge Mountain Metropolitan District, dated September 3, 2002 (the “**Service Plan**”), as approved by the Town, Alpine Metropolitan District (referred to as the “Service District” therein) is responsible for managing the construction of certain public infrastructure improvements needed for the Development, including street and roadway improvements, water system facilities, public transportation system improvements, park and recreational facilities and storm sewers and other drainage facilities (collectively, the “**District Facilities**”) serving several development areas within the District (collectively, the “**Development**”), and the operation thereof (unless the improvements have been dedicated to the Town or other municipal entities), and the District (referred to as the “Financing District” therein) is responsible for providing the funding and tax base needed to finance the construction and, to the extent applicable, operation of such improvements by Alpine Metropolitan District.

Pursuant to the District Facilities Construction and Services Agreement, dated July 15, 2003 (the “**Facilities Agreement**”) between the District and Alpine Metropolitan District (together with the District, the “**Districts**”), the District is organized primarily to finance costs of the acquisition,

construction, ownership, servicing, operation and maintenance of the public infrastructure improvements that will serve the Development, and Alpine Metropolitan District is organized primarily to acquire, construct, own, service, operate and maintain those public infrastructure improvements.

It is anticipated that the Town, the Alpine Metropolitan District and the District will enter into an Improvement Agreement (Peak 8/Ski Hill Road Project) (the “**Improvement Agreement**”) pursuant to which the Alpine Metropolitan District will complete the New Money Project, on behalf of Peak 8 Properties, LLC with proceeds of the Bonds. The Indenture allows for the Town to submit draw requests to the Trustee in order to effectuate the Town’s remedies to draw funds from proceeds of the Bonds for completing the New Money Project, in the event of default by the District under the Improvement Agreement.

For a further description of the Districts, the Service Plan, and the Facilities Agreement, see “PLAN OF FINANCE” and “THE DISTRICT” herein.

### **The Development**

Vail Resorts Development Company (“**VRDC**” or the “**Developer**”) is proceeding with the construction of the Development in accordance with a master plan between the Town and the Ski Resort and coincident with improvements at the Breckenridge Ski Resort. Vail Summit Resorts Inc. (“**Vail Summit**”) and VRDC are subsidiaries of Vail Resorts, Inc., a Delaware corporation (“**Vail Resorts**”). Vail Resorts is organized as a holding company and operates through various subsidiaries. Vail Summit owns and operates the Breckenridge Ski Resort.

The Districts are situated within the Town of Breckenridge. The Town is an historic Victorian mountain town, with its roots dating back to “gold rush” mining camps established there in 1859 and incorporated in 1880. Located at approximately 9,600 feet elevation above sea level, it is the seat of government for Summit County (which includes the towns of Blue River, Breckenridge, Copper Mountain, Dillon, Frisco, Keystone, and Silverthorne), and is a major year-round resort community, with a wide variety of recreational and cultural activities, including (without limitation) bicycling, mountain biking, hiking, golf, fishing, snowshoeing, Alpine and Nordic skiing and snowboarding as well as carnivals, festivals, and various art, history, music, nature, and film programs. For additional information concerning the Town, see “CERTAIN INFORMATION RELATING TO THE TOWN OF BRECKENRIDGE” herein.

The Ski Resort opened in December 1961, and its opening commenced a boom in growth in the Town based on a “recreation rush.” The operation of the Ski Resort has been since its opening, and continues to be, vital to Town's economy. The Ski Resort offers skiing and snowboarding for all levels with approximately 2,908 acres spread across five interconnected mountains (Peaks 6, 7, 8, 9 and 10). It offers a wide diversity of terrain for most advanced skiers and for intermediate and beginners as well. It has 187 trails accessed by 34 lifts, including a gondola, six high-speed quadruple chairlifts and four six-person high-speed “SuperChairs.” The resort also offers ski and snowboard lessons for children and adults, a variety of mountain dining options, and award winning terrain parks and halfpipes. During the summer, the slopes are used for hiking, scenic chairlift rides, an alpine slide, and mountain biking. The Ski Resort has been granted the right to use 5,553 acres of federal land as the site for ski lifts and trails and related activities, under the terms of a special use permit granted by the United States Forest Service, which expires on December 31, 2029, subject to extension or renewal thereof.

The Development generally encompasses several areas located at the base of Peaks 7 and 8 of the Ski Resort and the Parkway Center, Sawmill, and Watson parking lots located off the Main Street in the Town's center. The District contains approximately 284 acres of land. Generally, the Development

Master Plan (the “Master Plan”) provides for redesigning the entire base area of Peak 8, creation of a new neighborhood at the base of Peak 7, construction of a new gondola from the Sawmill and Watson parking lots to Peaks 7 and 8, and development of a skiway from Peak 8 to the Watson parking lot. More specifically, the Development Master Plan calls for the proposed development of approximately 703 residential units. The Development currently is planned to consist of (i) 159 dwelling units on Peak 7, consisting of 45 condominium units in the Crystal Peak Lodge and 114 two-bedroom equivalent timeshare units developed and built by Peak 7 LLC (a third-party timeshare developer); (ii) approximately 544 dwelling units on or at the base of Peak 8, and the areas of Timber Trail, the Mountain Thunder Townhomes, and the Parkway Center, Sawmill and Watson parking lots (collectively referred to herein as the “Gondola Lots”); and (iii) commercial and guest services facilities, consisting of up to approximately 145,000 square feet located at the Peak 7, Peak 8 and the Gondola Lots areas. A substantial amount of development in accordance with the Master Plan has occurred, as described below and in “APPENDIX A - THE DEVELOPMENT.”

Planning for the infrastructure development for Peak 7 improvements commenced in 2005, and the infrastructure is complete. The Developer has completed the skiway from Peak 8 to the Watson parking lot and the seasonal Gondola for Peaks 7 and 8 was completed in December of 2006. The Developer has completed construction of 45 condominium units at the base of Peak 7 in Crystal Peak Lodge, 88 condominium units at the base of Peak 8 in One Ski Hill Place and approximately 50,000 square feet of commercial and guest services facilities. Peak 7 LLC (an entity unrelated to the Developer) has completed construction of 114 two-bedroom equivalent timeshare units at the base of Peak 7. Peak 8 Properties, LLC (an entity unrelated to the Developer) is currently constructing 75 two-bedroom equivalent timeshare units at the base of Peak 8. The first phase (of three phases) of the project, known as “The Grand Colorado on Peak 8”, is scheduled to be completed by October of 2016.

The Developer has sold all of the 22 single-family homesites within the District. Construction of 15 single-family homes by homebuilders contracted by the property owners on Peak 8 has been completed and two homes are under construction.

All of the Peak 7 timeshare units have been completed. It is currently estimated that 52 additional two bedroom-equivalent timeshare units at the base of Peak 8 will be completed by Peak 8 Properties, LLC by the end of 2019 and the commercial and guest services facilities will be completed by the end of 2019. A construction date has not been established for the remaining (i) 72 units at the base of Peak 8; (ii) the 201 units at the Gondola Parking Lots; and (iii) the five remaining single family homes. Such estimates are not guarantees of actual results; actual results may vary from the estimates, and some variations (such as acceleration of, or delays in, the build-out of the Development) could be material. Such development may or may not occur. See “FORWARD-LOOKING STATEMENTS” herein.

For a further description of the Development, see “THE DEVELOPMENT” in Appendix A attached hereto. For a further description of the Developer, see “THE DEVELOPER” in Appendix A attached hereto. For a description of certain matters relating to the Developer and the Development that could impact the build-out of the Development and/or the timely payment of, and security for, the Bonds, see “INVESTMENT RISK FACTORS” herein.

## **The Bonds**

**General.** The Bonds will be dated their date of original issuance, will be issued in an original aggregate principal amount equal to \$21,185,000, and will mature in the principal amounts and on December 1 of the years, and will bear interest at the respective rates per annum, set forth on the cover page of this Official Statement. Interest on the Bonds will be calculated based on a 360-day year consisting of twelve 30-day months and will be payable on each June 1 and December 1, commencing



December 1, 2016 (each, an “**Interest Payment Date**”). The Bonds are issued solely as fully registered bonds in the denomination of \$5,000 and integral multiples thereof, as further described herein. See “THE BONDS” herein.

**Book-Entry Registration.** Initially, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”), as securities depository in accordance with the Indenture. Purchases of beneficial ownership interests in Bonds will be made in book-entry form only. Beneficial owners of Bonds will not receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository. For so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, Cede & Co. will be treated as the registered owner (the “**Registered Owner**”) of the Bonds for all purposes under the Indenture, and all payments of principal and redemption price of and interest on the Bonds will be made by the Trustee directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants, as more fully described herein. See “THE BONDS – Book-Entry System” herein.

**Redemption.** The Bonds are subject to redemption prior to maturity as described under “THE BONDS – Redemption” herein.

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (“**AGM**”) will issue its Municipal Bond Insurance Policy for the Bonds (the “**Policy**”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix F to this Official Statement.

### **Bond Insurance Risk Factors**

In the event of default in the payment of principal or interest with respect to all or a portion of the Bonds when due, any owner of the Bonds will have a claim under the Policy for such payments.

The District may direct, and must consent to, any remedies that are exercised and AGM 's consent may be required in connection with amendments to the Indenture.

The long-term ratings on the Bonds are dependent in part on the financial strength of AGM and its claims paying ability. AGM’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of AGM and of the ratings on the Bonds insured by AGM will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) of the Bonds. See “**RATINGS**” herein.

None of Bond Counsel, the Underwriters or Underwriters' Counsel will make any independent investigation of the claims paying ability of AGM, and no assurance or representation regarding the financial strength or projected financial strength of AGM will be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest with respect to the Bonds and the claims paying ability of AGM, particularly over the life of the investment.

## Security and Sources of Payment

The Bonds are general obligations of the District, payable from ad valorem taxes to be levied on and against all taxable property located within the District in an amount sufficient to pay the principal of and interest on the Bonds as the same come due. The District's authority to levy ad valorem taxes to repay the Bonds and other obligations issued under the same authority is limited by the express terms of the elections authorizing the issuance of the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR DEBT SERVICE," "DEBT SERVICE REQUIREMENTS" and "DEBT STRUCTURE OF THE DISTRICT" herein.

The 2015 assessed valuation of the taxable real property located within the Breckenridge Mountain Metropolitan District certified by the County Assessor for Summit County (the "**County Assessor**" or "**Assessor**") is \$40,938,550. The District has previously (i) issued its \$2,500,000 Breckenridge Mountain Metropolitan District, Unlimited Tax General Obligation Bonds, Series 2006 (the "**Series 2006 Bonds**"); (ii) incurred a loan from Compass Bank (the "**Lender**") in the original principal amount of \$9,500,000, and a loan from the Lender to the District in the original principal amount of \$500,000 (collectively the "**Series 2008 Loan**"), which Series 2008 Loan was made pursuant to an Amended and Restated Loan Agreement dated November 28, 2008 by and between the Lender and the District and which Series 2008 Loan is currently outstanding in the aggregate principal amount of \$9,415,000 and (iii) issued its \$2,640,000 Breckenridge Mountain Metropolitan District, Unlimited Tax General Obligation Bonds Series 2010 (the "**Series 2010 Bonds**"). Upon the issuance of the Bonds, the aggregate principal amount of the District's outstanding general obligation debt will be equal to approximately 58% of the \$40,938,550 certified assessed valuation for the 2015 levy year of the taxable real property within the District. Based on a 25 mill tax levy by the District (as the Development is substantially built-out) property tax revenues will be sufficient to pay the debt service on the District's general obligation debt, including the Bonds, plus required transfers to Alpine Metropolitan District under the Facilities Agreement. See "PLAN OF FINANCE – Financing Structure" and "DEBT STRUCTURE OF THE DISTRICT – General Obligation Debt" herein.

***THE BONDS CONSTITUTE UNLIMITED TAX GENERAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM, AND SECURED ONLY BY, THE SECURITY PLEDGED THEREFOR UNDER THE INDENTURE. THE BONDS SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE TOWN OF BRECKENRIDGE, SUMMIT COUNTY, THE STATE OF COLORADO, OR ANY POLITICAL SUBDIVISION OF THE STATE OF COLORADO OTHER THAN THE DISTRICT.***

A Form of the Indenture is contained in Appendix B attached hereto. Additionally, during the period of the offering, copies of the adopted Indenture will be available at the address set forth under the caption "ADDITIONAL INFORMATION" herein.

## Tax Matters

In the opinion of Greenberg Traurig, LLP, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds payable to the registered holders thereof is excludable from gross income for federal income tax purposes; interest on the Bonds is not included in alternative minimum taxable income under the Code, except that such interest is required to be included in calculating the "adjusted current earnings" adjustments applicable to corporations for purposes of computing the alternative minimum taxable income of corporations; and interest on the Bonds is not

included in Colorado taxable income or Colorado alternative minimum taxable income under present Colorado income tax laws as described herein.

For a further description of certain matters relating to the federal and State tax treatment of interest on the Bonds, see “TAX MATTERS” herein.

### **Continuing Disclosure Undertaking**

In connection with issuance of the Bonds, the District will deliver a Continuing Disclosure Undertaking (the “*Continuing Disclosure Undertaking*”), in which it will agree for the benefit of the Bondholders that, so long as the Bonds remain outstanding, the District annually will provide certain financial information and operating data and will provide notice of certain enumerated events, if determined by the District to be material. Such annual information and notices of material events are to be filed with each nationally recognized municipal securities information repository approved in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended. Notices of material events also are to be filed with the Municipal Securities Rulemaking Board. See “CONTINUING DISCLOSURE UNDERTAKING” herein. The form of the Continuing Disclosure Undertaking is attached hereto as Appendix D.

### **Professionals Involved in the Offering**

Greenberg Traurig, LLP, Denver, Colorado, has acted as Bond Counsel in connection with the issuance of the Bonds. Greenberg Traurig, LLP will also pass upon certain matters concerning the Official Statement. Certain legal matters will be passed upon for the District by White, Bear, Ankele, Tanaka & Waldron, Professional Corporation, Centennial, Colorado. U.S. Bank National Association, St. Paul, Minnesota, will serve as trustee for the Bonds (the “**Trustee**”). Marchetti and Weaver, LLC, Edwards, Colorado, serves as the District's manager.

### **Offering and Delivery of the Bonds**

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel and the satisfaction of certain other conditions. It is expected that the Bonds will be issued and available for delivery through the facilities of DTC on or about September 14, 2016.

### **Other Information**

This Official Statement speaks only as of its date and the information contained herein is subject to change.

The purpose of this Official Statement is to supply information relating to the Bonds to prospective purchasers thereof. This Official Statement includes financial and other information about the District and also contains descriptions of the District, the Developer, the Development, the Bonds, the Indenture and related documents. None of such information or descriptions in the Official Statement purports to be definitive or comprehensive. All references to the Indenture and the Bonds are qualified in their entirety by reference to the Indenture and the form of the Bonds therein. Except as otherwise noted, and except for the information herein regarding and provided by the Developer, all data contained herein has been derived from District records. So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or holders of any of the Bonds.

## BOND INSURANCE

### **Bond Insurance Policy**

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

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

### **Assured Guaranty Municipal Corp.**

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

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

### *Current Financial Strength Ratings.*

On July 27, 2016, S&P issued a credit rating report in which it affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 8, 2016, Moody’s published a credit opinion affirming its existing insurance financial strength rating of “A2” (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody’s may take.

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

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

*Capitalization of AGM.*

At June 30, 2016, AGM's policyholders' surplus and contingency reserve were approximately \$3,841 million and its net unearned premium reserve was approximately \$1,459 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

*Incorporation of Certain Documents by Reference.*

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (filed by AGL with the SEC on February 26, 2016);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 (filed by AGL with the SEC on May 5, 2016); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 (filed by AGL with the SEC on August 4, 2016).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

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

### *Miscellaneous Matters.*

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

## **FORWARD-LOOKING STATEMENTS**

This Official Statement (including the appendices hereto) contains statements relating to future results that are "forward-looking statements." When used in this Official Statement, the words "estimate," "intend," "expect," "anticipate," "plan," and similar expressions identify forward-looking statements. Any forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forward-looking statement will not be realized and unanticipated events and circumstances will occur. Therefore, it can be expected that there will be differences between forward-looking statements and actual results, and those differences may be material. For a discussion of certain of such risks, see the following section, "INVESTMENT RISK FACTORS" herein.

## **INVESTMENT RISK FACTORS**

### **General**

The source of payment for debt service on the Bonds when due will be the District's revenues generated by collections of the ad valorem taxes on the taxable property within the District required by the Indenture and the Service Plan. However, the ability of the District to meet the debt service requirements of the Bonds from such source of payment is subject to various risks and uncertainties. Certain of such investment considerations are set forth below. This section does not purport to be a comprehensive discussion of all of the risks of investing in the Bonds. Investors should read this Official Statement in its entirety.

The purchase of Bonds (or beneficial ownership interests therein) involves certain investment risks, and certain material investment risks are discussed in this Official Statement. Each prospective investor in such Bonds (or beneficial ownership interests therein) should make an independent evaluation of all information presented herein in order to make an informed investment decision. Bonds (or beneficial ownership interests therein) should be purchased only by investors who can bear the continuing risk of such investment, and perhaps a loss of all or a portion of such investment. Particular attention should be given to the matters described below, which, among others, could affect the security for, and full and timely payment of, the principal of and interest on the Bonds.

### **Sufficiency of Ad Valorem Tax Revenues**

The Bonds are secured by the District's covenant under the Indenture to levy ad valorem taxes upon all of the taxable property in the District sufficient, along with other available revenues, to pay when due the debt service on the Bonds. The security for the Bonds therefore is dependent on the assessed valuation of the taxable property in the District and the mill levy that the District is required to impose on that property for purposes of generating the revenues sufficient to pay debt service on the Bonds when due, as well as the collection of such ad valorem tax revenues. Based on projections made by Marchetti

and Weaver, LLC concerning the District's revenues and the District's expenses, including debt service on the Bonds, the District expects that its revenues derived from a mill levy of 25 mills on taxable real property in the District, will be sufficient for the payment of the annual debt service on District's outstanding general obligation debt, including the Bonds, and moneys required to be transferred to Alpine Metropolitan District for the payment of other capital costs described herein and operations and maintenance expenses of the Districts. There is no assurance that the taxable real property in the District will be valued for tax purposes at the levels projected by the District or at a sufficient level so that the tax levy will generate sufficient revenue to pay the debt service on the Bonds when due. The District's projections are not a guarantee of actual results. For a description of the properties expected to be included into the District, see "SECURITY AND SOURCES OF PAYMENT FOR DEBT SERVICE – General Ad Valorem Property Tax Pledge" herein.

The assessed value of taxable property in the District for ad valorem property tax purposes is determined according to a procedure described under "PROPERTY TAXATION – Ad Valorem Property Taxes" herein. Assessed valuations may be affected by a number of factors beyond the control of the District. Therefore, no assurances can be given concerning the specific assessed valuation of properties within the District. The market values of finished lots and homes may be reduced if market prices decline due to, among various factors, economic conditions, damage or destruction of the properties, inadequate maintenance or repair of the properties, the maintenance and repair of the District's infrastructure, and the condition of neighboring or nearby properties. Further, properties could be sold to organizations exempt from property taxation. If the actions of property owners result in lower assessed valuations of property in the District or results in an exemption from property taxation, the security for the Bonds could be adversely affected, and such change may be material.

In addition, no assurances can be given that market values of properties in the District would be sufficient to generate sufficient foreclosure proceeds for the payment of the principal of and interest on the Bonds if foreclosure remedies are pursued following non-payment of property taxes necessary for the payment of debt service on the Bonds. Similarly, regardless of the level at which a property is assessed for tax purposes, enforcement and collection of property taxes are dependent upon the property having sufficient fair market value to support the taxes which are imposed by the various taxing entities.

### **Completion of the Development**

The financing plan for the Development and the District's ad valorem tax revenue projections described herein are based on the Development's current build-out status, which is near completion. While construction of the public improvements for the Development is substantially complete and the Developer has made a significant investment of its funds in the Development (see "THE DEVELOPMENT – Construction Costs" in Appendix A attached hereto), there can be no assurance that the Development will be completed on the schedule or to the extent currently expected by the District and the Developer and as assumed in the District's current plan of financing.

The Development's complete build-out will depend, among other factors, on the ability of the Developer to proceed with and complete the Development substantially to the extent and on the schedule currently planned. No party, including the Developer, has any legal obligation to the District to complete the Development or to construct residential units or commercial property within the District.

The Development is progressing in accordance with the Developer's plans; however, a number of factors may affect the ability of the Developer and/or the owners of lots within the District to develop the remaining undeveloped property in the Development. The build-out of the Development may be adversely affected by a number of factors beyond the control of the District, the Developer and other property owners within the District. For example, the development of properties by the Developer or

other property owners may be adversely affected by, among other factors, without limitation, conditions in the national, regional, state and local economies; changes in law and regulations, including changes in policies with respect to the issuance of building permits and other approvals necessary for the Development; the availability of utilities; construction costs; the availability of development funding; competition from other residential developments; labor conditions; unemployment rates; access to building supplies; availability of water and water taps; the availability and cost of fuel; weather risks, including fires and other natural disasters; and vandalism and criminal activity. The rate of development in the District also may be affected by changes in laws or regulations, including, without limitation, changes in the federal income tax treatment of interest on home mortgages.

The completion of construction of improvements and residential and commercial properties in the District also may be affected by the Developer's ability to obtain the approvals and permits necessary therefor. The Developer expects to obtain all approvals and permits in the ordinary course, but all approvals and permits for the remaining construction have not yet been obtained from the Town. See "THE DEVELOPMENT – Permits and Approvals" in Appendix A attached hereto.

Another factor that could affect the final build-out of the Development is the financial stability and strength of the Developer. **Neither the District nor the Underwriters can make any representation regarding the financial soundness of the Developer or its ability to complete the Development as planned. Neither Vail Resorts nor any of its subsidiaries has guaranteed or will guarantee completion or operation of the Development or payment of debt service on the Bonds.** For a discussion of the Developer, see "THE DEVELOPER" in Appendix A attached hereto.

In addition, competition from, and development and marketing strategies for, other Breckenridge area properties involving the Developer or its affiliates could impact the pace and extent of the final build-out of the Development. Vail Resorts (and/or its affiliates) is the developer of property in nearby areas outside the District, including property in Breckenridge and Keystone. Vail Resorts also has substantial resort operations and real estate development activities in neighboring mountain communities, including developments in or around Vail and Beaver Creek in neighboring Eagle County. Although the marketing plan for competing areas is different from the marketing plans for the Development, the Developer's marketing plans for its developments may change. Ultimately, the repayment of the Bonds is based on the current ad valorem tax revenue projections for property already constructed within the District. See "PLAN OF FINANCE" herein

### **Economic Conditions**

The final build-out of the Development and the financial condition of the District could be adversely affected by national, regional and local economic conditions. The Summit County economy, and the Breckenridge economy in particular, are primarily oriented towards the resort, tourism, recreation and skiing industries, with major revenues being derived from Alpine skiing, snowboarding, concessions, restaurants and short-term lodging. The residential aspect of the Development primarily will provide a resort home community, and the commercial aspect of the Development generally will depend on skiers and snowboarders at the Ski Resort during the winter season. The final build-out of the Development and the financial condition of the District therefore may be significantly correlated with general national, regional and local economic conditions, and may be adversely impacted by the cost, accessibility, and continued desirability of the Ski Resort and other area recreational facilities and by various other factors, including Acts of God, weather conditions, and travel costs. See "CERTAIN INFORMATION RELATING TO THE TOWN OF BRECKENRIDGE" herein. Ultimately, repayment of the Bonds is based on the current ad valorem tax revenue projections for property already constructed within the District.



## **Competition With Other Developments**

Other residential communities and subdivisions in Breckenridge or elsewhere in Summit County, existing or to be developed and some of which have been or will be developed by the Developer or other Vail Resorts affiliates, will provide housing alternatives that will compete against the Development. The impact of this competition on future development within the District and assessed valuation of properties within the District cannot be assessed at the present time because future demand and the factors influencing the success of each development are not susceptible to accurate forecast. Ultimately, repayment of the Bonds is based on the current ad valorem tax revenue projections for property already constructed within the District.

## **Present Concentration of Taxpayers in the District**

The Developer (including affiliates) owns land within the District which has a combined 2015 certified assessed value of \$6,888,733, representing approximately 17% of the total 2015 assessed value of property in the District. The Developer's 2015 property tax liability to the District was \$172,218.33, based on a mill levy of 25 mills, payable in 2016 (representing approximately 16.83% of all property taxes due and owing to the District). In addition, the Developer's 2015 property tax liability to all overlapping entities for its property located within the District is \$365,509 based on a mill levy of 53.059 mills. See "PROPERTY TAXATION – Largest Property Owners in the District" herein. The Development consists of single-family homes and multifamily dwelling units, which consist of condominiums, timeshare units and other types. The Developer has sold all of the single-family homesites, with construction of 6 homes completed, and property for the development of approximately 114 timeshare units and attendant easements and rights-of-way. Nevertheless, there can be no assurance as to the rate at which the number of taxpayers in the District will be increased. Property taxes on land owned by the Developer are not personal obligations of the Developer. The Developer has not guaranteed the payment of the principal of or interest on the Bonds.

## **Tax Collections**

Even if the assessed valuation of taxable property in the District enables the District to levy ad valorem taxes sufficient to pay the debt service on the Bonds and additional general obligation bonds of the District when due (see "DEBT STRUCTURE OF THE DISTRICT – General Obligation Debt"), the District's tax revenues will depend on the ability of Summit County to collect those taxes imposed by the District. Delinquency in the payment of ad valorem property taxes by property owners within the District could impair the District's ability to pay debt service on the District's bonds when due. Property taxes do not constitute personal obligations of a property owner. While the current year's taxes constitute a lien upon assessed property and the county treasurer of Summit County is required by statute to offer for sale delinquent property to satisfy the District's tax lien for the year in which the taxes are in default, this remedy can be time-consuming. Furthermore, any such tax sale would be only for the amount of taxes due and unpaid for the particular tax year in question, and no assurance can be given that such remedial enforcement would produce proceeds that, together with other available funds, would be sufficient to provide for the full or timely payment of the principal of and interest on the District's bonds. Furthermore, any such tax lien sale would only be for the amount of taxes due and unpaid for the particular tax year(s) in question. In addition, when a tax lien is to be sold for taxes, there is always the possibility that no bids will be received. If no bids are received on property at a tax sale, the County acquires title to the property, and the property is removed from the tax rolls. In the event property is removed from the tax rolls, the District must certify a proportionately higher mill levy on remaining property, without limitation as to rate or amount.

If the District's revenues are insufficient to cover debt service on the Bonds and any other District general obligation debt, the Board is authorized under the Special District Act to make such additional tax levies on behalf of the District as may be necessary to punctually pay the amounts due on its contracts and bonds and any defaults and deficiencies. Although such additional tax levies are to be made until the District's indebtedness is fully paid, the administrative delay of assessing and collecting additional levies could affect the District's ability to make timely repayment of the principal of and interest on the Bonds. For a further description of the procedures for the buying and collection of ad valorem taxes, see "PROPERTY TAXATION – Property Taxation Procedure" herein.

Although there is no Service Plan or statutory limitation upon the mill levy rate which may be levied by the District for the payment of debt service on the District's bonds, it should be noted that an extraordinarily high mill levy could be deemed to be confiscatory in nature and as such might be subject to the constitutional prohibition against a "taking" of property without compensation. Also, the District's ability to increase ad valorem taxes to pay debt service on the Bonds will be subject to the limitation on the amount of net revenues that may be derived from ad valorem taxes authorized by the Election and also may be further subject to the State Constitution provision known as the "Taxpayer's Bill of Rights" herein. See "District Financial Matters – State Constitutional Limitation" herein.

### **Possible Conflicts of Interest**

Members of the District's Board of Directors are also owners of property within the District, as required by State law, and all of the members of the Board of Directors are employed by the Developer. Pursuant to Section 32-1-902(3), Colorado Revised Statutes, as amended, each Director must disqualify himself from voting on any issue in which such Director has a conflict of interest unless such Director has disclosed such conflict of interest in a certificate filed with the Colorado Secretary of State and with the District's Board of Directors at least 72 hours in advance of any meeting in which such conflict may arise. To the extent that any of the District's Board members have personal interests in transactions involving the District, such transactions may be subject to challenge regarding their validity in the event that such Board members have not disclosed such interests or have not abstained from a vote on such transactions.

### **Changes in Law**

Various federal, State and local laws and regulations apply to the construction and operation of the Development. Changes in, interpretations of, or additions to the applicable laws and regulations could have a material adverse effect, directly or indirectly, on the affairs of the District.

In addition, changes in federal and state tax laws and regulations (such as the elimination of a tax deduction for mortgage interest payments with respect to second homes) could materially adversely affect the demand for second homes, and a negative impact on the demand for second homes could materially adversely affect the market price and assessed valuation of residential properties in the Development.

### **Enforceability of Bondholders' Remedies Upon Default**

**No Acceleration.** There is no provision for acceleration of maturity of the principal of the Bonds if the District defaults on its obligation to pay principal of or interest on the Bonds when due or upon the occurrence of any other Event of Default under the Indenture. Under the Indenture, upon the occurrence and continuance of an Event of Default, the Registered Owner of any Bond (or a designated representative of such Owner) may proceed to protect and enforce the rights of any Owner under the Indenture by mandamus or such other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction. Remedies available to the Registered Owners of the Bonds may have to be enforced from year to year.

***Bankruptcy Limitations.*** The enforceability of the rights and remedies of the Registered Owners of the Bonds and the obligations incurred by the District or the Developer in connection with the agreements to which it is a party in connection with the Bonds may be 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; 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 (if available) or the exercise of powers by the federal or State government, if initiated, could subject the Registered Owners of the 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.

### **Additional Debt and Dilution of Lien on Property Tax Revenues**

Under the Indenture, the District is permitted to issue additional bonds or other obligations payable from general ad valorem tax revenues so long as the lien securing such additional bonds or other obligations are on a parity with or subordinate to the lien securing the Bonds and the Series 2010 Bonds. Refunding bonds may be issued in such principal amount as may be necessary to refund in whole, or in part, the Series 2010 Bonds and the Bonds, as set forth under the Indenture. See "PLAN OF FINANCE," "THE DISTRICT – The Facilities Agreement," and "DEBT STRUCTURE OF THE DISTRICT" herein.

The District also is obligated to transfer other moneys to Alpine Metropolitan District to pay its capital costs, administration expenses, and operation and maintenance expenses pursuant to the Facilities Agreement. See "PLAN OF FINANCE – The Facilities Agreement" herein.

Under the Service Plan, the maximum amount of general obligation bonded indebtedness of the District may not exceed \$28,000,000, exclusive of bonds issued to reimburse the Developer for advances made to the Districts, provided that the sum of such advances does not exceed \$13,033,000 and that the indebtedness is, after a final determination by the District's Board and approval by the Town with respect to the amount thereof, authorized by a majority of the eligible electors in the District as required by the Special District Act and the Colorado Constitution. Such authorization by a majority of eligible electors in the District has been obtained with respect to the Bonds.

### **No Mortgage**

The payment of debt service on the Bonds will not be secured by any mortgage or deed of trust on all or any part of the Development or otherwise. No mortgage or deed of trust on all or any part of the Development secures any obligations of the Development or the District.

In the Election, the District is authorized to issue, create, execute, and deliver mortgages, liens and other encumbrances on District real and personal property, including water and water rights, to secure debt in the principal amount of not more than \$1,500,000, plus interest thereon at a rate not to exceed 18% per annum. The District does not expect to issue additional bonds or other obligations secured by any such mortgage, lien or other encumbrance, but no assurances are given that such secured debt may be issued or incurred in the future.

## **Operating Costs**

Under the terms of the Facilities Agreement, the District is required to levy ad valorem taxes on taxable property in the District to pay costs incurred by Alpine Metropolitan District in connection with the operation and maintenance of the District. The Service Plan provides that in addition to revenues from ad valorem taxes, other sources from which the District will fund its obligation to finance operations and maintenance costs of the Districts will be various other revenue sources authorized by law, including fees, rates, tolls, penalties or charges provided for under Section 32-1-1001(1), Colorado Revised Statutes.

In the Election, up to \$12,000,000 principal amount of District debt is authorized for the purpose of paying costs of operating, maintaining, or otherwise providing systems, operations, and administration for the Districts, and taxes are authorized to be increased without restriction to raise up to \$2,250,000 of net revenue annually for the purpose of paying the District's operations, maintenance and other expenses. The financing plan for the Development described under the heading "PLAN OF FINANCE" herein assumes that Alpine Metropolitan District will only incur administrative costs and perhaps minimal operation and maintenance expenses, as most operation and maintenance costs of the District Facilities will be incurred by the Town and other municipal entities to which the completed District Facilities will be dedicated. The District transfers approximately 10% of its ad valorem property tax revenues annually to Alpine Metropolitan District's general fund to pay for administrative and other costs. Alpine Metropolitan District also charges a facility fee, payable as a condition to the issuance of any building permit by the Town, in the amount of \$2,200 (increasing 1% annually) per residential unit in the Development, for the purpose of paying administrative and operating and maintenance costs so that sufficient moneys will be collected before the growth of assessed valuation of properties supports such transfer.

## **Risk of Internal Revenue Service Audit**

The Internal Revenue Service (the "Service") has announced a program of auditing tax-exempt bonds which can include those issued by special purpose governmental units, such as the District, for the purpose of determining whether the Service agrees (a) with the determination of bond counsel that interest on the Bonds is tax-exempt for federal income tax purposes or (b) that the District is in or remains in compliance with Service regulations and rulings applicable to governmental bonds such as the Bonds. The commencement of an audit of the Bonds could adversely affect the market value and liquidity of the Bonds, regardless of the final outcome. An adverse determination by the Service with respect to the tax-exempt status of interest on the Bonds could be expected to adversely impact the secondary market, if any, for the Bonds, and, if a secondary market exists, would also be expected to adversely impact the price at which the Bonds can be sold. The Indentures do not provide for any adjustment to the interest rates borne by the Bonds in the event of a change in the tax-exempt status of the Bonds. Owners of the Bonds should note that, if the Service audits the Bonds, under current audit procedures the Service will treat the District as the taxpayer during the initial stage of the audit, and the owners of the Bonds will have limited rights to participate in such procedures. There can be no assurance that the District will have revenues available to contest an adverse determination by the Service. No transaction participant, including none of the District, the Underwriters or Bond Counsel is obligated to pay or reimburse the owner of any Bond for audit or litigation costs in connection with any legal action, by the Service or otherwise, relating to the Bonds.

One aspect of the Service program of auditing bonds issued by special purpose governmental units, such as utility, improvement and development districts, is to determine whether or not the issuer of the Bonds is a political subdivision of a state. For example, in an examination in the State of Florida involving the Village Center Community Development District (the "Village District"), the Service has

taken the position in a private ruling called a technical advice memorandum released in 2013 (the “2013 TAM”), that the Village District is not a division of a state or local government, and therefore, any bonds issued by the Village District cannot be tax-exempt. The Service position is based on the fact that the Village District was organized and operated in a manner intended to ensure control of the Village District's board of directors by the private developer of the community served by the Village District, rather than an existing governmental body or an electorate made up of community residents or property owners. In a second technical advice memorandum released in June 2015 (together with the 2013 TAM, the “Village TAMs”), the Service determined that the 2013 TAM would not be applied retroactively to the Village District bonds issued prior to the date of the 2013 TAM.

In the wake of the Village TAMs, on February 23, 2016, the United States Department of the Treasury released proposed regulations (as corrected on March 9, 2016, the “Proposed Regulations”) that provide guidance regarding the definition of political subdivision for purposes of tax-exempt bonds. Under certain transition rules that apply to obligations issued not later than 90 days after the publication of final regulations in the Federal Register, the proposed definition will not apply to issuers of bonds, such as the District, for purposes of whether bonds are issued by a “State or political subdivision.” See “Changes in Federal and State Tax Law” below.

Determinations by the Service in private rulings such as the Village TAMs are technically limited to and are binding only on the issuer to whom the ruling is addressed. In the case of the Village TAMs, the determinations apply only to the Village District. Nonetheless, the Village TAMs describe a current official position of the Office of Chief Counsel of the Service with respect to districts that are controlled by a private developer, and Bond Counsel to the District has taken the Village TAMs into consideration prior to reaching a conclusion that interest on the Bonds is excludible from federal income tax. Note that the opinions of Bond Counsel are not a guaranty of a particular outcome in the event of an audit of the Bonds, but are an expression of Bond Counsel's legal judgment with respect to the matters addressed therein as of the date the Bonds are issued, and no assurance can be given that the Service will not assert legal positions contrary to those taken by Bond Counsel if an audit of the Bonds is commenced at a later date. See also “TAX MATTERS” herein.

There can be no assurance that an audit by the Service of the Bonds will not be commenced. However, the District has no reason to believe that any such audit will be commenced, or that if commenced, an audit would result in a conclusion of noncompliance with any applicable Service position, regulation or ruling. No rulings have been or will be sought from the Service with respect to any federal tax matters relating to the issuance, purchase, ownership, receipt or accrual of interest upon, or disposition of, the Bonds, including without limitation whether the District is a political subdivision of the State of Colorado for purposes of the Internal Revenue Code and Service regulations. See also “TAX MATTERS” herein.

### **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 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to obligations issued or executed and delivered 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 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 Bonds or the market value thereof would be impacted thereby. For a description of regulations recently proposed by the Service regarding the definition of political subdivisions for purposes of tax-

exempt bonds, see the section herein entitled “RISK FACTORS – Risk of Internal Revenue Service Audit.” Purchasers of the 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 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.

**ESTIMATED USE OF PROCEEDS**

The proceeds from the sale of the Bonds, together with moneys from the debt service reserve funds of the 2008 Loan and the Series 2008A Loan, are expected to be applied in substantially the following manner:

<u>Use of Proceeds</u>	<u>Amount</u>
Fund New Money Project .....	\$9,500,000.00
Refund Series 2006 Bonds.....	2,164,310.50
Prepay 2008 Loan and 2008A Loan.....	9,479,787.24
Costs of Issuance <sup>(1)</sup> .....	1,770,535.36
Total.....	\$22,914,633.10

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(1) Includes Underwriters’ discount, bond insurance premium, legal fees, estimated swap termination fee amount with respect to the 2008 Loan and other miscellaneous fees and costs.

**PLAN OF FINANCE**

The financing plan developed by the Districts with respect to the District Facilities, which is described below, reflects the allocation of responsibilities between the Districts under the Service Plan and the Facilities Agreement. Certain provisions of the Service Plan are summarized under the subheading “The Service Plan” below, certain provisions of the Facilities Agreement are summarized under the subheading “The Facilities Agreement” below.

**The Service Plan**

Under the Special District Act, persons proposing the organization of a special district must submit a service plan to the board of county commissioners of the county where the proposed special district is located or, if located within a municipality, to the governing body of such municipality. The service plan must contain, among other requirements set forth in the Special District Act, a description of the proposed services to be provided by the special district, a general description of the facilities to be constructed by the special district, and a financial plan as to how the special district will finance the services and facilities it will provide.

The Service Plan for the Districts contemplates that Breckenridge Mountain Metropolitan District (referred to as the “Financing District”) will finance the construction and acquisition by Alpine Metropolitan District (referred to as the “Service District”) of water, street, traffic and safety, transportation, and park and recreation facilities, and that Alpine Metropolitan District will provide for managing the construction and operation of those facilities unless otherwise dedicated to the Town or other municipal entities. It states that the establishment of Alpine Metropolitan District as the “Service District” and Breckenridge Mountain Metropolitan District as the “Financing District” will provide for (i) coordinated administration of construction and operation of public improvements and delivery of those

improvements in a timely manner phased to support residential and commercial development, (ii) maintenance of a uniform mill levy and reasonable tax burden on all residential and commercial areas in the Development through controlled management of the financing and operation of the public improvements, and (iii) proper control of regional transportation systems.

The Service Plan does not contain a mill levy limitation. It does, however, provide that the maximum amount of general obligation bonded indebtedness of the District may not exceed \$28,000,000, exclusive of bonds issued to reimburse the Developer for advances made to the Districts, provided that the sum of such advances does not exceed \$13,033,000 and that the indebtedness is, after a final determination by the District's Board and approval by the Town with respect to the amount thereof, authorized by a majority of the eligible electors in the District as required by the Special District Act and the Colorado Constitution. Such authorization by a majority of eligible electors in the District has been obtained with respect to the Bonds.

### **The Facilities Agreement**

Pursuant to the terms of the Facilities Agreement, (i) the Breckenridge Mountain Metropolitan District is responsible for generating the property tax revenues that will be used to pay for costs of District Facilities, and to defray the annual expenditures incurred by Alpine Metropolitan District as a result of operations and maintenance of the District Facilities not otherwise dedicated to the Town or other municipal entities; and (ii) Alpine Metropolitan District is responsible for constructing, and, to the extent facilities are not dedicated to the Town or other municipal entities, owning, operating, and maintaining the District Facilities. Among its other obligations under the Facilities Agreement, the District is obligated to use its best efforts to issue its general obligation bonds from time to time as contemplated by the financing plan of the Districts described under the heading "Financing Structure" below, and to transfer the proceeds of such bonds to Alpine Metropolitan District in full or partial satisfaction of the District's obligation to pay capital costs incurred by Alpine Metropolitan District in connection with the planning, design, construction and acquisition of the District Facilities.

Capital costs are defined in the Facilities Agreement to include all costs under the financing model for the Districts that are to be incurred by Alpine Metropolitan District for the purpose of planning, designing, constructing, and acquiring the District Facilities. Such capital costs would include debt service on bonds issued by Alpine Metropolitan District.

The Facilities Agreement may be terminated by either district upon one year's notice, provided that the Breckenridge Mountain Metropolitan District may terminate the Facilities Agreement only if, prior to the time of termination, all remaining payments and financial obligations set forth in the Facilities Agreement are paid to Alpine Metropolitan District in full. Alpine Metropolitan District may terminate the Facilities Agreement only if, in connection with the termination, Alpine Metropolitan District either (1) transfers to the Breckenridge Mountain Metropolitan District, free and clear and in its entirety, its interest in the District Facilities and in each and every one and all of the water rights, contracts, leases, easements, properties held in fee, and any other personal, real or intangible property then held or owned by Alpine Metropolitan District and necessary for the continued provision of the services the Alpine Metropolitan District would otherwise have been required to provide under the Facilities Agreement, or (2) makes the transfer to another governmental entity or entities pursuant to such terms and conditions for the continued provision of the District Facilities and such services as may be satisfactory to the Board of Directors of the Breckenridge Mountain Metropolitan District, or (3) in the event Alpine Metropolitan District is dissolved in accordance with Colorado law, makes the transfer pursuant to such terms and conditions for the continued provision of the District Facilities and such services as may be held in accordance with that law by an appropriate Colorado court.

## Financing Structure

The Districts, with the assistance of the District Financial Consultant, have developed a plan under which the public infrastructure and other improvements to support build-out of the Development have been financed, indebtedness incurred in connection with such financing will be repaid, improvements within the Development will be operated and maintained, and costs of operations, maintenance and administration will be funded (the “**Plan of Finance**”). The District has previously issued the Series 2010 Bonds to fund a portion of the costs of the public infrastructure and other improvements for Peaks 7 and 8. The District is issuing the Bonds in part to fund public infrastructure improvements for the Peak 8 portion of the Development. The Plan of Finance is based on key assumptions made by the Districts and based upon information provided by the Developer and is used for internal planning purposes only. The Plan of Finance will be updated from time-to-time to reflect changes in the Developer's and the Districts' current assumptions. A brief summary of the most current Plan of Finance is presented in the following paragraphs. All numbers are approximate and none of the estimates or assumptions have been adjusted for inflation.

**Assumptions.** The Plan of Finance assumes the Developer's estimates for completion of the various components of the Development, as described under “INTRODUCTION – The Development” herein. All of the Peak 7 timeshare units have been completed. The Developer estimates that (i) all of Peak 8 and other areas will be completed by the end of 2020; and (ii) the commercial and guest services facilities will be completed by the end of 2020. Such estimates are not guarantees of actual results; actual results may vary from the estimates, and some variations (such as acceleration of, or delays in, the build-out of the Development) could be material.

**Estimated Market Value and Assessed Value.** The current market value of all property in the District is currently \$381,941,690 (which includes \$30,843,659 in commercial value). Under the Plan of Finance, based on the Developer's projections, it is estimated that completion of the 75 unit the Grand Colorado on Peak 8 will add approximately \$60,000,000 of total value, construction of the 52 units slated for completion on Peak 8 in 2019 will add an additional \$40,000,000 in value and construction of the remaining future units will add an additional \$200,000,000, for a total build-out value in the District of approximately \$700,000,000 (with related commercial area build-out). See “SECURITY AND SOURCES OF PAYMENT FOR DEBT SERVICE – General Ad Valorem Property Tax Pledge” herein.

**Estimated Sufficiency of Revenue to Pay District Costs.** Based on a 25 mill tax levy by the District and its assumptions regarding the build-out of the Development, the completion and absorption of residential and commercial properties within the District, and resulting growth in assessed valuation of such properties, the District estimates that (i) approximately \$1,023,464 of District property tax revenues will be collected in 2016, and property tax revenues will increase as the Development is completed, and (ii) such property tax revenues, will be sufficient to pay the debt service on the District's Series 2010 Bonds and the Bonds, plus required transfers to Alpine Metropolitan District under the Facilities Agreement. The District also estimates that (i) approximately 96% of District property tax revenues (24 mills) are expected to be used to make debt service payments on a total of approximately \$23,810,000 aggregate principal amount of general obligation debt (including the Series 2010 Bonds and the Bonds) issued by the District, and (ii) approximately 4% of District property tax revenues (2 mills) are expected to be transferred to Alpine Metropolitan District to pay a portion of any operation and maintenance costs relating to the District Facilities and administrative charges.

**Issuance of the Bonds.** Based on the amount of debt service that may be supported by general ad valorem tax revenues derived from the current assessed valuation of taxable real property within the District, and the assumptions described above, Breckenridge Mountain Metropolitan District is issuing the Bonds. See “DEBT SERVICE REQUIREMENTS” herein. The annual general ad valorem tax



revenues generated by the 25 mill tax levy on taxable real property within the District will exceed the annual debt service coming due on the Bonds for the corresponding year, with general ad valorem tax revenues estimated to be \$1,023,464 in 2016 and gradually increasing each year through the maturity of the Bonds.

**The Plan of Finance described herein is based on current estimates and assumptions and will be revised from time-to-time as conditions change. The final results are expected to vary from current estimates, and such variations may be significant. Factors affecting such variations include assumptions relating to the rate of build out and growth in assessed value of property in the District, the timeliness and accuracy of assessment procedures used by the Summit County Assessor's office with respect to ad valorem taxes, the future market value of land and improvements in the Development, the future cost of debt service on any bonds issued by the Breckenridge Mountain Metropolitan District and Alpine Metropolitan District, and the cost of future capital improvements and operating and maintenance expenditures to serve the Development.**

## THE BONDS

### General

The Bonds will be dated as of the date of their original issuance, and will mature in the principal amounts on December 1 of the years, and will bear interest (computed on the basis of a 360-day year consisting of 12 30-day months and payable on each June 1 and December 1, commencing December 1, 2016) at the respective rates per annum, set forth on the inside cover page of this Official Statement. ***The Bonds may be subject to redemption prior to maturity as described herein.***

The Bonds initially will be registered in the name of Cede & Co., as nominee of DTC. Under the Indenture, DTC is the securities depository for the Bonds. Purchases of beneficial ownership interests in the Bonds will be made in book-entry form only. Beneficial owners of Bonds will not receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository for the Bonds under the Indenture. For so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of principal and redemption price of and interest on the Bonds will be made by the Trustee, directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants, as more fully described herein. See "Book-Entry System" below.

FOR SO LONG AS CEDE & CO, AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE OWNERS OF BENEFICIAL INTERESTS IN SUCH BONDS. Neither the District, Vail Summit, the Developer, the Registrar nor the Trustee will have any responsibility or obligation to Participants, Indirect Participants or to any Beneficial Owner (as such terms are defined below under "Book-Entry System") with respect to (i) the accuracy of any records maintained by DTC, any Participant or any Indirect Participant; (ii) the payment by DTC or any Participant or Indirect Participant of any amount with respect to the principal or redemption price of or interest on the Bonds; (iii) any notice which is permitted or required to be given to Owners of the Bonds under the Indenture; (iv) the selection by DTC or any Participant or Indirect Participant of any person to receive payment in the event of a partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as the Registered Owner of the Bonds.

## **Authorized Denominations**

The Bonds are issuable in denominations of \$5,000 and any integral multiple of \$1,000 in excess thereof.

## **Payment of Principal and Interest; Record Date**

The Bonds shall bear interest from their date of original issuance until their respective maturities or prior redemption. If upon presentation at maturity payment of any Bond is not made as provided in the Indenture, interest shall continue thereon at the interest rate applicable to such Bond until the principal thereof is paid in full.

The principal of and interest due in connection with the Bonds will be payable in lawful money of the United States of America, without deduction for exchange or collection charges.

The principal of the Bonds is payable upon surrender of each Bond at the principal office of the Trustee. The payment of interest on each Bond shall be made to the Registered Owner of such Bond and shall be paid by the Trustee on behalf of the District by check or draft of the Trustee mailed to such owner at his address as it appears on the registration books of the Trustee or by such other means as shall be agreed to by a Registered Owner and the Trustee. Interest on each Bond will be payable to the Registered Owner thereof as set forth on such registration books as of the close of business on the fifteenth (15<sup>th</sup>) day of the calendar month preceding the month of each interest payment date (whether or not a business day) (a “**Record Date**”), regardless of any transfer or exchange of a Bond subsequent to such Record Date and prior to such interest payment date. In any event, any interest not punctually paid or duly provided for will forthwith cease to be payable to the Registered Owner on such Record Date, and may be paid to the person whose name in which the Bond is registered at the close of business on a record date selected by the Trustee (a “**Special Record Date**”) for the payment of defaulted interest, and the Indenture requires the Trustee to provide notice of such Special Record Date to be given to the Registered Owners of the Bonds not more than fifteen (15) days and not less than ten (10) days prior to such Special Record Date. For so long as the Bonds are registered in the name of Cede & Co., the nominee of DTC, pursuant to the Indenture, payments of principal of and interest on the Bonds will be made by the Trustee directly to DTC in accordance with DTC's procedures. See “Book-Entry System” below.

## **Redemption**

***Optional Redemption.*** The Bonds maturing on December 1, 2027 and thereafter are subject to redemption prior to maturity at the option of the District, in whole or in part, in any order determined by the District, at any time on and after December 1, 2026, at a redemption price equal to their principal amount to be redeemed, plus interest accrued thereon to the date of redemption, without a redemption premium.

***Mandatory Sinking Fund Redemption.*** The Bonds maturing on December 1, 2036 are subject to mandatory redemption prior to maturity from sinking fund installments to be paid by the District, in part, by lot, on December 1, in each of the following years and amounts, at a redemption price equal to their principal amount, plus accrued interest on the following redemption dates:

<u>Year</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>
2032	\$925,000
2033	950,000
2034	980,000
2035	1,010,000
2036*	890,000

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\* Stated Maturity.

The Bonds maturing on December 1, 2045 are subject to mandatory redemption prior to maturity from sinking fund installments to be paid by the District, in part, by lot, on December 1, in each of the following years and amounts, at a redemption price equal to their principal amount, plus accrued interest on the following redemption dates:

<u>Year</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>
2037	\$915,000
2038	945,000
2039	975,000
2040	1,005,000
2041	1,035,000
2042	1,070,000
2043	1,105,000
2044	1,130,000
2045*	1,170,000

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\* Stated Maturity.

No more than sixty (60) days and no less than thirty (30) days prior to each sinking fund payment date, the Trustee is required to proceed to select the Bonds subject to redemption from such sinking fund on the next December 1, and on or before the 30th day prior to each sinking fund payment date give notice of such call. At its option, to be exercised on or before the 60th day next preceding any such sinking fund redemption date, the District delivers to the Trustee for cancellation Bonds subject to sinking fund redemption on such date, in any aggregate principal amount desired. Each Bond so delivered is required to be cancelled by the Trustee and to be credited by the Trustee at the principal amount thereof to the obligation of the District on such sinking fund redemption date, and to the extent of any excess to the next annual sinking fund redemption date or dates, and the principal amount of Bonds to be redeemed by operation of such sinking fund on such date or dates will be accordingly reduced.

**Selection of Bonds; Notice of Redemption**

In the event that less than all of the Bonds are to be redeemed at the option of the District, the Bonds to be redeemed will be selected in any order of maturity, and, in all cases, at random within a maturity, in such manner as the District shall determine. In case a Bond is of a denomination larger than the minimum denomination then permitted, a portion of such Bond may be redeemed provided that the

remaining portion of the Bond is in the amount of \$5,000 and any integral multiple of \$1,000 in excess thereof.

A copy of the notice of the call for any redemption identifying the Bonds to be redeemed is required to be given by the Trustee by first-class mail, postage prepaid, to the registered owners of Bonds to be redeemed at their addresses as shown on the registration books of the Trustee, not more than sixty (60) days and not less than thirty (30) days prior to the redemption date. Failure to give notice in the manner prescribed with respect to any Bond, or any defect in such notice, will not affect the validity of the proceedings for redemption for any Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the Bonds to be redeemed and to pay interest due thereon, the Bonds thus called shall not, after the applicable redemption date, bear interest.

Each notice of redemption is required to specify the date fixed for redemption, the principal amount of Bonds or portions thereof to be redeemed, the redemption price, the place or places of payment, that payment of the principal amount and premium, if any, will be made upon presentation and surrender to the Trustee of the Bonds to be redeemed, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest on Bonds which have been redeemed will cease to accrue. If less than all the outstanding Bonds are to be redeemed, the notice of redemption shall specify the maturities and numbers of the Bonds or portions thereof to be redeemed.

### **Book-Entry System**

The Bonds will be available only in book-entry form in Authorized Denominations. DTC will act as the initial securities depository for the Bonds. The ownership of one fully registered Bond for each maturity as set forth on the 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 E – Book-Entry Only System.

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

### **Transfer and Exchange of Bonds**

If the Bonds are no longer registered in the name of Cede & Co. or another nominee of DTC or a successor securities depository for the Bonds under the Indenture, Bonds will be subject to transfer and exchange by the holders thereof in accordance with the requirements of the Indenture. The Indenture provides that if any Bond is surrendered for transfer or exchange, the District is required to execute and the Trustee is required to authenticate and deliver, in the name of the transferee or transferees of such Bond, a new fully registered Bond or Bonds, of authorized denominations, of the same maturity, and for the aggregate principal amount which the registered owner is entitled to receive, and bearing interest at the same rate per annum as the Bond presented for exchange. Bonds to be transferred or exchanged are required to be surrendered at the principal operations center of the Trustee. All Bonds presented for transfer, exchange, registration, redemption or payment (if so required by the Trustee) must be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the District, duly executed by the registered owner or by such owner's duly authorized attorney. If any requested transfer or exchange of a Bond necessitates the printing of additional Bonds, the Trustee may require that the cost of such printing be paid by the District. The District and the Trustee will not be required to issue, register, transfer or exchange any Bonds during

the period beginning on any date of selection of Bonds to be redeemed and ending on the day on which the applicable notice of redemption is given.

## SECURITY AND SOURCES OF PAYMENT FOR DEBT SERVICE

### General Ad Valorem Property Tax Pledge

The Bonds are general obligations of the District, payable from general ad valorem taxes which may be imposed upon all taxable property in the District in an amount sufficient to pay the principal of and interest on the Bonds as the same become due, in accordance with the Indenture. A Form of the Indenture is contained in Appendix B attached hereto.

***THE BONDS CONSTITUTE UNLIMITED TAX GENERAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM, AND SECURED ONLY BY, THE SECURITY PLEDGED THEREFOR UNDER THE INDENTURE. THE BONDS SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE TOWN OF BRECKENRIDGE, SUMMIT COUNTY, THE STATE OF COLORADO, OR ANY POLITICAL SUBDIVISION OF THE STATE OF COLORADO OTHER THAN THE DISTRICT.***

The Bonds are not secured directly by any lien on property located within the District; rather they are secured by the District's covenant to certify to the Board of County Commissioners of Summit County a rate of ad valorem property tax levy sufficient, together with other available revenues, to meet principal and interest payments on the Bonds and any other general obligation indebtedness issued by the District, and to pay the District's obligations under the Facilities Agreement. See "DEBT STRUCTURE OF THE DISTRICT." The Indenture further provides that the District may reduce its mill levy only in the event that there are on deposit, in the fund established for such purposes, other monies or revenues of the District in excess of the amount required to pay all principal and interest coming due on the Bonds and all other District general obligation indebtedness during the then-current fiscal year. Such annual levy for debt service creates a statutory tax lien which may be enforced to the extent that taxes are delinquent in a given year. See "PROPERTY TAXATION" and "DISTRICT FINANCIAL MATTERS – State Constitutional Limitation" herein.

Neither the Service Plan, the District Facilities Agreement, nor the Indenture contains a limitation on the mill levy that may be imposed by the District. The mill levy that the District may impose on real property within the District's territory nevertheless is effectively limited by the annual tax limitation contained in the Election. The Election permits the issuance of up to \$66,474,309 in District general obligation debt or other obligations for various capital costs and operations and maintenance costs, with tax increases as necessary to result in a net revenue of up to \$78,439,684 in the aggregate (subject to specific limitations by cost category).

The 2015 assessed valuation of taxable real property within the District, certified by the County Assessor on December 15, 2015, is \$40,938,550. Under the Special District Act, after the date of its inclusion in the District, a property will be subject to all of the taxes and charges imposed by the District and will be liable for its proportionate share of the District's existing bonded indebtedness, but it will not be liable for any taxes or charges levied or assessed prior to its inclusion in the District, nor will its entry into the Special District be made subject to or contingent upon the payment or assumption of any tax, rate, fee, toll, or charge, other than the taxes, rates, fees, tolls, and charges which are uniformly made, assessed, or levied for the entire District, without the prior consent of the fee owners of such property or approval of the electors of the area to be included. Additionally, the included property will be liable for its proportionate share of annual operation and maintenance charges, and the cost of facilities of the District and taxes, rates, fees, tolls, or charges will be certified and levied or assessed therefor.

The District's 2015 mill levy, for the 2016 collection year, has been certified at 25 mills. Based on the 2015 assessed valuation of taxable real property within the District by the County Assessor of \$40,938,550, this mill levy will produce general ad valorem tax revenues of \$1,023,464 in collection year 2016. Based on projections made by the District Financial Consultant concerning (i) the current assessed valuation of taxable property within the District, (ii) the District's revenues and (iii) the District's expenses, including debt service on the Bonds, the District expects that its revenues derived from the mill levy of 25 mills on taxable real property in the District, together with existing District fund balances, will be sufficient for the payment of the annual debt service on the District's outstanding general obligation debt, including the Bonds, and operations and maintenance expenses of the Districts. For a description of the Bonds in the context of the overall financing plan for the District Facilities, see "PLAN OF FINANCE – Financing Structure" herein. For a description of the District's outstanding general obligation debt, see "DEBT STRUCTURE OF THE DISTRICT – General Obligation Debt." The projections described herein and the District's estimates of revenue sufficiency are not guarantees of results; actual results may vary from such projections and estimates, and such variations may be material. See "FORWARD-LOOKING STATEMENTS" and "INVESTMENT RISK FACTORS – Sufficiency of Ad Valorem Tax Revenues" herein.

### **Additional Bonds**

Under the Indenture, the District is permitted to issue additional bonds or other obligations payable from general ad valorem tax revenues so long as the lien securing such additional bonds or other obligations are on a parity with or subordinate to the lien securing the Bonds and the Series 2010 Bonds. Refunding bonds may be issued in such principal amount as may be necessary to refund in whole, or in part, the Series 2010 Bonds and the Bonds, as set forth under the Indenture.

In addition, the Service Plan provides that the maximum amount of general obligation bond indebtedness of the District may not exceed \$28,000,000 plus up to \$13,033,000 general obligation indebtedness to reimburse the Developer for advances made to the Districts.

Based on the current assessed valuation of real property in the District, the District estimates that the 25 mill levy will be sufficient to provide payment of such costs and the debt service on the District's outstanding general obligation debt, including the Bonds.

The District's estimate regarding the sufficiency of such 25 mill levy is not a guarantee of actual performance, and the mill levy may be adjusted over time. If the District's debt were to increase without a proportional increase in the District's assessed valuation, the District would need to increase the mill levy to meet its debt payments. If the District's assessed valuation were to increase, the District could reduce the necessary mill levy; similarly, if the District's assessed valuation were to decrease, the District would need to increase the necessary mill levy. For a description of certain matters relating to assessed valuation of property in the District, see "INVESTMENT RISK FACTORS – Sufficiency of Ad Valorem Tax Revenues," " – Completion of Development" and " – Economic Conditions" herein.

The Indenture provides that in the event any of the District's mill levies or the charges that may be made by the District shall fail to produce an amount sufficient to pay the principal of and interest on the Bonds and any other general obligation bonds of the District becoming due in the next succeeding year, the deficit shall be made up in the next levy, and taxes shall continue to be levied until the Bonds and any other general obligation bonds of the District and the interest thereon are paid in full.

## PROPERTY TAXATION

### Ad Valorem Property Taxes

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

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

***Assessment of Property.*** All taxable property is listed, appraised and valued for assessment as of January 1 of each year. The “actual” value of taxable property is determined by the county assessor. The “actual” value of most taxable property is determined based on a “level of value,” which is the “actual” value of such property as ascertained from manuals and associated data prepared and published by the State property tax administrator for a statutorily defined period preceding the assessment date. The statutorily defined period for the valuation of property for any odd numbered year is the period beginning two years and ending six months prior to January 1 of such year. The statutorily defined period for the valuation of property does not change during even numbered years. The classes of property the “actual” value of which is not determined by a level of value include oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals.

The assessed value of taxable property is then determined by multiplying the “actual” value (determined as described in the immediately preceding paragraph) times an assessment ratio. The assessment ratio of residential property changes from year to year based on a constitutionally mandated requirement to keep the ratio of the assessed value of commercial property to residential property at the same level as it was in the property tax year commencing January 1, 1985 (the “**Gallagher Amendment**”). The Gallagher Amendment requires that statewide residential assessed values must be approximately 45% of the total assessed value in the State with commercial and other assessed values making up the other 55% of the assessed values in the State. In order to maintain this 45%/55% ratio, the commercial assessment rate is established at 29% of the actual value of commercial property (including vacant land and undeveloped lots) and the residential assessment rate fluctuates. The actual (market) value of residential property in the State has been increasing more rapidly than the actual (market) value of non-residential property, which has been causing the residential assessment rate to decline. Since the 2003 levy year, the residential rate has remained 7.96%. The Colorado Legislative Council Staff's December 2014 forecast (as contained in its “Focus Colorado: Economic and Revenue Forecast, 2014”), projects that the residential assessment ratio will remain at 7.96% through the 2016 levy year (for tax collection in 2017).

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

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

***Taxation Procedure.*** The assessed valuation and statutory “actual” valuation of taxable property within the District is required to be certified by the county assessor to the District no later than August 25 each year. Such value is subject to recertification by the county assessor prior to December 10. The Board then determines a rate of levy which, when levied upon such certified assessed valuation, and together with other legally available revenues, will raise the amount required annually by the District for its general fund and bond fund to defray its expenditures during the ensuing fiscal year. In determining the rate of levy, the Board must take into consideration the limitations on certain increases in property tax revenues as described under the captions below entitled “DISTRICT FINANCIAL MATTERS – Budgetary Process” and “– State Constitutional Limitation” herein. The Board must certify the District's levy to the board of county commissioners no later than December 15.

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

***Property Tax Collections.*** Taxes levied in one year are collected in the succeeding year. Taxes certified in 2015, for example, will be collected in 2016. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or two equal installments (not later than the last day of February and June 15) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of 1% per month until paid. Unpaid amounts become delinquent on, and interest thereon will accrue from, March 1 (with respect to the first installment) and June 16 (with respect to the second installment) until the date of payment, provided that if the full amount of taxes is to be paid in a single payment, such amount will become delinquent on May 1 and will accrue interest thereon from such date until paid. The county treasurer collects current and delinquent property taxes, as well as any interest, penalties and other requirements and remits the amounts collected on behalf of the District to the District on a monthly basis.

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



**Ad Valorem Property Tax Data**

A history of assessed valuations and taxes collected for the District since levy year 2009 is set forth in the following tables:

**History of Assessed Valuation and  
Property Tax Collections in the District  
2009-2016**

<u>Levy Year</u>	<u>Collection Year</u>	<u>Assessed Valuation</u>	<u>Taxes Levied<sup>(1)</sup></u>	<u>Total Tax Collected<sup>(2)</sup></u>	<u>Total Tax Collections as a Percent of Taxes Levied</u>
2009	2010	\$27,135,520	\$678,388	\$676,734	99.76%
2010	2011	30,635,140	765,879	766,529	100.10
2011	2012	41,570,460	1,039,262	1,022,004	98.34
2012	2013	38,904,560	972,614	971,903	99.93
2013	2014	35,600,510	890,013	889,881	99.98
2014	2015	39,463,640	986,591	987,358	104.2
2015	2016 <sup>(3)</sup>	40,938,550	1,023,464	991,385	N/A

<sup>(1)</sup> Taxes levied are subject to change due to omissions, abatements and other adjustments.

<sup>(2)</sup> Taxes collected include current taxes levied, interest and delinquent amounts collected.

<sup>(3)</sup> Complete collection figures for 2016 are unavailable. Figures are through June 30, 2016

Source: Summit County Treasurer's Office.

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The following table sets forth the 2015 mill levies imposed by the Town of Breckenridge, the Town of Blue River and certain other select metropolitan districts in Summit County.

**Mill Levies by Nearby Taxing Entities**

<b><u>Taxing Entity</u></b>	<b><u>2015 Mill Levy</u></b>
Alpensee Water District	50.000
Hamilton Creek Metropolitan District	40.000
Swan's Nest Metropolitan District	35.000
Copper Mountain Consolidated Metropolitan District	29.136
Eagles Nest Metropolitan District	15.000
Buffalo Mountain Metropolitan District	15.000
Town of Blue River	12.308
Corinthian Hill Metropolitan District	9.000
Red, White & Blue Fire Protection District	9.004
Town of Breckenridge	5.070

Source: Summit County Assessor's Office 2015 Abstract of Assessment.

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The following table, based on information provided by the County Assessor, lists the taxpayers with the largest aggregate assessed valuations of all property owners within the District, by the name of the property owner for the 2015 levy year as of December, 2015, as provided by the Summit County Assessor's Office. These top ten taxpayers account for 55.81% of the aggregate assessed valuation of property within the District. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the District. The District's mill levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the District from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties.

**Ten Largest Property Owners in  
Breckenridge Mountain Metropolitan District—Summit County**

<b><u>Taxpayer</u></b>	<b><u>2015 Assessed Valuation</u></b>	<b><u>% of District 2015 Total Assessed Valuation</u></b>
Grand Lodge on Peak 7	\$7,961,117	34.84 %
Vail Resorts <sup>(1)</sup>	6,888,725	30.15
One Ski Hill Place LLC	2,896,041	12.68
Peak 8 Properties LLC	1,306,840	5.72
Property Owner	801,235	3.51
Peak 7 LLC	800,884	3.51
Property Owner	575,109	2.52
Property Owner	573,911	2.51
4MYBOYZ LLC	570,369	2.50
Crystal Peak Lodge of Breckenridge Inc	<u>474,191</u>	<u>2.08</u>
TOTAL	\$22,848,422	55.81%

<sup>(1)</sup> Title to property is held in Vail Summit Resorts, The Vail Corp. or VR Holdings Inc., each of which is a wholly owned indirect subsidiary of Vail Resorts.

Source: Summit County Assessor's Office.

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## Mill Levies Affecting the District Property Owners

In addition to the District's tax levy, owners of property within the District are obligated to pay taxes to other taxing entities in which their property is located. As a result, property owners within the District's boundaries are subject to different mill levies depending upon the location of their property. The following table sets forth the 2015 mill levies (for taxes to be collected in 2016) that are imposed on certain property within the District.

### Mill Levies Affecting Property Owners Within the District

<u>Taxing Entity</u>	<u>2015 Mill Levy<sup>(1)</sup></u>
Colorado River Water Conservation District	0.243
School District RE-1	19.618
Summit County	15.072
Town of Breckenridge	5.070
Red, White & Blue Fire Protection District	9.004
Colorado Mountain College	3.997
Middle Park Water Conservancy District	<u>0.055</u>
Subtotal	53.059
The District	<u>25.000</u>
Sample Total Mill Levy	78.059

<sup>(1)</sup> One mill equals 1/10 of one cent. Mill levies certified in 2015 are for taxes collected in 2016.

Source: Summit County Assessor's Office.

The following table sets forth the assessed valuation of specific classes of real and personal property within the District for the 2015/2016 Levy/Collection Year based on information from the Summit County Assessor's Office. As shown below, vacant land accounts for the largest percentage of the District's assessed valuation. As the Development is built-out, the assessed valuation of vacant land will decrease and the assessed valuation of residential and commercial properties will increase. See "PLAN OF FINANCE" herein.

### Assessed Valuation of Classes of Property in the District

<u>Class</u>	<u>2015 Assessed Valuation</u>	<u>Percentage of District's 2015 assessed valuation</u>
Vacant Land	\$5,532,968	13.515%
Residential	26,403,216	64.495
Commercial	8,944,661	21.849
Industrial	0	0.000
Agricultural	0	0.000
National Resources	0	0.000
State Assessed	<u>57,701</u>	<u>0.141</u>
TOTAL	\$40,938,546	<u>100.00%</u>

<sup>(1)</sup> Currently assessed at the commercial property rate until improvements are constructed, at which point such property will be assessed at the lower residential rate. See "PROPERTY TAXATION" herein.

Source: Summit County Assessor's Office.

## DEBT SERVICE REQUIREMENTS

The following table is a summary of the annual debt service requirements for the District's outstanding general obligation debt, including the Bonds, for principal payable on December 1 and interest payable on June 1 and December 1 of the years set forth therein.

<u>Year Ended December 31</u>	<u>Series 2016 Bonds</u>		<u>Series 2010 Bonds</u>		<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest<sup>(2)</sup></u>	<u>Principal</u>	<u>Interest</u>	
2016		\$107,782.51	\$5,000	\$131,150	\$243,932.51
2017	\$165,000	692,887.50	5,000	131,000	993,887.50
2018	165,000	689,787.50	5,000	130,825	990,612.50
2019	165,000	686,487.50	5,000	130,650	987,137.50
2020	275,000	683,187.50	5,000	130,475	1,093,662.50
2021	345,000	674,937.50	5,000	130,275	1,155,212.50
2022	450,000	664,587.50	5,000	130,063	1,249,650.50
2023	475,000	651,087.50	5,000	129,850	1,290,937.50
2024	495,000	636,837.50	120,000	129,638	1,381,475.50
2025	510,000	617,037.50	125,000	124,538	1,376,575.50
2026	545,000	596,637.50	115,000	119,225	1,375,862.50
2027	570,000	574,837.50	120,000	113,906	1,378,743.50
2028	605,000	552,037.50	115,000	108,356	1,380,393.50
2029	705,000	527,837.50	120,000	103,038	1,455,875.50
2030	775,000	499,637.50	110,000	97,488	1,482,125.50
2031	845,000	468,637.50	115,000	92,400	1,521,037.50
2032	925,000	434,837.50	100,000	86,363	1,546,200.50
2033	950,000	407,087.50	105,000	81,113	1,543,200.50
2034	980,000	378,587.50	105,000	75,600	1,539,187.50
2035	1,010,000	349,187.50	105,000	70,088	1,534,275.50
2036	890,000	318,887.50	95,000	64,575	1,368,462.50
2037	915,000	292,187.50	100,000	59,588	1,366,775.50
2038	945,000	263,593.76	100,000	54,338	1,362,931.76
2039	975,000	234,062.52	935,000	49,088	2,193,150.52
2040	1,005,000	203,593.76	-	-	1,208,593.76
2041	1,035,000	172,187.50	-	-	1,207,187.50
2042	1,070,000	139,843.76	-	-	1,209,843.76
2043	1,105,000	106,406.26	-	-	1,211,406.26
2044	1,130,000	71,875.02	-	-	1,201,875.02
2045	1,170,000	36,562.52	-	-	1,206,562.52

The debt service requirements shown in the foregoing table assume that no optional redemptions are made prior to maturity, but assume the scheduled mandatory sinking fund redemption of the Bonds in accordance with the Indenture. For a description of the District's optional redemption rights with respect to the Bonds and the mandatory sinking fund redemption of the Bonds, see "THE BONDS – Redemption" herein.

## THE DISTRICT

### General

The District is a quasi-municipal corporation and a political subdivision of the State, created pursuant to the Special District Act. The District was formed by order and decree of the District Court for Summit County, pursuant to the Special District Act and after approval by a vote of a majority of the qualified electors of the District held on November 5, 2002. Under the Service Plan, Alpine Metropolitan District is responsible for managing the construction and operation of the District Facilities needed for the Development, including a water system, roads infrastructure and drainage improvements, parks and recreation facilities, and transportation facilities (which may include, without limitation, a gondola system), and the District is responsible for providing the funding and tax base needed to construct and operate the District Facilities. The Special District Act provides that material departures from the terms of an approved Service Plan may be enjoined by the court approving the organization of the special district. To this extent, the power of the District may be considered limited by the Service Plan. The Special District Act permits amendments of existing service plans by a procedure analogous to that required for their original approval.

The Districts contain approximately 284 acres of territory, and of the 284 acres, approximately 283 acres are within the District and approximately 0.06 acres are within Alpine Metropolitan District. See "THE DEVELOPMENT – Property Inclusion" in Appendix A attached hereto.

### District Powers

District operations and administration are controlled by the Board and have been contracted out to Alpine Metropolitan District under the Facilities Agreement. The rights, powers, privileges, authorities, functions, and duties of the District are established by the Constitution and laws of the State. Under the authority granted by such statutes the District has the power to enter into contracts and agreements; to sue and be sued; to incur indebtedness and issue bonds; to refund any bonds of the District without an election; to fix rates, tolls or charges for services, programs or facilities furnished by the District, and to pledge such revenue for the payment of any indebtedness of the District; to adopt and enforce regulations promulgated by the Board; to levy and collect ad valorem property taxes; to acquire, dispose of and encumber real and personal property, and any interest therein, including leases and easements; to have the management, control and supervision of all the business affairs of the District, and the construction, installation, operation, and maintenance of District improvements; and to exercise the power of eminent domain for the condemnation of private property for public use. The Board may also, subject to compliance with statutory procedures, order the inclusion or exclusion of real property, thereby modifying the boundaries of the District. The Special District Act provides that properties excluded from a special district will not be subject to any property tax levied the special district for the operating costs of the special district; and for the purpose of retiring the special district's outstanding indebtedness and paying interest thereon, the special district will remain intact and the excluded property will be obligated to the same extent as all other property within the special district but only for the proportion of such debt and interest existing immediately prior to the effective date of the court exclusion order with respect to the excluded property.

In addition to the above powers, the District is authorized by the Special District Act to file for federal bankruptcy protection should it become insolvent. Insolvency is generally defined as the inability to discharge obligations as they become due by means of a mill levy of not less than 100 mills.

Generally, the Board exercises its powers by resolution effective upon adoption.

## Principal Officials

The District is governed, under the terms of the Special District Act, by an elected five-member Board (currently with one vacancy) comprised of the following people, most of whom also serve as officers of the District in the respective capacities set forth below:

Name	Office	Principal Occupation	Years of Service	Term Expires
Jeff Zimmerman	President	Director of Mountain Planning, VRDC	6	5/2020
Gary Shimanowitz	Vice President/Assistant Secretary	Vice President of Mountain Operations, Vail Resorts, Inc.	0	5/2020
David Habermas	Vice President/Secretary/Treasurer	Senior Financial Analyst, VRDC	6	5/2018
Norm Helm	Vice President/Assistant Secretary	Director of Association Management, Vail Resorts Inc.	2	5/2018
Gabrielle Keown	Vice President/Assistant Secretary	Senior Director of Real Estate Development, Vail Resorts Development Company	0	5/2018

Under the present election laws of the State, a person may be an elector of the District by registering to vote in the State and by either owning property within the District or being under contract to purchase property with an obligation to pay taxes on such property, being the spouse of such a property owner, or residing within the boundaries of the District. The members of the Board of the District are elected in nonpartisan elections by those registered electors of the District. Board members who have held office for at least six months are subject to recall, and a recall election may be held upon the petition of three hundred electors or forty percent of the qualified electors of the District, whichever is less.

The Special District Act also governs length of terms, duties, frequency of meetings, directors' fees and conflicts of interest. At the District's election held on November 5, 2002, the District's qualified electors voted to eliminate the limitations on the terms of office of the District's directors set forth in Article XVIII, Section 11 of the Colorado Constitution.

All of the current members of the Board are employees of or are affiliated with the Developer, and therefore, those members of the Board may have conflicts of interest with respect to certain transactions which come before the Board. Under State law, a director must disqualify himself from voting on any issue in which he has a conflict of interest unless he has disclosed such conflict of interest in a written notice filed with the Colorado Secretary of State and the Board of the District at least 72 hours in advance of any meeting in which such conflict may arise. Such disclosure certificates are regularly filed by all Board members with possible conflicts of interest. Even though the Board members

have complied with the disclosure requirements, it is possible that to the extent that Board members do have conflicting interests, contracts or transactions in which they participated may be subject to challenge. It is the Board's current practice to disclose potential conflicts of interest of each Board member prior to each meeting.

### **Administration**

The Board is responsible for the overall management and administration of the affairs of the District. The District does not have any employees and all operations and administrative functions are contracted out. Marchetti & Weaver, LLC, Edwards, Colorado, supervises the District's financial and administrative affairs as the District's Administrator. White, Bear, Ankele, Tanaka & Waldron, Professional Corporation, of Centennial, Colorado, serves as the District's General Counsel, and EideBailly, Certified Public Accountants, Golden, Colorado, serves as the District's independent accountants and auditors.

## **DISTRICT FACILITIES AND SERVICES**

### **General**

The District was formed contemporaneously with Alpine Metropolitan District, another quasi-municipal entity. The proponents of formation of both Districts were affiliated with Vail Resorts, the Developer and/or Vail Summit. The Service Plan contemplates that the District (referred to as the "Financing District") will finance the construction and acquisition by Alpine Metropolitan District (referred to as the "Service District") of water, sanitation, street, traffic safety, television relay and translator, parks and recreation, and fire protection facilities, and for Alpine Metropolitan District to provide for the operation and maintenance of those facilities.

The Facilities Agreement generally provides that the District will pay to Alpine Metropolitan District over a period of years the costs of (i) the construction, acquisition and equipping of the District Facilities, and (ii) the operation and maintenance of the District Facilities. In return for the payment of the moneys required to be paid under the Facilities Agreement, Alpine Metropolitan District agrees to (i) acquire, construct and equip the District Facilities, (ii) thereafter provide for their operation and maintenance, and (iii) utilizing the District Facilities, provide or have others provide to the property within, and the inhabitants of both Districts, all related services, including, without limitation, water and sanitation services, street maintenance and plowing, fire protection, cable television services, and parks and recreation services, as well as certain administrative services. See "PLAN OF FINANCE" herein.

For a description of the Development, see "APPENDIX A – THE DEVELOPER AND THE DEVELOPMENT" herein.

### **The Facilities**

The District Facilities are generally described below, by reference to the category descriptions thereof in the Election. The District Facilities include street, traffic and road improvements (including, without limitation, storm drains, water and sewer mains and transmission lines, and similar facilities), water system facilities, and parks and recreation facilities to serve the Development. Plans and specifications for the facilities are subject to change. The District expects that proceeds of the Bonds transferred to Alpine Metropolitan District will fund a portion of the costs of the design, planning, acquisition, and construction of these facilities. See "PLAN OF FINANCE – Financing Structure" herein.



### ***Streets***

Pursuant to the Election, the District is authorized to incur debt in the amount of \$19,224,309, with a repayment cost of not more than \$157,639,333 and is authorized to increase taxes such that net revenues of up to \$22,684,684 result, for the purpose of constructing, relocating, installing, completing and otherwise providing, within or outside the boundaries of the District, street and roadway improvements, including, without limitation, curbs, gutters and other drainage facilities, paving, lighting, power line relocation, grading, landscaping and other related improvements. Upon completion, the Town of Breckenridge will be responsible for the operation and maintenance of the street improvements (other than internal drives and parking areas), as such street improvements have been or will be dedicated to the Town of Breckenridge.

### ***Traffic Safety Protection Facilities***

Pursuant to the Election, the District is authorized to incur debt in the amount of \$1,000,000, with a repayment cost of not more than \$8,200,000 and is authorized to increase taxes such that net revenues of up to \$1,180,000 result, for the purpose of constructing, relocating, installing, completing and otherwise providing, within or outside the boundaries of the District, traffic and safety controls, including, without limitation, traffic signals, traffic signs, guard rails and other related improvements. Alpine Metropolitan District owns, operates and maintains the traffic safety protection improvements.

### ***Water Improvements***

Pursuant to the Election, the District is authorized to incur debt in the amount of \$1,000,000, with a repayment cost of not more than \$8,200,000 and is authorized to increase taxes such that net revenues of up to \$22,684,684 result, for the purpose of constructing, relocating, installing, completing and otherwise providing, within or outside the boundaries of the District, water system improvements, including, without limitation, a complete potable and nonpotable water supply, storage, transmission and distribution system, including fire hydrants and irrigation facilities, and other related improvements. Upon completion the Alpine Metropolitan District dedicates the water improvements to the Town of Breckenridge, which provides water services to the Development and charges a fee therefor.

The Town provides treated water to all of the incorporated area within the Town and to some unincorporated areas outside the Town's borders. The Town operates two water treatment plants – the Peak 7 Water Plant and the Tarn Water Plant – that have a capacity of providing over 5.5 million gallons of water per day. The Tarn Water Plant is the primary plant in the system, as the Peak 7 Water Plant is a “peaking water plant.” The Tarn Water Plant is located at the Goose Pasture Tarn Reservoir on the Blue River, upstream from the Town. The Town's raw water sources of supply include direct stream flow rights and stored water, with senior direct flow diversion rights from the Blue River at the Goose Pasture Tarn Reservoir providing most of the Town's water supply, without drawing any raw water from storage in the reservoir or other sources.

### ***Public Parks and Recreation Facilities***

Pursuant to the Election, the District is authorized to incur debt in the amount of \$2,250,000, with a repayment cost of not more than \$18,450,000 and is authorized to increase taxes such that net revenues of up to \$2,655,000 result, for the purpose of constructing, relocating, installing, completing and otherwise providing, within or outside the boundaries of the District, park and recreation improvements, including, without limitation, playground facilities and pedestrian trails. The recreation facilities are owned and operated by Alpine Metropolitan District.

### ***Sanitation***

Pursuant to the Election, the District is authorized to incur debt in the amount of \$1,000,000, with a repayment cost of not more than \$8,200,000 and is authorized to increase taxes such that net revenues of up to \$22,684,684 result, for the purpose of constructing, relocating, installing, completing and otherwise providing, within or outside the boundaries of the District, a complete sanitary sewage treatment, collection, and transmission system. It is currently contemplated that Alpine Metropolitan District will dedicate any such improvements to the Breckenridge Sanitation District, which will provide sanitary sewage treatment services to the Development and charge a fee therefor.

Notwithstanding the breadth of such authorization, the Districts do not intend to fund acquire or construct a sanitary sewer treatment system. Rather, it is anticipated that the Developer will provide for connections to the sanitary sewer treatment system operated and maintained by the Breckenridge Sanitation District, which will serve the Development. Transmission lines, drainage ditches, culverts, and similar facilities, however, may be included in the District Facilities funded through the issuance of the Bonds, in accordance with the District's implied powers under the Service Plan and the Special District Act.

The Breckenridge Sanitation District owns and operates a sewage treatment plant, located five miles north of Breckenridge, near the southern shore of Dillon Reservoir. That plant has a current treatment capacity of 3 million gallons per day and operates at approximately two-thirds capacity. The Breckenridge Sanitation District also owns and operates another plant, near Airport Road in the Town; this plant has treatment capacity of 1.5 million gallons per day.

### ***Transportation Facilities***

Pursuant to the Election, the District is authorized to incur debt in the amount of \$30,000,000, with a repayment cost of not more than \$216,300,000 and is authorized to increase taxes such that net revenues of up to \$35,400,000 result, for the purpose of constructing, relocating, installing, completing and otherwise providing, within or outside the boundaries of the District, a public transportation system. The Service Plan provides that the public transportation improvements and facilities may consist of “a gondola system, terminal buildings, buses, vans and other vehicles, and other transportation equipment, bus stops, dispatch facilities, maintenance buildings, parking lots, parking structures, public restrooms, information areas, and incidental land and easements”.

### **Material Contracts**

In addition to the Facilities Agreement described herein, the District and/or Alpine Metropolitan District is a party to the contracts described below. The following descriptions of such contracts are general in nature and are not intended to in any way modify or be used in any manner to construe the rights and duties of the parties thereto. Material provisions of such agreements, in addition to those described herein, may exist. Reference should be made to copies of such agreements for review of all material terms thereof. Copies of all agreements are available upon request as described in “ADDITIONAL INFORMATION” herein.

***Administrative Services.*** The District has entered into a contract for the provision of administrative services to the District by Marchetti & Weaver, LLC a firm of certified public accountants. The firm is responsible for managing the accounting, record keeping, and general bookkeeping of the District, including the preparation of materials necessary for conduct by the District of its regular meetings. The firm is not responsible for management of the financial affairs of the District, other than financial reporting to the District. Financial affairs are administered by the Board of the District. A copy

of the Indenture may be obtained from Marchetti & Weaver, LLC at 28 Second Street, Suite 213, Edwards, Colorado 81632.

### **District Liability**

**Insurance.** The District presently maintains general liability insurance coverage with a \$1,000,000 per occurrence limit. The District is not obligated under the Indenture to retain insurance in any minimum amount

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

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

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

## **DISTRICT FINANCIAL MATTERS**

### **State Constitutional Limitation**

Article X, Section 20 of the Constitution of the State of Colorado, known as the Taxpayer's Bill of Rights (the “**TABOR Amendment**”), is a voter-initiated amendment to the State Constitution that was approved by the electors of the State in a general election held in November 1992. In general, the TABOR Amendment restricts the ability of any “district” to increase revenues, taxes, debt, and spending without the prior approval of the electors. The term “districts” include the State of Colorado and any local government, including special districts, but excludes “enterprises,” which are 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. Some provisions of the TABOR Amendment are unclear and will require further judicial interpretation.

Among other things, the TABOR Amendment provides that any district must obtain voter approval prior to (i) the imposition of any new tax, tax rate increase, mill levy increase, valuation for assessment ratio increase, tax extension or change in tax policy which results in a net gain of tax revenues, or (ii) the creation of any multiple-fiscal year direct or indirect district debt or other financial obligation whatsoever, subject to certain exceptions.

The TABOR Amendment also limits the total amount of expenditures and reserve increases which may be made by any district for all purposes to the total amount thereof made in its preceding fiscal year, adjusted for inflation and local growth, unless the voters approve additional spending. As defined in the TABOR Amendment, "inflation" means the percentage change in the United States Bureau of Labor Statistics Consumer Price Index for Denver - Boulder, all items, all urban consumers, or its successor index and "local growth" means the net percentage change in actual value of all real property (apparently, both taxable and tax-exempt) "in a district from construction of taxable property improvements, minus destruction of similar improvements, and additions to, minus deletions from taxable real property" herein. The initial bases for local government spending and revenue limits were 1992 fiscal year ending and 1991 property taxes collected in 1992. For each year after 1992, the bases for future spending and revenue limits are the previous year's fiscal year spending and property taxes for the year prior to the previous year which are collected in the previous year. Revenues received in excess of such limitations must be refunded unless additional spending is approved by the voters. As discussed below, assuming revenues are available, debt service can be paid without regard to any spending limits. Debt service changes, reductions and voter-approved revenue changes are excluded from the calculation bases.

Elections to obtain voter approval may be held only in November of each year and May of even-numbered years. If the assessed valuation of taxable real property in the District should decline, the terms of the TABOR Amendment would cause the property tax revenues of the District to decrease unless an election was held to increase the District's property tax mill levy for operations and maintenance. The District may, however, increase the mill levy to pay its voter approved general obligation bonds, including the Bonds, subject to the tax increase limits stated in the ballot question or questions which were approved by any District's electorate. See "THE BONDS – Additional Bonds" and "INVESTMENT RISK FACTORS – Additional Debt of the District." The TABOR Amendment also provides that the District's property tax mill levy may be increased without voter approval in the event that annual District revenues, from all sources, are less than the annual payments on the District's general obligation bonds, pensions and final court judgments.

As described above, the TABOR Amendment generally requires the District to obtain voter approval for any increase in its property tax mill levy. Voter approval was obtained for the Bonds and other obligations of the District, including obligations under the Facilities Agreement, at an election held in the District on November 5, 2002. Bond Counsel will opine in connection with the delivery of the Bonds that the Bonds are the valid and binding general obligations of the District, subject to certain customary exceptions.

Debt service on the Bonds can be paid without regard to the TABOR Amendment's spending limits. However, the District may be required to apply the general spending and revenue limits imposed by the TABOR Amendment in the event that the District Facilities are conveyed to and operated by the District. In such event, it is not possible to predict the effect of the TABOR Amendment on future activities of the District, including its ability to raise taxes and other funds to generate sufficient revenues

for its general operations, to undertake additional programs or to engage in any subsequent financing activities.

### **Financial Statements**

**General.** Under Colorado law, the Board is required to have the financial statements of the District audited at least annually. The audited financial statements must be filed with the Board by June 30th of each year, and with the State Auditor within 30 days thereafter or within any extension period granted according to law. If such audit is not filed within three months of the initial deadline required by law, the State Auditor may authorize the County Treasurer holding moneys of the District generated pursuant to the District's taxing authority to prohibit the release of such moneys until the District submits an audit report.

The District's financial statements for the year ended December 31, 2015 (latest information available), have been audited by EideBailly, Certified Public Accountants, Golden, Colorado. The audited financial statements of the District (including the general purpose financial statements) and the report of the certified public accountants are included in this Official Statement in Appendix C. The audited financial statements included in Appendix C represent the most recent audited financial statements of the District.

**District Funds.** The accounts of the District are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. Such funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The District has established two governmental funds: the General Fund and the Debt Service Fund. The General Fund is the general operating fund of the District. The Debt Service Fund is used to account for all accumulation of resources for, and the payment of, the general long-term debt principal, interest and related costs.

### **Historical Financial Information**

Set forth hereafter are historical comparative operating statements for the District's General Fund and Debt Service Fund (the "Governmental Funds"). The District's financial statements are prepared in accordance with generally accepted accounting principals ("GAAP"), which differ in certain respects from the budgetary basis on which the District's budgets are prepared. See "The District's Budgetary Process" below. The following information should be read together with the District's financial statements and accompanying notes appended thereto.

## Statement of Revenue, Expenditures and Changes in Fund Balance

### Governmental Funds<sup>(1)</sup>

	2010	2011	2012	2013	2014
<b>Revenues</b>					
Property Tax	\$676,734	\$766,899	\$1,021,051	\$971,665	\$889,881
Specific Ownership Tax	23,812	26,642	42,519	46,051	46,920
Operating Contribution from Alpine Metropolitan District	12,333	9,320	8,179	8,791	9,243
Interest	<u>5,978</u>	<u>6,052</u>	<u>4,631</u>	<u>3,819</u>	<u>1,710</u>
<b>Total Revenues</b>	<u>\$718,857</u>	<u>\$808,913</u>	<u>\$1,076,380</u>	<u>\$1,030,326</u>	<u>\$947,754</u>
<b>Expenditures</b>					
General Government	42,867	47,492	59,321	57,489	53,797
Capital Obligation Payments to Alpine Metropolitan District	2,140,303				850,000
Service Obligation Payments to Alpine Metropolitan District	54,139	61,352	81,684	77,733	35,595
Debt Service - Principal	50,000	50,000	165,000	215,000	235,000
Debt Service - Interest	<u>582,932</u>	<u>648,772</u>	<u>649,539</u>	<u>638,067</u>	<u>629,063</u>
<b>Total Expenditures</b>	<u>\$2,870,241</u>	<u>\$807,616</u>	<u>\$955,544</u>	<u>\$988,289</u>	<u>\$1,803,455</u>
Excess (Deficiency) of Revenues over Expenditures	(2,151,384)	1,297	120,836	42,037	(855,701)
<b>Other Financing Sources (Uses)</b>					
Debt Issuance	2,640,000				
Debt Issuance Costs	(176,122)				
Advance from Alpine Metropolitan District					
<b>Total Other Financing Sources (Uses)</b>	<u>\$2,463,878</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Revenue and other Financing Sources Over (Under) Expenditures and Other Financing Sources	312,494	1,297	120,836	42,037	(855,701)
<b>Fund Balance – Beginning</b>	\$1,259,513	<u>\$1,572,007</u>	<u>\$1,573,304</u>	<u>\$1,694,140</u>	<u>\$1,736,177</u>
<b>Fund Balance - End</b>	<u>\$1,572,007</u>	<u>\$1,573,304</u>	<u>\$1,694,140</u>	<u>\$1,736,177</u>	<u>\$880,476</u>

(1) The Governmental Funds are the District's General Fund and Debt Service Fund.

Source: District's audited financial statements for the years ended December 31, 2010-2014.

### The District's Budgetary Process

The District is subject to the Local Government Budget Law of Colorado, Part 1 of Article 1 of Title 29, Colorado Revised Statutes, as amended. Under this statute, the District is required to adopt a budget before certification of a mill levy for the forthcoming calendar year. The budget is required to set forth all proposed expenditures for the administration, operations, maintenance and debt service of the District including all expenditures for capital projects to be undertaken or executed in the fiscal year. The budget must also show anticipated revenues for the budget year and estimated funds balances as well as the corresponding figures for the prior fiscal year and estimated figures projected through the end of the current fiscal year. The budget must also set forth a written budget message and explanatory schedules or

statements and must include certain details regarding any lease-purchase agreements. After the proposed budget is prepared, a notice must be published indicating that the budget is open for public inspection and that a hearing will be held on the budget. Within 30 days following the beginning of the fiscal year, the Board must file certified copies of the adopted budget with the Division of Local Government in the Colorado Department of Local Affairs.

Before the beginning of the ensuing year, the Board of Directors of the District must enact a resolution making appropriations for that year. The amounts appropriated may not exceed the amounts fixed by the budget as adopted by the Board of Directors. Within thirty days of the adoption of the budget, the Board of Directors must file certified copies of the budget with the State Division of Local Government. If the Board fails to make such a filing, the Division may authorize the Summit County Treasurer to prohibit the release of taxes owed to the District until the District complies with the Budget Law. The Board adopted its 2016 fiscal year budget on October 22, 2015 and filed a certified copy thereof with the State Division of Local Government on January 6, 2016.

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**Summary of Annual Budget for Fiscal Years 2015 and 2016  
With Comparison to Fiscal Year 2015 Actual Revenues and Expenditures  
Debt Service Fund**

	<b>2015 Budget</b>	<b>2015 Actual</b>	<b>2016 Budget</b>
<b>Revenues</b>			
Property Tax	\$986,591	\$986,646	\$1,023,464
Specific Ownership Tax	44,397	52,760	46,056
Operating Contribution from Alpine Metropolitan District	9,750	8,894	10,750
Interest	4,300	1,548	2,439
<b>Total Revenues</b>	<u>\$1,045,038</u>	<u>\$1,049,848</u>	<u>\$1,082,709</u>
<b>Expenditures</b>			
Debt Service - Principal	\$210,000	\$220,000	\$420,000
Debt Service - Interest	619,840	619,656	740,301
Paying Agent Fees	1,000	550	1,000
Service Obligation Payments to Alpine Metropolitan District	39,464	39,466	40,939
Treasurer's Fees	49,330	49,368	51,173
General Government	9,750	8,943	10,750
Contingency	10,000	10,000	10,000
<b>Total Expenditures</b>	<u>\$939,384</u>	<u>\$937,983</u>	<u>\$1,274,163</u>
<b>Other Financing Sources (Uses)</b>			
Debt Issuance	\$2,180,000		\$6,260,000
Debt Issuance Costs	(80,000)		(130,581)
Debt Payoff	(2,590,000)		(2,120,000)
Capital Obligation Payments (to) from Alpine Metropolitan District	100,000		(4,000,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(\$390,000)</u>		<u>\$9,419</u>
Net Revenues Over (Under) Expenditures	(284,346)	111,864	(182,035)
<b>Fund Balance – Beginning</b>	<u>\$880,476</u>	<u>\$880,476</u>	<u>\$976,130</u>
<b>Fund Balance - End</b>	<u>\$596,130</u>	<u>\$992,340</u>	<u>\$794,095</u>

Source: District's Budget for Fiscal Year 2016 and District's audited financial statements for the year ended December 31, 2015.



## **Other District Revenues**

Although not pledged to the payment of debt service on the Bonds, the District may apply other legally available funds and revenues to the payment of debt service on the Bonds, and upon the application of such other funds and revenues, the debt service mill levy may, to that extent, be diminished. However, the District currently does not anticipate receipt of other revenues for this purpose. See “PLAN OF FINANCE – Financing Structure” herein.

## **DEBT STRUCTURE OF THE DISTRICT**

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

### **Required Elections**

Article X, Section 20 of the Colorado Constitution (“TABOR”) requires that, except for refinancing bonded debt at a lower interest rate, the District must have voter approval in advance for the creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. For a discussion of TABOR see “DISTRICT FINANCIAL MATTERS – State Constitutional Limitation.”

### **General Obligation Debt**

**Statutory Debt Limit.** Under the Special District Act, the District may not issue debt which at the time of issuance exceeds the greater of \$2,000,000 or 50% of the valuation for assessment of the taxable property in the District except debt which is (i) rated in one of the four highest investment grade rating categories by one or more nationally recognized rating organizations, (ii) determined by the Board to be necessary to construct or otherwise provide additional improvements specifically ordered by a federal or State regulatory agency to bring the District into compliance with applicable federal or State laws or regulations for the protection of the public health or environment, (iii) secured as to payment of principal and interest on the debt by a letter of credit, line of credit or other credit enhancement meeting the criteria set forth in the Special District Act, or (iv) issued solely to financial institutions or institutional investors. Nothing in the Special District Act, however, prohibits issuance of general obligation debt or other obligations which are either payable from a limited debt service mill levy, which mill levy may not exceed 50 mills, or to issue debt for refundings or other restructuring. The District’s 2015 total certified assessed valuation for taxes to be collected in 2016 is \$40,938,550. The District may exceed the debt limitations of the Special District Act because the Bonds meet the ratings exception described in (i) above.

**Outstanding Debt.** The following table sets forth the District’s general debt which will be outstanding following the issuance of the Bonds. Upon the issuance of the Bonds, the District will have \$42,437,521 in authorized but unissued general obligation indebtedness remaining.

**District General Obligation Bonds**

<b>Issue</b>	<b>Outstanding Principal Amount</b>
Unlimited Tax General Obligation Bonds, Series 2010.....	\$2,625,000
Unlimited Tax General Obligation Refunding and Improvement Bonds, Series 2016.....	<u>\$21,185,000</u>
Total	\$23,810,000

**Estimated Overlapping General Obligation Debt**

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

<b>Overlapping Entity<sup>(1)</sup></b>	<b>2015 Certified Assessed Valuation</b>	<b>Outstanding General Obligation Debt</b>	<b>Outstanding General Obligation Debt Chargeable to the District Percent<sup>(2)</sup></b>	<b>Debt</b>
School District RE-1	\$1,724,568,550	\$29,415,000	2.37%	\$578,635.50

<sup>(1)</sup> The following entities also overlap the District but have no general obligation debt outstanding: Town of Breckenridge, Summit County, Red, White & Blue Fire Protection District, Colorado River Water Conservation District, Middle Park Water Conservancy District and Colorado Mountain College. Upper Blue Sanitation District overlaps the District, but is currently not imposing a mill levy.

<sup>(2)</sup> The percentage of each entity's outstanding debt chargeable to the District is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of debt for which property owners within the District are responsible will also change.

Sources: Summit County Assessor's Office and individual taxing entities.

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**General Obligation Debt Ratios**

The following are selected District debt ratios upon issuance and delivery of the Bonds.

**District Debt Ratios**

District 2015 Certified Assessed Valuation <sup>(1)</sup> .....	\$40,938,550
District 2015 Statutory “Actual” Value <sup>(1)</sup> .....	\$369,941,690
District General Obligation Debt Outstanding, Exclusive of Contingent Obligations, Upon Issuance of the Bonds <sup>(1)</sup> .....	\$23,810,000
District General Obligation Debt as a Ratio of:	
2015 Assessed Valuation <sup>(1)</sup> .....	58.16%
2015 Statutory “Actual” Value <sup>(1)</sup> .....	6.44%
Estimated Overlapping General Obligation Debt <sup>(1)</sup> .....	\$578,635.50
Sum of District and Estimated Overlapping Debt .....	\$24,388,635.50
District and Estimated Overlapping Debt as a Ratio of:	
2015 Assessed Valuation <sup>(1)</sup> .....	59.60%
2015 Statutory “Actual” Value <sup>(1)</sup> .....	6.60%

<sup>(1)</sup> For definitions of and descriptions of the methodology used in computing assessed valuation, statutory “actual” value, estimated population, general obligation debt outstanding, and estimated overlapping general obligation debt, see “PROPERTY TAXATION,” and “DISTRICT FINANCIAL MATTERS” herein.

Sources: Summit County Assessor's Office, the District, and individual overlapping taxing entities.

**Revenue Bonds and Other Long Term Financial Obligations**

The District also has the authority to incur certain obligations which do not constitute general obligation debt. Such obligations may be authorized solely by action of the Board without voter approval. Among these are obligations payable from the net revenues of revenue producing facilities operated and maintained by an enterprise established by the District, obligations which do not extend beyond the fiscal year in which incurred, and certain contractual obligations.

## **CERTAIN INFORMATION RELATING TO THE TOWN OF BRECKENRIDGE**

**This portion of the Official Statement contains general information, including economic and demographic data, concerning the Town of Breckenridge and, where Town data is not available, Summit County. It is provided so that prospective investors will be aware of conditions, trends and various factors with respect to the Town, which may affect the Development and the District. The information presented has been prepared by the Town, or has been obtained other sources deemed reliable by the District. Neither the District, the Developer nor the Underwriters guarantee or make any representation as to the accuracy or completeness of the data presented.**

### **Overview**

Breckenridge is located in Summit County, in north central Colorado, 86 miles west of Denver, via Interstate 70 and Colorado State Highway 9. Colorado Springs is 106 miles to the southeast, Vail is 34 miles to the west, and Steamboat Springs is 100 miles to the north. Breckenridge is less than 20 miles from Summit County's three other ski resorts – Copper Mountain, Keystone Resort, and Arapahoe Basin Ski Area.

The Upper Blue River Basin, of which Breckenridge is a part, contains approximately 80,593 acres (126 square miles) and Summit County contains approximately 383,260 acres (599 square miles).

Breckenridge is perched 9,603 feet above sea level, in a U-shaped valley, on the western slope of the Continental Divide. At approximately 11,500 feet, tree line is visible on the surrounding mountains. To the west are the 12,000 to 14,000 foot peaks of the Ten-Mile Range, and to the east and south is the Continental Divide. The Blue River, with its origins at Hoosier Pass (12 miles to the south), flows south to north through the center of Breckenridge before ultimately feeding into the Colorado River.

Breckenridge enjoys a high-alpine climate. The average annual snowfall is in excess of 300 inches, and the average winter high temperature is 28 degrees Fahrenheit. Historically, the valley basin has only 30 frost-free days a year. Despite these hardy winter conditions, the summer conditions are dry and mild, rarely exceeding 80 degrees Fahrenheit.

The Town of Breckenridge is a political subdivision of the State of Colorado organized as a Home Rule Municipality with a Council-Manager form of government. The Town's legislative authority is vested in an elected seven-member Town Council, which includes the Mayor. A town budget is submitted by the Town Manager to the Town Council for review and adoption prior to each fiscal year. Its fiscal year follows the calendar year.

### **Population**

Determining the population of Breckenridge is a complex endeavor and is not typical of most communities. The population of Breckenridge fluctuates throughout the year because of the resort nature of the community. There are low periods and peak periods of population within the community created by visitors coming and going. Many tourists visit Breckenridge just for the day, while others stay overnight, sometimes for many days at a time. Further complicating this situation are the people who live and work here for only one ski season before moving on, in addition to the many second homeowners who sometime stay for many months at a time.

The population of Breckenridge has two important components: permanent and peak. Permanent population can be looked at as the number of people who reside in the town. Peak population is the total number of people who are in the Town at one time, including residents, second homeowners, day-visitors, day skiers, along with an assumed 100% occupancy of all lodging units. Peak population is a very important figure for the town because service requirements are based on the actual number of people in Town at any one time. Upper Blue Basin and County population figures (permanent and peak) are also important because of the impacts that can result to the Town from the people who live or are staying outside the actual Town boundaries.

As of January 1, 2016, the Town estimates a permanent resident population of 4,887 with estimated maximum peak population of 30,668. Census data indicates that the resident population grew an average of 4.5% annually during the 1980s and 6.5% annually during the 1990s. Also, according to the 2010 Census, the median age in the community is the 25-44 year-old age group, which makes up 45% of the community's residents. The average age of a Breckenridge resident is 37.7 years. The 2014 area median income is \$76,776 for a family of four and \$41,081 for a single-person household.

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The following table sets forth a history of the populations of the Town, the County and the State. Between 2000 and 2010, the population of the Town increased 88.5% and that of the County increased 18.9%. During the same time period, the State's population increased 16.9%.

**Population**

<b>Year</b>	<b>Town of Breckenridge</b>	<b>Percent Change</b>	<b>Summit County</b>	<b>Percent Change</b>	<b>Colorado</b>	<b>Percent Change</b>
1970	548	--	2,665	--	2,207,259	--
1980	818	49.3%	8,848	232.0%	2,889,735	30.9%
1990	1,285	57.1	12,881	45.6	3,294,394	14.0
2000	2,408	87.4	23,548	82.8	4,301,261	30.6
2010	4,540	88.5	27,994	18.9	5,029,196	16.9
2011	4,573	--	27,941	--	5,120,193	--
2012	4,633	1.3%	28,218	1.0%	5,191,979	1.4%
2013	4,783	3.2	28,759	1.9	5,270,986	1.5
2014	4,887	2.2	29,399	2.2	5,353,471	1.6

Sources: United States Department of Commerce, Bureau of the Census (1970 to 2010); and Colorado State Demography Office (2011 to 2014 estimates, which are subject to periodic revisions.)

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## Housing

According to the Town's Community Development Department, Breckenridge had a total of 4,439 housing units as of January 1, 2015. Of the units, 58 were new units added in 2015. The 2010 Census data indicates that a large percentage (68.1%) of the housing units in the Town are seasonal homes.

### Breckenridge Housing Units<sup>(1)</sup>

<b>Year End</b>	<b>Single Family</b>	<b>Duplex</b>	<b>Multi<sup>(2)</sup> Family</b>	<b>Accessory Units and Apartment</b>	<b>Mobile Home</b>	<b>Total Housing</b>	<b>Lockoffs/ Lodging Rooms</b>
2011	1,279	308	284	396	708	562	503
2012	1,304	315	315	418	708	562	503
2013	1,328	318	401	430	708	562	503
2014	1,358	323	407	430	708	597	503
2015	1,408	326	409	430	708	597	503
2016	1,430	352	419	430	708	597	503

<sup>(1)</sup> For the Town Overview, the housing unit estimates have historically been tracked using the residential Certificates of Compliances issued per year. These estimates are approximately 300 units higher than the 2010 Census enumeration (4,270 housing units in Town as of April 1, 2000). 2007's housing numbers are based off of the Town Buildout Analysis and therefore deviate slightly from previous years' numbers. For the purpose of this Table and the corresponding population estimates, we have used the higher number as tracked by the Town in the Overview.

<sup>(2)</sup> Multi-Family includes condos/condo-hotels/timeshares that are generally in this building configuration.

Source: The Town of Breckenridge Community Development Department.

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## Income

The following table shows annual per capita personal income levels for Summit County, the State and the United States.

### Per Capita Personal Income

<u>Year<sup>(1)</sup></u>	<u>Summit County</u>	<u>Colorado</u>	<u>United States</u>
2010	\$41,966	\$41,877	\$40,277
2011	45,406	44,349	42,453
2012	46,804	46,402	44,266
2013	48,579	46,746	44,438
2014	50,685	48,869	46,049

(1) Figures for Summit County updated November 19, 2015; state and national figures updated September 30, 2015. All figures are subject to periodic revisions.

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

The following two tables reflect the Median Household Income and also the percentage of households as reported by the Census Bureau, which uses the definition of money income used by the Census Bureau, which enables the direct comparison of income updates and decennial census data. For each person 15 years of age or older, money income received in the preceding calendar year is tallied from each of the following sources: earnings, unemployment compensation, Social Security, Supplemental Security Income, public assistance, veterans' payments, survivor benefits, disability benefits, pension or retirement income, interest, dividends, rent, royalties, estates and trusts, educational assistance, alimony, child support, financial assistance from outside the household, and other income.

Data for consumer income collected by the Census Bureau covers money income received (exclusive of certain money receipts such as capital gains) before payments for personal income taxes, Social Security, union dues, Medicare deductions, and so forth. Therefore, money income does not reflect the fact that some families receive part of their income in the form of noncash benefits, such as food stamps, health benefits, rent-free housing, or goods produced and consumed on a farm. In addition, money income does not include noncash benefits, such as the use of business transportation and facilities; full or partial payments by business for retirement, medical, and educational expenses; and so forth.

### Median Household Income

<u>Year</u>	<u>Summit County</u>	<u>Colorado</u>	<u>United States</u>
2010	\$68,750	\$56,456	\$51,914
2011	67,915	57,685	52,762
2012	64,680	58,244	53,046
2013	63,697	58,433	53,046
2014	64,521	59,448	53,482

Source: U.S. Census Bureau, 2014.

Set forth in the following table is the percent of households for Summit County, the State and the United States for the year ended December 31, 2014.



**Percent of Households by Household Income Distribution- 2014**

	<b>Summit County</b>	<b>Colorado</b>	<b>United States</b>
<b>Total households</b>	10,386	1,998,314	116,211,092
Less than \$10,000	5.5%	6.1%	7.2%
\$10,000 to \$14,999	3.3	4.2	5.3
\$15,000 to \$24,999	4.7	9.2	10.7
\$25,000 to \$34,999	11.0	9.5	10.2
\$35,000 to \$49,999	14.5	13.3	13.5
\$50,000 to \$74,999	18.4	18.3	17.8
\$75,000 to \$99,999	15.0	13.2	12.2
\$100,000 to \$149,999	14.4	14.7	13.0
\$150,000 to \$199,999	6.7	6.0	5.0
\$200,000 or more	6.3	5.5	5.0
Median household income (dollars)	\$64,521	\$59,448	\$53,482
Mean household income (dollars)	\$83,812	\$79,990	\$74,546

Source: U.S. Census Bureau, 2014.

**Business Licenses**

According to the Town, based on its 2015 database, there are approximately 585 in-town businesses. The in-town business licenses include:

- 231 retail businesses
- 90 office, service and professional businesses
- 86 restaurants, bars, delis, theaters, coffee, ice cream, including food carts
- 57 real estate, lodging and property management companies
- 25 manufacturing, industrial and warehouse operations, and construction trades
- 10 grocery and/or liquor stores

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**Employment**

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

<b>Year</b>	<b>Labor Force and Percent Unemployed Summit County<sup>(1)</sup></b>		<b>Labor Force and Percent Unemployed Colorado<sup>(1)</sup></b>		<b>United States</b>
	<b>Labor Force</b>	<b>Percent Unemployed</b>	<b>Labor Force</b>	<b>Percent Unemployed</b>	<b>Percent Unemployed</b>
2010	19,126	6.7%	2,724,417	8.7%	9.6%
2011	19,256	6.5	2,734,416	8.3	8.9
2012	19,342	6.0	2,757,126	7.8	8.1
2013	19,447	5.0	2,779,631	6.8	7.4
2014	20,263	3.4	2,817,334	5.0	6.2
2015	20,288	2.3	2,804,595	3.5	5.0

(1) Figures for Summit County and the State are not seasonally adjusted.

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

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The following table sets forth the number of individuals employed within selected Summit County industries which are covered by unemployment insurance. In 2014, the largest employment sector in the county was accommodation and food services (comprising approximately 33.7% of Summit County's work force), followed, in order, by retail trade; government; arts, entertainment and recreation; and health care and social assistance. For the 12-month period ended December 31, 2014, total average employment in the County increased 5.5% as compared to the same 12-month period ending December 31, 2013. Total average wages increased 2.4% during the same time period.

**Average Number of Employees within Selected Industries - Summit County**

<u>Industry</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015<sup>(1)</sup></u>
Accommodation and Food Services	5,657	5,989	6,118	6,302	6,526	7,106
Administrative and Waste Services	640	655	670	661	687	791
Agriculture, Forestry and Fisheries	16	17	18	19	20	18
Arts, Entertainment and Recreation	1,152	1,306	1,282	1,302	1,354	1,711
Construction	990	942	906	908	991	1,009
Educational Services	817	846	861	909	947	1,010
Finance and Insurance	271	256	249	267	267	268
Government	1,470	1,418	1,472	1,460	1,485	1,486
Health Care and Social Assistance	860	925	975	1,055	1,175	1,254
Information	134	135	116	132	131	132
Management of Companies/Enterprises	59	35	16	18	14	24
Manufacturing	96	80	83	88	113	119
Mining	n/a <sup>(2)</sup>	n/a <sup>(2)</sup>	n/a <sup>(2)</sup>	n/a <sup>(2)</sup>	n/a <sup>(2)</sup>	n/a <sup>(2)</sup>
Non-classifiable	n/a <sup>(2)</sup>	n/a <sup>(2)</sup>	n/a <sup>(2)</sup>	n/a <sup>(2)</sup>	n/a <sup>(2)</sup>	3
Other Services	377	378	405	457	496	529
Professional and Technical Services	577	588	581	624	665	655
Real Estate, Rental and Leasing	932	939	857	881	943	1,032
Retail Trade	2,535	2,419	2,503	2,597	2,751	2,921
Transportation and Warehousing	262	263	290	325	360	375
Utilities	85	85	85	85	85	82
Wholesale Trade	159	117	149	170	249	252
Totals <sup>(3)</sup>	<u>17,167</u>	<u>17,483</u>	<u>17,728</u>	<u>18,360</u>	<u>19,371</u>	<u>20,883</u>

(1) Figures are averaged through the second quarter of 2015.

(2) Data was not released due to confidentiality.

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

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

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A selection of some of the largest employers in the Town is set forth below. No independent investigation of the stability or financial condition of the employers listed hereafter has been conducted; therefore, no representation can be made that these employers will continue to maintain their status as major employers in the Town.

<u>Employer</u> <sup>(2)</sup>	<u>Product or Service</u>	<u>Estimated Number of Employees</u> <sup>(1)</sup>	
		<u>Ski Season</u>	<u>Summer Season</u>
Town of Breckenridge <sup>(3)</sup>	Government	372	328
Summit County <sup>(3)</sup>	Government	501	n/a
Breckenridge Grand Vacations <sup>(4)</sup>	Lodging	403	390
Beaver Run Resort & Conference Center <sup>(5)</sup>	Lodging	350	n/a
Summit School District RE-1 <sup>(6)</sup>	Education	171	n/a
Colorado Mountain College (Breckenridge Campus)	Education	98	n/a

- (1) Figures are estimates provided as of January 2016. Due to the seasonal nature of the majority of the businesses in the Town, most employers have provided estimated employee figures based on the ski season, which runs from approximately mid-November through mid-April, and the summer season, which generally runs from mid-April through mid-November.
- (2) The largest employer in the Town, Breckenridge Ski Resort, has not provided figures for this list.
- (3) Figures include full-time and part-time employees.
- (4) Breckenridge Grand Vacations operates Grand Lodge on Peak 7, Grand Timber Lodge, Gold Point Resort, Breck Inn, Connect Breck, and a sales center in the Town.
- (5) Beaver Run Resort and Conference Center was unable to provide an estimate for its summer staffing, but noted that it is lower than during the ski season.
- (6) The figure for Summit School District RE-1 includes full and part-time employees at its schools in the Town. The figure does not include substitute teachers.

Sources: Individual employers.

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## Retail Sales

Annual retail sales figures for the Town, the County and the State are set forth below.

<b>Retail Sales</b> (in thousands)						
<b>Year</b>	<b>Town of Breckenridge</b>	<b>Percent Change</b>	<b>Summit County</b>	<b>Percent Change</b>	<b>Colorado</b>	<b>Percent Change</b>
2009	\$342,772	--	\$1,280,572	--	\$134,058,593	--
2010	365,087	6.5%	1,385,145	8.2%	143,670,319	7.2%
2011	389,103	6.6	1,407,965	1.6	154,697,943	7.7
2012	406,926	4.6	1,434,785	1.9	164,387,648	6.3
2013	442,904	8.8	1,548,986	8.0	172,784,033	5.1
2014	468,727	5.8	1,693,718	9.3	182,481,821	5.6
2015 <sup>(1)</sup>	201,843	--	602,799	--	42,405,111	--

(1) Figures are through the first quarter of 2015.

Source: State of Colorado, Department of Revenue, Sales Tax Statistics, 2009-2015.

## Recreation and Tourism

Breckenridge is an all-season recreation and vacation destination. Winter activities include world-class Alpine (downhill) skiing and Nordic (cross-country) skiing, snowboarding, snowshoeing, ice skating, sleigh rides, and snowmobiling, and there are numerous winter carnivals, festivals and events at the Ski Resort and elsewhere in Town. Summer and fall activities include art, history, music, nature, and film programs, as well as camping, hiking, road biking, mountain biking, rock climbing, in-line skating, horseback riding, fishing, golf, and kayaking.

The Town center includes the Riverwalk, a 1,500 foot park along the Blue River, including walking and bicycling paths, bridges, outdoor seating areas, an 800-seat performing arts tent/center, an events green, and a children's playground.

The Town also operates a 69,000 square foot recreation center, with a gymnasium, indoor tennis courts, lap and leisure pools, a water slide, racquetball courts, basketball courts, indoor rock climbing walls, an indoor track, weight training and cardiovascular equipment, an aerobic exercise and dance studio, a sauna, spas, a pro shop featuring swimsuits, tennis equipment and guest merchandise, a community meeting room, and a kitchen. Outdoor amenities include numerous sports fields, a public restroom, basketball courts, tennis courts, and a skateboard park.

As well, the Town maintains a 17,000 square foot ice arena, which hosts a range of programs and activities.

The Town also is home to the Breckenridge Golf Course, which is municipally-owned and designed by Jack Nicklaus. Originally opened as an 18 hole course in 1985, the course added an additional 9 holes in 2001.

According to the Town's Community Development Department, the Town hosts approximately 3 million visitor days per year.

**The Ski Industry**

Summit County in general and Breckenridge in particular are internationally renowned for skiing. For Nordic skiing (cross country skiing), the Breckenridge Nordic Ski Center, located just east of the Peak 8 base, offers 32 kilometers of groomed trails and 16 kilometers of snowshoe trails, and the Gold Run Nordic Center, located at the Breckenridge Golf Course, offers 27 kilometers of groomed trails and over 13 kilometers of snowshoe trails as well. For Alpine skiing (downhill skiing) and snowboarding, Summit County offers four major ski areas: Breckenridge Ski Resort and Keystone Resort, each of which is owned by a subsidiary of Vail Resorts, Arapahoe Basin Ski Area, which is owned and operated by Dundee Realty Resort Development and Copper Mountain, which is owned by Powdr Corp. In addition to the ski resorts in Summit County, Vail Associates, Inc., a subsidiary of Vail Resorts, operates two major, internationally renowned ski areas in Eagle County, Beaver Creek Mountain and Vail Mountain.

For additional information regarding Vail Resorts, Inc. and its subsidiaries, see “APPENDIX A – THE DEVELOPER AND THE DEVELOPMENT” herein.

**Building Permits**

The following table sets forth the number of permits issued for construction in the Town during the time period indicated.

**History of Building Permits Issued in the Town of Breckenridge**

<b>Year</b>	<b>New Single Family</b>		<b>New Multi-Family</b>		<b>New Commercial</b>	
	<b>Permits</b>	<b>Value</b>	<b>Permits</b>	<b>Value</b>	<b>Permits</b>	<b>Value</b>
2011	62	\$34,067,660	1	\$26,000,000	1	\$1,237,410
2012	42	33,028,238	0	0	3	3,050,000
2013	55	49,448,962	0	0	1	375,000
2014	66	50,869,417	3	77,800,000	1	100,000
2015	72	66,662,022	2	23,375,000	1	100,000

Source: Town of Breckenridge Building Department.

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## Foreclosures

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

### History of Foreclosures - Summit County

<u>Year</u>	<u>Number of Foreclosures Filed</u>	<u>Percent Change</u>
2011	316	--
2012	264	(16.5)%
2013	136	(48.5)
2014	82	(39.7)
2015	32	(61.0)

Sources: Colorado Division of Housing (2011 to 2014) and Summit County Public Trustee's Office (2015).

## TAX MATTERS

### General

The Code includes requirements which the District must continue to meet after the issuance of the Bonds in order that the interest on the Bonds be and remain excludable from gross income for federal income tax purposes. The District's failure to meet these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The District has covenanted in the Bond Resolution to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds.

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of the District and continuous compliance by the District with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel is further of the opinion that interest on the Bonds is exempt from Colorado income taxes and is not a specific preference item for purposes of the State of Colorado alternative minimum income tax for any period during which interest on the Bonds is not included in gross income for federal income tax purposes.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the interest on the Bonds, or the ownership or disposition of the Bonds. Prospective purchasers of Bonds should be aware that the ownership of Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by 15 percent of certain items, including the

interest on the Bonds, (iii) the inclusion of the interest on the Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the interest on the Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year and (v) the inclusion of interest on the Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors as to the impact of these other tax consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

### **Original Issue Premium and Discount**

The Bonds maturing on December 1, 2017 through December 2026 (the "Noncallable Premium Bonds") and the Bonds maturing on December 1, 2027 through December 1, 2031 (the "Callable Premium Bonds") were sold at a price in excess of the amount payable at maturity in the case of the Noncallable Premium Bonds or their earlier call date in the case of the Callable Premium Bonds. Under the Code, the difference between the amount payable at maturity of the Noncallable Premium Bonds and the tax basis to the purchaser and the difference between the amount payable at the call date of the Callable Premium Bonds that minimizes the yield to a purchaser of a Callable Premium Bond and the tax basis to the purchaser (other than a purchaser who holds a Noncallable or Callable Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) is "bond premium". Bond premium is amortized for federal income tax purposes over the term of a Noncallable Premium Bond and over the period to the call date of a Callable Premium Bond that minimizes the yield to the purchaser of the Callable Premium Bond. A purchaser of a Noncallable or Callable Premium Bond is required to decrease his adjusted basis in the Premium Bond by the amount of amortizable bond premium attributable to each taxable year he holds the Premium Bond. The amount of amortizable bond premium attributable to each taxable year is determined at a constant interest rate compounded actuarially. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of the Noncallable or Callable Premium Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Noncallable or Callable Premium Bonds and with respect to the state and local consequences of owning and disposing of Noncallable or Callable Premium Bonds.

Under the Code, the difference between the principal amount of the Bonds maturing on and after December 1, 2032 (the "Discount Bonds") and the initial offering price to the public, excluding bond houses and brokers, at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount. Original issue discount represents interest which is excluded from gross income; however, such interest is taken into account for purposes of determining the alternative minimum tax on corporations. Original issue discount will accrue over the term of a Discount Bond at a constant interest rate compounded actuarially. A purchaser who acquires a Discount Bond in the initial offering at a price equal to the initial offering price thereof as set forth on the cover page of the Official Statement for the Bonds will be treated as receiving an amount of interest excludable from gross income



equal to the original issue discount accruing during the period he holds the Discount Bond, and will increase his adjusted basis in such Discount Bond by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bond. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Discount Bonds, which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of Discount Bonds and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

### **Information Reporting and Backup Withholding**

Interest paid on tax-exempt bonds such as the Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Bonds, under certain circumstances, to “backup withholding” at the rates set forth in the Code, with respect to payments on the Bonds and proceeds from the sale of Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This withholding generally applies if the owner of Bonds (i) fails to furnish the payor such owner’s social security number or other taxpayer identification number (“TIN”), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner’s securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

### **Future Legislation**

On February 23, 2016, the IRS published proposed regulations providing a new definition of political subdivision for purposes of bonds the interest on which is excluded from gross income for federal tax purposes. The proposed regulations require that a political subdivision (i) have the power to exercise at least one sovereign power, (ii) be formed and operated for a governmental purpose, and (iii) have a governing body controlled by or have significant uses of its fund or assets otherwise controlled by a government unit with all three sovereign powers or by an electorate that is not controlled by an unreasonably small number of unrelated electors. On March 9, 2016, the IRS released corrections to the transition rules in the proposed regulations providing that the new definition of political subdivision will not apply to bonds issued prior to the general applicability date, which is a date ninety (90) days after the proposed regulations are published in final form in the Federal Register. Accordingly, the proposed regulations, if finalized in their current form, would not be applicable to the Bonds, but may impact future series of bonds planned for the District.

## **UNDERWRITING**

The District has entered into a Bond Purchase Agreement (the “Bond Purchase Agreement”) with Piper Jaffray & Co. and D.A. Davidson & Co. (collectively, the “Underwriters”) under which the Bonds will be purchased at a price of \$21,596,842.60 (representing the aggregate principal amount of the Bonds, less an underwriting discount of \$264,812.50, plus an original issue premium of \$676,655.10). The Underwriters intend to offer the Bonds at the offering prices set forth on the cover page of this Official Statement, but may offer and sell Bonds to certain dealers and others at prices lower than the offering

prices stated on the cover. After the initial offering, the offering prices may be varied from time to time by the Underwriters.

The Bond Purchase Agreement provides that the Underwriters' purchase obligations are subject to certain conditions, including, among other things, that no event has occurred which impairs or threatens to impair the status of the interest on the Bonds as exempt from federal income taxation. The District has agreed to indemnify the Underwriters against certain civil liabilities or to contribute to any payments the Underwriters may be required to make as a result of those liabilities, including liabilities under the federal securities laws.

## **LEGAL MATTERS**

### **Litigation**

As a condition to the issuance and sale of the Bonds, General Counsel to the District will be required to render an opinion stating that, to the best of its knowledge, there is no action, suit, or proceeding now pending against the District that, if determined adverse to the District, would materially adversely affect the financial condition or operations of the District, or the District's power to issue and sell the Bonds, or the District's power to levy ad valorem property taxes in accordance with the Indenture, the Service Plan and the Election, or the District's power to perform its obligations under the Indenture, the Service Plan, the Facilities Agreement or the Continuing Disclosure Undertaking.

### **Approval of Certain Legal Matters**

Greenberg Traurig LLP, Denver, Colorado, as Bond Counsel to the District, will opine as to certain legal matters relating to the Bonds and the treatment of interest on the Bonds for federal and State income tax purposes. Certain legal matters in connection with the issuance and sale of the Bonds will be passed upon for the District by White, Bear & Ankele Professional Corporation, Centennial, Colorado, as District Counsel. Greenberg Traurig LLP has also served as disclosure counsel to the District in connection with the issuance and sale of the Bonds.

## **FINANCIAL STATEMENTS**

The basic financial statements of the District included in Appendix C to this Official Statement have been audited by EideBailly, Certified Public Accountants, Golden, Colorado, to the extent and for the period indicated in their report thereon.

## **CONTINUING DISCLOSURE UNDERTAKING**

In connection with its issuance of the Bonds and to assist the Underwriters in complying with Rule 15c2-12 (“**Rule 15c2-12**”) issued by the Securities and Exchange Commission under the Securities Exchange Act of 1934, the District will deliver the Continuing Disclosure Undertaking relating to the Bonds, in which it will agree for the benefit of owners of the Bonds to provide certain annual financial information and operating data and notices of certain enumerated events, if determined by the District to be material. In the Continuing Disclosure Undertaking, the District will agree to use its best efforts to require certain “obligated persons” to provide certain annual financial information and operating data, unless the District is no longer required to do so under Rule 15c2-12. See “APPENDIX D – Form of Continuing Disclosure Undertaking” for form of the proposed Continuing Disclosure Undertaking. Upon initial issuance of the Bonds, the District will be the only “obligated person” for purposes of the Continuing Disclosure Undertaking.

## **RATINGS**

S&P Global Ratings, a business unit of Standard and Poor's Financial Services, LLC (the "Rating Agency") has assigned an underlying rating of "A-" to the Bonds. In addition, the Rating Agency is expected to assign a rating of "AA" to the Bonds with the understanding that the Policy will be issued by AGM at the time of delivery of the Bonds. The ratings reflect only the views of the Rating Agency and any desired explanation of the significance of such rating should be obtained from such Rating Agency. If given, there is no assurance such rating would continue for any given period of time or that such ratings would not be revised downward or withdrawn entirely by the Rating Agency if in its judgment circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

## **ADDITIONAL INFORMATION**

All statements of intent of the District contained in this Official Statement are subject to change at any time without notice and without the need for a change in circumstances from those in existence as of the date of this Official Statement. The summaries of certain provisions of any documents ordinances, the Bonds, federal and State laws and regulations, and other sources referred to in this Official Statement do not purport to be complete, and reference is made to such sources for a complete statement of their provisions. Copies of the Indenture and other documents summarized herein are available for review by making a request to the District addressed to: Breckenridge Mountain Metropolitan District, District Administrative Manager, P.O. Box 600, Edwards, Colorado 81632, or, before or within 90 days of the original issuance of the Bonds, to the Underwriters at: Piper Jaffray & Co., P. Jonathan Heroux, Managing Director, 1200 Seventeenth Street, Suite 1250, Denver, Colorado 80202 and D.A. Davidson & Co., Sam Sharp, Managing Director, 1550 Market Street, Suite 300, Denver, Colorado 80202. So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, plans, or estimates, whether or not expressly stated as such, are so intended and they are not to be construed as representations of fact. Certain information concerning the Developer and the Development as set forth herein was obtained from the Developer and is not to be construed as representations by the District or the Underwriters.

**OFFICIAL STATEMENT CERTIFICATION**

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

**BRECKENRIDGE MOUNTAIN  
METROPOLITAN DISTRICT**

By: /s/ Jeff Zimmerman  
President

## APPENDIX A

### THE DEVELOPER AND THE DEVELOPMENT

The information contained in this APPENDIX A to the Official Statement relates to and has been provided by the Developer.

#### THE DEVELOPER

##### General

The property within the District and Alpine Metropolitan District as described herein is being planned and/or developed by Vail Resorts Development Company, Inc. or its affiliates (“**VRDC**” or the “**Developer**”), each of which is a direct or indirect wholly owned subsidiary corporation of Vail Resorts, Inc., a Delaware corporation (“**Vail Resorts**”). Vail Resorts is organized as a holding company and operates through various subsidiaries. The District also includes property being developed by other entities as discussed below.

Currently, a significant amount of the property in the District is owned by Vail Summit Resorts, Inc. (“**Vail Summit**”) or other direct or indirect subsidiaries of Vail Resorts, and therefore Vail Resorts, Vail Summit and such other subsidiaries generate a significant portion of the ad valorem tax revenues of the District. Neither Vail Resorts, Vail Summit, VRDC, any such other subsidiary nor any other Vail Resorts subsidiary or affiliate, however, has guaranteed completion of the Development or has entered into any agreement or arrangement (other than through property tax obligations) with the Breckenridge Mountain Metropolitan District (the “**District**”) to provide for payment of debt service on the Breckenridge Mountain Metropolitan District Unlimited Tax General Obligation Refunding and Improvement Bonds, Series 2016.

##### Vail Resorts

Vail Resorts, Inc., through its subsidiaries, is one of the leading mountain resort operators in the United States. The Company’s subsidiaries operate the mountain resorts of Vail, Beaver Creek, Breckenridge and Keystone in Colorado; Heavenly, Northstar and Kirkwood in the Lake Tahoe area of California and Nevada; Park City in Utah; Perisher in Australia; Afton Alps in Minnesota; Mt. Brighton in Michigan; and Wilmot Mountain in Wisconsin. Vail Resorts, through its Lodging segment, also owns and/or manages a collection of luxury hotels under the RockResorts brand, a destination resort at Grand Teton National Park, and a series of strategic lodging properties located in proximity to the Vail Resorts' ski resorts. In addition, Vail Resorts' Real Estate segment holds, develops, buys and sells real estate in and around the Company's resort communities.

Vail Resorts is subject to the information reporting requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports and other information with the Securities and Exchange Commission (the “**Commission**”). Certain information, including financial information, as of particular dates concerning Vail Resorts is disclosed in certain reports and statements filed with the Commission. Copies of such reports and statements may be obtained at [www.sec.gov](http://www.sec.gov) or at the Commission’s Public Reference Room at 100 F Street, N.E, Washington, D.C. 20549.

The information contained herein is not intended to be a comprehensive description of the Developer and its activities. For a more complete description of the Developer, investors should review

information filed by Vail Resorts with the Commission. Additional information may also be obtained from the Developer's websites at [www.vailresorts.com](http://www.vailresorts.com) and [www.snow.com](http://www.snow.com).

## **THE DEVELOPMENT**

### **General**

Vail Summit, along with its affiliate One Ski Hill Place, LLC currently owns a significant amount of the land in the District. The Developer for the Development is proceeding with the construction in general accordance with a master plan (the "**Development Master Plan**"). The Development Master Plan, which can be amended and most likely will be amended, includes several development areas, situated on Peaks 7 and 8 at the Breckenridge Ski Resort, as well as the Mountain Thunder Townhomes, and certain other areas located near the center of the Town. The District is currently comprised of approximately 284 acres.

The Development Master Plan calls for the proposed development of approximately 703 residential units. The Development currently is planned to consist of (i) 159 dwelling units on Peak 7, consisting of 45 condominium units in the Crystal Peak Lodge and 114 two-bedroom equivalent timeshare units developed and built by Peak 7 LLC (a third-party timeshare developer); (ii) approximately 544 dwelling units on or at the base of Peak 8, and the areas of Timber Trail, the Mountain Thunder Townhomes, and the Parkway Center, Sawmill and Watson parking lots (collectively referred to herein as the "Gondola Lots"); and (iii) commercial and guest services facilities, consisting of up to approximately 145,000 square feet located at the Peak 7, Peak 8 and the Gondola Lots areas.

### **Permits and Approvals**

The Town of Breckenridge has approved the Development Master Plan, and site specific building permits have been obtained for all facilities currently under construction. As of January, 2016, these approvals include the development of 201 dwelling units at the Gondola Lots. Site specific permits have been obtained for all facilities currently under construction. Building permits under the Town's site specific approval process have been and are expected to be issued in the normal course of construction as the Development proceeds. The Town and Alpine Metropolitan District have executed and delivered an agreement whereby the Town agrees not to issue building permits for properties unless a facilities fee for such properties has been paid to Alpine Metropolitan District. The facility fee is in the amount of \$2,375 (increasing 1% annually, minimum increase of \$25) per single-family equivalent, and will be applied to operations, maintenance and administrative costs of Alpine Metropolitan District.

The Development Master Plan is subject to further amendment, and site specific approvals, once obtained, similarly are subject to modification.

### **Status of the Development**

Planning for the infrastructure development for Peak 7 improvements commenced in 2005, and the infrastructure is complete. The Developer has completed the skiway from Peak 8 to the Watson parking lot and the seasonal Gondola for Peaks 7 and 8 was completed in December of 2006. The Developer has completed construction of 45 condominium units at the base of Peak 7 in Crystal Peak Lodge, 88 condominium units at the base of Peak 8 in One Ski Hill Place and approximately 50,000 square feet of commercial and guest services facilities. Peak 7 LLC (an entity unrelated to the Developer) has completed construction of 114 two-bedroom equivalent timeshare units at the base of Peak 7. Peak 8 Properties, LLC (an entity unrelated to the Developer) is currently constructing 75 two-bedroom

equivalent timeshare units at the base of Peak 8. The first phase (of three phases) of the project, known as “The Grand Colorado on Peak 8”, is scheduled to be completed by October of 2016.

The Developer has sold all of the 22 single-family homesites within the District. Construction of 15 single-family homes by homebuilders contracted by the property owners on Peak 8 has been completed and two homes are under construction.

All of the Peak 7 timeshare units have been completed. It is currently estimated that 52 additional two bedroom-equivalent timeshare units at the base of Peak 8 will be completed by Peak 8 Properties, LLC by the end of 2019 and the commercial and guest services facilities will be completed by the end of 2019. A construction date has not been established for the remaining (i) 72 units at the base of Peak 8; (ii) the 201 units at the Gondola Parking Lots; and (iii) the five remaining single family homes. Such estimates are not guarantees of actual results; actual results may vary from the estimates, and some variations (such as acceleration of, or delays in, the build-out of the Development) could be material. Such development may or may not occur.

### **Build-Out and Absorption**

The following table sets forth the current expectations regarding the build-out of the residential portion of the Development and the market value of the residential units.

	<u>Total</u>	<u>Completed</u>	<u>Under Construction</u>	<u>2019</u>	<u>Beyond 2019</u>
<b><u>Peak 7</u></b>					
Crystal Peak	45	45			
Grand Lodge Timeshare	114	114			
	159	159	0	0	0
<b><u>Peak 8</u></b>					
Mountain Thunder	34	34			
One Ski Hill Place	88	88			
Grand Colorado Peak 8	75		75		
804 Site	52			52	
Admin Building Site	72				72
Gondola Parking Lots	201				201
Timber Trail Single Family	22	15	3		4
	544	137	77	52	278
Total	703	296	77	52	278

The total proposed commercial facilities are to consist of approximately 145,000 square feet of space with a potential market value of \$33,025,025 and are anticipated to be completed in 2020. This includes commercial facilities for Peak 7, Peak 8 and the Gondola Lots.

The estimates and information set forth in this Appendix A are not guarantees of actual results; actual results may vary from the estimates, and some variations (such as acceleration of, or delays in, the build-out of the Development) could be material. There is no guarantee that contemplated future development will occur. In addition, the expected market values for both the residential units and

commercial facilities are estimates and such estimates do not represent results achieved or expected to be achieved.

**Key Personnel for the Development**

The following directors of the District are also on the Board of Directors of Alpine Metropolitan District:

<u>Name</u>	<u>Office</u>	<u>Principal Occupation</u>
Jeff Zimmerman	President	Director of Mountain Planning, VRDC
Gary Shimanowitz	Vice President/Assistant Secretary	Vice President of Mountain Operations, Vail Resorts Inc.
David Habermas	Vice President/Secretary/Treasurer	Senior Financial Analyst, VRDC
Norm Helm	Vice President/Assistant Secretary	Director of Association Management, Vail Resorts Inc.
Gabrielle Keown	Vice President/Assistant Secretary	Senior Director of Real Estate Development, Vail Resorts Development Company



**APPENDIX B**  
**FORM OF THE INDENTURE**

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TRUST INDENTURE

Dated as of October 1, 2016

between

BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT  
(IN THE TOWN OF BRECKENRIDGE, COLORADO)

and

U.S. BANK NATIONAL ASSOCIATION

as Trustee

Securing Unlimited Tax General Obligation  
Refunding and Improvement Bonds

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- EXHIBIT A FORM OF BOND
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BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT
- EXHIBIT D BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT PROJECT  
FUND REIMBURSEMENT REQUEST

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TRUST INDENTURE dated as of October 1, 2016 (together with any amendments or supplements hereto, referred to herein as the “**Indenture**”), between BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT (the “**Issuer**” or the “**District**”), a quasi-municipal corporation and political subdivision of the State of Colorado operating within the Town of Breckenridge, Colorado and U.S. Bank National Association, as Trustee (as more particularly defined herein, the “**Trustee**”).

RECITALS:

WHEREAS, the Issuer was formed pursuant to Colorado Revised Statutes §32-1-101 *et seq.*, as amended, by order and decree of the District Court of Summit County, Colorado (the “**County**”) issued on November 21, 2002, and after approval of the eligible electors of the District at an election held on November 5, 2002 (the “**Election**”), for the purpose of assisting in the financing of certain public improvements described in the hereinafter defined Service Plan to serve a planned, mixed-use development consisting of residential, commercial, and retail properties within the boundaries of the project area located within the Town of Breckenridge, Colorado (“**Town**”), as such area is more particularly described in the Service Plan; and

WHEREAS, on August 27, 2002, the Town Council of the Town approved a Service Plan for the District (the “**Service Plan**”) for the purpose of providing certain parameters for the financing and development of the Authorized Projects (as defined herein) to serve the project area, as set forth in the Service Plan; and

WHEREAS, the Issuer is authorized pursuant to the Service Plan to issue bonds for payment of the costs of Authorized Projects, and to secure payment of the principal of and interest on such bonds with proceeds of property tax revenues collected by it as described and provided for herein; and

WHEREAS, the Board of Directors of the Issuer (the “**Board**”) has determined that it is necessary and in the best interests of the Issuer to issue its “**Unlimited Tax General Obligation Refunding and Improvement Bonds, Series 2016**” in the aggregate principal amount of \$21,185,000 (the “**Series 2016 Bonds**”) for the purposes of (i) defraying the cost of all or a portion of the Authorized Projects more particularly described in Exhibit C hereto (referred to herein as the “**Series 2016 Projects**”), (ii) refunding in full the Issuer’s outstanding Unlimited Tax General Obligation Bonds Series 2006 (the “**Series 2006 Bonds**”) issued in the original aggregate principal amount of \$2,500,000 and with a current outstanding principal amount of \$2,120,000, (iii) prepaying in full the loan from Compass Mortgage Corporation (the “**Lender**”) to the District in the original principal amount of \$9,500,000, and the loan from the Lender to the District in the original principal amount of \$500,000 (collectively the “**Series 2008 Loan**”), which Series 2008 Loan was made pursuant to an Amended and Restated Loan Agreement dated November 28, 2008 by and between the Lender and the District and which Series 2008 Loan is currently outstanding in the aggregate principal amount of \$9,415,000, (iv) paying a swap termination fee to the Lender in connection with the Series 2008 Loan, and (v) paying costs of issuance of the Series 2016 Bonds, such Series 2016 Bonds to be payable from the Revenues, to the extent provided herein; and

WHEREAS, the Series 2016 Bonds are to be in substantially the form set forth in Exhibit A (with such alterations and variations in the arrangement of paragraphs and the text to be contained on the face and reverse of each Series 2016 Bond, as may be necessary to comply with industry standards or requirements for preparation of definitive Series 2016 Bonds); and

WHEREAS, the execution and delivery of the Series 2016 Bonds and this Indenture have been duly authorized by a resolution duly adopted by the Board and all things necessary to make the Series 2016 Bonds, when executed by the Issuer and authenticated and delivered by the Trustee, valid and binding legal obligations of the Issuer and to make this Indenture a valid and binding agreement have been done; and

WHEREAS, at the Election, the eligible voters of the Issuer authorized the imposition of a mill levy to pay for debt service on indebtedness issued by it to finance Authorized Projects;

WHEREAS, the Series 2016 Bonds are secured by and payable from the Revenues, which include the Required Mill Levy Revenues; and

WHEREAS, Assured Guaranty Municipal Corp. has provided an insurance policy guaranteeing the scheduled payment of principal of and interest on the Series 2016 Bonds when due.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that, in consideration of the premises and the mutual covenants herein contained, and for other good and valuable consideration, the receipt of which is hereby acknowledged, for the benefit of the Bondholders and in order to secure (to the extent provided in this Indenture) the payment of principal or redemption price (as the case may be) and interest in respect of all Bonds (as defined herein) issued and outstanding under this Indenture and all other amounts payable pursuant to the terms of the Bonds and/or this Indenture according to their tenor and effect, the Issuer does hereby sell, assign, transfer, set over and pledge unto, and grants a security interest in, U.S. Bank National Association, as Trustee, its successors in trust and its assigns forever, all and singular the following described property, franchises and income (collectively, the “**Trust Estate**”):

Granting Clause First. All Funds and accounts created under this Indenture except the Rebate Fund; and all Funds and accounts created hereunder are to be used only for the purposes and in accordance with the instructions and provisions set forth in this Indenture.

Granting Clause Second. All right, title and interest of the Issuer in and to the Revenues, as hereinafter defined.

Granting Clause Third. To the extent not otherwise within the scope of Granting Clause First, and Second, and only to the extent related directly to the Revenues, all accounts and accounts receivable, general intangibles, contract rights, documents, chattel paper and instruments (all as defined in Article 9 of the Colorado Uniform Commercial Code), licenses, accounting and bookkeeping records, together with proceeds of the foregoing.

Granting Clause Fourth. Any and all other interests in real and personal property of every name and nature granted to the Trustee from time to time hereafter by delivery or by

writing of any kind specifically mortgaged, pledged or hypothecated as and for additional security hereunder by the Issuer in its sole discretion pursuant to an authorizing resolution of the Board or with its written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD in trust, nevertheless, for the equal and ratable benefit and security of all present and future holders of all Bonds issued under this Indenture, without preference, priority or distinction as to lien or otherwise, and there shall be such other distinctions as are expressly provided herein, of any one Bond over any other Bond upon the terms and subject to the conditions hereinafter set forth.

## **ARTICLE I DEFINITIONS AND REPRESENTATIONS OF THE ISSUER**

Section 1.01. Definitions. In this Indenture and any indenture supplemental hereto (except as otherwise expressly provided or unless the context otherwise requires) the singular includes the plural, the masculine includes the feminine, and the following terms shall have the meanings specified in the foregoing recitals:

Board	Series 2008 Loan
County	Series 2016 Projects
District	Series 2016 Bonds
Election	Service Plan
Issuer	Town
Lender	Trust Estate
Series 2006 Bonds	

In addition, the following terms shall have the meanings specified in this Article, unless the context otherwise requires:

“**Accountant**” means an Independent certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of any state of the United States or of the District of Columbia.

“**Additional Bonds**” means Bonds issued from time to time hereafter pursuant to Article III hereof and the terms of a Supplemental Indenture.

“**Authenticating Agent**” means any agent so designated in and appointed pursuant to Section 2.08.

“**Authorized Denominations**” means (A) with respect to the Series 2016 Bonds, \$5,000 and any integral multiple of \$1,000 in excess thereof, unless a lesser Authorized Denomination is otherwise permitted pursuant to the last paragraph of Section 2.06 hereof, and authorized by a resolution of the Board of the Issuer, and (B) with respect to any other Bonds, the denomination or denominations defined as such in a Supplemental Indenture authorizing such other Bonds.

“**Authorized Projects**” means the improvements and facilities which are Public Improvements, as defined in the District’s Service Plan, the debt for which was approved at the Election, and which are to be financed with proceeds of the Bonds.

“**Authorized Representative**” means the President or any Secretary of the Issuer or any other Person designated in writing signed by the President or any Secretary to act on behalf of the Issuer. The specimen signature of the Person or Persons designated as Authorized Representative of the Issuer shall be contained in or be attached to such designating instrument and such designation shall be furnished to the Trustee. The designation of an Authorized Representative shall remain effective until a new written instrument is filed with or actual notice is given to the other parties and the Trustee that such designation has been revoked.

“**Bankruptcy Code**” means Title 11 of the United States Code, as amended from time to time.

“**Bankruptcy Counsel**” means counsel experienced in bankruptcy matters selected by the Issuer.

“**Beneficial Owner**” is defined in Section 2.05 when the Bonds are in the Book-Entry System and otherwise means the Bondholder.

“**Board**” means the Board of Directors of the Issuer.

“**Bonds**” means the Series 2016 Bonds, any Additional Bonds and any Refunding Bonds issued hereunder on parity with the lien of the Series 2016 Bonds.

“**Bond Counsel**” means an attorney at law or a firm of attorneys of nationally recognized standing in matters pertaining to the issuance of bonds or other obligations 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, and, except as otherwise provided in the Indenture, selected by the Issuer.

“**Bond Fund**” means the trust account of that name created pursuant to Section 4.02 hereof.

“**Bond Register**” and “**Bond Registrar**” have the respective meanings specified in Section 2.05 hereof.

“**Bond Year**” means with respect to any Series of Bonds, including the Series 2016 Bonds, the period commencing on December 2 of each calendar year and ending on December 1 inclusive, of the next calendar year.

“**Bondholder**” or “**holder of Bonds**” or “**owner of Bonds**” means the registered owner of any Bond.

“**Book-Entry System**” means the system maintained by the Securities Depository and described in Section 2.05 hereof.

“**Business Day**” means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in (i) the State, (ii) the State of New York or (iii) the state of the operational office of the Trustee (initially, Minnesota) are authorized or required by law to close or (b) a day on which the New York Stock Exchange is closed.

“**Calculation Date**” means the first day of each Bond Year and the date of the final payment of the Tax-Exempt Bonds.

“**Closing Date**” means the date on which there is an exchange of a Series of Bonds for the proceeds representing the purchase price of a Series of Bonds.

“**Code**” means the Internal Revenue Code of 1986, or its successor provisions as amended at the time in question and the regulations promulgated thereunder.

“**Continuing Disclosure Agreement**” means the Continuing Disclosure Undertaking dated October 1, 2016, of the Issuer as amended and supplemented from time to time.

“**Costs of Issuance Fund**” means the trust fund by such name created pursuant to Section 4.02 of this Indenture.

“**County Board**” means the Board of County Commissioner of the County.

“**County Assessor**” means the Assessor of the County.

“**Debt**” means the Bonds, and any other multiple-fiscal-year financial obligations of the Issuer.

“**Debt Service**” means, with respect to a Series of Bonds, the amount of payments required to be made for principal of and interest on such Series of Bonds, including mandatory sinking fund redemptions to be made by the Issuer, scheduled to come due within a specified calculation period, computed as follows:

In determining the amount of principal to be funded in each calculation period, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Bonds in accordance with any amortization schedule established by the governing documents setting forth the terms of such Bonds; and in determining the amount of interest to be funded in each period, interest payable at a fixed rate shall (except to the extent any other subsection of this definition applies) be assumed to be made at such fixed rate and on the required funding dates; and

Except for any historical period for which the actual rate or rates are determinable and except as otherwise provided herein, interest due and payable on a Series of Bonds that bears interest at a variable rate (whether or not an interest rate swap or similar arrangement applies to such Bonds), shall be calculated at the maximum rate permitted to be borne by such Bonds as provided in the related Supplemental Indenture.

“**Developer**” means Vail Resorts Development Company, and/or its related affiliates.

“**Debt to Assessed Ratio**” means the ratio derived by dividing the principal amount of the then outstanding Debt of the Issuer (excluding the principal amount due and owing on the Series 2010 Bonds on the final maturity date thereof) by the most recent Final Assessed Valuation of property within the boundaries of the Issuer and of property outside the boundaries of the Issuer but subject to the imposition of the Required Mill Levy.

“**DTC**” has the meaning set forth in Section 2.05 of this Indenture.

“**EMMA**” means the Electronic Municipal Market Access system.

“**Escrow Agent**” means the Trustee serving in the capacity of escrow agent under the Escrow Agreement.

“**Escrow Agreement**” means the Escrow Agreement dated as of October 1, 2016 by and between the District and the Escrow Agent.

“**Event of Default**” means any of the events described in Section 8.01 hereof.

“**Excess Investment Earnings**” means, with respect to an issue of Tax-Exempt Bonds, the amount described in Section 148(f)(2) of the Code.

“**Final Assessed Valuation**” shall mean the final assessed valuation of all taxable property in the Issuer subject to the Required Mill Levy, as certified to the Issuer by the County Assessor in December of each year.

“**Fiscal Year**” means each 12-month period beginning January 1 and ending December 31, or as otherwise designated by the Board’s resolution.

“**Fitch**” means Fitch Ratings, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “**Fitch**” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“**Funds**” means, collectively, the Costs of Issuance Fund, the Project Fund, the Revenue Fund, the Rebate Fund and the Bond Funds and the accounts, if any, established therein.

“**Government Obligations**” means noncallable direct full faith and credit obligations of the United States of America or noncallable obligations the payment of principal of and interest on which is unconditionally guaranteed by the full faith and credit of the United States of America.

“**Improvement Agreement**” means the Improvement Agreement (Peak 8/Ski Hill Road Project) to be entered into among the Town of Breckenridge, the Alpine Metropolitan District and the Issuer.



“**Indenture**” means this Trust Indenture, as amended or supplemented at the time in question.

“**Independent**” means, with respect to any Person, one who is not and does not have a partner, director, officer, member or substantial stockholder (each, a “controlling person”) who is a member of the Board, or an officer or employee of the Issuer or the Developer. A Person who is or has a controlling person who is an officer or member of the Board (but not an employee of the Issuer) may nevertheless be deemed Independent, if notice thereof is given to the holders of the Bonds.

“**Insurance Consultant**” means an Independent insurance consultant or agency selected by the Issuer, which is licensed as such under the laws of the State and who is not an employee of the Issuer, the Developer, or their respective affiliates.

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

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

“**Interest Account**” means the trust account of that name within the Bond Fund created under Section 4.02 of this Indenture.

“**Interest Payment Date**” means with respect to any Series of Bonds, including the Series 2016 Bonds, each June 1 and December 1, commencing December 1, 2016.

“**Issuance Costs**” means all costs incurred in the process of issuing the Series 2016 Bonds and any other Series of Bonds hereunder, including but not limited to, the costs and fees of the Issuer, the Underwriter, and the Trustee and each of their counsel, Bond Counsel, title insurance fees, the recording fees, filing fees, appraisal, survey and accountants’ fees, printing costs relating to a disclosure document prepared in connection with offering and sale of a Series of Bonds, publication costs associated with the financing proceedings, costs of market studies and feasibility studies necessary to the issuance of a Series of Bonds and such other costs as may be designated in a Supplemental Indenture. The Issuance Costs shall not include Project Costs.

“**Letter of Representations**” means a letter of representation in customary form with respect to the Bonds executed by the Issuer and delivered to DTC and each substitute Securities Depository.

“**Majority Interest**” means the Bondholders of at least 51% in aggregate principal amount of the Bonds Outstanding.

“**Maximum Annual Debt Service**” means, with respect to outstanding Debt, the maximum amount of payments required to be made for principal of and interest on such outstanding Debt in a Fiscal Year, including any mandatory sinking fund redemptions to be made by the Issuer, scheduled to come due within a specified calculation period, computed as follows: in determining the amount of principal to be paid in a Fiscal Year, payment shall (unless

a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on outstanding Debt in accordance with any amortization schedule established by the governing documents setting forth the terms of such Debt; and in determining the amount of interest to be funded in a Fiscal Year, interest payable at a fixed rate shall (except to the extent any other part of this definition applies) be assumed to be made at such fixed rate and on the required funding dates; and except for any historical period for which the actual rate or rates are determinable and except as otherwise provided herein, interest due and payable on Debt that bears interest at a variable rate (whether or not an interest rate swap or similar arrangement applies to such Debt), shall be calculated at the maximum rate permitted to be borne by such Debt, provided, however, in all cases, such calculations shall not include any principal or interest due on the final maturity date of the Series 2010 Bonds.

“**Moody’s**” means Moody’s Investors Service, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “**Moody’s**” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“**MSRB**” means the Municipal Securities Rulemaking Board.

“**Opinion of Counsel**” means a written opinion of Independent legal counsel, who may be counsel to the Issuer or the Trustee.

“**Outstanding**” in connection with Bonds (or a Series of Bonds) means, as of the time in question, all Bonds (or all Bonds of such Series) authenticated and delivered under the Indenture, except:

(a) Bonds for the payment or redemption of which the necessary amount shall have been or shall concurrently be deposited with the Trustee or for which provision for the payment of which shall have been made in accordance with Article III hereof; provided that, if such Bonds are being redeemed prior to maturity, the required notice of redemption shall have been given or provisions satisfactory to the Trustee shall have been made therefor;

(b) Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to Article II hereof; and

(c) For purposes of any consent or other action to be taken by the owners of a majority or a specified percentage of Bonds hereunder, Bonds held by or for the account of the Issuer or any Person controlling, controlled by or under common control with the Issuer.

“**Participant**” means one of the entities which deposit securities, directly or indirectly, in the Book-Entry System and for which DTC holds the Bonds.

“**Paying Agent**” or “**Co-Paying Agent**” means, in respect of a particular Series of Bonds, the Person or Persons authorized by the Issuer to pay the principal of (and premium, if any, on), and interest on, such Bonds on behalf of the Issuer.

“**Permitted Investments**” means any of the following investments to the extent permitted under the laws of the State, as amended from time to time, for the investment of the Issuer’s money, as may be further limited by resolutions of the Board, certified copies of which may be delivered to the Trustee from time to time:

(a) Government Obligations; and

(b) any other investment that is a legal investment for Issuer funds under Colorado Revised Statutes § 24-75-601.1, *et seq.*

“**Person**” or “**Persons**” means an individual, firm, partnership, company, limited liability company, association, joint stock company, trust, body politic or any other unincorporated organization or any trustee, receiver, assignee, or other similar representative thereof.

“**Project Costs**” shall mean the costs listed in Section 5.07 hereof.

“**Project Fund**” means the trust fund of that name created pursuant to Section 4.02 of this Indenture.

“**Project Fund Disbursement Request**” means a request of the Issuer for disbursements from the Project Fund pursuant to this Indenture and prepared in accordance with the form of the Project Fund Disbursement Request attached as Exhibit D hereto.

“**Projects**” means (i) with respect to the Series 2016 Bonds, the Series 2016 Projects set forth in Exhibit B hereto, as such Exhibit B may be modified in accordance with a resolution of the Board of Directors of the District, and upon delivery to the Trustee of an opinion of Bond Counsel to the effect that such modification, in and of itself, will not adversely affect the exclusion from gross income for federal tax purposes of interest on any Outstanding Tax-Exempt Bonds, and (ii) with respect to any other Series of Bonds, such other Authorized Projects authorized to be provided by the Issuer and described in the Supplemental Indenture related to such Series of Bonds.

“**Public Trustee**” means the public trustee in and for the County.

“**Rating Agency**” means Fitch, Moody’s, S&P, their successors and assigns or any other nationally recognized credit rating agencies.

“**Rebate Fund**” means the trust fund of that name created by Section 4.02 of this Indenture.

“**Refunding Bonds**” means any Series of Bonds issued pursuant to Section 3.02 hereof to refund, pay, and discharge all or any portion of the Series 2010 Bonds, the Series 2016 Bonds, or any other Series of Bonds or other financial obligations of the Issuer.

“**Regular Record Date**” means with respect to any Series of Bonds, including the Series 2016 Bonds, the fifteenth day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date.

“**Required Holders**” means Holders of at least 25% in aggregate principal amount of Bonds then Outstanding.

“**Required Mill Levy**” means an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed by the Issuer upon all taxable property within its boundaries each year in an amount sufficient (taking into account amounts then on deposit in the Bond Fund for payment of the applicable Bonds) to pay the principal of, premium if any, and interest on the Bonds, *provided, however*, notwithstanding anything herein to the contrary, in no event may the Required Mill Levy be established at a mill levy amount which would cause the Issuer to derive tax revenue in any year in excess of the maximum tax increases permitted by its electoral authorization, and if the Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the Issuer’s electoral authorization, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

“**Required Mill Levy Revenue**” means revenues generated from the imposition by the Issuer of the Required Mill Levy, net of collection costs; provided, however, that the Required Mill Levy Revenue does not include Specific Ownership Taxes.

“**Revenues**” means only Required Mill Levy Revenue, Specific Ownership Taxes, any other legally available amounts that the Issuer may designate by resolution of the Board, to be paid to the Trustee for deposit into the Revenue Fund, or otherwise held under this Indenture, and all income or other gain, if any, from any investment of the foregoing.

“**Revenue Fund**” means the trust fund of that name created pursuant to Section 4.02 of this Indenture.

“**S&P**” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, its successors and assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “**S&P**” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“**Securities Depository**” means DTC or its nominee and the successors and assigns of such nominee, or any successor appointed under Section 2.05.

“**Series**” means the Bonds designated in this Indenture or a separate Supplemental Indenture and any Bonds authenticated and delivered in lieu of or in substitution for such Bonds pursuant to this Indenture or any Supplemental Indenture.

“**Series 2006 Bonds**” means the Issuer’s Unlimited Tax General Obligation Bonds, Series 2006 in the original aggregate principal amount of \$2,500,000.

“**Series 2010 Bonds**” means the Issuer’s Unlimited Tax General Obligation Bonds Series 2010 in the original aggregate principal amount of \$2,640,000.

“**Special Record Date**” means, in respect of a particular Series of Bonds, such date as may be fixed for the payment of defaulted interest in accordance with Section 2.09 of this Indenture.

“**Specific Ownership Taxes**” means the portion of the specific ownership taxes on motor vehicles imposed by the State attributable to the Required Mill Levy, which taxes are paid to the Trustee by the Issuer.

“**State**” means the State of Colorado.

“**Subordinate Obligations**” shall mean the Issuer’s bonds, or other indebtedness subordinate to the Bonds, including any notes, subordinate bonds, bond anticipation notes, commercial paper and other securities, contracts or obligations incurred through lease, installment purchase or other agreements or certificates of participation therein, and having a lien on the Revenues subordinate and junior to the lien thereon of the Bonds.

“**Supplemental Act**” means the Supplemental Public Securities Act constituting Title 11, Part 2, Article 57 of Colorado Revised Statutes, as amended.

“**Supplemental Indenture**” means any indenture supplementing or amending this Indenture that is executed and delivered pursuant to Article XI hereof.

“**Swap**” means the ISDA Master Agreement dated as of November 20, 2008 by and between the Issuer and Compass Bank, together with the Amended and Restated Schedule thereto dated as of November 25, 2008, all with respect to the hedge of the interest rate on the Series 2008 Loan.

“**Tax Certificate**” means any tax certificate executed by the Issuer on the date of the issuance of any Series of Tax-Exempt Bonds.

“**Tax-Exempt Bonds**” means the Series 2016 Bonds and any other Bonds the interest on which is excludable from gross income of the holder for purposes of federal income tax.

“**Trustee**” means U.S. Bank National Association in its capacity as trustee hereunder, and its successor for the time being in the trust hereunder and any Co-Trustee appointed in accordance with Section 9.17 of this Indenture.

“**Underwriter**” means collectively, Piper Jaffray & Co. and D.A. Davidson & Co., the original purchasers of the Series 2016 Bonds.

The words “hereof,” “herein,” “hereto,” “hereby” and “hereunder” (except in the forms of a Series of Bonds) refer to the entire Indenture.

Every “request,” “order,” “demand,” “application,” “appointment,” “notice,” “statement,” “certificate,” “consent” or similar action hereunder by the Issuer shall, unless the form thereof is specifically provided, be in writing signed by the Authorized Representative of the Issuer.

Section 1.02. Representations of the Issuer. The Issuer makes the following representations as the basis for its undertakings herein contained:

(a) The Issuer is a quasi-municipal corporation and political subdivision of the State, duly organized and existing under the laws of the State, is authorized to issue the Bonds and to enter into the transactions contemplated by this Indenture and to carry out its obligations hereunder and thereunder and has duly authorized, executed and delivered this Indenture.

(b) The Issuer will utilize the proceeds of the Bonds to pay the Project Costs, to refund the Series 2006 Bonds, to prepay the 2008 Loan, to pay a swap termination fee to the Lender in connection with the 2008 Loan, and to pay Issuance Costs related thereto.

(c) Neither the execution and delivery of the Series 2016 Bonds, this Indenture, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of the Series 2016 Bonds or of this Indenture, conflict with or result in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Issuer is now a party or by which it is bound or constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer under the terms of any instrument or agreement.

(d) The Issuer further covenants that it has the right to grant and convey its interest in the Trust Estate, and that it will warrant and defend generally the title to such interest against all claims and demands.

(e) The Issuer shall not operate the Projects in a manner which would impair the exclusion of the interest on the Tax-Exempt Bonds or any original discount properly allocable to any owner thereof, from the gross income of the owners thereof for federal income tax purposes.

(f) Other than as disclosed in the Limited Offering Memorandum dated September 27, 2016 relating to the Series 2016 Bonds, there is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the best knowledge of the Issuer, threatened against or affecting the Issuer, or any of its properties or rights, which, if adversely determined, would affect the validity or enforceability of the Series 2016 Bonds, this Indenture, or the Issuer’s performance of its obligations hereunder or thereunder, or would materially and adversely impair its right to carry on business substantially as now conducted or as now contemplated to be conducted, or would materially and adversely affect its financial condition, assets, properties or operations, and the Issuer is not in default with respect to

any order or decree of any court or any order, regulation or decree of any federal, state, municipal or other governmental agency, which default would materially and adversely affect its operation or its properties or the completion of the construction and equipping of the Projects. The Issuer is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party.

(g) The operation and design of the Projects in the manner presently contemplated and as described herein will not conflict with any applicable zoning, water or air pollution or other ordinance, order, law or regulation relating to zoning, building, safety or environmental quality, which conflict would materially and adversely affect its operation or the completion of its construction and equipping.

(h) The Issuer will obtain, or will cause to be obtained on or before the date required therefor, all necessary consents, certificates, approvals, permits and authorizations with respect to the construction of the Projects from applicable local, state, federal governmental agencies and private parties.

## **ARTICLE II THE BONDS**

Section 2.01. Amounts, Terms and Issuance of Series 2016 Bonds. The Series 2016 Bonds shall, except as provided in Section 2.11 hereof, be limited to the aggregate principal amount set forth below and shall contain substantially the terms recited in the form set forth in Exhibit A. No Series 2016 Bonds may be issued under this Indenture except in accordance with this Article II.

The Series 2016 Bonds shall be designated “**Unlimited Tax General Obligation Refunding and Improvement Bonds, Series 2016.**” The total aggregate principal amount of Series 2016 Bonds shall be \$21,185,000, except as provided in Section 2.12 hereof.

The Issuer may issue the Series 2016 Bonds upon the execution of this Indenture, and the Trustee shall, at the Issuer’s request, authenticate the Series 2016 Bonds and deliver them as specified in the request.

Section 2.02. Denominations, Interest Rates and Maturity of Series 2016 Bonds. The Series 2016 Bonds shall be issuable only in Authorized Denominations and shall be dated as of their delivery date; provided, however, in the event that a Series 2016 Bond is partially redeemed hereunder and the remaining unredeemed portion is less than \$5,000, the unredeemed portion may nonetheless be issued in the largest possible denomination of less than \$5,000, in integral multiples of not less than \$1,000 each or any integral multiple thereof. Furthermore, the Authorized Denominations will be reduced to \$1,000 or any integral multiple thereof in the event that the Trustee receives an opinion of Bond Counsel that the Issuer has filed a notice of a claim of exemption, along with all other required documents necessary to exempt the Series 2016 Bonds under any of the exemptions from registration contemplated by Section 11-59-110, C.R.S., or any successor statute, or has taken other actions which permit the Series 2016 Bonds

to be issued in denominations of \$1,000 or integral multiples thereof under the Colorado Municipal Bond Supervision Act, Title 11, Article 59, C.R.S., or any successor statute.

The Series 2016 Bonds shall bear interest from the last Interest Payment Date to which interest has accrued and has been paid or duly provided for, or if no interest has been paid or duly provided for, computed on the basis of a 360-day year of twelve thirty day month from the dated date of the Series 2016 Bonds until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions of this Indenture, whether upon maturity, redemption or otherwise.

The Series 2016 Bonds shall mature on December 1 of the following years, and in the following principal amounts, and shall bear interest at the following per annum interest rates to their maturity dates, unless redeemed prior thereto pursuant to the provisions hereof:

<u>Year</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2017	\$155,000	2.000%
2018	165,000	2.000
2019	165,000	2.000
2020	275,000	3.000
2021	345,000	3.000
2022	450,000	3.000
2023	475,000	3.000
2024	495,000	4.000
2025	510,000	4.000
2026	545,000	4.000
2027	570,000	4.000
2028	605,000	4.000
2029	705,000	4.000
2030	775,000	4.000
2031	845,000	4.000
2036	4,755,000	3.000
2045	9,350,000	3.125

In the case of Refunding Bonds issued pursuant to Section 3.02 hereof, the maturity and other terms thereof shall be determined by the Supplemental Indenture authorizing their issuance.

Section 2.03. Unlimited Tax General Obligations Bonds. The Bonds shall constitute unlimited tax general obligations of the Issuer payable solely from the Revenues as provided herein. The Bonds do not constitute a debt or financial obligation of the County or the Town and shall never constitute nor give rise to any pecuniary liability of the County or the Town or any political subdivision of the State (other than the Issuer to the extent set forth herein) or a charge against the general credit or taxing powers of the County or the Town. The Bonds are not



secured by any lien or a mortgage on or security interest in any property of the Issuer other than the Revenues to the extent provided herein.

Section 2.04. Bond Form Generally. Pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures, “CUSIP” numbers may be printed on the Bonds. The Bonds may bear such notation, endorsement or legend satisfactory to the Trustee as may be required to conform to usage or law with respect thereto.

Section 2.05. Book-Entry System for Series 2016 Bonds; Bond Registrar and Bond Register. The Series 2016 Bonds shall be issued in fully registered form and shall be deposited in the Book-Entry System maintained by The Depository Trust Company, New York, New York (“DTC”) and registered in the name of Cede & Co., as nominee of DTC as Securities Depository for the Series 2016 Bonds in accordance with the terms of the Letter of Representations; provided that such registration shall not alter the minimum denomination requirements of Section 2.02 hereof or the transfer restrictions of Section 2.06 hereof.

(a) The Series 2016 Bonds shall be registered upon subsequent transfer or exchange as provided in this Indenture.

(b) With respect to the Series 2016 Bonds, a single certificate for each maturity shall be issued and delivered to the Securities Depository or the Trustee, as its agent, for the Series 2016 Bonds. The actual purchasers of the Series 2016 Bonds (the “Beneficial Owners”) will not receive physical delivery of Series 2016 Bond certificates except as provided herein. So long as there exists a Securities Depository as provided herein, all transfers of beneficial ownership interests in the Series 2016 Bonds shall be made by book-entry only, and no person purchasing, selling or otherwise transferring beneficial ownership interests in the Series 2016 Bonds will be permitted to receive, hold or deliver any Series 2016 Bond certificate. The Issuer and the Trustee shall treat the Securities Depository or its nominee as the sole and exclusive Bondholder for all purposes, including payments of principal of, premium, if any, and interest on the Series 2016 Bonds, notices and voting.

The Issuer and the Trustee covenant and agree, so long as DTC shall continue to serve as Securities Depository for the Series 2016 Bonds, to meet the requirements of DTC with respect to required notices and other provisions of the Letter of Representations.

The Issuer and the Trustee may conclusively rely upon (i) a certificate of the Securities Depository as to the identity of the Participants in the Book-Entry System with respect to the Series 2016 Bonds and (ii) a certificate of any such Participant as to the identity of, and the respective principal amount of Series 2016 Bonds beneficially owned by the Beneficial Owners.

Whenever Series 2016 Bonds remain Outstanding and the beneficial ownership thereof must be determined by the books of the Securities Depository, the requirements in this Indenture for holding, delivering, tendering or transferring Series 2016 Bonds shall be deemed modified to require the appropriate person to meet the requirements of the

Securities Depository with respect to such actions to produce the same effect. Any provision hereof permitting or requiring delivery of Series 2016 Bonds shall, while the Series 2016 Bonds are in the Book-Entry System, be satisfied by notation on the books of the Securities Depository in accordance with State law.

The Issuer may from time to time appoint a successor Securities Depository and enter into any agreement with such Securities Depository to establish procedures with respect to the Series 2016 Bonds not inconsistent with the provisions of this Indenture. Any successor Securities Depository shall be a “clearing agency” registered under Section 17A of the Securities Exchange Act of 1934, as amended.

Neither the Issuer nor the Trustee shall have any responsibility or obligation to any Securities Depository, any Participant in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount (including premium) or redemption, or interest on, any Series 2016 Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2016 Bonds; or (v) any other action taken by the Securities Depository or any Participant in connection with the Series 2016 Bonds.

(c) While the Series 2016 Bonds are in the Book-Entry System maintained by DTC, the Series 2016 Bond certificates shall be delivered to and registered in the name of the Beneficial Owners only under the following circumstances:

(i) The Securities Depository determines to discontinue providing its service with respect to the Series 2016 Bonds and no successor Securities Depository is appointed as described above. Such a determination may be made at any time by giving reasonable notice to the Issuer or the Trustee and discharging its responsibilities with respect thereto under applicable law.

(ii) Participants holding a majority of the Outstanding Series 2016 Bonds may determine not to continue the Book-Entry System through any Securities Depository.

If at any time the Securities Depository ceases to hold the Bonds, all references herein to the Securities Depository shall be of no further force or effect.

(d) The Issuer shall designate one or more Persons to act as “**Bond Registrar**” for the Bonds provided that the Bond Registrar appointed for the Bonds shall be either the Trustee or a Person which would meet the requirements for qualification as a Trustee imposed by Section 9.14 hereof. The Issuer hereby appoints the Trustee, its Bond Registrar in respect of the Series 2016 Bonds. Any Person other than the Trustee undertaking to act as Bond Registrar shall first execute a written agreement, in form satisfactory to the Trustee, to perform the duties of a Bond Registrar under this Indenture, which agreement shall be filed with the Trustee.

The Bond Registrar shall act as registrar and transfer agent for the Bonds. The Issuer shall cause to be kept at an office of the Bond Registrar a register (herein sometimes referred to as the “**Bond Register**”) in which, subject to such reasonable regulations as it, the Trustee or the Bond Registrar may prescribe, the Issuer shall provide for the registration of the Bonds and for the registration of transfers of the Bonds. The Issuer shall cause the Bond Registrar to designate, by a written notification to the Trustee, a specific office location (which may be changed from time to time, upon similar notification) at which the Bond Register is kept. The principal corporate trust office of the Trustee shall be deemed to be such office in respect of the Bonds for which the Trustee is acting as Bond Registrar.

The Bond Registrar shall at such time as reasonably requested by the Trustee, certify and furnish to the Trustee and any Paying Agent as the Trustee shall specify, the names, addresses, and holdings of Bondholders and any other relevant information reflected in the Bond Register, and the Trustee and any such Paying Agent shall for all purposes be fully entitled to rely upon the information so furnished to them and shall have no liability or responsibility in connection with the preparation thereof except to the extent that any such information was furnished or supplied to the Bond Registrar by any such entity.

Section 2.06. Registration, Transfer and Exchange of Bonds. As provided in Section 2.05 hereof, the Issuer shall cause a Bond Register to be kept at the designated office of the Bond Registrar. Upon surrender for transfer of a Bond of any Series at such office, the Issuer shall execute and the Trustee or its Authenticating Agent shall authenticate and deliver in the name of the transferee or transferees, one or more new fully registered Bonds of the same Series of Authorized Denominations for the aggregate principal amount which the registered owner is entitled to receive.

At the option of the holder, Bonds may be exchanged for other Bonds of the same Series, of any other Authorized Denomination, of a like aggregate principal amount, upon surrender of the Bonds to be exchanged at any such office or agency. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Bonds which the Bondholder making the exchange is entitled to receive.

All Bonds presented for transfer or exchange, redemption or payment (if so required by the Issuer, the Bond Registrar or the Trustee), shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the holder or by his attorney duly authorized in writing.

The Bond Registrar may require payment of a sum sufficient to cover any reasonable fees, taxes or other governmental charges that may be imposed in relation thereto.

Neither the Issuer nor the Bond Registrar on behalf of the Issuer shall be required (i) to register the transfer of or exchange any Bond during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption of Bonds selected for redemption and ending at the close of business on the day of such mailing, or (ii) to register the transfer of or exchange any Bond so selected for redemption in whole or in part.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

Section 2.07. Execution. The Bonds shall be executed by the manual or facsimile signature of the President of the Issuer, and the corporate seal of the Issuer shall be affixed, imprinted, lithographed or reproduced thereon and shall be attested by the manual or facsimile signature of the Secretary of the Issuer.

Bonds executed as above provided may be issued and shall, upon request of the Issuer, be authenticated by the Trustee or the Authenticating Agent, notwithstanding that any officer signing such Bonds or whose facsimile signature appears thereon, having held such office at the time of execution thereof, shall have ceased to hold office at the time of issuance or authentication or shall not have held office at the date of the Bond.

Section 2.08. Authentication; Authenticating Agent. No Bond shall be valid for any purpose until the certificate of authentication shall have been duly executed as provided in this Indenture, and such authentication shall be conclusive proof that such Bond has been duly authenticated and delivered under this Indenture and that the holder thereof is entitled to the benefit of the trust hereby created.

If the Bond Registrar is other than the Trustee, the Trustee may appoint the Bond Registrar as an Authenticating Agent with the power to act on such Trustee's behalf and subject to its direction in the authentication and delivery of Bonds in connection with transfers and exchanges under Section 2.06 hereof, and the authentication and delivery of Bonds by an Authenticating Agent pursuant to this Section shall, for all purposes of this Indenture, be deemed to be the authentication and delivery "by the Trustee." The Trustee shall, however, itself authenticate all Bonds upon their initial issuance and any Bonds issued in substitution for other Bonds pursuant to Section 2.11 and Section 2.12 hereof. The Trustee shall be entitled to be reimbursed for payments made to any Authenticating Agent as reasonable compensation for its services.

Section 2.09. Payment of Principal and Interest; Interest Rights Preserved. To the extent principal of any Bond is not paid when due, including, without limitation on the maturity date for such Bond, such principal shall remain outstanding until paid. To the extent interest on any Bond is not paid when due, such interest shall accrue and compound semiannually on each June 1 and December 1 at the rate then borne by such Bonds. Notwithstanding anything herein to the contrary, the Issuer shall not be obligated to pay more than the amount permitted by law and the electoral authorization (including the Election) in repayment of the Bonds, including all payments of principal, premium, if any, and interest.

The principal, redemption price or interest of any Bond shall be payable when due, upon surrender of such Bond, in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts, at the Principal Office of any Paying Agent. Interest on any Bond on each Interest Payment Date in respect

thereof shall be payable by check mailed to the address of the person entitled thereto as such address shall appear in the Bond Register, or, at the request of an Owner of \$1,000,000 or more in principal amount of Bonds, by wire transfer to an account designated in writing by such Owner.

Interest on any Bond which is payable, and is punctually paid or duly provided for, on an Interest Payment Date shall be paid to the person in whose name that Bond is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Bond which is payable, but is not punctually paid or provided for, on any Interest Payment Date (herein called “**Unpaid Interest**”) shall forthwith cease to be payable to the Owner of such Bond on the relevant Regular Record Date or Interest Payment Date by virtue of having been such owner, and such Unpaid Interest shall be paid to the person in whose name the Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be no more than 15 nor fewer than 10 days prior to the date of proposed payment. The Trustee shall cause notice of the proposed payment of such Unpaid Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to the Bond Registrar and the Paying Agent and to each Bondholder at his address as it appears in the Bond Register, not fewer than 10 days prior to such Special Record Date.

Subject to the foregoing provisions of this Section 2.09, each Bond delivered under this Indenture upon registration of transfer of or exchange for or in lieu of any other Bonds shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bonds.

**Section 2.10. Persons Deemed Owners.** The Issuer, the Trustee, any Paying Agent, the Bond Registrar and any Authenticating Agent may deem and treat the person in whose name any Bonds are registered as the absolute Owner thereof (whether or not such Bonds shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or on account of the principal of (and premium, if any, on), redemption price of and (subject to Section 2.09) interest on, such Bonds, and for all other purposes, and neither the Issuer, the Trustee, any Paying Agent, the Bond Registrar nor the Authenticating Agent shall be affected by any notice to the contrary. All such payments so made to any such registered owner, or upon his order, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Bonds.

**Section 2.11. Mutilated, Destroyed, Lost or Stolen Bonds.**

(a) If any Bonds shall become mutilated, lost, stolen or destroyed, the affected Bondholder shall be entitled to the issuance of a substitute Bonds only as follows:

(i) in the case of a lost, stolen or destroyed Bond, the Bondholder shall (A) provide notice of the loss, theft or destruction to the Issuer and the Trustee within a reasonable time after the Bondholder receives notice of the loss, theft or destruction, (B) request the issuance of a substitute Bond and (C) provide evidence, satisfactory to the Issuer and the Trustee, of the ownership and the loss, theft or destruction of the affected Bond;

(ii) in the case of a mutilated Bond, the Bondholder shall surrender the Bond to the Trustee for cancellation; and

(iii) in all cases, the Bondholder shall provide to the Issuer and the Trustee indemnity against any and all claims arising out of or otherwise related to the issuance of substitute Bonds pursuant to this Section 2.11 in a form satisfactory to the Trustee.

Upon compliance with the foregoing, a new Bond of like tenor, Series and denomination, executed by the Issuer, shall be authenticated by the Trustee and delivered to the Bondholder, all at the expense of the Bondholder to whom the substitute Bond is delivered. Notwithstanding the foregoing, the Trustee shall not be required to authenticate and deliver any substitute Bond for a Bond which has been called for redemption or which has matured or is about to mature and, in any such case, the principal or redemption price and interest then due or becoming due shall be paid by the Trustee or a Paying Agent in accordance with the terms of the mutilated, lost, stolen or destroyed Bond without substitution therefor.

(b) Every substituted Bond issued pursuant to this Section 2.11 shall constitute an additional contractual obligation of the Issuer and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder unless the Bond alleged to have been destroyed, lost or stolen shall be at any time enforceable by a bona fide purchaser for value without notice. In the event the Bond alleged to have been destroyed, lost or stolen shall be enforceable by anyone, the Issuer may recover the substitute Bond from the Bondholder to whom it was issued or from anyone taking under the Bondholder except a bona fide purchaser for value without notice.

(c) All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or investment or other securities without their surrender.

Section 2.12. Temporary Bonds. Pending preparation of definitive Bonds, or by agreement with the purchasers of all Bonds, the Issuer may issue, and, upon its request, the Trustee shall authenticate, in lieu of definitive Bonds one or more temporary printed or typewritten Bonds of substantially the tenor recited above in any denomination authorized under Section 2.02. Upon request of the Issuer, the Trustee shall authenticate definitive Bonds in exchange for and upon surrender of an equal principal amount of temporary Bonds. Until so exchanged, temporary Bonds shall have the same rights, remedies and security hereunder as definitive Bonds.

Section 2.13. Cancellation of Surrendered Bonds. Bonds surrendered for payment, redemption, transfer or exchange and Bonds surrendered to the Trustee by the Issuer for

cancellation shall be canceled by the Trustee which shall notify the Bond Registrar of such cancellation, and destroyed by the Trustee in accordance with the customary practices of the Trustee and applicable retention laws.

Section 2.14. Supplemental Act Provisions. The Board of Directors of the Issuer has elected to apply all provisions of the Supplemental Act to the Bonds; provided, however, that such election shall not operate to modify or limit the rights conferred on the Issuer or the members of the Board by any other provisions of State law. Pursuant to Section 11-57-210 of the Supplemental Act, each Bond shall recite that it is issued under the authority of the resolution of the Issuer's Board of Directors and the Supplemental Act and that it is the intention of the Issuer that such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value. Pursuant to Section 11-57-208 of the Supplemental Act, the Revenues pledged under this Indenture for the payment of the Bonds, as received by or otherwise credited to the Issuer, shall immediately be subject to the lien of such pledge without any physical delivery, filing or further act. The lien of such pledge and the obligation to perform the contractual provisions made in the resolution and this Indenture shall have priority over any or all other obligations and liabilities of the Issuer with regard to the Revenues, to the extent provided herein. Pursuant to Section 208 of the Supplement Act, the pledges and liens created by this Indenture are subject to any prior pledges and liens, and the Issuer hereby covenants and represents that it has not heretofore created any prior pledge or lien on the Revenues. The lien of such pledge shall be valid, binding and enforceable as against all persons having claims of any kind of tort, contract or otherwise against the Issuer irrespective of whether such persons have notice of such lien.

### **ARTICLE III ADDITIONAL BONDS**

Section 3.01. Issuance of Additional Bonds. The Issuer may from time to time, upon the conditions stated in this Section 3.01 and in Section 3.06, approve the issuance and delivery of additional series of Bonds, secured by this Indenture from the revenues and property pledged and appropriated hereunder, but bearing such date or dates and interest rate or rates and with such redemption dates and premiums as may be agreed upon, with the prior written consent at least a Majority Interest, or, without such consent, upon satisfaction of all of the following conditions:

(a) Compliance with Indenture. The Issuer is in substantial compliance with all of the covenants of this Indenture and no Event of Default has occurred and is continuing.

(b) Supplemental Indenture. On the date of the issuance of the proposed series of Additional Bonds, the Trustee shall be in receipt of the originally executed counterparts of the Supplemental Indenture, designating the new Series to be created and prescribing expressly or by reference to the Bonds of such Series:

- (i) the principal amount of such Series;
- (ii) the terms of such Series;

- (iii) the maturity dates thereof, which shall be a December 1;
- (iv) the rate or rates of interest and the date from which, and the date or dates on which, interest is payable, which shall be the same as the Interest Payment Dates for the Series 2016 Bonds;
- (v) provisions as to redemption;
- (vi) any additional security to be provided for such Additional Bonds;
- (vii) any other provisions necessary to describe and define such Series within the provisions and limitations of this Indenture; and
- (viii) any other provisions and agreements in respect thereof provided, or not prohibited, by this Indenture.

(c) Opinion of Bond Counsel. On the date of the issuance of the proposed new Series of Additional Bonds, the Trustee shall be in receipt of an opinion or opinions of Bond Counsel to the effect that:

- (i) all instruments furnished to the Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Trustee to authenticate and deliver the new Series of Bonds then proposed to be issued;
- (ii) the new Series of Bonds then proposed to be issued, when issued, will be secured by the lien of this Indenture, as supplemented by the Supplemental Indenture, to the extent provided herein and therein; and
- (iii) any exclusion from gross income for federal income tax purposes of the interest on the Outstanding Tax-Exempt Bonds will not be impaired by the issuance of the Additional Bonds then proposed to be issued.

Section 3.02. Issuance of Refunding Bonds. Notwithstanding any other provision contained herein, but subject to Section 3.06, Refunding Bonds may be issued in such principal amount as may be necessary to refund in whole or in part, the Series 2010 Bonds, the Series 2016 Bonds and any other Series of the Outstanding Bonds or Subordinate Obligations, if prior thereto or simultaneously therewith there are filed with the Trustee:

- (a) Documents Under Section 3.01. The documents required under subsections (b) and (c) of Section 3.01, except that all references in such Section to the additional Series of “**Bonds**” shall be deemed to refer to the “**Refunding Bonds**”.
- (b) Redemption Instructions. If any Series 2010 Bond or other Bonds to be refunded are to be called for prior redemption at the option of the Issuer, a certificate of the Authorized Representative that irrevocable instructions to give due and timely notice



of such redemption have been given in accordance with the documents pursuant to which such Series 2010 Bonds or other Bonds were issued; and

(c) Moneys and Federal Securities for Redemption. A certificate of the Authorized Representative that either (i) moneys in an amount sufficient to effect payment of the Debt Service of the Series 2010 Bond or other Bonds to be refunded, as the same became due, are held (or are required to be deposited) in an escrow account or with the Trustee in trust for such purpose, (ii) with respect to the Series 2010 Bonds, the defeasance requirements of the resolution authorizing the issuance of the Series 2010 Bonds are satisfied, or (iii) with respect to any Bonds, Government Obligations as are permitted by Section 12.02 hereof are held (or are required to be deposited) in an escrow account or with the Trustee in such principal amounts, of such maturities, bearing such interest, if any, and otherwise having such terms and qualifications as are set forth in Section 12.02 hereof, to provide, together with any moneys so held (or required to be deposited), for the payment of the debt service of the Bonds to be refunded, as the same become due, which federal securities and moneys are held (or are required to be deposited) in trust in accordance with Section 12.02, hereof.

Section 3.03. Permitted Subordinate Obligations.

(a) General. Subordinate Obligations may be issued upon the terms and conditions provided in this Section and in Section 3.06.

(b) Requirements. The terms of the Subordinate Obligations shall be as provided in the documents pursuant to which they are issued; provided that:

(i) the Subordinate Obligations shall not give the owners thereof or any other person any right to impair, affect, or consent to the issuance, amendment, or refinancing of the Bonds, which issuance, amendment, or refinancing may be on such terms and conditions as may be determined by the Board in its absolute discretion;

(ii) no Subordinate Obligations may be issued if any payment of principal of or interest on the Bonds is due and unpaid, or an Event of Default shall have occurred and be continuing; and

(iii) the Subordinate Obligations shall be payable as to both principal and interest on an annual basis, on a date which is after the final principal or interest payment date due in that calendar year on all Bonds.

(c) Certificate. A written certificate from the President or Vice President or Treasurer of the District that the conditions for issuance of the Subordinate Obligations set forth herein are met shall conclusively determine the right of the Issuer to authorize, issue, sell, and deliver Subordinate Obligations in accordance herewith.

Section 3.04. Superior Bonds Prohibited. Nothing herein permits the Issuer to issue bonds or other securities or incur other obligations having a lien on the Revenues superior to the

lien thereon of the Bonds, and any such bonds or other securities or other obligations are hereby prohibited.

Section 3.05. Other Debt Prohibited. The Issuer shall not issue or incur bonds, notes, or other obligations payable in whole or in part from, or constituting a lien upon, the Revenues, other than Bonds issued in accordance with Sections 3.01, 3.02 and 3.03 of this Indenture and obligations subject to annual appropriation, in each case subject to Section 3.06.

Section 3.06. Insurer Requirements for Additional Debt. Notwithstanding anything in this Indenture to the contrary, the Issuer may only issue additional Debt payable from Revenues so long as at least one of the following conditions is met; provided, that such conditions are solely for the benefit of the Insurer so long as the Insurer is not then in default under the Insurance Policy and can modified or waived in whole or in part by the Insurer without the consent of the Issuer, the Trustee or any holder of Debt:

(a) The Debt to Assessed Ratio will be, at the time of issuance of the additional Debt, fifty percent (50%) or less, as certified by an Authorized Representative, together with supporting calculations; or

(b) The Required Mill Levy necessary to pay Maximum Annual Debt Service on all outstanding Debt and the proposed additional Debt, at the time of issuance of the additional Debt, shall not exceed thirty-five (35) mills based on the most recent Final Assessed Valuation of property within the boundaries of the Issuer and of property outside the boundaries of the Issuer but subject to the imposition of the Required Mill Levy; or

(c) The Issuer obtains the prior written consent of the Insurer.

Notwithstanding the foregoing, (i) if, at any time the Issuer's Outstanding Bonds are either unrated by any Rating Agency or rated below investment grade by any one Rating Agency then rating the Outstanding Bonds, the Insurer's prior written consent shall be required for the issuance of additional Debt, and (ii) the Issuer shall be permitted to refund the Series 2010 Bonds without having to comply with the above conditions so long as the Refunding Bonds therefor result in debt service savings and the final maturity date of such Refunding Bonds does not extend beyond the final maturity date of the Series 2010 Bonds.

#### **ARTICLE IV PLEDGE OF TRUST ESTATE; REVENUES AND FUNDS**

Section 4.01. Pledge of Trust Estate. Subject only to the rights of the Issuer to apply amounts under the provisions of this Article IV, a pledge of the Trust Estate to the extent provided herein is hereby made, and the same is pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds. The pledge hereby made shall be valid and binding from and after the time of the delivery of the first Bond authenticated and delivered

under this Indenture and shall constitute a first lien upon the Trust Estate, but not necessarily an exclusive such lien.

Section 4.02. Establishment of Funds.

(a) The Costs of Issuance Fund, the Project Fund, the Rebate Fund, the Revenue Fund, and the Bond Fund, are hereby created and established and shall be held by the Trustee in accordance with this Indenture.

(b) Separate accounts within the Revenue Fund and the Bond Fund may be established by the Trustee for such purposes as it deems appropriate or as reasonably requested in writing by the Issuer.

(c) The Trustee may establish such other funds, accounts and subaccounts as it determines necessary to segregate proceeds of, payments for, and expenses related to a Series of Bonds. Each Fund, account and subaccount shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in this Indenture. All moneys deposited in the Funds, accounts and subaccounts shall be used solely for the purposes set forth in this Indenture. The Trustee shall keep and maintain adequate records pertaining to each Fund, account and subaccount established by the Trustee, and all disbursements therefrom made by the Trustee.

Section 4.03. Moneys Held in Trust as Security. All moneys from time to time received by the Trustee and held in any Fund created hereunder shall be held in trust by the Trustee as security for the benefit of Bondholders from time to time of the Bonds and the Trustee (to the extent provided herein), as their respective interests shall appear. Pursuant to the Supplemental Act, an irrevocable first lien and security interest in such funds is hereby fixed, established and granted for such purposes and for the benefit of such Persons; provided that no such lien and security interest shall be created in the Rebate Fund.

Section 4.04. Disposition of Proceeds of Series 2016 Bonds.

(a) The Issuer shall deposit with the Trustee all of the net proceeds from the sale of the Series 2016 Bonds and the Trustee shall out of such proceeds:

(i) Deposit to the Costs of Issuance Fund \$185,000, to be disbursed by the Trustee for payment of Issuance Costs as directed by an Authorized Representative.

(ii) Deposit into the Project Fund \$9,500,000.

(iii) Deposit with the Escrow Agent \$2,164,310.50 pursuant to the Escrow Agreement.

(b) The disposition of the proceeds of any other Series of Bonds issued pursuant to Article III hereof shall be as provided in the Supplemental Indenture establishing such Series.

Section 4.05. Deposit of Revenues with the Trustee; Revenue Fund.

(a) At least (15) fifteen days prior to each Interest Payment Date, the Issuer shall deposit or cause to be deposited all Revenues with the Trustee and the Trustee shall deposit all Revenues, promptly upon its receipt thereof, in the Revenue Fund.

(b) The Trustee shall make transfers from the Revenue Fund to the following Funds and accounts in the amounts, at the times and in the order of priority set forth below:

first, on each Calculation Date, to the Rebate Fund, in an amount equal to any deposits required to be made therein pursuant to Section 4.12 hereof;

second, at least ten days prior to each Interest Payment Date, to the Bond Fund, an amount equal to the interest to become due on the Outstanding Bonds in the current Bond Year;

third, at least ten days prior to each December 1, to the Bond Fund, an amount equal to the amount of principal payable on the Bonds on December 1, of the current Bond Year whether pursuant to maturity or any scheduled mandatory sinking fund redemption established for a Series of Bonds;

fourth, on December 1 of each Bond Year, to the Trustee to pay its fees and expenses as the same become due and payable; and

fifth, the balance of amounts remaining in the Revenue Fund following the foregoing distributions shall be transferred to the Issuer to be used for any lawful purpose.

Section 4.06. Use of Moneys in Bond Fund.

(a) Moneys deposited from time to time in the Bond Fund, and amounts transferred thereto from the Project Fund shall be applied by the Trustee to pay principal and interest on all Bonds Outstanding as they become due. The Trustee may create subaccounts in the Bond Fund for the payment of principal and interest.

(b) Moneys deposited in the Bond Fund from sources other than investment earnings on any account created therein shall be spent within a 13-month period beginning on the date of deposit, and any amount received from the investment of money held in or transferred to any Fund created or permitted herein shall be spent within one year beginning on the date of receipt. For purposes of this provision, money deposited in any account or subaccount of the Bond Fund shall be deemed spent on a first-in, first-out basis.

(i) The Trustee shall deposit from Revenues in accordance with Section 4.05 hereof the following amounts in the Bond Fund with respect to principal of the Series 2016 Bonds maturing on December 1, 2036, at the times specified below, and apply such amounts to the redemption by lot as provided in Section 7.03 hereof on December 1 in each of the years 2032 through 2036 at par, plus accrued interest as follows:

<u>Year</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>
2032	\$925,000
2033	950,000
2034	980,000
2035	1,010,000
2036*	890,000

\* Stated Maturity.

(ii) The Trustee shall deposit from Revenues in accordance with Section 4.05 hereof the following amounts in the Bond Fund with respect to principal of the Series 2016 Bonds maturing on December 1, 2045, at the times specified below, and apply such amounts to the redemption by lot as provided in Section 7.03 hereof on December 1 in each of the years 2037 through 2045 at par, plus accrued interest as follows:

<u>Year</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>
2037	\$915,000
2038	945,000
2039	975,000
2040	1,005,000
2041	1,035,000
2042	1,070,000
2043	1,105,000
2044	1,130,000
2045*	1,170,000

\* Stated Maturity.

The Trustee shall anticipate such deposits for the purpose of giving notice of redemption. At the option of the Issuer, to be exercised by delivery of a written certificate to the Trustee on or before the 45<sup>th</sup> day next preceding any sinking fund redemption date, it may (i) deliver to the Trustee for cancellation Series 2016 Bonds or portions thereof (in Authorized Denominations), in an aggregate principal amount desired by the Issuer or (ii) direct the Trustee to apply moneys from time to time available or required to be deposited in the Bond Fund to the purchase of the Series 2016 Bonds at prices not higher than par plus accrued interest. Each such Series 2016 Bond or portion thereof so delivered or purchased, in addition to any Series 2016 Bonds or portions thereof (in Authorized Denominations), which prior to said date have been redeemed and canceled by the

Trustee at the request of the Issuer and not theretofore applied as a credit against any sinking fund redemption obligation, shall be credited by the Trustee, at 100% of the principal amount thereof, on a pro rata basis (based on the Outstanding principal amounts of the Series 2016 Bonds), against all subsequent sinking fund redemptions of the related maturity of Series 2016 Bonds and the deposits described above for the related maturity of Series 2016 Bonds shall be reduced on a pro rata basis by such amount.

Section 4.07. Payments from Project Fund.

(a) Upon the occurrence and continuance of an Event of Default, the Trustee will cease disbursing moneys from the Project Fund, but instead shall apply such moneys in the manner provided by Article VIII hereof.

(b) So long as no Event of Default shall have occurred and be continuing, amounts in the Project Fund shall be released by the Trustee to the Issuer in accordance with requisitions in substantially the form set forth in Exhibit D hereto signed by the Authorized Representative and for the purpose of paying Project Costs.

(c) Unless there is an event of default under the Improvement Agreement, the Trustee shall make payment from the Project Fund in the amount requested by the District on or before the third Business Day immediately following receipt of a Project Fund Disbursement Request (“**Request**”) to the extent that there are funds available therein. While an event of default under the Improvement Agreement has occurred and is continuing, the District may not submit a Request, and the Town of Breckenridge, Colorado (“Town”) shall have a right following a written notice to the Trustee from the Town of the occurrence and continuation of such default, to submit a Request for a withdrawal of funds from the Project Fund in the form of Exhibit D, attached hereto, provided that in such event the Request shall be signed by an authorized representative of the Town as provided in the Improvement Agreement. The Trustee shall be entitled to assume that no event of default under the Improvement Agreement has occurred and is continuing unless it has actual knowledge to the contrary. Any cure of an event of default under the Improvement Agreement and reinstatement of the District’s right to submit a Request shall be evidenced by a written notice from the Town to the Trustee. The Town’s notice to the Trustee shall be accompanied by a signed resolution of the Town Council of the Town stating that the District is in default under the Improvement Agreement and that funds are required to complete work on the project as described in the Improvement Agreement. In paying any Request under this Section, unless the Trustee has actual knowledge to the contrary, the Trustee may conclusively rely as to the completeness and accuracy of all statements in such Request if such Request is signed by the Authorized Representative and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any Request by an Authorized Representative shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

(d) If there are any moneys remaining in the Project Fund on the third anniversary of the Closing Date for the Series 2016 Bonds, or upon the payment of all Project Costs payable from the Project Fund, to be evidenced by a certificate of the Authorized Representative delivered to the Trustee, any moneys remaining in the Project Fund shall be applied by the Trustee, without any direction of the Issuer, to the redemption of Series 2016 Bonds, pursuant to the special mandatory redemption provisions described in Section 7.01(d) hereof. Any amounts representing investment earnings on the amounts in the Project Fund between the date when a notice of redemption is given pursuant to Section 7.04 hereof and the date fixed for redemption in such notice, to the extent such amounts are not used for such redemption, shall be applied by the Trustee to pay maturing principal or interest on the Series 2016 Bonds

(e) For seven years from the third anniversary of the Closing Date of the Bonds, the Trustee shall retain in its possession all orders, requisitions, Project Fund Disbursement Requests, as well as any and all supporting materials received by it pursuant to this Section, subject to the inspection of the Issuer, the Bondholders and their representatives at all reasonable times upon reasonable prior notice to the Trustee.

(f) A Supplemental Indenture authorizing the issuance of a Series of Bonds shall set forth provisions applicable to the accounts of the Project Fund funded with proceeds of such Bonds.

Section 4.08. [Reserved]

Section 4.09. [Reserved]

Section 4.10. [Reserved]

Section 4.11. [Reserved]

Section 4.12. Rebate Fund. This Section 4.12 shall apply separately to each issue of Tax-Exempt Bonds. Within 60 days after each Calculation Date and not later than 60 days after the redemption of the last Tax-Exempt Bond, the Issuer shall compute the Excess Investment Earnings for the year just completed and shall direct the Trustee to, subject to Section 4.05 hereof, transfer from the Revenue Fund to the Rebate Fund an amount equal to the amount so computed. If the amount so computed is a negative number, said amount may be withdrawn from the Rebate Fund and deposited in the Revenue Fund. All amounts in the Rebate Fund, including income earned from the investment of such amounts, shall be held by the Trustee free and clear of the liens described in this Indenture. The Trustee shall pay over to the United States of America, not later than 60 days after the fifth anniversary of the date of issuance of the Tax-Exempt Bonds and at least every five years thereafter until the final redemption of the last Bond, an amount equal to 90% of the net aggregate amount transferred to or earned in the Rebate Fund during such period and not theretofore paid to the United States of America and, not later than 60 days after the redemption of the last Tax-Exempt Bond, 100% of the aggregate amount in the Rebate Fund. Notwithstanding the provisions of this Section 4.12, the Trustee shall at all times maintain and administer the Rebate Fund in conformity with all applicable federal statutes and

regulations as the same may be amended from time to time to the extent, and in accordance with written directions of the Issuer, upon which the Trustee may conclusively rely.

Section 4.13. Costs of Issuance Fund. Upon the written request of an Authorized Representative, the Trustee shall make payments from the applicable account of the Costs of Issuance Fund to pay the Issuance Costs incurred by the Issuer in connection with the issuance of related Series of Bonds (which shall not include Project Costs). Any funds remaining in a subaccount of the Costs of Issuance Fund six months after the date of issue of the related Series of Bonds shall be transferred by the Trustee at the direction of the Authorized Representative to (i) the Revenue Fund or (ii) the Project Fund and following such transfer, the Trustee shall close the Cost of Issuance Fund. The Trustee shall make payment from the Cost of Issuance Fund in the amount requested on or before the third Business Day immediately following receipt of a written request signed by an Authorized Representative of the Issuer to the extent that there are funds available therein. In paying any such request under this Section, unless the Trustee has actual knowledge to the contrary, the Trustee may conclusively rely as to the completeness and accuracy of all statements in such request if such request is signed by the Authorized Representative, and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any request by an Authorized Representative shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

Section 4.14. Final Balances. Upon the deposit with the Trustee of moneys sufficient to pay all principal of, premium, if any, and interest on the Bonds, and upon satisfaction of all claims against the Issuer hereunder, including the payment of all fees, charges and expenses of the Trustee and any Paying Agent, which are properly due and payable hereunder, and after compliance with the provisions of Section 4.12 regarding moneys in the Rebate Fund, or upon the making of adequate provisions of the payment of such amounts, as permitted hereby, all moneys remaining in all Funds and accounts, shall be remitted to the Issuer; provided that the Trustee shall not be liable for any interest on any such Funds and accounts held uninvested in accordance with the terms hereof.

## **ARTICLE V COVENANTS AND AGREEMENTS OF THE ISSUER**

Section 5.01. Performance of Covenants. The Issuer covenants that it will timely and faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture in any and every Bond and in all proceedings of the Issuer pertaining thereto. The Issuer covenants, represents, warrants and agrees that it is duly authorized under the laws of the State, to issue the Bonds and to execute this Indenture, and to pledge the Trust Estate in the manner and to the extent herein set forth, that all actions on its part required for the issuance of the Bonds and the execution and delivery of this Indenture, have been duly and effectively taken or will be duly taken as provided herein, and that this Indenture is a valid and enforceable instrument of the Issuer and that the Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the Issuer according to the terms thereof.



Section 5.02. Existence; Compliance with Laws. The Issuer shall maintain its existence, shall use its best efforts to maintain and renew all its rights, powers, privileges and franchises; and shall comply with all valid and applicable laws, acts, rules, regulations, permits, orders, requirements and directions of any legislative, executive, administrative or judicial body.

Section 5.03. Payment of Principal, Interest and Premium; Other Required Payments.

(a) The Issuer will promptly pay or cause to be paid the principal of, premium, if any, and interest on all Bonds issued hereunder according to the terms hereof. The Issuer hereby covenants to provide for the payment of principal of and interest on the Bonds by making the payments of principal and interest set forth in Section 4.06, hereof in the manner described therein. Such payments shall be reduced to the extent that moneys are already on deposit in the applicable account of the Bond Fund.

(b) The Issuer shall appoint one or more Paying Agents for such purpose, each such agent to be a national banking association, a bank and trust company or a trust company. The Issuer hereby appoints the Trustee to act as sole Paying Agent, and designates the principal operations center of the Trustee as the place of payment, such appointment and designation to remain in effect until notice of change is filed with the Trustee.

(c) The Issuer also agrees to pay the following amounts to the following persons:

(i) to the Trustee, all reasonable fees of the Trustee for services rendered under this Indenture and all reasonable fees and charges of paying agents, registrars, Bond Counsel, attorneys, managers, accountants, engineers and others incurred on request of the Trustee in the performance of services under this Indenture for which the Trustee and such other persons are entitled to payment or reimbursement; provided that the Issuer may, without creating a default hereunder, contest in good faith the reasonableness of any such services, fees or expenses;

(ii) to the appropriate party the fees and expenses of any rebate analyst selected by the Issuer;

(iii) to the Trustee all amounts to be deposited to the Rebate Fund, as and when the same become due as determined pursuant to the Indenture, to the extent there are no other amounts available to make such deposits, and to cause the Trustee to apply such funds in compliance with the terms of the Indenture; and

(iv) to the appropriate party the fees and expenses of a dissemination agent in connection with services provided pursuant to the Continuing Disclosure Agreement.

(d) In the event the Issuer should fail to make any of the payments required by this Section, the item or installment shall continue as an obligation of the Issuer until the

amount shall have been fully paid, and the Issuer agrees to pay the same. Nothing in the Bonds or in this Indenture shall be considered or construed as pledging any funds or assets of the Issuer other than those pledged hereby or creating any liability of the Issuer's directors, members, employees or other agents.

(e) The Issuer shall not take any actions or omit to take an action which would have a materially adverse effect on the Bonds or the ability of the Issuer to repay the Bonds.

(f) The Issuer hereby covenants and agrees to impose the Required Mill Levy as provided for in this Indenture and to remit, or cause to be remitted, to the Trustee all Required Mill Levy Revenue and all other Revenues.

Section 5.04. Conditions Precedent. Upon the date of issuance of any of the Bonds, the Issuer hereby covenants that all conditions, acts and things required by the laws of the State or by this Indenture to exist, to have happened or to have been performed precedent to or in the issuance of the Bonds shall exist, have happened and have been performed.

Section 5.05. Maintenance and Management of Projects. So long as the Bonds are Outstanding, the Issuer will keep the Projects (to the extent owned or controlled by the Issuer) and all parts thereof in good repair and good operating condition, making all repairs thereto and renewals and replacements thereof necessary for this purpose, so that the Projects will remain suitable and efficient for use as a facility of the character described in and contemplated by this Indenture, or, such other uses as are not inconsistent with this Indenture.

Section 5.06. Construction, Equipping and Operation of the Projects. The Issuer shall:

(a) cause the Projects to be acquired and constructed substantially in accordance with all applicable building code and zoning requirements, and provide all other improvements, access roads, utilities, and other items required for facilities fully operable for the purposes specified herein, all with due diligence;

(b) cause to be acquired and properly installed in the Projects such items of machinery and equipment and other items of personal property as may be necessary and desirable in the Issuer's reasonable judgment for operation of the Projects;

(c) if applicable, cause insurance relating to the Projects to be procured and maintained in accordance with Section 5.10 hereof;

(d) if applicable, cause to be paid when due or provide for the payment of all fees, costs and expenses incurred in connection with the acquisition, construction, and equipping of the Projects; and

(e) ask, demand, sue for, levy, recover and receive all those sums of money, debts and other demands whatsoever which may be due, owing and payable under the terms of any other agreement in connection with the acquisition, construction, furnishing,

equipping, and operation of the Projects, and enforce the provisions of any obligation, bond or other performance security with respect thereto.

Section 5.07. Payment of Series 2016 Project Costs by the Issuer. The Issuer agrees that it will provide, or cause to be provided, any and all sums of money required to complete the Series 2016 Projects, including, without limitation, all expenses which under generally accepted accounting principles constitute necessary capital expenditures for the completion of the Series 2016 Projects, but not including any working capital or expendable supplies or necessary equipment (collectively, the “**Project Costs**”). The Project Costs shall be payable or reimbursable from a portion of the proceeds of the Bonds to the extent and in the manner provided in Section 4.07 hereof.

Section 5.08. Taxes and Other Governmental Charges and Utility Charges. To the extent taxes and special assessments are lawfully levied upon or with respect to the Projects, or to the extent other charges are lawfully made by any governmental body for public improvements that may be or become secured by a lien on the Projects, the Issuer agrees to make, or cause to be made, promptly all payments due with respect to such taxes, special assessment or charges so long as the Bonds are Outstanding. In addition, the Issuer will make, or cause to be made, all payments and utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Projects. With respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, with or without interest, the Issuer shall be obligated to pay only such installments and interest as are required to be paid so long as the Bonds are outstanding. The Issuer may in good faith contest any such taxes, assessments and other charges and, in the event of such contest, may permit the items so contested to remain unpaid during the period of the contest and any appeal therefrom, provided that the Issuer shall first furnish to the Trustee, an Opinion of Counsel, addressed to the Trustee, that nonpayment of any such items will not materially endanger the lien of the Indenture as to any part of the Projects and will not subject the Projects or any part thereof to loss or forfeiture.

Section 5.09. Perfection of Lien. Pursuant to the Supplemental Act, the Revenues pledged hereunder for the payment of the Bonds and now or hereafter received by the Issuer shall immediately be subject to the lien of each such pledge without any physical delivery, filing, or further act. The lien of each such pledge and the obligation to perform the contractual provisions made hereby shall have priority over any or all other obligations and liabilities of the Issuer with regard to the Revenues, to the extent provided herein. Pursuant to Section 208 of the Supplemental Act, the pledges and liens created by this Indenture are subject to any prior pledges or liens and the Issuer hereby covenants and represents that it has not heretofore created any prior pledge or lien on the Revenues. The lien of each such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the Issuer irrespective of whether such persons have notice thereof. From time to time, as reasonably requested by the Trustee, the Issuer shall furnish to the Trustee an Opinion of Counsel setting forth what, if any, actions by the Issuer or Trustee should be taken to preserve such security.

The Issuer shall execute or cause to be executed any and all instruments and take such further action under Section 5.15 hereof and as otherwise may be required by law or as shall reasonably be requested by the Trustee for such protection of the interests of the Trustee and the Bondholders, and shall furnish satisfactory evidence to the Trustee of filing and refiling of such instruments and of every additional instrument which shall be necessary to preserve the lien of this Indenture upon the Trust Estate or any part thereof until the principal of and premium, if any, and interest on the Bonds issued hereunder shall have been paid. The Trustee shall execute or join in the execution of any such further or additional instrument and file or join in the filing thereof at such time or times and in such place or places as it may be advised by an Opinion of Counsel will preserve the lien of this Indenture upon the trust estate or any part thereof until the aforesaid principal shall have been paid.

Section 5.10. Insurance.

(a) Prior to completion of the Projects, the Issuer shall cause, or shall require the Developer to cause, as the case may be, the general contractor to procure and maintain, continuously in effect with respect to the Projects policies of insurance against such risks and in such amounts as are customary for a prudent construction contractor with respect to construction of properties comparable to those comprising the Projects.

(b) Upon completion of the Projects, the Issuer shall procure and maintain continuously in effect during the term of the Indenture with respect to the Projects that it will own, operate and maintain policies of insurance against such risks and in such amounts as are customary for a prudent owner of properties comparable to those comprising the Projects. Without limiting the generality of the foregoing provision, the Issuer shall, at all times after completion and acceptance by the Issuer of the Projects, maintain the following insurance:

- (i) insurance covering the following risks of loss:
  - (1) fire;
  - (2) extended coverage perils;
  - (3) vandalism and malicious mischief;
  - (4) boiler explosion (but only if steam boilers are present); and
  - (5) all other risks normally covered by such insurance,

all in an amount equivalent to the full insurable value of the Projects property. “**Full insurable value**” shall include the actual replacement cost of the Buildings (excluding foundations) and contents therein, including architectural, engineering, legal and administrative fees, without deduction for depreciation, and shall be determined at least annually by the Issuer. The policies required by this clause shall be either subject to a no co-insurance clause or shall contain an agreed amount clause and may include a deductibility provision not exceeding \$10,000.

(ii) Commercial general liability insurance against liability for injuries to or death of any person or damage to or loss of property arising out of or in any way relating to the condition of the Projects or any part thereof, in amounts not less than \$1,000,000 per occurrence and \$2,000,000 aggregate; provided that the requirements of this paragraph (ii) with respect to the amount of insurance may be satisfied by an excess coverage policy. The Issuer shall not, by this provision or any other provision herein, be deemed to have altered or waived any of its immunities under the Colorado Governmental Immunities Act.

(iii) To the extent required by law, compensation insurance or qualified self-insurance against liability for compensation under the Worker's Compensation Act now or hereafter enacted in the State to cover all persons employed by the Issuer and to cover liability for compensation under any such act.

(c) All insurance required in this Section 5.10 shall be taken out and maintained with sound and reputable insurance companies authorized to do business in the State and selected by the Issuer. In lieu of separate policies, the Issuer may maintain blanket policies having the coverage required herein.

Section 5.11. No Liens. As of the date of issuance of the Series 2016 Bonds, there are no liens or encumbrances of any nature whatsoever on or against the Revenues other than with respect to the Series 2016 Bonds.

Section 5.12. No Liability of Issuer's Officers, Etc. Notwithstanding anything to the contrary set forth herein, or any other agreement or instrument relating to the Bonds or the Projects, neither the Issuer's officers, directors, employees or agents, nor their heirs, successors or assigns, shall have any liability, personal or otherwise, for payment or performance of the covenants or obligations set forth in this Indenture or in any other agreement or instrument securing the indebtedness and obligations created hereunder.

Section 5.13. Budget; Financial Statements; Notices; Determinations.

(a) There shall be prepared and adopted annually and at such other times as may be provided by law a budget for the Issuer, which budget shall be available to the Trustee and the holders of the Bonds.

(b) The Issuer shall keep proper and current books of records and account in which complete and accurate entries will be made of the receipt and use of the Revenues and all components thereof, the amounts paid out as principal and interest on the Bonds and all other payments due in connection with the Bonds, the use of Bond proceeds, the costs and expenditures of the Issuer, including administrative and management expenses, and such other calculations, allocations and payments as may be reasonably requested by the Trustee hereunder, all in accordance with Generally Accepted Accounting Principles (GAAP) consistently applied.

(c) The Issuer, while any Bonds are Outstanding and unpaid, will cause an annual audit of its revenues (including Revenues hereunder) and expenditures to be made by an Accountant. The Issuer agrees to deliver, within 240 days after the last day of each Fiscal Year, without request a copy of the complete annual report covering the operation of the Projects for such Fiscal Year and audits, to the Trustee, and the Trustee shall deliver copies to any owner of any Bond who requests the same in writing, at the expense of the Issuer. The Trustee shall have no duty to review the annual report and audits. Such audited financial statements shall include a balance sheet as of the end of such Fiscal Year and a statement of revenues, expenditures and changes in fund balances with respect to the Projects for such Fiscal Year, which shall be prepared on a GAAP basis.

(d) The Issuer shall, to the extent required by applicable laws and regulations of the State, file or cause to be filed its annual audit with the Office of the State Auditor, its annual budget with the Colorado Division of Local Government, Department of Local Affairs, its annual budget and annual audit with the Securities Commissioner of the State as provided in Section 11-59-104(6)(a) of the Colorado Revised Statutes, and such other reports as required by applicable State law.

(e) Any owner of any of the Bonds, or any duly authorized agent or agents of such owner, shall have the right at all reasonable times to inspect all public records, accounts and data relating to the Revenues and the Series 2016 Projects and all properties appertaining thereto.

(f) The Issuer shall file with the Trustee such additional information as the Trustee may reasonably request (the Trustee having no duty to so request) concerning the Issuer, the Revenues or the Projects.

Section 5.14. Tax Covenants. The Issuer covenants with the owners of the Tax-Exempt Bonds that, notwithstanding any other provision of this Indenture or any other instrument, it will make no investment or other use of the proceeds of the Tax-Exempt Bonds which would cause such Bonds to be arbitrage bonds under Section 148 of the Code, and the regulations thereunder, and it further covenants that it will comply with the requirements of such Section and regulations. The foregoing covenants shall extend throughout the term of the Tax-Exempt Bonds, to all funds created under this Indenture and all moneys on deposit to the credit of any such Fund, and to any other amounts which are Tax-Exempt Bond proceeds for purposes of Section 148 of the Code, and the regulations thereunder.

The Issuer will determine the amount of the required arbitrage rebate, if any, payable to the United States government under Section 148(f) of the Code and will make or cause to be made any required payments beginning not later than 30 days after the end of the fifth Bond Year of the Tax-Exempt Bonds, regardless of whether there are any remaining proceeds or other funds attributable to the Tax-Exempt Bonds that are available for the purpose. The Issuer will not permit the amount of gross proceeds invested in any Bond Year at a yield materially higher than the Tax-Exempt Bond yield to exceed the limits of Section 148 of the Code.

The Issuer shall not use or direct the use of the proceeds of the Tax-Exempt Bonds in any way, or take or omit to take any other action, which would cause the interest on any Bonds to become subject to federal income tax under the Code, and shall use projects financed with proceeds of the Tax-Exempt Bonds exclusively for general public use, so that such Bonds will not be classified as “private activity bonds” and the interest thereon will not be included in gross income under the Code.

Section 5.15. Further Assurances. Except to the extent otherwise provided in this Indenture, the Issuer shall not enter into any contract or take any action by which the rights of the Trustee or the Bondholders may be impaired and shall, from time to time, execute and deliver such further instruments requested by the Trustee under Section 5.09 hereof or otherwise and take such further action as may be required to carry out the purposes of this Indenture. The Issuer shall deposit, or cause to be deposited, the Required Mill Levy Revenue directly into an account or accounts of the Trustee at a financial institution designated by the Trustee from time to time, which account or accounts shall be part of the Revenue Fund (except as otherwise permitted herein).

Section 5.16. Surety Bonds. Each official of the Issuer or other person having custody of any Revenues or amounts available to pay any Project Costs financed with proceeds of the Bonds, or responsible for their handling, shall be bonded at all times in accordance with applicable law, which bond shall be conditioned upon the proper application of said moneys; provided that the requirement of this Section shall be deemed satisfied by a blanket employee dishonesty insurance policy.

Section 5.17. Required Mill Levy. The Issuer agrees to levy on all of its taxable property, in addition to all other taxes, direct annual taxes in 2016 and in each year thereafter so long as any Bonds remain outstanding, in the amount of the Required Mill Levy. Nothing herein shall be construed to require the Issuer to impose an ad valorem property tax levy in excess of the Required Mill Levy.

(a) This Section 5.17 is hereby declared to be the certificate of the Issuer to the County Board indicating the aggregate amount of taxes to be levied for the purposes set forth in the definition of Required Mill Levy.

(b) It shall be the duty of the Issuer annually at the time and in the manner provided by law for the levying of the Issuer’s taxes, to ratify and carry out the provisions hereof with reference to the levy and collection of the ad valorem property taxes herein specified, and to require the officers of the Issuer to cause the appropriate officials of Summit County, to levy, extend and collect said ad valorem taxes in the manner provided by law for the purpose of providing funds for the payment of the amounts to be paid hereunder promptly as the same, respectively, become due. Said taxes, when collected, shall be applied only to the payment of the amounts to be paid hereunder.

(c) Said Required Mill Levy shall be levied, assessed, collected, and enforced at the time and in the form and manner and with like interest and penalties as other general taxes in the State.

(d) The Issuer shall pursue all reasonable remedies to collect, or cause the collection of, delinquent Required Mill Levy Revenue within its boundaries.

## **ARTICLE VI SECURITY FOR AND INVESTMENT OR DEPOSIT OF FUNDS**

Section 6.01. Deposits and Security Therefor. All moneys received by the Trustee under this Indenture shall, except as hereinafter provided, be deposited as trust funds with the Trustee, until or unless invested or deposited as provided in Section 6.02. All deposits with the Trustee (whether original deposits under this Section or deposits or re-deposits under Section 6.02) shall be invested in Permitted Investments as provided in Section 6.02.

Section 6.02. Investment or Deposit of Funds. The Trustee shall, at the request and written direction of the Issuer so long as there is no Event of Default under Section 8.01 hereof, invest moneys held in any Fund or account established under this Indenture exclusively in Permitted Investments provided that all investments shall mature, or be subject to redemption, and all deposits in time accounts shall be subject to withdrawal, not later than the date when the amounts will foreseeably be needed for purposes of this Indenture. Any Permitted Investments shall be held by or under the control of the Trustee or pursuant to arrangements satisfactory to the Trustee. The Trustee is authorized to cause to be sold and reduced to cash a sufficient amount of Permitted Investments whenever the cash balance is or will be insufficient to make a requested or required disbursement. The Trustee shall not be accountable for any depreciation in the value of any Permitted Investment or for any loss resulting from such sale. All Permitted Investments shall be made by the Trustee, at the written direction of the Issuer, subject to the limitations contained herein. If no written direction is provided to the Trustee by the Issuer the Trustee will invest such moneys in any money market fund. The written direction of the Issuer shall constitute a certification to the Trustee that such investments constitute Permitted Investments hereunder. Unless otherwise confirmed or directed in writing, an account statement delivered periodically by the Trustee to the Issuer shall confirm that the investment transactions identified therein accurately reflect the investment directions of the Issuer, unless the Issuer notifies the Trustee in writing to the contrary within thirty (30) days of the date of such statement. The Trustee is specifically authorized to purchase or invest in shares of any investment company that (i) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial, or other services for compensation), (ii) invests substantially all of its assets in short-term high-quality money-market instruments, limited to obligations issued or guaranteed by the United States, and (iii) maintains a constant asset value per share. Additionally, the Trustee may implement its automated cash investment system, to assure that cash on hand is invested and to charge reasonable cash management fees, which may be deducted from income earned on investments. Investments authorized under this Section may be made by the Trustee through its own investment department or that of its affiliates or subsidiaries and may charge its ordinary and customary fees for such trades, including cash sweep account fees. The Issuer acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer the right to receive brokerage confirmations of security transactions as they occur, the Issuer waives receipt of such confirmations to the extent permitted by law. The



Trustee will provide to the Issuer periodic account statements which shall include detail for all investment transactions made by the Trustee hereunder.

Interest and income received upon investment of moneys in the Rebate Fund shall be deposited into the Revenue Fund. Otherwise, the interest and income received upon such investments of any Fund or account and any profit or loss resulting from the sale of any investment shall be added or charged to such Fund or account.

Amounts on deposit in the Project Fund after the third anniversary of the issue date of a Series of Bonds may not be invested at a yield higher than the yield of Bonds from which such amounts were derived, unless an opinion of Bond Counsel described above is delivered to the Trustee.

Any investment acquired with proceeds of the Tax-Exempt Bonds, including investment in a guaranteed investment contract, shall be acquired at fair market value within the meaning of Treas. Reg. § 1.148 5(d)(6).

## **ARTICLE VII REDEMPTION OF BONDS**

### **Section 7.01. Series 2016 Bonds Subject to Redemption.**

(a) The Series 2016 Bonds are subject to redemption prior to maturity as provided herein and in the forms of the Bonds attached hereto. Payment of the redemption price of any Series 2016 Bond shall be made on the redemption date only upon the surrender to any Paying Agent of any Series 2016 Bond, and so redeemed. Other Series of Bonds shall be subject to redemption prior to maturity as provided in the Supplemental Indenture authorizing such Bonds.

(b) Optional Redemption. The Series 2016 Bonds maturing on and after December 1, 2027 are subject to redemption prior to maturity at the option of the Issuer on any date, on and after December 1, 2026, in whole or in part, upon payment of the principal amount of the Series 2016 Bonds to be redeemed, plus interest accrued to the redemption date, without premium.

(c) Mandatory Sinking Fund Redemption. The Series 2016 Bonds are to be redeemed in part in the amounts and on the dates set forth in Section 4.06(c) hereof.

(d) Special Mandatory Redemption of the Series 2016 Bonds. Upon the occurrence of an event described in Section 4.07(d) hereof, the Series 2016 Bonds shall be subject to mandatory redemption in part in the maximum principal amount that may be redeemed from amounts required to be applied to such redemption from the Project Fund, as applicable, in accordance with Section 4.07(d), for a redemption price equal to the principal amount of the Series 2016 Bonds so redeemed plus accrued interest thereon to the redemption date. Such redemption shall occur on the next Interest Payment Date that is at least 30 days from the earlier of (i) the third anniversary of the Closing Date of the Series 2016 Bonds, and (ii) the date of the certificate of the Authorized Representative

regarding payment of all Project Costs payable from the Project Fund as provided for in Section 4.07(d). Notice of such special mandatory redemption shall be provided by the Trustee pursuant to Section 7.04.

Section 7.02. Issuer Direction of Optional Redemption. Notice of any optional redemption from the Issuer to the Trustee shall specify the principal amount of Bonds to be redeemed and the redemption date. The Issuer will give the notice to the Trustee at least 15 days (or such lesser number of days as may be acceptable to the Trustee) prior to the day on which the Trustee is required to give notice of such optional redemption to the Bondholders.

Section 7.03. Selection of Bonds to be Called for Redemption. Except as otherwise provided herein or in the Bonds, if it is provided that the Trustee shall call Bonds by “lot” or if less than all of any Series of Bonds are to be redeemed, the particular Bonds to be called for redemption shall be selected at the direction of the Issuer. The Trustee shall treat any Bond of a denomination greater than the minimum Authorized Denomination as representing that number of separate Bonds each of that minimum Authorized Denomination (and, if any Bond is not in a denomination that is an integral multiple of the minimum Authorized Denomination, one separate Bond of the remaining principal amount of the Bond) as can be obtained by dividing the actual principal amount of such Bond by that minimum Authorized Denomination. In case a Bond is of a denomination larger than the Authorized Denomination, a portion of such Bond may be redeemed provided that the remaining portion of the Bond shall be in an Authorized Denomination, except for the final remaining maturity amount of the Bond of any Series which may be in an amount less than the Authorized Denomination.

Section 7.04. Notice of Redemption.

(a) Unless otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, the notice of the call for redemption of Bonds shall identify (i) the complete official name of the issue, (ii) the Bonds or portions thereof to be redeemed by designation, letters, CUSIP numbers, numbers or other distinguishing marks, interest rate, maturity date and principal amount, (iii) the redemption price to be paid, (iv) the date fixed for redemption, (v) the place or places, by name and address, where the amounts due upon redemption are payable and (vi) the name and telephone number of the person to whom inquiries regarding the redemption may be directed; provided, however, that the failure to identify a CUSIP number for said Bonds in the redemption notice, or the inclusion of an incorrect CUSIP number, shall not affect the validity of such redemption notice. The notice may also include a statement that the redemption is conditioned upon receipt of all moneys necessary for the redemption by the Trustee prior to the date fixed for redemption. The notice shall be given by the Trustee on behalf of the Issuer by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days but no more than 60 days prior to the date fixed for redemption, to the owner of each Bond subject to redemption in whole or in part at the owner’s address shown on the Bond Register on the 15th day preceding that mailing. Failure to receive notice pursuant to this Section, or any defect in that notice, as to any Bond, shall not affect the validity of the proceedings for the redemption of any other

Bond for which proper notice has been given. Notices of redemption shall also be mailed to the Paying Agent.

(b) The Trustee shall take the following additional actions with respect to such redemption notice, but no defect in the following actions or any failure to take the same shall defeat the effectiveness of the foregoing redemption notice:

(i) At least 30 days prior to the date fixed for redemption, such redemption notice shall be given by (i) registered or certified mail, postage prepaid, (ii) facsimile transmission, (iii) confirmed electronic means or (iv) overnight delivery service, to the Securities Depository and to the MSRB for posting on EMMA.

(ii) In undertaking the requirements of this subsection (b), the Trustee does so as a courtesy to the institutions listed herein and the Trustee shall not incur any liability as a result of the failure to provide such notice to any such institution or as a result of any defect therein.

(c) If at the time of mailing of notice of any optional redemption the Issuer shall not have deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, if the Issuer shall so direct, such notice may state that it is conditional in that it is subject to the deposit of sufficient moneys with the Trustee not later than the scheduled redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Section 7.05. Bonds Redeemed in Part. Any Bond which is to be redeemed only in part shall be surrendered at a place stated for the surrender of Bonds called for redemption in the notice provided for in Section 7.04 (with due endorsement by, or a written instrument of transfer in form satisfactory to the Trustee duly executed by, the owner thereof or his attorney duly authorized in writing) and the Issuer shall execute and the Trustee shall authenticate and deliver to the Owner of such Bond without service charge, a new Bond or Bonds, of the same Series, of any Authorized Denomination as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Section 7.06. Payment of Redemption Price. If (a) an unconditional notice of redemption has been duly given or duly waived by the holders of all Bonds called for redemption or (b) a conditional notice of redemption has been so given or waived and the redemption moneys have been duly deposited with the Trustee, then in either such case the Bonds called for redemption shall be payable on the redemption date at the applicable redemption price. Payment of the redemption price together with accrued interest (if required by the provisions hereof) shall be made by the Trustee, out of Revenues or other funds deposited for the purpose, to the holders of the Bonds called for redemption upon surrender of such Bonds (if required by the provisions hereof or the redemption notice).

Section 7.07. Bond Redemption Fund for Refunding Bonds. Whenever the Issuer issues Refunding Bonds hereunder, the Issuer may, by Supplemental Indenture authorizing such Refunding Bonds, direct the Trustee to establish a separate bond redemption fund and to deposit

therein the proceeds of the Refunding Bonds. The Supplemental Indenture shall specify the investment and application of amounts so deposited including, without limitation, the transfer thereof to any other fiscal agent or trustee of the Issuer and the time and conditions for such transfer.

## ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

### Section 8.01. Events of Default Defined.

(a) The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an “**Event of Default**” under this Indenture (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default hereunder except as provided in this Section:

(i) The Issuer fails to impose the Required Mill Levy as provided in this Indenture; or

(ii) The Issuer fails to collect the Revenues or apply the Revenues as required by this Indenture for a period of 14 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Issuer by the Trustee, or to the Issuer and the Trustee by the Required Holders; or

(iii) If the Issuer shall fail to observe or perform any covenant or agreement on its part under this Indenture other than those covenants and agreements listed under subsection (a)(i) above, for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Issuer by the Trustee, or to the Issuer and the Trustee by the Required Holders, provided, however, that if the breach of covenant or agreement is one which cannot be completely remedied within the 60 days after written notice has been given, it shall not be an Event of Default with respect to such Series as long as the Issuer has taken active steps within the 60 days after written notice has been given to remedy the failure and is diligently pursuing such remedy; or

(iv) If the Issuer shall institute proceedings to be adjudicated as bankrupt or insolvent, or shall consent to the institution of bankruptcy or insolvency proceedings against it, or shall file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Issuer or of any substantial part of its property, or

shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

(b) It is acknowledged that due to the limited nature of the Revenues, the failure to pay the principal of or interest on the Bonds when due shall not, in and of itself, constitute an Event of Default hereunder, if the Issuer is otherwise in compliance with all provisions hereof.

Section 8.02. No Acceleration. Except as may be provided in a Supplemental Indenture applicable to all Series of Bonds Outstanding hereunder, there shall be no rights of acceleration with respect to the Bonds.

Section 8.03. Other Remedies. Following the occurrence of an Event of Default, the Trustee may enforce each and every right granted to the Issuer or the Trustee hereunder. In exercising such rights and the rights given the Trustee under this Article VIII, the Trustee shall take such action as, in the judgment of the Trustee applying the standards described in Section 9.06 hereof, would best serve the interests of the Bondholders.

Section 8.04. Legal Proceedings by Trustee. If any Event of Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Majority Interest and receipt of indemnity to its satisfaction, shall, in its own name:

(a) By mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Issuer to carry out any provisions of this Indenture for the benefit of the Bondholders; and

(b) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

Section 8.05. Discontinuance of Proceedings by Trustee. If any proceeding commenced by the Trustee on account of any default is discontinued or is determined adversely to the Trustee, then the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder as though no such proceedings had been commenced.

Section 8.06. Bondholders May Direct Proceedings. The Majority Interest shall have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee hereunder, provided that such direction shall not be in conflict with any rule of law or with this Indenture or unduly prejudice the rights of minority Bondholders and provided further that the Trustee may decline to follow such directions if the Trustee, upon advice of counsel, determines that the taking of the action specified in such directions would involve it in personal liability against which indemnity would not be satisfactory.

Section 8.07. [Reserved]

Section 8.08. Limitations on Actions by Bondholders. No Bondholder shall have any right to pursue any remedy hereunder unless:

- (a) the Trustee shall have been given written notice of an Event of Default;
- (b) the Majority Interest shall have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names;
- (c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities; and
- (d) the Trustee shall have failed to comply with such request within a reasonable time.

Section 8.09. Trustee May Enforce Rights Without Possession of Bonds. All rights under the Indenture and the Bonds may be enforced by the Trustee without the possession of any Bonds or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the holders of the Bonds.

Section 8.10. Delays and Omissions Not to Impair Rights; Waivers of Events of Default. No delays or omissions of the Trustee or the Majority Interest to exercise any right or power accruing upon any Event of Default shall exhaust or impair such right or power or be construed to be a waiver of such Event of Default, or acquiescence therein; and every power and remedy given by this Article VIII may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder shall extend to or affect any subsequent or any other then existing Event of Default or shall impair any rights or remedies consequent thereon.

Subject to Section 9.04, the Trustee may waive any Event of Default hereunder and its consequences, and shall do so upon the written request of the Majority Interest. In case of any such waiver, or in case the Trustee or the Majority Interest shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or the Majority Interest, then and in every such case the Issuer, Trustee and the Bondholders shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceedings had been taken.

Section 8.11. Application of Moneys in Event of Default. During the continuance of an Event of Default, all moneys held and received by the Trustee pursuant to any right given or action taken under the provisions of this Article and any other moneys held as part of the Trust Estate shall, after payment of the costs and expenses of the proceedings which result in the collection of such moneys and of the fees, expenses and advances incurred or made by the Trustee with respect thereto, be applied according to the accrued Debt Service deposits or payments with respect to each Series of Bonds as follows:

- (a) Unless the principal of all such Outstanding Bonds shall have become due and payable:

First: To the payment to the Bondholders entitled thereto of all installments of interest then due on the Bonds in the order of maturity of such installments (provided that any interest accrued on unpaid Debt Service shall be due before any other installment of interest), and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Bondholders entitled thereto, without any discrimination or preference; and

Second: To the payment to the Bondholders entitled thereto of the unpaid principal amounts of the Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions hereof), whether at maturity or by proceedings for redemption or otherwise or upon the tender of any Bond pursuant to the terms of the Supplemental Indenture providing for the issuance of such Bond, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds of such Series due on any date, then to the payment thereof ratably, according to the principal amounts due on such date, to the Bondholders entitled thereto, without any discrimination or preference.

(b) If the principal of all Outstanding Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Bonds with interest on such overdue amounts, without preference or priority as between principal, premium, if any, or interest on such Bonds, ratably according to the amounts due respectively for principal, premium, if any, and interest to the Persons entitled thereto.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine in accordance with this Indenture, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix a Special Record Date in accordance with Section 2.09 (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such Special Record Date interest on the principal amounts to be paid on such Special Record Date shall cease to accrue if so paid. The Trustee shall give such notice as it may deem appropriate in accordance with this Indenture of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all installments of interest then due on the Bonds and all unpaid principal amounts of any Bonds that shall have become due have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid, the Trustee shall resume making the transfers from the Revenue Fund in the amounts and according to the priority set forth in Article V hereof. If all Bonds and the interest thereon have been paid in full, together with all expenses and charges of the Trustee, any balance remaining shall be paid as otherwise

required by Article V hereof, and if not so required, to the Issuer or as a court of competent jurisdiction may direct.

Section 8.12. Trustee's Right to Receiver. Upon an Event of Default, the Trustee shall be entitled as of right to the appointment of a receiver ex parte upon prior written notice to the Issuer; and the Trustee, the Bondholders and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as may be contained in or permitted by State law.

Section 8.13. Bankruptcy Proceedings. The Trustee is hereby authorized and directed, on behalf of the owners of the Bonds, to file a proof or proofs of claim in any bankruptcy, receivership or other insolvency proceeding involving the Issuer. With respect to any matter in any such proceeding which requires the vote of any claimant, the Trustee is hereby authorized and directed to vote on behalf and in the name of the owners of all Bonds outstanding hereunder in the manner designated by the Majority Interest.

## **ARTICLE IX THE TRUSTEE**

Section 9.01. Acceptance of Trust. The Trustee accepts and agrees to execute the trusts hereby created, but only upon the additional express terms set forth in this Article, to all of which the parties hereto and the Bondholders are bound, and no implied covenants or obligations shall be read into this Indenture against the Trustee. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture.

Section 9.02. No Responsibility for Recitals, Etc. The recitals, statements and representations in this Indenture or in the Bonds, save only the Trustee's Certificate of Authentication upon the Bonds, have been made by the Issuer and not by the Trustee; and the Trustee shall be under no responsibility for the correctness thereof.

The Trustee shall not be responsible for the validity or adequacy of this Indenture or the Bonds or for the validity, priority, recording or rerecording, filing or re filing of any financing statements, amendments thereto or continuation statements, or for insuring the Projects or collecting any insurance moneys, or for the Issuer's use or application of the proceeds from the Bonds or any money paid over by the Trustee to the Issuer or upon the Issuer's direction in accordance with the provisions hereof, or for the use or application of any money received by any Paying Agent other than the Trustee, or for the validity of the execution by the Issuer of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the Projects or as to the maintenance of the security hereof; provided that in the event the Trustee enters into possession of a part or all of the Projects pursuant to any provision of this Indenture, it shall use due diligence in preserving such property. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of moneys made by it accordance with Article VI.



Section 9.03. Trustee May Act Through Agents; Answerable Only for Willful Misconduct or Negligence. The Trustee may exercise any powers hereunder and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to advice of Counsel concerning all questions hereunder. The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture nor for anything whatever in connection with the trust hereunder, except only its own willful misconduct or negligence, and shall not be responsible for any misconduct or negligence on the part of any agent, attorney or employees appointed or chosen by it with due care. The Trustee may act upon the opinion or advice of Counsel selected by it in the exercise of reasonable care, and may in all cases pay such reasonable compensation to any such Counsel in connection therewith. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction based on its good faith reliance upon such opinion or advice. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

Section 9.04. Compensation and Indemnity. The Issuer shall pay the Trustee reasonable compensation for its ordinary services hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and also all advances, agent fees, counsel fees, and other reasonable ordinary expenses and disbursements. In the event that it should become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be entitled to payment and reimbursement for the reasonable fees, costs and charges of the Trustee as Paying Agent for the Bonds. To the extent permitted by law, the Issuer agrees to indemnify the Trustee and hold the Trustee harmless from and against any costs, claims, expenses and liabilities incurred by the Trustee, Paying Agent and Registrar arising out of the exercise and performance of its powers and duties hereunder in good faith and without negligence; provided that this agreement shall not act as a waiver of immunity of the Issuer under the Colorado Governmental Immunity Act. Following an Event of Default, the Trustee shall have a first charge on all funds held by it for its fees and expenses.

Before taking any action under this Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses (including, without limitation, attorney's fees and expenses) to which it may be put and to protect it against all liability which it may incur in or by reason of such action, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

Section 9.05. Notice of Default; Right to Investigate. The Trustee shall, within thirty days after obtaining actual knowledge thereof, give written notice by first-class mail to owners of Bonds of all defaults known to the Trustee and send a copy of such notice to the Issuer, unless such defaults have been remedied (the term "defaults" for purposes of this Section is defined to include the events specified in Section 8.01 hereof, not including any notice or periods of grace provided for therein). For purposes of the preceding sentence and elsewhere herein, "actual knowledge" of the Trustee means actual knowledge of any officer within the Corporate Trust Department (or any successor group) of the Trustee, including any vice president, assistant vice

president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the person who at the time shall be the officer, respectively, who is responsible for the administration of this Indenture. The Trustee may, however, at any time require of the Issuer full information as to the performance of any covenant hereunder; and, if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made an investigation into the affairs of the Issuer related to this Indenture and the properties covered hereby.

Section 9.06. Obligation to Act on Defaults. If any Event of Default shall have occurred and be continuing, the Trustee may, and shall do so if requested in writing by the Majority Interest and furnished indemnity satisfactory to the Trustee, exercise one or more of the rights and remedies vested in it by this Indenture; provided, that if in the opinion of the Trustee such action may tend to involve expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity reasonably satisfactory to it. If an Event of Default has occurred and is continuing, the Trustee shall use the same degree of care in their exercise as a prudent person would exercise or use in the circumstances in the conduct of his or her own affairs in exercising any rights or remedies or performing any of its duties hereunder.

Section 9.07. Provision of Monthly Fund Statements and Revenue Accounting.

(a) The Trustee shall provide to the Issuer written monthly fund statements by the 15th day of each month depicting the balances as of the end of the preceding month in each Fund and account established under this Indenture.

(b) A copy of any report received by the Trustee from the Issuer shall be provided by the Trustee to any Bondholder who notifies the Trustee in writing that they desire to receive such notices.

Section 9.08. Reliance on Requisition, Counsel, Etc. The Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any requisition, resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed or signed by the proper persons or to have been prepared and furnished pursuant to any of the provisions of the Indenture; and the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept and rely upon the same as conclusive evidence of the accuracy of such statement.

The Trustee will be entitled to conclusively rely upon advice or opinions of Counsel and will not be responsible for any loss or damage resulting from reliance in good faith thereon, except for its own negligence or willful misconduct.

As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, or whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee shall be entitled to conclusively rely upon a certificate signed by an Authorized Representative and the Issuer's Accountant as sufficient evidence of the facts therein contained, and prior to the occurrence of default of which the Trustee has been

notified as provided in Section 9.05, the Trustee may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable but shall in no case be bound to secure the same.

No provision of this Indenture shall require the Trustee to risk or advance any of its own funds.

The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other offering or disclosure material prepared or distributed with respect to the Bonds.

The immunities, protections and limitations from liability extended to the Trustee also extend to its officers, directors, employees and agents.

The Trustee shall have the right, but shall not be required, to demand, with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right to the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but shall not be required, to inspect any and all books, papers and records of the Issuing District pertaining to the Projects and the Bonds, and to take such memoranda from and in regard thereto as may be desired.

The Trustee shall not be required to give any bond or surety in respect to the execution of its trusts and powers hereunder or otherwise with respect to the premises.

Section 9.09. Trustee May Own Bonds. The Trustee may buy, sell, own and hold any of the Bonds. The Trustee may engage in or be interested in any financial or other transaction with the Issuer; provided that if the Trustee determines that any such relation is in conflict with its duties under this Indenture, it shall eliminate the conflict or resign as Trustee.

Section 9.10. Construction of Ambiguous Provisions. The Trustee may construe any ambiguous or inconsistent provisions of this Indenture, and any such construction by the Trustee shall be binding upon the Bondholders. In construing any such provision, the Trustee will be entitled to rely upon opinions of Counsel and will not be responsible for any loss or damage resulting from reliance in good faith thereon except for its own negligence or willful misconduct.

Section 9.11. Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by this Indenture by written resignation filed with the Issuer not less than 60 days before the date when it is to take effect, provided notice of such resignation is mailed by registered or certified mail to all Bondholders not less than three weeks prior to the date when

the resignation is scheduled to take effect. Such resignation shall take effect only upon the appointment of a successor trustee.

Section 9.12. Removal of Trustee. Any Trustee hereunder may be removed at any time for any reason by an instrument appointing a successor to the Trustee so removed, executed by a Majority Interest or the Issuer (so long as there is no Event of Default hereunder) and filed with the Trustee and the Issuer (if executed by a Majority Interest).

Section 9.13. Appointment of Successor Trustee. If the Trustee or any successor trustee resigns or is removed (other than pursuant to Section 9.12 hereof) or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the Issuer (so long as there is no Event of Default hereunder) shall appoint a successor and shall mail notice of such appointment by registered or certified mail to all Bondholders. If the Issuer fails to make such appointment within 30 days after the date notice of resignation is filed, if there is an Event of Default hereunder, or if the Trustee is removed pursuant to Section 9.12 hereof, the Majority Interest may appoint a successor Trustee. In the event that the Issuer or the Majority Interest fail to appoint a successor Trustee within 30 days after notice of resignation has been given by the Trustee, the Trustee shall have the right to petition a court of competent jurisdiction to appoint a successor Trustee.

Section 9.14. Qualification of Successor Trustee. A successor trustee shall be a national bank with trust powers or a bank and trust company or a trust company organized under the laws of one of the States of the United States, in each case having capital and surplus of at least \$50,000,000, if there be one able and willing to accept the trust on reasonable and customary terms.

Section 9.15. Instruments of Succession. Any successor trustee shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder; and thereupon such successor trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein and thereupon the duties and obligations of the predecessor shall cease and terminate. Upon the payment of the fees and expenses owed to the predecessor, the Trustee ceasing to act hereunder shall pay over to the successor trustee all moneys held by it hereunder; and, upon request of the successor trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument transferring to the successor trustee all the estates, properties, rights, powers and trusts hereunder of the Trustee ceasing to act. The Issuer shall be provided with a copy of each instrument mentioned herein.

Section 9.16. Merger of Trustee. Any corporation into which the Trustee or its corporate trust department hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger, sale or consolidation of its corporate trust department to which any Trustee hereunder shall be a party, shall be the successor trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties

hereto, anything herein to the contrary notwithstanding, provided that any such successor trustee shall have a capital and surplus of at least \$50,000,000.

Section 9.17. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State of Colorado) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, and in particular in case of the enforcement of any such document in default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or Co-Trustee. The following provisions of this Section are adopted to these ends.

The Trustee may appoint an additional individual or institution as a separate or Co-Trustee, in which event such and every remedy, power, right, claim, demand, cause of action, indemnity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or Co-Trustee but only to the extent necessary to enable such separate or Co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or Co-Trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Issuer be required by the separate or Co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate or Co-Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or Co-Trustee, so far as permitted by law, shall vest in and be exercisable by the Trustee until the appointment of a new Trustee or successor to such separate or Co-Trustee.

Section 9.18. Intervention by Trustee. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its Counsel has a substantial bearing on the interests of owners of the Bonds, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the owners of at least 25% in principal amount of Bonds then Outstanding. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

## **ARTICLE X**

### **ACTS OF BONDHOLDERS; EVIDENCE OF OWNERSHIP OF BONDS**

Section 10.01. Acts of Bondholders; Evidence of Ownership. Any action to be taken by Bondholders may be evidenced by one or more concurrent written instruments of similar tenor

signed or executed by such Bondholders in person or by agent appointed in writing. The fact and date of the execution by any Person of any such instrument may be proved by acknowledgment before a notary public or other officer empowered to take acknowledgments of deeds or by an affidavit of a witness to such execution. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may also be proved in any other manner which the Trustee deems sufficient. The ownership of Bonds shall be proved by the Bond Register. Any action by the owner of any Bond shall bind all future owners of the same Bond in respect of anything done or suffered by the Issuer or the Trustee in pursuance thereof.

Section 10.02. Certain Additional Provisions With Respect to Bondholder Remedies, Receipt of Notice and Other Matters. In the event that a Bond is registered to a nominee or the Securities Depository holding such Bond on behalf of a Beneficial Owner, for purposes of consents to amendments, receipt of reports and notices and other actions hereunder, and the direction of election of remedies and proceedings (including, without limitation, acceleration and waiver of acceleration), the Beneficial Owner of such Bond upon provision of reasonable evidence of its status as beneficial owner shall be deemed to be the holder hereunder and shall have the right to give or receive the aforementioned consents, directions, reports and notices hereunder.

## **ARTICLE XI AMENDMENTS AND SUPPLEMENTS**

Section 11.01. Amendments and Supplements Without Bondholders' Consent. This Indenture may be amended or supplemented at any time and from time to time, without the consent of the Bondholders, by a Supplemental Indenture between the Issuer and the Trustee, for one or more of the following purposes:

- (a) to add additional covenants of the Issuer or to surrender any right or power herein conferred upon the Issuer;
- (b) to cure any ambiguity or formal defect or omission herein;
- (c) to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising hereunder that shall not materially adversely affect the interests of the Holders;
- (d) for any purpose not inconsistent with the terms of this Indenture or to cure any ambiguity or to correct or supplement any provision contained herein or in any Supplemental Indenture which may be defective or inconsistent with any other provision contained herein or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under this Indenture which shall not be inconsistent with the provisions of this Indenture and which, in each case, shall not adversely affect

the interests of the holders of the Bonds, including the appointment and duties of a Co-Paying Agent, Bond Registrar or Authenticating Agent;

(e) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act of 1939 or under any similar federal statute hereafter enacted, and to add to this Indenture such other provisions as may be expressly permitted by the Trust Indenture Act of 1939, as from time to time amended;

(f) to provide details in connection with the issuance of any Series of Bonds under Article III hereof;

(g) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to obtain an investment grade rating on the Bonds;

(h) to grant to or confer or impose upon the Trustee for the benefit of the owners of the Bonds any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with this Indenture as theretofore in effect, including to provide for a debt service reserve fund;

(i) to permit the appointment of a Co-Trustee under this Indenture;

(j) to authorize different Authorized Denominations of the Bonds and to make correlative amendments and modifications to this Indenture regarding exchangeability of Bonds of different Authorized Denominations, redemptions of portions of Bonds of particular Authorized Denominations and similar amendments and modifications of a technical nature;

(k) to modify, alter, supplement or amend this Indenture to comply with changes in the Code affecting the status of interest on the Bonds as excluded from gross income for federal income tax purposes or the obligations of the Issuer in respect of Section 148 of the Code;

(l) to remove the Trustee in accordance with the Section 9.12 hereof;

(m) to accommodate the technical, operational and structural features of Bonds which are issued or are proposed to be issued to finance or refinance Authorized Projects which have been authorized or are proposed to be authorized, including, but not limited to, changes needed to accommodate bond anticipation notes, commercial paper, and other discounted or compound interest Bonds or other forms of indebtedness which the Issuer from time to time deems appropriate to incur;

(n) to provide for the issuance of a Series of Bonds so long as such issuance complies with the terms of this Indenture;

(o) to make any amendments appropriate or necessary to provide for any insurance policy, irrevocable transferable letter of credit, guaranty, surety bond, line of credit, revolving credit agreement or other agreement or security device delivered to the Trustee and providing for (i) payment of the principal, interest and redemption premium on the Bonds or a portion thereof; (ii) payment of the purchase price of the Bonds; or (iii) both clauses (i) and (ii), provided however, that if such agreement or security device is for a specific Series of Bonds, the use of such agreement or security device does not materially adversely affect the interests of the Bondholders of any other Bonds;

(p) to confirm to the Trustee amounts pledged hereunder as Revenues, including amounts payable to the Issuer as a result of modifications in the Service Plan; or

(q) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Bondholders or the Insurer.

Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to this Section 11.01, there shall have been delivered to the Trustee an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by law and is authorized under this Indenture, that such Supplemental Indenture will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the exclusion from gross income of the interest on the Tax-Exempt Bonds for federal income tax purposes.

Section 11.02. Amendments With Bondholders' Consent. Other than amendments permitted under Section 11.01 hereof, this Indenture may be amended from time to time, by a supplemental indenture approved by a Majority Interest, provided that (i) no amendment shall be made that adversely affects one or more but less than all the Bonds without the consent of the owners of at least 50% of principal amount of the Outstanding Bonds so affected, and (ii) except as otherwise provided in a Supplemental Indenture, no such amendment will permit a change in the term of redemption or maturity of the principal of any Outstanding Bond or the interest rate thereon, or any installment of interest thereon, or a reduction in the principal amount or redemption price thereof, or will reduce the percentages or otherwise affect the consent requirements to the effect any such amendment without the consent of the owner of such Bond. No amendment of any provision of this Section 11.02 may be effected without the consent of Bondholders of all Outstanding Bonds.

Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to this Section 11.02, there shall have been delivered to the Trustee an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by law and is authorized under this Indenture, that such Supplemental Indenture will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the exclusion from gross income of the interest on the Tax-Exempt Bonds for federal income tax purposes.



Section 11.03. Amendment of Other Agreements. The Service Plan of the Issuer may be supplemented and amended as necessary to facilitate the issuance from time to time of Bonds as provided herein. Written notice of any such proposed amendments shall be provided to the Trustee and the Insurer by the Issuer. The Issuer may also amend the Service Plan for any other purpose to the extent that the Issuer and the Trustee determine that such proposed amendment would not materially adversely affect the Issuer's and the Trustee's receipt of the Revenues.

If the Issuer proposes to amend the Service Plan in such a manner as would materially adversely affect the interests of any Bondholder (as determined by the Issuer and the Trustee), the Issuer shall not amend the Service Plan without the written consent of the owners of at least a Majority Interest and, to the extent the Insurance Policy is in effect and the Insurer is not in default thereunder, the Insurer.

Notwithstanding anything in this Indenture to the contrary, (i) no amendment to the Service Plan which affects the rights, duties, obligations or immunities of the Trustee may be effected without the express written consent of the Trustee (ii) no amendment to the Service Plan which affects the rights and interests of the Insurer may be effected without the express written consent of the Insurer.

Section 11.04. Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel. The Trustee is authorized to join with the Issuer in the execution and delivery of any supplemental indenture or amendment permitted by this Article XI and in so doing shall be fully protected by an Opinion of Counsel that such supplemental indenture or amendment is so permitted and has been duly authorized by the Issuer and that all things necessary to make it a valid and binding agreement have been done. Additionally, the Trustee shall be fully protected by an Opinion of Counsel that any supplemental indenture or amendment does not adversely affect the interests of the Bondholders or the Series 2016 Bondholders.

## **ARTICLE XII DEFEASANCE**

Section 12.01. General. When the principal or redemption price of, and premium, if any, and interest on, all Bonds issued hereunder, and all other amounts due under this Indenture have been paid, or provision has been made for payment of the same, together with all other sums payable hereunder by the Issuer, the Trustee's right, title and interest in this Indenture and the moneys payable hereunder shall thereupon cease and the Trustee, on demand of the Issuer, shall release this Indenture and shall execute such documents to evidence such release as may be reasonably required by the Issuer and shall turn over to the Issuer or its assigns all balances then held by it hereunder not required for the payment of the Bonds and such other sums. If such payment or provision therefor has been made with respect to all the Bonds of any one Series, the interest of the Trustee shall cease in respect of such Series, and the Trustee shall take similar action for the release of this Indenture.

Section 12.02. Defeasance Requirements. Without limiting the generality of the foregoing, provision for the payment of a Series of Bonds shall be deemed to have been made (a) upon the delivery to the Trustee of (i) cash in an amount sufficient to make all payments

specified above, or (ii) Government Obligations of the United States of America, maturing on or before the date or dates when the payments specified above shall become due, the principal amount of which and the interest thereon, when due, is or will be, in the aggregate, sufficient without reinvestment to make all such payments, or (iii) any combination of cash and such obligations; (b) any Series of Bonds to be redeemed prior to maturity shall have been duly called for redemption or irrevocable instructions to call such Bonds for redemption shall have been given to the Trustee, which instructions shall include an irrevocable waiver of any rights of the Issuer under the Bonds and the Indenture to redeem the Bonds at a date prior to that specified in such instructions; (c) an Opinion of Bond Counsel to the effect that any exclusion from gross income for federal income tax purposes of the interest on any Outstanding Tax-Exempt Bonds will not be impaired by the defeasance. The Trustee shall also receive a report from an Accountant verifying to the Issuer's satisfaction that the cash and Government Obligations delivered will be sufficient to provide for the payment of the Bonds as aforesaid (the "Verification"). Neither the obligations nor moneys deposited with the Trustee pursuant to this Section shall be withdrawn or used for any purpose other than, and shall be segregated and held in trust for, the payment of the principal or redemption price of, and premium, if any, and interest, on the Series of Bonds so defeased. In the event that such moneys or obligations are to be applied to the payment of principal or redemption price of any Series of Bonds more than 30 days following the deposit thereof with the Trustee, the Trustee shall send by registered mail to each owner of such Bonds, a notice stating that such moneys or obligations have been deposited and identifying the Bonds for the payment of which such moneys or obligations are being held.

Section 12.03. Insurance Policy. In addition to the above, the Insurer has certain rights and requirements with respect to a defeasance of the Series 2016 Bonds as set forth in Section 13.13(e) of this Indenture.

### **ARTICLE XIII MISCELLANEOUS PROVISIONS**

Section 13.01. No Personal Recourse. No recourse shall be had for any claim based on the Indenture or the Bonds, including but not limited to the payment of the principal or redemption price of, or premium, if any, or interest on, the Bonds, against any member, officer, director, agent, or employee, past, present or future, of the Issuer or of any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise.

Section 13.02. Deposit of Funds for Payment of Bonds. If there are on deposit with the Trustee funds (including proceeds of Government Obligations as provided in Section 12.02 hereof sufficient to pay the principal or redemption price of any Bonds becoming due, either at maturity or by call for redemption or otherwise, together with the premium, if any, and all interest accruing thereon to the due date, all interest on such Bonds shall cease to accrue on the due date and all liability of the Issuer with respect to such Bonds shall likewise cease, except as hereinafter provided. Thereafter the owners of such Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bonds and the Trustee shall hold such funds in trust for such owners.

Moneys (including proceeds of Government Obligations as provided in Section 12.02 hereof so deposited with the Trustee which remain unclaimed four years after the date payment thereof becomes due shall, if the Issuer is not at the time, to the knowledge of the Trustee, in default with respect to any covenant in the Indenture or the Bonds, be paid to the Issuer, unless there is a dispute as to the payment thereof, upon receipt by the Trustee of indemnity satisfactory to it, and the owners of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Issuer; provided, however, that the Trustee, before making payment to the Issuer, may send notice by registered mail to each owner of Bonds who hasn't claimed such moneys at such owner's last known address, stating that the moneys remaining unclaimed will be returned to the Issuer after a specified date.

Section 13.03. Illegal, etc. Provisions Disregarded. In case any provision in this Indenture or the Bonds shall for any reason be held invalid, illegal or unenforceable in any respect, this Indenture shall be construed as if such provision had never been contained herein.

Section 13.04. Notices. Any notice to or demand upon any of the following entities shall be deemed to have been sufficiently given or served for all purposes by being sent by registered United States mail to the address for such entity set forth below or by sending by facsimile (receipt confirmed by telephone) to the facsimile number for such entity set forth below, or such other address or facsimile number as may be filed in writing by the Issuer with the Trustee:

Issuer: Breckenridge Mountain Metropolitan District  
c/o Marchetti & Weaver, LLC  
Attention: Ken Marchetti  
28 Second Street, Suite 213  
Edwards, CO 81632  
Phone: (970) 926-6060  
Email: [ken@mwcpsa.com](mailto:ken@mwcpsa.com)

With a copy to: White Bear Ankele Tanaka & Waldron, P.C.  
Attention: Bill Ankele  
The Streets at SouthGlenn  
2154 E. Commons Ave., Suite 2000  
Centennial, CO 80122  
Phone: (303) 858-1800  
Email: [wpankele@wbapc.com](mailto:wpankele@wbapc.com)

Trustee: U.S Bank National Association  
Attention: Jennifer Petrino  
950 17<sup>th</sup> Street  
Denver, CO 80202  
Phone: (303) 585-4597  
Email: [Jennifer.petrino@usbank.com](mailto:Jennifer.petrino@usbank.com)

Section 13.05. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any person other than the parties hereto, the owners of the Bonds, the Insurer and the Issuer.

Section 13.06. Successors and Assigns. All the covenants, promises and agreements in this Indenture contained by or on behalf of the Issuer, or by or on behalf of the Trustee, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 13.07. Headings for Convenience Only. The descriptive headings in this Indenture are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 13.08. Counterparts. This Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

Section 13.09. Payments Due On Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of interest, premium, if any, or principal or redemption price need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest on such payment shall accrue for the period from and after such date.

Section 13.10. Applicable Law. This Indenture shall be governed by and construed in accordance with the laws of the State of Colorado.

Section 13.11. Election under Supplemental Act. By execution of this Indenture, the Issuer hereby elects to have all provisions of the Supplemental Act apply to the issuance of the Bonds; provided, however, that such election shall not operate to modify or limit the rights conferred on the Issuer or the members of the Board by any other provisions of Colorado law.

Section 13.12. Electronic Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 13.13. Information Regarding the Insurance Policy and Certain Rights of the Insurer. So long as the Insurance Policy is in effect and the Insurer is not then in default thereunder, the following provisions shall govern, notwithstanding anything to the contrary in this Indenture.

(a) The Insurer shall be deemed to be the sole holder of the Series 2016 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 2016 Bonds insured by it are entitled to take

pursuant to this Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Series 2016 Bond, the Trustee and each Series 2016 Bondholder appoint the Insurer as their agent and attorney-in-fact with respect to the Series 2016 Bonds and agree that the Insurer may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Series 2016 Bondholder delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Series 2016 Bondholder with respect to the Series 2016 Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Bondholders shall expressly include mandamus.

(b) The Insurer is a third party beneficiary to this Indenture.

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

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

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

In addition to the requirements set forth in Section 12.02 hereof, the Issuer shall also cause to be delivered in connection with a defeasance of Series 2016 Bonds (i) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), (ii) an opinion of nationally recognized bond counsel to the effect that the Series 2016 Bonds are no longer "Outstanding" under the Indenture and (iii) a certificate of discharge of the Trustee with respect to the Series 2016 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, Trustee and Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than Five Business days prior to the funding of the escrow.

Series 2016 Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria and the requirements of Section 12.02 of this Indenture are met.

(f) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of this Indenture and the Series 2016 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with this Indenture. This Indenture shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

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

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

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2016 Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Series 2016 Bondholders referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Series 2016 Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Series 2016 Bondholders in the same manner as principal and interest payments are to be made with respect to the Series 2016 Bonds under the sections hereof regarding payment of Series 2016 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

Notwithstanding anything herein to the contrary, the Issuer agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2016 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by and payable from ad valorem taxes to be levied on and against all taxable property located within the District on a parity with debt service due on the Series 2016 Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following an Interest Payment Date shall promptly be remitted to the Insurer.

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

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

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

(j) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Series 2016 Bonds.

(k) The Insurer shall be entitled to pay principal or interest on the Series 2016 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy), whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(l) The notice address of the Insurer is: Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director - Surveillance, Re: Policy No. 217824-N, Telephone: (212) 974-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(m) The Insurer shall be provided with the following information by the Issuer or the Trustee, as the case may be:

- (i) Annual audited financial statements within 240 days after the end of the Issuer's fiscal year (together with a certification of the Issuer that it is not aware of any default or Event of Default under the Indenture), and the Issuer's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;
- (ii) Notice of any default known to the Trustee or the Issuer within five Business Days after knowledge thereof;
- (iii) Prior notice of the advance refunding or redemption of any of the Series 2016 Bonds, including the principal amount, maturities and CUSIP numbers thereof;
- (iv) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;



- (v) Notice of the commencement of any proceeding by or against the Issuer commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");
- (vi) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2016 Bonds;
- (vii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and
- (viii) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

In addition, to the extent that the Issuer has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Series 2016 Bonds, all information furnished pursuant to such agreements shall also be provided to the Insurer, simultaneously with the furnishing of such information.

(n) The Insurer shall have the right to receive such additional information as it may reasonably request.

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

(p) The Trustee shall notify the Insurer of any known failure of the Issuer to provide notices, certificates and other information under the transaction documents.

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

(r) The Issuer shall not enter into any interest rate exchange agreement or any other interest rate maintenance agreement without the prior written consent of the Insurer.

[Signature page follows]

IN WITNESS WHEREOF, intending to be legally bound, BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT, has caused this Trust Indenture to be executed by an authorized officer of the Issuer and its corporate seal to be hereunto affixed and attested by a different authorized officer, and U.S. Bank National Association, as Trustee, has caused this Trust Indenture to be executed by one of its duly authorized officers, all as of the day and year first above written.

BRECKENRIDGE MOUNTAIN  
METROPOLITAN DISTRICT

(SEAL)

By: \_\_\_\_\_

Jeff Zimmerman  
President

ATTEST:

By: \_\_\_\_\_

David Habermas  
Vice President/Treasurer/Secretary

Signature Page to Trust Indenture

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U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By: \_\_\_\_\_

[NAME, TITLE]

Signature Page to Trust Indenture

S-2

EXHIBIT A

FORM OF A BOND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the District or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND HAS NOT BEEN REGISTERED OR OTHERWISE QUALIFIED FOR SALE UNDER THE “BLUE SKY” LAWS AND REGULATIONS OF ANY STATE AND WILL AS OF THE DATE OF ISSUE CARRY NO RATING FROM ANY RATING SERVICE.**

BY ACCEPTANCE OF THIS INSTRUMENT, THE OWNER OF THIS BOND AGREES AND CONSENTS TO ALL OF THE LIMITATIONS IN RESPECT OF THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND CONTAINED HEREIN, IN THE INDENTURE, IN THE RESOLUTION OF THE ISSUER AUTHORIZING THE ISSUANCE OF THIS BOND AND IN THE SERVICE PLAN FOR CREATION OF THE ISSUER.

No. R- \_\_\_\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA

SUMMIT COUNTY STATE OF COLORADO

BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT

UNLIMITED TAX GENERAL OBLIGATION REFUNDING AND IMPROVEMENT  
BONDS, SERIES 2016

<u>Per Annum Interest Rate</u>	<u>Maturity Date</u>	<u>Original Date</u>	<u>CUSIP</u>
_____ %		_____	_____

Registered Owner: Cede & Co

Principal Sum: \_\_\_\_\_ DOLLARS

BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT (the “**Issuer**”), a public corporation and political subdivision of the State of Colorado, for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the Registered Owner (specified above), or registered assigns, the Principal Sum (specified above) on the Maturity Date (specified above), unless this Bond shall have been duly called for previous redemption in whole or in part and payment of the redemption price shall have been duly made or provided for, upon surrender hereof, and to pay, solely from the sources hereinafter mentioned, to the person in whose name this Bond is registered at the close of business on the regular record date for such interest, which shall be the fifteenth day of a calendar month next preceding an interest payment date (the “**Regular Record Date**”), by check mailed to such person at his address as it appears on the registration books of the Issuer maintained by the Trustee, interest on said Principal Sum at the per annum Interest Rate (specified above); provided that at the written request of any owner of at least \$1,000,000 aggregate principal amount of Bonds, interest hereon shall be payable by wire transfer to an account designated in writing by such Owner. Interest in respect of this Bond shall accrue from the interest payment date next preceding the date of authentication to which interest shall have been paid, (i) unless such date of authentication is an interest payment date to which interest shall have been paid, in which case, from such authentication date, or (ii) unless authenticated after a Record Date and prior to an interest payment date with respect to such Record Date, in which case from such interest payment date, or (iii) unless this Bond is authenticated prior to the first interest payment date in which case interest in respect of this Bond shall accrue from its Original Date shown above. Payments of interest hereunder shall be payable semi-annually on June 1 and December 1 in each year, commencing December 1, 2016, at the per annum Interest Rate (specified above), until payment of said Principal Sum and any overdue installment of interest. To the extent interest on this Bond is not paid when due, such interest shall compound semiannually on each June 1 and December 1 at the Interest Rate then borne by this Bond.

Any interest on this Bond which is not punctually paid on any Interest Payment Date shall forthwith cease to be payable to the registered owner of such Bond on such Regular Record Date or Interest Payment Date, and shall be paid to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, such date to be no more than 15 nor fewer than 10 days prior to the date of proposed payment, notice of which being given by first class postage prepaid mail to registered Bondholders, the Bond Registrar, and the Paying Agent, not fewer than 10 days prior to such special record date, all as more fully provided in the Indenture.

Interest is computed on the basis of a 360-day year of twelve 30 day months. The principal and any premium due in connection with the redemption of this Bond shall be payable at the principal operations center of U.S. Bank National Association in Saint Paul, Minnesota (or such other location as the Trustee may specify) or its successor as Trustee under the Indenture mentioned below (the “**Trustee**”). Principal, premium, if any, and interest on this Bond shall be paid when due, upon surrender of such Bond, in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts at the principal office of the Paying Agent.

This Bond is one of a duly authorized issue of Bonds of the Issuer designated as “**Unlimited Tax General Obligation Refunding and Improvement Bonds Series 2016**” (collectively, the “**Bonds**”) issued under, and secured by a Trust Indenture dated as of October 1, 2016 (the “**Indenture**”) between the Issuer and the Trustee in order to finance and refinance a project consisting of certain public improvements (the “**Projects**,” as further defined in the Indenture) in Summit County, Colorado (the “**County**”).

The terms of the Bonds include those terms specified in the Indenture. Bondholders are referred to the Indenture for a statement of those terms. *Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture.*

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered Bondholder hereof, Cede & Co., has an interest herein.

This Bond is an obligation of the Issuer secured by (a) a pledge of the Revenues (as defined in and with the exceptions provided in the Indenture), and (b) with the exceptions and priorities provided in the Indenture, all trust funds and accounts created under the Indenture.

The Indenture provides that the Issuer may issue Additional Bonds on a parity lien basis with this Bond, without preference, priority or distinction of any Bonds issued on parity with this Bond over any other such Bonds, except as otherwise set forth in a supplement to the Indenture. Such Additional Bonds may be issued for any of the undertakings authorized under the Indenture, if certain requirements outlined therein are met. The Indenture also permits the Issuer to issue certain Subordinate Obligations having a lien on the Revenues subordinate to the lien of the Bonds.

Reference is hereby made to the Indenture and to all amendments thereof and supplements thereto for a description of the provisions, among others, with respect to the nature and extent of the security, the default provisions, the rights, duties and obligations of the Trustee and the Issuer or the rights of the Holders of the Bonds and the terms upon which the Bonds are issued and secured.

**NEITHER THE BONDS, THE INTEREST OR PREMIUM THEREON, NOR COSTS INCIDENT THERETO SHALL CONSTITUTE A DEBT OR FINANCIAL OBLIGATION OF THE TOWN, THE COUNTY, OR THE STATE OF COLORADO NOR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE TOWN, THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE ISSUER) OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS (IF ANY) THEREOF (OTHER THAN THE ISSUER). THIS BOND IS NOT SECURED BY ANY LIEN OR MORTGAGE ON OR SECURITY INTEREST IN ANY**

**PROPERTY OF THE ISSUER OTHER THAN THE REVENUES TO THE EXTENT PROVIDED IN THE INDENTURE.**

The Bonds shall constitute unlimited tax general obligations of the Issuer payable solely from the Revenues as provided herein. The Bonds do not constitute a debt or financial obligation of the County and shall never constitute nor give rise to any pecuniary liability of the Town or the County or any political subdivision of the State (other than the Issuer to the extent set forth herein) or a charge against the general credit or taxing powers of the County. The Bonds are not secured by any lien or a mortgage on or security interest in any property of the Issuer other than the Revenues to the extent provided herein.

THIS BOND IS SUBJECT TO REDEMPTION PRIOR TO MATURITY AS FURTHER DESCRIBED HEREIN AND IN THE INDENTURE.

Optional Redemption. The Bonds maturing on and after December 1, 2027 are subject to redemption prior to maturity at the option of the Issuer, in whole or in part on any date on and after December 1, 2026 at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the redemption date.

Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption as provided in the Indenture.

The Trustee shall anticipate such deposits for the purpose of giving notice of redemption. At the option of the Issuer, to be exercised by delivery of a written certificate to the Trustee on or before the 45th day next preceding any sinking fund redemption date, it may (i) deliver to the Trustee for cancellation Bonds or portions thereof (in Authorized Denominations), in an aggregate principal amount desired by the Issuer or (ii) direct the Trustee to apply moneys from time to time available or required to be deposited in the applicable subaccount to the purchase of the related Bonds at prices not higher than par plus accrued interest. Each such Bond or portion thereof of the same Series and maturity so delivered or purchased, in addition to any Bonds or portions thereof of the same Series and maturity (in Authorized Denominations), which prior to said date have been redeemed and canceled by the Trustee at the request of the Issuer and not theretofore applied as a credit against any sinking fund redemption obligation, shall be credited by the Trustee, at 100% of the principal amount thereof, on a pro rata basis, against all subsequent sinking fund redemptions of the related maturity and Series of Bonds and the deposits described above for the related maturity and Series of Bonds shall be reduced, in such order, by such amounts.

The notice of the call for redemption of the Bonds shall identify (i) the complete official name of the issue, (ii) the Bonds or portions thereof to be redeemed by designation, letters, CUSIP numbers, numbers or other distinguishing marks, interest rate, maturity date and principal amount, (iii) the redemption price to be paid, (iv) the date fixed for redemption, (v) the place or places, by name and address, where the amounts due upon redemption are payable and (vi) the name and telephone number of the person to whom inquiries regarding the redemption may be directed; provided, however, that the failure to identify a CUSIP number for said Bonds in the redemption notice, or the inclusion of an incorrect CUSIP number, shall not affect the validity of

such redemption notice. The notice shall be given by the Trustee on behalf of the Issuer by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days but no more than 60 days prior to the date fixed for redemption, to the owner of each Bond subject to redemption in whole or in part at the owner's address shown on the Bond Register on the 15th day preceding that mailing. A second notice shall be sent in the same manner described above not more than 60 days after the redemption date to the owner of any redeemed Bond which was not presented for payment on the redemption date. Failure to receive notice as described herein, or any defect in that notice, as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond. Notices of redemption shall also be mailed to the Paying Agent.

If at the time of mailing of notice of any optional redemption the Issuer shall not have deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, if the Issuer shall so direct, such notice may state that it is conditional in that it is subject to the deposit of sufficient moneys with the Trustee not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Any Bond which is to be redeemed only in part shall be surrendered at a place stated for the surrender of Bonds called for redemption in the notice described above (with due endorsement by, or a written instrument of transfer in form satisfactory to the Trustee duly executed by, the owner thereof or his attorney duly authorized in writing) and the Issuer shall execute and the Trustee shall authenticate and deliver to the owner of such Bond without service charge, a new Bond or Bonds, of the same Series, of any Authorized Denomination as requested by such owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Any moneys deposited with and held by the Trustee for the benefit of claimants, if any, for four years after the date on which payment therefor became due, which remain unclaimed, if the Issuer is not at the time, to the knowledge of the Trustee, in default with respect to any covenant in the Indenture or herein, shall be paid to the Issuer, unless there is a dispute as to the payment thereof, upon receipt by the Trustee of indemnity satisfactory to it, and the owners of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Issuer; provided, however, that the Trustee, before making payment to the Issuer, may send notice by registered mail to each owner of Bonds who hasn't claimed such moneys at such owner's last known address, stating that the moneys remaining unclaimed will be returned to the Issuer after a specified date.

In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Saturday or Sunday or a legal holiday or a day on which banking institutions in the (i) State of Colorado, (ii) State of New York or (iii) the state of the operational office of the Trustee (initially, U.S. Bank National Association) are authorized or required by law to close, or a day on which the New York Stock Exchange is closed, then payment of interest, premium, if any, or principal or redemption price need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest on such payment shall accrue for the period after such date.



If the Issuer deposits or causes to be deposited with the Trustee funds sufficient to pay the principal or redemption price of any Bonds becoming due, either at maturity or by call for redemption, or otherwise, together with the premium, if any, all interest accruing thereon to the due date, all interest on such Bonds shall cease to accrue on the due date and all liability of the Issuer with respect to such Bonds shall likewise cease, except as hereinafter provided. Thereafter the owners of such Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bonds and the Trustee shall hold such funds in trust for such owners.

This Bond is transferable by the registered owner hereof or his duly authorized attorney at the principal operations center of the Trustee, upon surrender of this Bond, accompanied by a duly executed instrument of transfer in form and with guaranty of signature satisfactory to the Trustee, subject to such reasonable regulations as the Issuer or the Trustee may prescribe, and upon payment of a reasonable service charge and any taxes or other governmental charges incident to such transfer. Upon any such transfer a new registered Bond of the same maturity and in the same aggregate principal amount will be issued to the transferee. The person in whose name this Bond is registered shall be deemed the owner hereof for all purposes, and the Issuer and the Trustee shall not be affected by any notice to the contrary.

*There is no acceleration of the payment of the Bonds upon occurrence of an Event of Default under the Indenture.*

**The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture and except that any registered owner may institute action to enforce the payment of the principal of, premium, if any, or interest on his or her Bond.**

Modifications of the Indenture or any trust indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

Executed counterparts of the Indenture are on file at the principal corporate trust office of the Trustee. The Holder of this Bond, by acceptance hereof, consents to all of the terms and provisions of the Indenture.

**No recourse shall be had for the payment of the principal or redemption price of, or premium, if any, or interest on, this Bond, or for any claim based hereon or on the Indenture, against any member, officer, director, agent or employee, past, present or future, of the Issuer or of any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.**

This Bond is issued pursuant to the Supplemental Public Securities Act. Pursuant to Section 11-57-210 of the Supplemental Public Securities Act, this recital shall be conclusive evidence of the validity and the regularity of the issuance of this Bond after its delivery for value.

It is hereby certified that all acts, conditions and things required to happen, exist and be performed under the laws of the State, and under the Indenture precedent to and in the issuance of this Bond have happened, exist and have been performed as so required, and that the issuance, authentication and delivery of this Bond have been duly authorized by the Issuer.

Unless the Certificate of Authentication hereon has been executed by the Trustee by manual signature of one of its authorized signers, this Bond shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of an Authorized Representative and its corporate seal or a facsimile thereof to be affixed, imprinted, lithographed or reproduced hereon and attested to by the manual or facsimile signature of an Authorized Representative.

BRECKENRIDGE MOUNTAIN  
METROPOLITAN DISTRICT

(SEAL)

By: \_\_\_\_\_

President

ATTEST:

\_\_\_\_\_

Vice President/Treasurer/Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

Date of Authentication: \_\_\_\_\_

This Bond is one of the Bonds described in the within mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_

Authorized Representative

ABBREVIATIONS

The following abbreviations, when used in the Inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM – as tenants in common

TEN ENT – as tenants by the entireties

JT TEN – as joint tenants with right of survivorship and not as tenants in common

UNIFORM GIFT MIN ACT \_\_\_\_\_

(Cust.)

Custodian for \_\_\_\_\_

(Minor)

under Uniform Gifts to Minors Act of \_\_\_\_\_

(State)

Additional abbreviations may also be used though not in the above list.

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, \_\_\_\_\_, the undersigned sells, assigns and transfers unto:

(Social Security or Other Identifying Number of Assignee)

(Please Print or Typewrite Name and Address of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney for registration thereof, with full power of substitution in the premises.

DATED: \_\_\_\_\_

Signature Guaranteed:

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular without alteration or enlargement or any change whatever.

Signature Guaranteed:

\_\_\_\_\_

NOTICE: Signature(s) must be guaranteed by an “eligible guarantor institution” that is a member of or a participant in a “signature guarantee program” (e.g., the Securities Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program).

## STATEMENT OF INSURANCE

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), NEW YORK, NEW YORK, HAS DELIVERED ITS MUNICIPAL BOND INSURANCE POLICY (THE "POLICY") WITH RESPECT TO THE SCHEDULED PAYMENTS DUE OF PRINCIPAL OF AND INTEREST ON THIS BOND TO US BANK NATIONAL ASSOCIATION, DENVER, COLORADO, OR ITS SUCCESSOR, AS PAYING AGENT FOR THE BONDS (THE "PAYING AGENT"). SAID POLICY IS ON FILE AND AVAILABLE FOR INSPECTION AT THE PRINCIPAL OFFICE OF THE PAYING AGENT AND A COPY THEREOF MAY BE OBTAINED FROM AGM OR THE PAYING AGENT. ALL PAYMENTS REQUIRED TO BE MADE UNDER THE POLICY SHALL BE MADE IN ACCORDANCE WITH THE PROVISIONS THEREOF. THE OWNER OF THIS BOND ACKNOWLEDGES AND CONSENTS TO THE SUBROGATION RIGHTS OF AGM AS MORE FULLY SET FORTH IN THE POLICY.

EXHIBIT B

THE SERIES 2016 PROJECTS

EXHIBIT C

THE INFRASTRUCTURE CATEGORIES AND APPLICATION  
OF PROCEEDS OF THE SERIES 2016 BONDS TO ELECTORAL AUTHORIZATION OF  
BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT

Infrastructure Category	Total Amount of Available Electoral Debt <u>Authorization</u>	Total Amount of Electoral Authorization <u>Applied</u>	Total Remaining Amount of Electoral Debt <u>Authorization</u>
Streets	\$5,084,309		
Traffic and Safety Controls	\$1,000,000		
Parks and Recreation	\$2,250,000		
Transportation	\$30,000,000		
Sanitation/ Storm Water Drainage	\$1,000,000		
Refunding	_____		
TOTAL			

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EXHIBIT D

BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT  
PROJECT FUND DISBURSEMENT REQUEST

I, the undersigned duly qualified and acting Authorized Representative of Breckenridge Mountain Metropolitan District (the “**Issuer**”), hereby requests, on behalf of the Issuer, pursuant to Section 4.07 of the Trust Indenture dated as of October 1, 2016, (the “**Indenture**”) between the Issuer and U.S. Bank National Association, as Trustee (the “**Trustee**”), pursuant to which the Issuer’s Unlimited Tax General Obligation Refunding and Improvement Bonds, Series 2016 (the “**Bonds**”) were issued, that a disbursement or transfer from the Project Fund to the District be made under the Indenture in the amount and for the payment or reimbursement of the Project Costs described herein. All capitalized terms not otherwise defined herein shall be defined as in the Indenture.

Amount of Requested Disbursement: \$ \_\_\_\_\_

The name(s) and address(es) of the payee(s) is/are as follows\*:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\* If amounts are to be paid to the Issuer for payment of costs or as reimbursement for previously incurred costs, indicate the Issuer as payee and provide the name and address of the Person or corporation paid or to be paid by the Issuer below:

The Project Costs to which the disbursement relates and/or the work performed by the payee(s) is as follows:

Requested disbursement date: \_\_\_\_\_

In connection with this request, I hereby certify as follows:

All the Project Costs described herein have been incurred and are in the amounts, of the general nature and are payable as stated herein. Each item of Project Costs for which disbursement or reimbursement is requested herein is or was necessary in connection with the Series 2016 Projects, and none of such items have formed the basis for any previous disbursement from the Project Fund to the Issuer or Person receiving payment hereunder. The items of Project Costs for which disbursements are requested are qualified items of Project Costs under the Indenture and relate to public improvements permitted to be funded with Bond proceeds pursuant to the

Tax Certificate delivered by the Issuer in connection with the issuance of the Bonds, the election of the Issuer held on November 5, 2003 (the "Election"), and the Issuer's Service Plan.

The Project Costs for which disbursement or reimbursement is requested herein are reasonably attributable to the Infrastructure Categories specified herein and, with respect to each Infrastructure Category for which a Requested Disbursement Amount is specified, the Requested Disbursement Amounts, together with all amounts disbursed under the Indenture with respect to such Infrastructure Category, does not exceed the electoral authorization for such Infrastructure Category, as set forth in Exhibit C to the Indenture.

The Total Requested Disbursement Amount herein, together with all amounts disbursed under the Indenture, does not exceed the amount of Bond proceeds permitted to finance the Series 2016 Projects, as provided in the Election and the Service Plan.

Nothing has come to the attention of each of the Issuer and the Issuer's Accountant that would cause it to conclude that the representations and warranties contained in Section 1.02 of the Indenture and the documents delivered to the Trustee and Bond Counsel in accordance with the Indenture (including the Tax Certificate delivered by the Issuer in connection with the issuance of the Bonds) are not true and correct as of the date hereof.

No event has occurred and is continuing which constitutes an Event of Default (as defined in the Indenture) or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

Date: \_\_\_\_\_

\_\_\_\_\_  
Authorized Representative of the Issuer

**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**BRECKENRIDGE MOUNTAIN  
METROPOLITAN DISTRICT**

**Financial Statements**

**December 31, 2015**

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## **Independent Auditor's Report**

Board of Directors  
Breckenridge Mountain Metropolitan District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Breckenridge Mountain Metropolitan District as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Breckenridge Mountain Metropolitan District as of December 31, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 5 and budgetary comparison information on pages 28 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Breckenridge Mountain Metropolitan District's financial statements. The other supplementary information presented on pages 30 to 31 is presented for purposes of additional analysis and is not a required part of the financial statements.

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



Golden, Colorado  
April 27, 2016



**Required Supplementary Information**  
**Management's Discussion and Analysis**

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# Breckenridge Mountain Metropolitan District

## Management's Discussion and Analysis December 31, 2015

As management of Breckenridge Mountain Metropolitan District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2015. This report also includes additional supplementary information after the notes to the financial statements.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also includes additional supplemental information presented after the notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental activity of the District is primarily financing construction, operation, and maintenance of the basic public infrastructure that is performed by Alpine Metropolitan District. There are no business-type activities within the District.

The government-wide financial statements can be found on pages 6 and 7 of this report.

**Fund financial statements.** 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. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently has two funds, the General Fund and the Debt Service Fund, both of which are governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 10 through 27 of this report.

**Government-wide Financial Analysis.** A condensed comparative summary of the District's government-wide assets, liabilities, net assets, revenues and expenditures follows:

**Statement of Net Position**

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
<b>Assets and Deferred Outflows:</b>		
Current assets	\$ 992,344	\$ 880,926
Noncurrent assets & deferred outflows	2,703,651	3,194,976
<b>Total Assets</b>	<u>3,695,995</u>	<u>4,075,902</u>
<b>Liabilities and Deferred Inflows:</b>		
Current liabilities & deferred inflows	1,313,980	1,257,885
Non-current liabilities	14,647,024	14,881,153
<b>Total Liabilities</b>	<u>15,961,004</u>	<u>16,139,038</u>
<b>Net Position:</b>		
Restricted for emergencies	268	278
Unrestricted	(12,265,277)	(12,063,414)
<b>Total Net Position</b>	<u>\$ (12,265,009)</u>	<u>\$ (12,063,136)</u>

**Change in Net Position**

<b>Revenue:</b>		
Operating contributions	\$ 8,894	\$ 9,243
Charges for Services	-	96,081
General revenue:		
Property taxes	986,646	889,881
Other taxes	52,760	46,920
Interest and other revenue	1,547	1,710
<b>Total Revenue</b>	<u>1,049,847</u>	<u>1,043,835</u>
<b>Expenses:</b>		
General government	573,174	53,797
Intergovernmental agreement	58,312	-
Interest expense	620,234	628,145
<b>Total Expenses</b>	<u>1,251,720</u>	<u>681,942</u>
<b>Change in Net Position</b>	(201,873)	361,893
<b>Net Position - Beginning</b>	(12,063,136)	(12,425,029)
<b>Net Position - Ending</b>	<u>\$ (12,265,009)</u>	<u>\$ (12,063,136)</u>

The District is the "financing district" in a dual district structure whereby the District is financing the cost of constructing, operating and maintaining the infrastructure being built and operated by Alpine Metropolitan District (AMD). This infrastructure is being constructed to benefit the constituents of Breckenridge Mountain Metropolitan District (the District). The District entered into the Amended and Restated District Facilities Construction and Service Agreement with AMD and pursuant to this agreement, AMD is obligated to construct and provide the initial financing for the primary infrastructure for the District area. The District is required to pay a "capital obligation" to reimburse AMD for the costs to construct the infrastructure. The District will also pay a "service obligation" to reimburse AMD for the operating costs associated with administering and maintaining the assets. The District uses funds received from current and future property taxes and bond issuances to repay these obligations.

The District's main revenue source is property taxes collected. These revenues have been used to pay debt service and intergovernmental agreement expenses of the District.

## **Financial Analysis of the District's Funds**

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$992,340 which reflects an increase of \$111,864 during 2015.

**Long-term debt and hedging activities.** The District issued \$2,500,000 in general obligation bonds during 2006 and the outstanding balance of these bonds at December 31, 2015 is \$2,120,000.

In November 2008, the District obtained two tax-exempt loans in the amounts of \$9,500,000 and \$500,000. The District also entered into two interest rate swaps with notional amounts of \$9,500,000 and \$500,000 to effectively convert the variable-rate tax-exempt loans to fixed-rate debt. The outstanding balance of these loans at December 31, 2015 is \$8,955,000 and \$460,000.

In 2010 the District issued \$2,640,000 in general obligation bonds and the outstanding balance of these bonds at December 31, 2015 is \$2,625,000.

Additional information can be found in Notes 4 and 8 to the Financial Statements beginning on pages 18 and 24 of this report.

### **Request for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Marchetti & Weaver LLC., 28 Second Street, Suite 213, Edwards, CO 81632 or you may call (970) 926-6060.

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**Government-wide Financial Statements**

**Breckenridge Mountain Metropolitan District**  
**Statement of Net Position**  
December 31, 2015

**Assets**

Current Assets

Cash and cash equivalents	\$ 987,188
Due from other governments	5,156
Property taxes receivable	<u>1,023,464</u>
Total Current Assets	2,015,808

Noncurrent Assets

Prepaid obligations to Alpine Metropolitan District	<u>943,177</u>
Total Noncurrent Assets	<u>943,177</u>

**Deferred Outflows of Resources**

Deferred charge - Interest Rate Swap	<u>737,010</u>
Total Deferred Outflows of Resources	<u>737,010</u>

Total Assets	<u>3,695,995</u>
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**Liabilities**

Current Liabilities

Dues to Alpine Metropolitan District	4
Accrued interest payable	50,872
Current maturities of long-term debt	<u>239,640</u>
Total Current Liabilities	<u>290,516</u>

Noncurrent Liabilities

Long term debt, net of current portion	13,910,014
Obligation under interest rate swap agreement	<u>737,010</u>
Total Noncurrent Liabilities	<u>14,647,024</u>

Total Liabilities	<u>14,937,540</u>
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**Deferred Inflows of Resources**

Deferred revenue - property taxes	<u>1,023,464</u>
Total Deferred Inflows of Resources	<u>1,023,464</u>

**Net Position**

Restricted for emergencies	268
Unrestricted	<u>(12,265,277)</u>
Total Net Position	<u>\$ (12,265,009)</u>

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



**Breckenridge Mountain Metropolitan District**  
**Statement of Activities**  
For the Year Ended December 31, 2015

	Program Expenses	Program Revenue			Net (Expense) Revenue
		Charges for Services	Operating Contributions	Capital Contributions	
<b>Government Operations</b>					
General and administrative	\$ 573,174	\$ -	\$ -	\$ -	\$ (573,174)
Intergovernmental agreement	58,312	-	8,894	-	(49,418)
Interest expense	<u>620,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(620,234)</u>
Totals	<u>\$ 1,251,720</u>	<u>\$ -</u>	<u>\$ 8,894</u>	<u>\$ -</u>	<u>(1,242,826)</u>
<b>General Revenue</b>					
Property taxes					986,646
Specific ownership taxes					52,760
Interest income					<u>1,547</u>
Total General Revenue					<u>1,040,953</u>
<b>Change in Net Position</b>					
Net Position, beginning of year					<u>(12,063,136)</u>
Net Position, end of year					<u>\$ (12,265,009)</u>

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

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## **Fund Financial Statements**

**Breckenridge Mountain Metropolitan District**  
**Balance Sheet**  
**Governmental Funds**  
December 31, 2015

	General	Debt Service	Total Governmental Funds
<b>Assets</b>			
Equity in pooled cash	\$ 477	\$ 986,711	\$ 987,188
Due from other governments	-	5,156	5,156
Property taxes receivable	-	1,023,464	1,023,464
<b>Total Assets</b>	<b>\$ 477</b>	<b>\$ 2,015,331</b>	<b>\$ 2,015,808</b>
 <b>Liabilities</b>			
Due to Alpine Metropolitan District	\$ -	\$ 4	\$ 4
Total Liabilities	-	4	4
 <b>Deferred Inflows of Revenues</b>			
Deferred revenue - property taxes	-	1,023,464	1,023,464
Total Deferred Inflows of Revenues	-	1,023,464	1,023,464
 <b>Fund Balances</b>			
Restricted for emergencies	268	-	268
Assigned for debt service	-	991,863	991,863
Unassigned	209	-	209
Total Fund Balances	477	991,863	992,340
 <b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	 <b>\$ 477</b>	 <b>\$ 2,015,331</b>	 <b>\$ 2,015,808</b>

**Reconciliation to the Statement of Net Position**

Total Fund Balance	\$ 992,340
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Other long-term assets such as prepaid capital and service obligations and deferred charges are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	1,680,187
Accrued expenses, including interest payable on outstanding bonds and swap agreements, do not require current financial resources, and therefore are not reported in governmental funds.	(50,872)
Long-term liabilities, including bonds payable, as well as obligations under swap agreements, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(14,886,664)
Total Net Position	<b>\$ (12,265,009)</b>

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

**Breckenridge Mountain Metropolitan District**  
**Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2015**

	<b>General</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>Revenue</b>			
Property taxes	\$ -	\$ 986,646	\$ 986,646
Specific ownership taxes	-	52,760	52,760
Operating contribution from Alpine Metropolitan District	8,894	-	8,894
Interest income	-	1,547	1,547
<b>Total Revenue</b>	<b>8,894</b>	<b>1,040,953</b>	<b>1,049,847</b>
<b>Expenditures</b>			
General Government	8,944	49,368	58,312
Intergovernmental agreement	-	39,466	39,466
Debt service			
Principal	-	220,000	220,000
Interest and fiscal charges	-	620,205	620,205
<b>Total Expenditures</b>	<b>8,944</b>	<b>929,039</b>	<b>937,983</b>
<b>Revenue Over Expenditures</b>	(50)	111,914	111,864
Fund Balance, beginning of Year	527	879,949	880,476
<b>Fund Balance, end of Year</b>	<b>\$ 477</b>	<b>\$ 991,863</b>	<b>\$ 992,340</b>
<b>Reconciliation to the Statement of Activities</b>			
Total net change in fund balance - governmental funds			\$ 111,864
Amounts reported for governmental activities in the Statement of Activities are different because:			
Changes in amounts prepaid by Breckenridge Mountain Metropolitan District for non-current Capital and Service obligations do not create or consume current financial resources and are therefore not reported in the governmental funds.			
			(533,708)
Amortization of bond premiums does not provide financial resources. This is the amount of bond premium amortized into income for 2015.			
			428
Governmental funds report the effect of issuance costs when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount represents the amortization expense for bond issuance costs.			
			(787)
The repayment of principal on long-term debt consumes the current financial resources of governmental funds, but does not have any effect on net position. This is the amount of the general obligation bond and loan principal payments in 2015.			
			220,000
Some expenses reported in the Statement of Activities, such as accrued interest on debt, do not require the use of current financial resource, and, therefore, are not reported in the governmental funds.			
			330
Change in net position of governmental activities			<b>\$ (201,873)</b>

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

**Breckenridge Mountain Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2015**

**1. ORGANIZATION AND DEFINITION OF REPORTING ENTITY**

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 27, 2002, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Summit County, Colorado. The District was established as part of a dual district structure with the Alpine Metropolitan District. The District is considered the financing district and was established to provide funding and tax base for capital improvements that will benefit the District. The capital improvements are owned and maintained by Alpine Metropolitan District (AMD), the Service District (see Note 6).

The District has no employees and all services are contracted.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies of the District are as follows:

**Basis of Presentation**

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

***Government-wide Financial Statements***

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government.

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Government-wide Financial Statements (continued)***

The Statement of Net Position presents the financial position of the governmental activities at the end of the year. The Statement of Activities presents a comparison between program expenses and the program revenue for each program or function of the District's governmental activities. Program expenses are those that are specifically associated with a service, program, or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenue which is not classified as program revenue is presented as general revenue of the District, with certain limited exceptions. The comparison of program expenses with program revenue identifies the extent to which each governmental function is self-financing or draws from the general revenue of the District.

***Fund Financial Statements***

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds.

**Fund Accounting**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Fund types used by the District are described below.

**Governmental Fund Types**

General Fund – the General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – the Debt Service Fund is used to account for all financial resources for the payment of principal, interest, and costs related to long-term obligations.

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Measurement Focus**

***Government-wide Financial Statements***

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included in the Statement of Net position.

***Fund Financial Statements***

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenue, Expenditures, and Changes in Fund Balances reports on the sources (revenue and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore includes reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

***Revenue***

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis, when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures of the fiscal period, which is typically within sixty days of realization.

Nonexchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are received. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.



**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Accounting (continued)**

*Expenses/Expenditures*

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**Budgets**

In accordance with Colorado Local Government Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

The budget includes each fund on its basis of accounting unless otherwise indicated.

Encumbrance accounting (open purchase orders, contracts in process and other commitments for the expenditures of funds in future periods) is not used by the District for budget or financial reporting purposes.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds.

The District is obligated under the District Facilities Construction and Service Agreement (see Note 6) to reimburse AMD over time for the cost of the infrastructure and operating costs. Unpaid amounts under this agreement are reflected as noncurrent liabilities and prepayments are recorded as non-current assets in the financial statements.

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The fair value of the District's interest rate swap falls in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item which arises only under a full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the statement of net position. The governmental funds report deferred revenues from property taxes for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance year 2016. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Net Position**

In the government-wide financial statements, net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws, or regulations of other governments.

The District applies restricted resources first when an expense is incurred for the purpose for which both restricted and unrestricted net assets are available.

**Fund Balances**

The District presents its fund balances in accordance with GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fund Balances (continued)**

In the fund financial statements the following classifications describe the relative strength of the spending constraints.

- *Non-spendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid expenses) or it is legally or contractually required to be maintained intact. The District has no non-spendable fund balance.
  
- *Restricted fund balance* – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation. The District’s restricted fund balance represent amounts reserved for emergencies under the Colorado State Constitution. A restriction of \$268 of the General Fund’s fund balance has been made in compliance with this requirement.
  
- *Committed fund balance* – The portion of fund balance constrained for specific purposes according to limitations imposed by the Board of Directors prior to the end of the fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors. The District has no committed fund balance.
  
- *Assigned fund balance* – The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of Directors or other individuals authorized to assign funds to be used for a specific purpose. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund. The fund balance in the District’s debt service fund is assigned for future debt service payments.
  
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the above criteria. The District will only report a positive unassigned fund balance in the General Fund.

If both restricted and unrestricted amounts of fund balance are available for use when expenditure is made, it is the District’s policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned, and then unassigned.

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property Taxes**

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are normally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

**Estimates**

The presentation 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**3. CASH AND INVESTMENTS**

**Cash Deposits**

At December 31, 2015, the District's cash deposits had a carrying and bank balance of \$858,007 of which \$250,000 is FDIC insured. Cash deposits in excess of FDIC limits are covered by the Public Deposit Protection Act.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Regulatory Commissions for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

**Investments**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain United States government agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**3. CASH AND INVESTMENTS (continued)**

**Investments (continued)**

As of December 31, 2015, the District had invested \$129,181 in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a 2a-7-like money market fund and each share is equal in value to \$1.00. CSAFE is rated AAAM by the Standard & Poor's Corporation. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as depository in connection with direct investment and withdrawals. The custodian internal records segregate investments owned by the Trust.

**4. LONG-TERM LIABILITIES**

The following is an analysis of the changes in long – term obligations of the District for the year ended December 31, 2015:

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015
Governmental Activities				
General Obligation Debt				
Series 2006 General				
Obligation Bonds	\$ 2,185,000	\$ -	\$ 65,000	\$ 2,120,000
Premium on Bonds	8,980	-	428	8,552
Tax- Exempt Loan Series 2008	9,095,000	-	140,000	8,955,000
Tax- Exempt Loan Series 2008A	470,000	-	10,000	460,000
Series 2010 General				
Obligation Bonds	2,630,000	-	5,000	2,625,000
Discount on Bonds	(19,685)	-	(787)	(18,898)
Total	<u>\$ 14,369,295</u>	<u>\$ -</u>	<u>\$ 219,641</u>	<u>\$ 14,149,654</u>

**Series 2006 General Obligation Bonds**

In May 2006, the District issued general obligation bonds totaling \$2,500,000. The bonds mature at various dates through December 1, 2035, and bear interest at annual rates ranging from 4.50% to 5.00%. The proceeds were used in part to repay obligations to Alpine Metropolitan District who in turn repaid advances previously made by VR Holdings, Inc.

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**4. LONG-TERM LIABILITIES (continued)**

**Series 2006 General Obligation Bonds (continued)**

The Bonds are comprised of both serial and term bonds, with the serial bonds maturing annually from December 1, 2009 through December 1, 2018 and the term bonds maturing at various dates from December 1, 2023 to December 1, 2035. The term bonds maturing on and after December 1, 2023 are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2006, and on each December 1 thereafter. The combined debt service requirements of the bonds are set forth below:

Year Ending December 31,	Principal	Interest	Total
2016	\$ 65,000	\$ 104,260	\$ 169,260
2017	70,000	101,335	171,335
2018	70,000	98,150	168,150
2019	75,000	94,930	169,930
2020	80,000	91,330	171,330
2021-2025	450,000	396,460	846,460
2026-2030	575,000	272,500	847,500
2031-2035	735,000	113,500	848,500
	<u>\$ 2,120,000</u>	<u>\$ 1,272,465</u>	<u>\$ 3,392,465</u>

Bonds maturing on December 1, 2016 and thereafter are subject to redemption prior to maturity, at the option of the District, in whole or partial maturities, at any time on or after on December 1, 2015, without redemption premium.

**Series 2008 and Series 2008A Tax Exempt Loans**

Series 2008 Tax-Exempt Loan

In November 2008, the District obtained a \$9.5 million variable rate tax-exempt loan with Compass Mortgage Corporation. Interest on the loan is payable semi-annually on the 1<sup>st</sup> day of June and December of each year, beginning June 1, 2009. The loan matures at various amounts through December, 2023 at which time all unpaid principal and interest is due in full, and bears interest equal to 65% of the 1-month LIBOR rate plus 1.65%. The loan is a general obligation of the District and will be repaid from general ad valorem property taxes levied on property with the District. Concurrently with the execution of the loan agreement, the District entered into an interest rate swap agreement to effectively convert the 2008 loan from a variable rate loan to a hedged loan with a synthetic fixed rate of 3.928% through December, 2023. See Note 7.

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**4. LONG-TERM LIABILITIES (continued)**

**Series 2008 and Series 2008A Tax Exempt Loans, continued**

The loan was obtained to finance the design, acquisition, construction, relocation, installation and completion of certain public infrastructure costs incurred by VR Holdings, Inc. and authorized by the District.

The loan may be repaid, in whole or in part, on any date subsequent to November 20, 2013 without penalty, as more fully described in the loan agreement.

**Series 2008A Tax-Exempt Loan**

In November 2008, the District also obtained a \$500,000 variable rate tax-exempt loan with Compass Mortgage Corporation. Interest on the loan is payable semi-annually on the 1<sup>st</sup> day of June and December of each year, beginning June 1, 2009. The loan matures at various amounts through December, 2023 at which time all unpaid principal and interest is due in full, and bears interest equal to 65% of the 1-month LIBOR rate plus 1.65%. The loan is a general obligation of the District and will be repaid from general ad valorem property taxes levied on property with the District. Concurrently with the execution of the loan agreement, the District entered into an interest rate swap agreement to effectively convert the 2008A loan from a variable rate loan to a hedged loan with a synthetic fixed rate of 3.91% through December, 2023. See Note 7.

The loan was obtained to finance additional design, acquisition, construction, relocation, installation and completion of certain public infrastructure incurred by VR Holdings, Inc. and authorized by the District.

The loan may be repaid, in whole or in part, at any time without penalty, as more fully described in the loan agreement.



**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**4. LONG-TERM LIABILITIES (continued)**

**Series 2008 and Series 2008A Tax Exempt Loans, continued**

The debt service requirements (based on rates fixed through the swap agreements) of the loans are set forth below:

December 31,	Principal		Total Principal	Interest		Total Interest
	Series 2008	Series 2008A		Series 2008	Series 2008A	
2016	\$ 160,000	\$ 10,000	\$ 170,000	\$ 351,752	\$ 17,986	\$ 369,738
2017	165,000	15,000	180,000	345,468	17,595	363,063
2018	185,000	15,000	200,000	338,986	17,009	355,995
2019	190,000	15,000	205,000	331,720	16,422	348,142
2020	210,000	15,000	225,000	324,256	15,836	340,092
2021-2024	8,045,000	390,000	8,435,000	921,313	43,988	965,301
	<u>\$ 8,955,000</u>	<u>\$ 460,000</u>	<u>\$ 9,415,000</u>	<u>\$ 2,613,495</u>	<u>\$ 128,836</u>	<u>\$ 2,742,331</u>

**Series 2010 General Obligation Bonds**

In August 2010, the District issued general obligation bonds totaling \$2,640,000. The bonds mature at various dates through December 1, 2039, and bear interest at annual rates ranging from 3.00% to 5.25%. The proceeds were used in part to repay advances previously made by VR Holdings, Inc. The Bonds are comprised of both serial and term bonds, with the serial bonds maturing annually from December 1, 2013 through December 1, 2020 and the term bonds maturing at various dates from December 1, 2025 to December 1, 2039. Bonds maturing on December 1, 2021 and thereafter are subject to redemption prior to maturity, at the option of the District, in whole or partial maturities, at any time on or after on December 1, 2020, without redemption premium. The term bonds maturing on and after December 1, 2025 are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2021, and on each December 1 thereafter.

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**4. LONG-TERM LIABILITIES (continued)**

**Series 2010 General Obligation Bonds**

The combined debt service requirements of the bonds are set forth below:

Year Ending December 31,	Principal	Interest	Total
2016	5,000	131,150	136,150
2017	5,000	131,000	136,000
2018	5,000	130,825	135,825
2019	5,000	130,650	135,650
2020	5,000	130,475	135,475
2021-2025	260,000	644,364	904,364
2026-2030	580,000	542,013	1,122,013
2031-2035	530,000	405,564	935,564
2036-2040	1,230,000	227,589	1,457,589
	<u>\$ 2,625,000</u>	<u>\$ 2,473,630</u>	<u>\$ 5,098,630</u>

**Authorized Debt**

At December 31, 2015, the District had authorized but unissued general obligation debt for the following improvement purposes:

Transportation	\$ 30,000,000
Streets and roadways	5,084,309
Operations and maintenance	12,000,000
Parks and recreation	2,250,000
Storm and sanitary sewer	1,000,000
Traffic and safety	1,000,000
	<u>\$ 51,334,309</u>

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**5. RELATED PARTIES**

A majority of the members of the Board of Directors of the District are employees of Vail Resorts Development Co., Vail Resorts Management Co., or related entities.

**6. AGREEMENTS WITH OTHER GOVERNMENTAL ENTITIES**

Breckenridge Mountain Metropolitan District (the District) has entered into a District Facilities Construction and Service Agreement with Alpine Metropolitan District (AMD). The District is considered the financing district and AMD the service district under the agreement. On November 24, 2008 the District entered into an “Amended and Restated First Amendment to District Facilities Construction and Service Agreement” to accommodate the issuance of two tax exempt loans by the District.

The primary purpose and function of a financing district is to provide funding and the necessary tax base for financing the construction, operation, and maintenance of the public improvements within another district generally referred to as a service district.

Under this agreement, the District is to provide funding and the necessary tax base for financing the construction, operation, and maintenance of the public improvements that benefit both of the districts. The District may also obtain financing for the construction of the public improvements and pay the proceeds to the AMD.

AMD will manage the construction and operation of the public improvements, and own, operate, and maintain the public improvements pursuant to a long-term operations and maintenance program.

The District is required to pay to AMD a portion of the revenue raised from mill levies to offset the operating expenses and construction costs incurred by AMD for provision of services to property within the District.

The District is also required to assign a portion of revenue raised from all sources to AMD in order to offset the costs of the construction of the public improvements and the District’s costs of operation and maintenance of such public improvements. The Agreement remains in force until all terms and conditions have been performed in their entirety.

At December 31, 2015, \$943,177 has been paid from the District to AMD representing prepayments pursuant to the agreement AMD in holding in reserve for future spending.

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**7. HEDGING ACTIVITIES**

On November 20, 2008 and November 25, 2008, the District entered into 2 separate interest rate swap agreements with Compass Bank in order to hedge against significantly increased interest rates on their 2008 and 2008A tax-exempt loans. These agreements qualify as a hedging derivative under GASB Statement 53. The terms of the two swap agreements are summarized below:

	Swap Agreement 1	Swap Agreement 2
Notional Amount of Swap Agreement	\$9,500,000	\$500,000
Effective Date	November 20, 2008	November 25, 2008
Termination date	December 1, 2023	December 1, 2023
The District Pays	3.93%	3.91%
Counterparty Pays	65% of LIBOR plus 1.65%	65% of LIBOR plus 1.65%

The fair value of the interest rate swap was estimated by the counterparty based on a LIBOR yield curve constructed using cash LIBOR rates, Eurodollar futures, and term swap rates from brokers. The yield curve is then used to estimate the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. At December 31, 2015, the fair value of the swap agreement was \$737,010 which is reflected as a long-term liability offset by a deferred outflow of resources in the District's government-wide financial statements.

**Risks Associated with Swap Agreements:**

**Credit Risk** - Credit risk is the risk that the counterparty becomes unable to fulfill its financial obligations as dictated by the swap contract. The District measures the extent of this risk based upon the credit ratings of the counterparties and the fair value of the swap agreements. As of December 31, 2015, the credit rating of the District's counterparty by Standard & Poor's and Moody's was "A+" and "Aa3", respectively.

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**7. HEDGING ACTIVITIES (continued)**

Termination Risk - The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination event." That is, the swap may be terminated by the District if the counterparty's credit quality rating falls below "BBB" as issued by Standard & Poor's or "Baa2" as issued by Moody's Investors Service. The District agrees not to terminate the swap unless it shall have sufficient funds to pay any Settlement Amount to the counterparty. If the counterparty's credit quality falls below these levels, the swap may be assigned to a new swap provider acceptable to the District and the counterparty. No termination events have occurred as of December 31, 2015.

Interest rate risk - The District is exposed to interest rate risk on its pay-fixed, receive-variable interest rate swap. As the LIBOR rate decreases, the District's net payment on the swap increases. However, should the LIBOR rate increase such that the variable rate exceeds the fixed rate, the District's payment is capped at the fixed interest rate.

Basis risk - The District is not exposed to basis risk, as the counterparty pays the District 65% of LIBOR plus 1.65% per the swap agreement, which is equal to the tax-exempt loan payment made by the District.

Rollover risk - The District is not exposed to rollover risk, as the effective and termination dates are the same for the tax-exempt loan and the interest rate swap.

Foreign currency risk - The District is not exposed to foreign currency risk, as the interest rate swap payments and receipts will be settled in US dollars.

Contingent features - There are no contingent features to the District's interest rate swap.

**8. RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, Section 24-10-101. et seq., CRS, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2015. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members. Settled claims have not exceeded coverage in the past three years.

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**8. RISK MANAGEMENT (continued)**

The District pays annual premiums to the Pool for liability, property, and public officials' coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

A summary of the audited financial information for the Pool as of and for the year ended 2014, the date of the most recent audited financial statements, is as follows:

Assets	\$	38,975,326
Liabilities	\$	21,867,904
Capital and surplus		17,107,422
Total liabilities and surplus	\$	38,975,326
Revenue	\$	15,106,938
Underwriting expenses		16,177,384
Underwriting loss		(1,070,446)
Investment income		202,350
Net loss	\$	(868,096)

There is no current or long-term debt outstanding in the Pool; the above liabilities represent incurred claims and an estimated liability for incurred but not reported claims.

**9. TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

**BRECKENRIDGE MOUNTAIN METROPOLITAN DISTRICT**  
**Notes to the Financial Statement**  
**December 31, 2015**

**9. TAX, SPENDING AND DEBT LIMITATIONS (continued)**

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of Fiscal Year Spending, excluding bonded debt service. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On November 5, 2002, a majority of the District's electors authorized the District (1) to increase taxes up to \$2,250,000 annually by the imposition of an ad valorem property tax levy and (2) to collect, keep and expend all District revenue during 2002, and continuing thereafter without regard to limitations under TABOR.

On November 5, 2002, the voters of the District authorized the issuance of \$66,474,309 in debt and approved an increase in property tax revenue to pay such debt.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

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**Required Supplementary Information**

**Breckenridge Mountain Metropolitan District  
Budgetary Comparison Schedule  
General Fund**

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>Revenue</b>				
Operating contribution from Alpine Metropolitan District	\$ 9,750	\$ 9,750	\$ 8,894	\$ (856)
Total Revenue	9,750	9,750	8,894	(856)
<b>Expenditures</b>				
General Government				
Audit	6,750	6,750	6,706	(44)
Insurance	2,500	2,500	2,188	(312)
Miscellaneous	-	-	50	50
Contingencies	500	500	-	(500)
Total Expenditures	9,750	9,750	8,944	(806)
<b>Revenue (Under) Expenditures</b>	-	-	(50)	(50)
Fund Balance, beginning of year	577	527	527	-
<b>Fund Balance, end of year</b>	\$ 577	\$ 527	\$ 477	\$ (50)

## **NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

### **Note RSI-1 Budgetary Information**

Budgets for major governmental funds are adopted on the modified accrual basis where capital outlays are treated as expenditures and depreciation is not budgeted. The operating budget includes proposed expenditures and the means of financing them. The Board of Directors must approve transfers between funds, or increases to a fund's budget. (See Note 2 for additional budgetary information.)

### **Note RSI-2 Expenditures/Expenses in Excess of Appropriation**

State Statute requires that expenditures and transfers for a fund cannot exceed the appropriation for that fund. Appropriations for a fund may be increased provided unanticipated resources offset them.

The budget is controlled at the departmental line level within each fund. However, the legal level of appropriation is within the fund. In 2015, there were no major funds that had expenditures in excess of their board-approved appropriation.

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## **Other Supplementary Information**

**Breckenridge Mountain Metropolitan District**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenue</b>				
Property taxes	\$ 986,591	\$ 986,591	\$ 986,646	\$ 55
Specific ownership taxes	44,397	44,397	52,760	8,363
Interest income	4,300	4,300	1,547	(2,753)
Total Revenue	<u>1,035,288</u>	<u>1,035,288</u>	<u>1,040,953</u>	<u>5,665</u>
<b>Expenditures</b>				
General government				
Treasurer's fees	49,330	49,330	49,368	38
Contingency	10,000	10,000	-	(10,000)
Intergovernmental agreement				
Capital obligation payments to (from)				
Alpine Metropolitan District	100,000	(100,000)	-	100,000
Service obligation payments to				
Alpine Metropolitan District	39,464	39,464	39,466	2
Debt service				
Bond Principal	220,000	2,800,000	220,000	(2,580,000)
Interest and fiscal charges	620,840	620,840	620,205	(635)
Total Expenditures	<u>1,039,634</u>	<u>3,419,634</u>	<u>929,039</u>	<u>(2,490,595)</u>
<b>Revenue Over (Under) Expenditures</b>	(4,346)	(2,384,346)	111,914	2,496,260
<b>Other Financing Uses</b>				
Bond proceeds	-	2,180,000	-	(2,180,000)
Bond issuance costs	-	(80,000)	-	80,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,100,000</u>	<u>-</u>	<u>(2,100,000)</u>
<b>Revenue Over (Under) Expenditures and Other Financing Uses</b>	(4,346)	(284,346)	111,914	396,260
Fund Balance, beginning of year	<u>862,800</u>	<u>879,949</u>	<u>879,949</u>	<u>-</u>
<b>Fund Balance, end of year</b>	<u>\$ 858,454</u>	<u>\$ 595,603</u>	<u>\$ 991,863</u>	<u>\$ 396,260</u>

**Breckenridge Mountain Metropolitan District  
Summary of Assessed Valuation, Mill Levy and  
Property Tax Collections**

<u>Year Ending December 31</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2006	\$ 6,321,310	20.000	\$ 126,427	\$ 126,123	99.8%
2007	\$ 9,788,440	20.000	\$ 195,769	\$ 195,769	100.0%
2008	\$ 22,406,820	20.000	\$ 448,136	\$ 426,556	95.2%
2009	\$ 19,183,810	25.000	\$ 479,595	\$ 479,433	100.0%
2010	\$ 27,135,520	25.000	\$ 678,388	\$ 676,734	99.8%
2011	\$ 30,635,140	25.000	\$ 765,879	\$ 766,899	100.1%
2012	\$ 41,570,460	25.000	\$ 1,039,262	\$ 1,021,051	98.2%
2013	\$ 38,904,560	25.000	\$ 972,614	\$ 971,665	99.9%
2014	\$ 35,600,510	25.000	\$ 890,013	\$ 889,881	100.0%
2015	\$ 39,463,640	25.000	\$ 986,591	\$ 986,646	100.0%
Estimated for 2016	\$ 40,938,550	25.000	\$ 1,023,464		

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## APPENDIX D

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

#### CONTINUING DISCLOSURE UNDERTAKING

relating to

**\$21,185,000**

**Breckenridge Mountain Metropolitan District,  
(In the Town of Breckenridge, Colorado)  
Unlimited Tax General Obligation  
Refunding and Improvement Bonds, Series 2016**

**THIS CONTINUING DISCLOSURE UNDERTAKING** (the “**Disclosure Undertaking**”) is made as of September 1, 2016 by Breckenridge Mountain Metropolitan District, a quasi-municipal corporation and a political subdivision under the Constitution and the laws of the State of Colorado (the “**District**”), in connection with the issuance of those certain Breckenridge Mountain Metropolitan District (In the Town of Breckenridge, Colorado) Unlimited Tax General Obligation Refunding and Improvement Bonds, **Series 2016** (the “**Bonds**”), in an original aggregate principal amount of \$21,185,000, by the District, pursuant to the Indenture between the District and U.S. Bank National Association, as trustee, dated as of September 1, 2016 (the “**Indenture**”).

In consideration of the purchase of the Bonds by the Participating Underwriters (as defined below), the District covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Undertaking.** This Disclosure Undertaking is being executed and delivered by the District for the benefit of the Bondowners and in order to allow the Participating Underwriters to comply with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the “**Commission**”) under the Securities Exchange Act of 1934, as amended.

**SECTION 2. Definitions.** The definitions set forth in the Indenture apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section. As used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

“**Annual Financial Information**” means the Audited Financial Statements.

“**Audited Financial Statements**” means annual financial statements for the District and any other Obligated Person, prepared in accordance with generally accepted accounting principles as in effect from time to time, audited by a firm of certified public accountants.

“**Bondowner**” or “**Owner of the Bonds**” means the registered owner of the Bonds, and so long as the Bonds are subject to registration pursuant to Section 9 of the Indenture in the name of Cede & Co., as nominee of The Depository Trust Company or a successor as securities depository of the Bonds, any “**Beneficial Owner**” of the Bonds within the meaning of the Official Statement.

“**Developer**” means, collectively, Vail Summit Resorts, Inc., and Vail Resorts Development Company, Inc., and any successors and assigns.

“**EMMA**” shall mean the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

“**Events**” means any of the events listed in Section 4(a) of this Disclosure Undertaking.

“**Managing Underwriter**” means Piper Jaffray & Co., the senior managing underwriter of the Bonds required to comply with Rule 15c2-12 in connection with the offering of the Bonds, or any successor known to the District.

“**MSRB**” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended. The current address of the MSRB is 1640 King Street, #300, Alexandria, Virginia 22314; fax 703-683-1930.

“**Obligated Person**” means the District and each other entity that is committed by contract or other arrangement to support payment of all or part of the obligations on the Bonds, under which contract or other arrangement such entity has paid amounts equal to at least 20% of the gross revenues of the District for the immediately prior Fiscal Year of the District, including, without limitation, any entity that has guaranteed payment of principal and interest on the Bonds (unless such guarantor is a bank or insurance company whose credit enhancement is exempt under Rule 15c2-12).

“**Official Statement**” means the final Official Statement dated September 27, 2016, delivered by the District to the Participating Underwriters relating to, and in connection with, the original issue and sale of the Bonds, together with any supplements thereto.

“**Participating Underwriters**” has the meaning given thereto under Rule 15c2-12, or any successor to such Underwriter known to the District.

“**Repositories**” means EMMA and the State Repository.

“**Rule 15c2-12**” means Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**State Repository**” shall mean the public or private repository or entity, if any, designated by the State of Colorado as a state information depository for purposes of Rule 15c2-12. As of the date of this Disclosure Undertaking, there is no State Repository for the State of Colorado.

### **SECTION 3. Provision of Annual Financial Information.**

(a) Commencing with the Fiscal Year ended December 31, 2016, and annually while the Bonds remain outstanding, the District shall provide to the Repositories and the Participating Underwriters Annual Financial Information and Audited Financial Statements with respect to the District.

(b) Such Annual Financial Information with respect to the District shall be provided not later than 180 days after the end of each Fiscal Year. If not provided as a part of the Annual Financial Information, the Audited Financial Statements with respect to the District will be provided when available, but in no event later than 180 days after the end of each Fiscal Year.

(c) The District may provide Annual Financial Information and Audited Financial Statements with respect to the District by specific cross-reference to other documents which have been submitted to the Repositories or filed with the Commission. If the document so referenced is a final official statement within the meaning of Rule 15c2-12, such final official statement must be available

from the MSRB. The District shall clearly identify each such other document provided by cross-reference.

(d) The District acknowledges that the Developer is the only Obligated Person other than the District at present and is required by Federal law to file Annual Financial Information and Audited Financial Statements with the Commission. The District takes no responsibility for the accuracy or completeness of such filings by the Developer or by any future Obligated Person. Unless no longer required by Rule 15c2-12 to do so, the District agrees to use its reasonable best efforts to cause the Developer (to the extent the Developer is not otherwise required under Federal law to do so), and any future Obligated Person, to make Annual Financial Information and Audited Financial Statements available as contemplated by this Section 3. Any change in Obligated Persons shall be reported by the District in connection with the Annual Financial Information.

#### **SECTION 4. Reporting of Events.**

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following Events with respect to the Bonds, if material:

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;<sup>2</sup>

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<sup>2</sup> For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12), 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

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 entity into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the District obtains knowledge of the occurrence of an Event, the District shall as soon as possible determine if such Event would constitute material information for owners of Bonds. Any Event under subsection (a)(8) or (9) will always be deemed to be material. As of the original issuance of the Bonds, the Events under subsections (a)(3), (4), (5), and (11) are not applicable to the Bonds, because no reserves for the Bonds exist and no liquidity facility or credit enhancement supports the payment of debt service on the Bonds.

(c) If any Event under subsection (a)(8) or (9) occurs or if the District determines that the occurrence of any other Event would be material, the District shall file, in a timely manner, a notice of such occurrence with the MSRB, the State Repository, and the Participating Underwriters. Notwithstanding the foregoing, notice of Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Indenture.

(d) At any time the Bonds are outstanding under the terms of the Indenture, the District shall provide, in a timely manner, to the MSRB, the State Repository, and the Participating Underwriters, notice of any failure of the District to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 3 hereof.

**SECTION 5. Term.** This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (i) the date all principal and interest on the Bonds shall have been deemed paid pursuant to the terms of the Indenture; (ii) the date that the District shall no longer constitute an “obligated person” with respect to the Bonds within the meaning of Rule 15c2-12; and (iii) the date on which those portions of Rule 15c2-12 which require this Disclosure Undertaking is determined 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, which determination shall be evidenced by an opinion of Counsel selected by the District, a copy of which opinion shall be given to the Managing Underwriter. The District shall file a notice of any such termination with the Repositories and the MSRB.

**SECTION 6. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Undertaking, the District may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, (a) if such amendment occurs prior to the actual issuance and delivery of the Bonds and the Managing Underwriter consents thereto, (b) if such amendment is consented to by the owners of no less than a majority in aggregate principal amount of the Bonds obtained in the manner prescribed by the Indenture, or (c) if such amendment or waiver is otherwise consistent with Rule 15c2-12. Written notice of any such amendment or waiver shall be provided by the District to the Repositories

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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.

and the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided. If any amendment to or waiver of a provision of this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment of waiver and the impact of the change. If a change is made to the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles of the presentation of the financial information.

**SECTION 7. Additional Information.** Nothing in this Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Undertaking; provided that the District shall not be required to do so. If the District chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the District shall have no obligation under this Disclosure Undertaking to update such information or include it in any future annual filing or notice of occurrence of an Event.

**SECTION 8. Default and Enforcement.** In the event of the failure by the District to comply with any provision of this Disclosure Undertaking, any Bondowner, as a direct or third party beneficiary of this Disclosure Undertaking, for the equal benefit and protection of all Bondowners similarly situated, may take action in the District Court for the Fifth Judicial District of the State of Colorado to seek specific performance by court order to compel the District to comply with its obligations under this Disclosure Undertaking; provided that any Bondowner seeking to require compliance with this Disclosure Undertaking shall first provide to the District at least 30 days' prior written notice of the District's failure, giving reasonable details of such failure and demanding the District to cure such failure, following which notice the District shall have 30 days to cure any default in compliance stated therein. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Indenture or in respect of the Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the District to comply with this Disclosure Undertaking shall be an action to compel performance.

**SECTION 9. Beneficiaries.** This Disclosure Undertaking shall inure solely to the benefit of the District, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**SECTION 10. Central Post Office Filing.** Any filing that is required to be made with the Repositories hereunder may be made solely by transmitting such filing to DisclosureUSA (at, as of the date of this Disclosure Undertaking, [www.DisclosureUSA.org](http://www.DisclosureUSA.org)) for submission to the Repositories, provided that such method for dissemination of information required to be furnished pursuant to continuing disclosure undertakings within the meaning of Rule 15c2-12 continues to be approved by the U.S. Securities and Exchange Commission.

**SECTION 11. Governing Law.** **THIS AGREEMENT SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF COLORADO, WITHOUT REGARD TO ITS CHOICE OF LAW RULES; PROVIDED, HOWEVER, THAT TO THE EXTENT THIS AGREEMENT ADDRESSES MATTERS OF FEDERAL SECURITIES**

**LAWS, INCLUDING THE RULE, THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH SUCH FEDERAL SECURITIES LAWS AND OFFICIAL INTERPRETATIONS THEREOF.**

**SECTION 12. Severability.** If any section, paragraph, clause, or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Agreement, the intent being that the same are severable.

[SIGNATURE PAGE TO CONTINUING DISCLOSURE UNDERTAKING]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

[SEAL]

ATTEST:

**BRECKENRIDGE MOUNTAIN  
METROPOLITAN DISTRICT**

\_\_\_\_\_  
Vice President/Secretary/Treasurer

By: \_\_\_\_\_  
President

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## APPENDIX E

### BOOK-ENTRY ONLY SYSTEM

*The information included below has been provided by DTC. No representation is made by the District, the Trustee or the Underwriters as to the accuracy or adequacy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date hereof. The Beneficial Owners of the Bonds will rely on DTC's Direct Participants or Indirect Participants for timely payments and other notices and for otherwise making available to the Beneficial Owners the rights of an Owner of the Bonds. No assurances can be given, in the event of the bankruptcy or insolvency of DTC or any Participant or Indirect Participant through which a Beneficial Owner holds beneficial interest in such Bonds, that payment will be made by DTC, the Direct Participant or the Indirect Participant on a timely basis.*

None of the District, the Trustee or the Underwriters has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Bonds under the Indenture, (3) the payment by DTC or any DTC Participant of any amount received under the Indenture with respect to the Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Bonds or (5) any other related matter.

DTC will act as securities depository for the Bonds. The Bonds will be issued in fully registered form and 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 Bond will be issued for each maturity of the Bonds, in the aggregate principal amount due on such maturity date, 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, as amended. 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 <http://www.dtcc.com>. The District undertakes no responsibility for and makes no representations as to the accuracy or completeness of the content of such material contained on such website as described in the preceding sentence, including, but not limited to, updates of such information or links to other internet sites accessed through the aforementioned website.

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

To facilitate subsequent transfers, all 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 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 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults and proposed amendments to the Indenture. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 Trustee and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 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 District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the 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 District or the Trustee on the 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 Participants and not of DTC, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Bonds to Cede & Co. (or to such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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**APPENDIX F**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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# MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.  
1633 Broadway, New York, N.Y. 10019  
(212) 974-0100